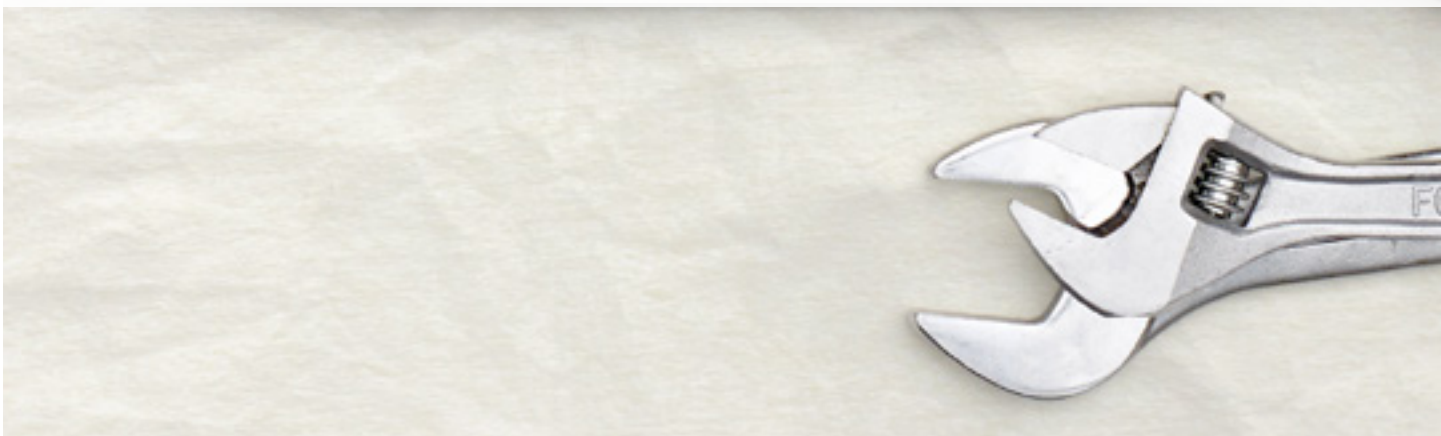




Annual Report

2013



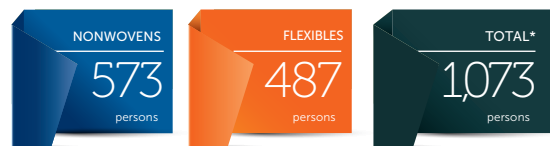


Suominen is a global manufacturer of nonwovens and flexible packaging for use in consumer products worldwide.

CONTENTS

| **3** This is Suominen | **4** Year 2013 in brief | **5** Key events of 2013 |
| **6** Key figures | **7** Review by the President & CEO | **9** Strategy | **13** Operating environment |
| **15** Nonwovens | **17** Flexibles | **19** Codi Wipes | **20** Suominen's Sustainability Statement |
| **21** Environmental responsibility | **23** Social responsibility | **24** Economic responsibility |
| **26** About sustainability reporting at Suominen | **27** Corporate Governance Statement |
| **30** Board of Directors | **31** Corporate Executive Team | **32** Financial Statements, contents |
| **33** Report by the Board of Directors | **91** Information for the shareholders |

This is Suominen



| | NONWOVENS | FLEXIBLES | TOTAL* |
|----------------------|-----------|-----------|----------|
| PRODUCTION PLANTS** | 8 | 3 | 10 |
| NET SALES IN 2013 | 373.8 M€ | 59.4 M€ | 433.1 M€ |
| % OF GROUP NET SALES | 86% | 15% | |

Average personnel 2013.

*The figure includes 13 people employed by the parent company, marked with light blue color on the map.

**Paulinia plant acquired in February 2014. Paulinia plant is not included in the net sales figures presented above.



2013 at a glance

In 2013, Suominen continued to implement its *In the Lead* strategy with focused determination. The company succeeded in securing a new level for its key financial indicators.

Group net sales from continuing operations grew by 6% to EUR 433.1 million. Operating profit before non-recurring items from continuing operations increased by more than 40% to EUR 18.3 million.

In accordance with the mid-term financial targets set by the Board of Directors at the end of 2012, Suominen aims to achieve a return on invested capital (ROI) of over 10% and a gearing ratio between 40% and 80%. Furthermore, Suominen seeks to increase its net sales at a pace that exceeds the industry average. In 2013, the return on invested capital was -0.6% and gearing ratio 96.2%. The growth of Suominen's net sales slightly exceeded the industry average, in keeping with the target.

Suominen divested its Codi Wipes business unit, which focused on wet wipes manufacturing. The deal further clarified Suominen's position as the globally leading supplier of nonwovens roll goods. As of the interim report of January–June 2013, Codi Wipes has been reported in discontinuing operations.

The Board of Directors proposes that no dividend be paid for the financial year 2013.



Key events of 2013

19 December 2013 Codetermination negotiations in Suominen's Flexibles unit were concluded. The company decided to decrease the number of employees at Suominen Flexibles Ltd. by 26 full-time work years. Suominen invested in the automatization of the Tampere plant.

9 December 2013 Reima Kerttula was appointed Senior Vice President, Flexibles, and a member of the Corporate Executive Team effective 1 January 2014.

25 October 2013 Suominen Flexibles announced it would intensify its business recovery program and started codetermination negotiations in its Finnish units.

30 September 2013 Suominen announced the company will reshape its corporate structure, operating model, and the composition of its Executive Team.

4 September 2013 Representatives appointed by the company's three largest shareholders were elected to Suominen Corporation's Nomination Board. The representatives are: Jan Lång, President & CEO, Ahlstrom Corporation; Timo Ritakallio, Deputy CEO, Ilmarinen Mutual Pension Insurance Company; and Risto Murto, Executive Vice President, Varma Mutual Pension Insurance Company. Jorma Eloranta, Chairman of Suominen Corporation's Board of Directors, serves as the fourth member of the Nomination Board.

27 August 2013 Suominen announced it would start codetermination negotiations on lay-offs at the Nakkila plant. It was decided that temporary lay-offs lasting a maximum of 90 days would be implemented in brief periods.

15 July 2013 The sale of Suominen's wet wipes business was concluded.

18 June 2013 Suominen made an investment to expand the production capacity of the Windsor Locks plant in the U.S.

17 June 2013 Suominen announced it would divest its wet wipes business and, in line with its strategy, concentrate more strongly on the manufacture of nonwoven roll goods.

26 April 2013 Suominen was awarded for its entrepreneurial spirit at IDEA 2013 in the U.S.

23 April 2013 Suominen launched new nonwovens products and initiated the We Love Wipes campaign, targeted for consumers.

19 April 2013 Suominen Corporation's Board of Directors established Audit and Remuneration committees for the Board.

26 March 2013 Suominen Corporation's Annual General Meeting (AGM) was held in Helsinki. Among other things, the AGM resolved to amend the Articles of Association of the company such that the domicile of the company is Helsinki.

15 February 2013 Suominen Corporation's Board of Directors decided to change the location of the company's head office to Helsinki. The head office was previously located in Tampere.

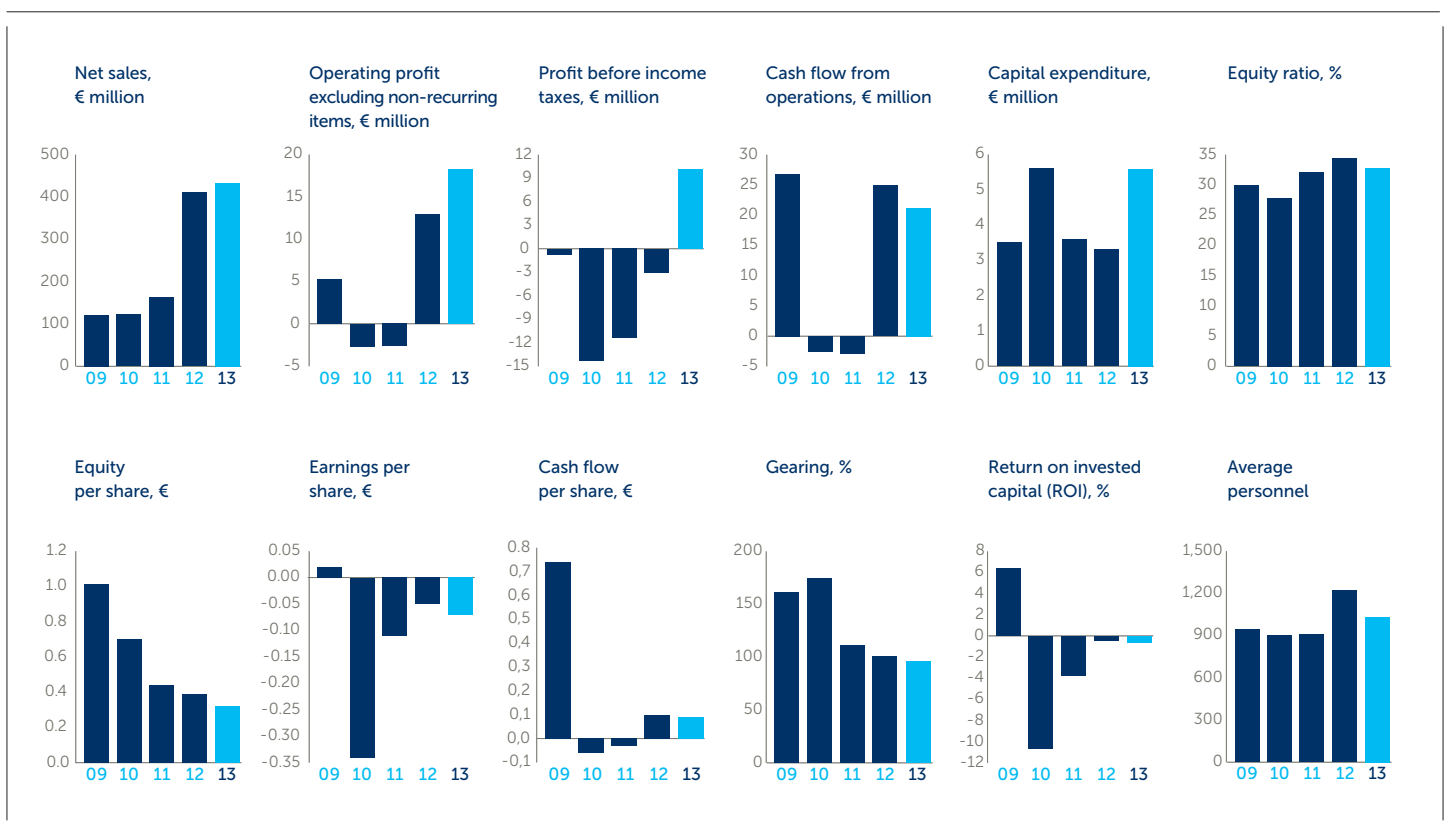
All Suominen's news releases published in 2013 are archived on the company's website at www.suominen.fi.

Key figures

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|-------|-------|-------|-------|-------|
| Net sales, € million | 433.1 | 410.4 | 164.1 | 122.7 | 121.5 |
| Operating profit excluding non-recurring items, € million | 18.3 | 12.9 | -2.6 | -2.7 | 5.3 |
| Operating profit, € million | 17.4 | 7.4 | -6.3 | -9.7 | 4.7 |
| Profit before income taxes, € million | 10.2 | -3.0 | -11.4 | -14.3 | -0.7 |
| Profit/loss for the period, continuing operations, € million | 2.5 | -5.2 | -10.6 | -13.4 | -0.4 |
| Profit/loss for the period, discontinued operations, € million | -18.7 | -6.6 | 1.0 | -1.0 | 1.2 |
| Profit/loss for the period, € million | -16.1 | -11.9 | -9.5 | -14.4 | 0.9 |
| Cash flow from operations, € million | 21.3 | 24.9 | -2.9 | -2.5 | 26.8 |
| Capital expenditure, € million | 5.6 | 3.3 | 3.6 | 5.6 | 3.5 |
| Equity ratio, % | 32.9 | 34.4 | 32.2 | 27.9 | 29.9 |
| Equity per share, €* | 0.32 | 0.39 | 0.44 | 0.70 | 1.01 |
| Earnings/share (EPS) from continuing operations, € | 0.01 | -0.02 | -0.12 | -0.32 | -0.01 |
| Earnings/share (EPS) from discontinued operations, € | -0.08 | -0.03 | 0.01 | -0.02 | 0.03 |
| Earnings per share, €* | -0.07 | -0.05 | -0.11 | -0.34 | 0.02 |
| Cash flow per share, €* | 0.09 | 0.10 | -0.03 | -0.06 | 0.74 |
| Gearing, %* | 96.2 | 101.0 | 111.0 | 174.0 | 161.2 |
| Return on invested capital (ROI), %* | -0.6 | 0.4 | -3.7 | -10.6 | 6.4 |
| Average personnel* | 1,037 | 1,220 | 907 | 901 | 944 |

*including the discontinued operations.

All figures refer to continuing operations of the Group unless otherwise stated. The operations acquired from Ahlstrom included in reporting as of Nov 1, 2011.



Taking financial
key figures to a new level

Consistent implementation of strategy brings results



For Suominen, 2013 was a year of implementing the new strategy with focused determination. We executed several substantial structural and strategic renewals to ensure the company's future success, and we secured a new level of net sales and profitability for the Group.

Suominen's operating environment in 2013 was marked by two trends: In one of our main market areas, North America, the general economic situation was more positive, which was also reflected in demand for Suominen's products; the situation in Europe was clearly more unstable, and the competitive situation remained intense.

Despite the challenges of the operating environment, we continued to systematically develop Suominen's business operations in line with our strategy. I am very pleased that we successfully boosted group net sales and profitability to a new level in the course of the year. Net sales of Suominen's continuing operations increased six percent to EUR 433.1 million. The strategic development programs clearly contributed to Suominen's profitability: the operating profit of continuing operations, excluding non-recurring items, improved more than 40 percent, reaching a total of EUR 18.3 million. The profit of the review period of the continuing operations was EUR 2.5 million. Suominen's Board of Directors will not propose the distribution of a dividend for the 2013 financial period, because the Group profit for the period was negative due to the divestment of the Codi Wipes business unit.

Net sales and profitability in the Nonwovens segment developed in line with our expectations. Net sales in the Flexibles segment showed a clear improvement, but in 2013 we did not succeed in bringing about a turnaround in the unit's profitability. The business recovery program carried out in Flexibles in 2013 was stepped up towards the end of the year, and I believe that in 2014 we will see Flexibles move forward with new momentum.

At the end of 2012, Suominen's Board of Directors set new medium-term financial targets for the company. In the 2013 financial period, the return on invested capital was -0.6 percent (target: more than 10 percent). Our gearing came down to 96.2 percent (target: 40–80 percent), and our net sales growth slightly exceeded the industry average, in accordance with the target set.

Reshaping operations for more agile business development

In 2013, we systematically and enthusiastically implemented our *In the Lead* strategy we announced at the end of 2012. The cornerstones of our strategy are: The Suominen Way, Step Change in Profitability, and In the Lead.

The Suominen Way refers to building a common corporate culture, and thereby also adopting group-wide harmonized operating methods. In 2013 we harmonized, among

other things, our management system, and we incorporated The Suominen Way into our Personal Performance Review process. In addition, we strengthened the connection between rewards and the achievement of strategic targets in our employee reward principles.

In the spring, Suominen was awarded the Entrepreneur Achievement Award at the international IDEA 2013 Conference & Expo. The award was presented by the Association of the Nonwoven Fabrics Industry (INDA), and Nonwovens Magazine. I consider the award a significant recognition by an outside party of the extensive change process carried out within Suominen.

To advance our *Step Change in Profitability* cornerstone, we worked hard within the framework of the Summit program, which was introduced in 2012 and wrapped up in March 2013. The program resulted in structural cost savings of around EUR 10 million. Even after the program ended, we continued in 2013 along the path of cost consciousness that Summit paved for us, our goal being to further reinforce our financial foundation. Only profitably operating companies can invest in growth or generate value for their shareholders, for example, through dividends.

A crucial aspect of improving profitability at Suominen is the continuous development of productivity and efficiency. The strategic program launched in spring 2013 to enhance and harmonize supply-chain processes proceeded as planned during the course of the year. As part of the program, we developed several key processes within the supply chain, from customer segmentation to stock management.

Our third strategic cornerstone, *In the Lead*, includes, in particular, long-term measures that will help us accelerate our customers' business and increase the share of higher-value-added products in our portfolio. A more profound understanding of the needs of our product end users and speeding up our product-development process play a key role in achieving these targets.

The reshaping of Suominen's corporate structure, organization, and operating model, which was announced in September 2013 and took effect at the start of 2014, is an essential element in terms of achieving the In the Lead cornerstone. The changes result in a more agile and transparent Suominen. Reshaping our operating methods enables us to create new business more effectively and launch new products that have greater added value at a faster pace.

To read more about our strategy and the steps we took to implement it in 2013, please see page 9.

Nonwovens enjoys reinforced status as Suominen's main business

In the summer of 2013, we divested our wet wipes business unit with the sale of Codi Wipes to a Dutch investment company. The transaction simplifies our corporate structure and clarifies our role in the nonwovens value chain. The divestment further reinforces the position of nonwovens as Suominen's strategic main line of business.

Suominen kicked off 2014 with great news: we reached a deal with Ahlstrom on Suominen's purchase of the Brazilian unit that was previously part of Ahlstrom's Home and Personal business. The EUR 17.5 million transaction involves the Paulinia plant – the only unit in Brazil that manufactures nonwovens for wiping products using modern spunlace technology. The transaction will give Suominen a foothold in the South American markets, which offer exciting new growth opportunities. In addition, we will further reinforce our position as the leading manufacturer of nonwovens for wiping products, as Suominen will be the only company manufacturing nonwovens for wipes in Europe, North America and South America. This will enable us to serve our globally operating clientele better than ever before.

To our shareholders, customers and financiers, I warmly thank you for the trust you showed in Suominen in 2013. I especially wish to thank Suominen's personnel for their uncompromising hard work and enthusiasm, which I was happy to witness on many occasions during the year.

We have started 2014 with optimism and determination. Suominen is now taking major leaps forward along its chosen path. I firmly believe that, thanks to our renewed organization, we will be able to reinforce our market position and improve our results.

Nina Kopola
President & CEO

THE THREE CORNERSTONES OF THE STRATEGY



Suominen
Way

HOW WE WORK



Step Change in
Profitability

HOW WE OPERATE



In the
Lead

HOW WE WIN



Goal-oriented implementation of the revised strategy

Suominen's goal is that, by 2015, the company has earned a reputation as the most progressive company in its field and a respected and innovative partner. Accelerating its customers' business and increasing the share of higher-value-added products in the portfolio are Suominen's key strategic targets. In addition, Suominen aims to establish a corporate culture that reflects a greater sense of motivation, responsibility and entrepreneurial spirit.

Suominen's strategy *In the Lead* focuses on a harmonized operating culture, profitability and a pioneering attitude. The strategy encompasses three cornerstones:

- » The Suominen Way
- » Step Change in Profitability
- » In the Lead

Suominen updated its strategy at the end of 2012. The revised strategy was well-received within the organization. According to a survey carried out in February 2013 involving Suominen's senior and middle management, 94% were familiar with the strategy and knew how it could be successfully implemented. Ninety-five percent of the respondents saw the strategy in a positive light and felt that they could personally play an important role in its implementation.

The Suominen Way

All of the Group's operations and decision-making draw on Suominen's way of operating, which forms a clear value base for the company. The Suominen way of operating can be described in three words: Empowerment, Accountability and Passion.

Empowerment means Suominen's employees have the opportunity and the responsibility to develop the company's operations and processes to the best of their ability. The personnel are capable of making quick and timely decisions in their area of responsibility.

Every Suominen employee is accountable for his or her work and particularly for the outcome of that work. The employees are also aware of their responsibility in terms of how their actions affect, for example, their colleagues, customers and business partners. In situations where mistakes have been made or deviations have occurred, the matter is swiftly rectified and improved.

Suominen's employees show passion for their work and for seeing a job through. Passion is the result of the employee understanding the importance of his or her work input to the future of the company. This passion fuels the employees' productivity and their desire to see their work through.

At Suominen, work is done "with a cool head, a warm heart and clean hands", i.e. with drive, with a big heart, and with a high level of ethics. Suominen employees work as a team, sharing their knowledge and best practices with one another.

Step Change in Profitability

Only a profitable company can invest in growth and generate value for its shareholders, for example, by paying out dividends. Crucial aspects of improving profitability at Suominen are the continuous improvement of productivity and efficiency. Persistent and systematic efforts are made in the company to streamline processes, boost efficiency and improve cost-effectiveness.

Production at Suominen's plants is always based on customer demand. Production volumes can be swiftly adjusted according to demand.

Suominen has clear plan for achieving its mid-term financial targets. The company's ambitious financial targets focus on improving relative profitability, a stable capital structure and business growth.

In the Lead

Suominen is the world's leading producer of nonwovens used in wiping products. In addition, the company has its sights set on being a substantial supplier of nonwovens for hygiene and medical applications. Suominen's goals are both to reinforce its market position and to establish its reputation as the most progressive operator in its field and a respected and innovative partner. Accelerating its customers' business and increasing the share of products with higher added value in the company's portfolio are key strategic targets. The In the Lead cornerstone of Suominen's strategy aims to accomplish all of the above-mentioned goals.

Products with higher added value in Suominen's portfolio include, for example professional, household and personal hygiene wipes, as well as nonwovens intended for use in hygiene and medical products.

Understanding the needs of product end users is the key to Suominen's future success. The needs of end users also guide product and service development at Suominen. The company proactively monitors changes in the markets and in the needs of end users, and introduces new products, often in cooperation with its customers. Suominen also continuously develops its technological and raw materials know how for the benefit of its customers.



Key measures taken to implement the strategy in 2013

THE SUOMINEN WAY

- » Suominen's Compensation & Benefits policy and compensation scheme were developed by reinforcing the connection between the realization of strategic goals and compensation.
- » The Behavior Matrix, a tool for ensuring a corporate culture that supports Suominen's strategy, was created in 2013. The matrix helps to establish a common understanding of how empowerment, accountability and passion are reflected in practice in the behavior and attitudes of Suominen employees. The matrix is used as the basis for personal performance reviews.
- » Suominen was awarded the Entrepreneur Achievement Award at the international IDEA 2013 Conference & Expo. The award was a significant recognition of the extensive post-acquisition change process that was successfully carried out at Suominen.

STEP CHANGE IN PROFITABILITY

- » The Summit program that was launched in 2012 aimed to integrate the business acquired from Ahlstrom at the end of 2011 into Suominen and to achieve cost savings. The program, which ended in March 2013, resulted in structural cost savings of around EUR 10 million.
- » The strategic development program launched in spring 2013 to enhance the supply chain and increase flexibility proceeded as planned during the course of the year. The goals of the program are to harmonize and enhance several of the processes in the supply chain, from customer segmentation to stock management. The first phase of the program will end in the first quarter of 2014.
- » The business recovery program for the Flexibles unit was intensified. The number of employees at the unit's Tampere plant was reduced by 26 full-time work years. Additionally, a decision was made to invest EUR 0.5 million in the plant's automatization.
- » In Finland, production at the Nakkila and Ikaalinen plants was adjusted to the market situation through temporary lay-offs.

IN THE LEAD

- » The strategic development program launched in the spring of 2013 strengthens Suominen's ability to renew its product portfolio. The program focuses on improving and accelerating product development projects and further increasing the share of products with higher added value in the company's portfolio.
- » In spring of 2013, Suominen launched the "We Love Wipes" campaign aimed at consumers. We Love Wipes uses, for instance, social media as a means of engaging in dialogue with consumers directly, with the aim of increasing Suominen's awareness of how consumers use wipes in day-to-day situations. The We Love Wipes campaign also emphasizes the essential role of nonwovens in wiping products. The campaign enables Suominen to more effectively develop higher-added-value nonwovens.
- » The reorganization of Suominen's corporate structure, organization and operating model which took effect at the start of 2014 considerably supports the achievement of the company's strategic cornerstone In the Lead. The reorganization enables Suominen to be more agile and transparent in its operations. This, in turn, accelerates the development of new business and the launching of new products.
- » Suominen invested some EUR 2.5 million to expand its production capacity in higher-value-added nonwovens at the Windsor Locks plant in the U.S. The investment is a response to the growing demand for flushable products.
- » At the IDEA 2013 event, Suominen introduced two new nonwoven products with higher value added for industrial and household wiping applications.



Financial targets

The implementation of Suominen’s strategy is monitored by the achievement of the mid-term financial targets.

PROFITABILITY

The company aims to achieve a clear improvement in relative profitability. The target level is a more than 10% return on invested capital (ROI). Suominen’s ROI in 2013 was -0,6%.

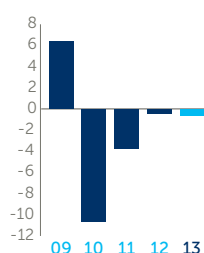
CAPITAL STRUCTURE

The company targets a solid capital structure with a gearing ratio principally between 40% and 80%. Suominen’s gearing ratio in 2013 was 96,2%.

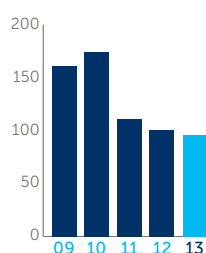
GROWTH

Suominen aims for organic growth in net sales that exceeds the average in the industry. In 2013, net sales for Suominen’s continuing operations grew 6% on the previous year, slightly exceeding the industry average.

Return on invested capital (ROI), %



Gearing, %



The operations acquired from Ahlstrom included in reporting as of Nov 1, 2011.

Global megatrends

boost demand for Suominen's products

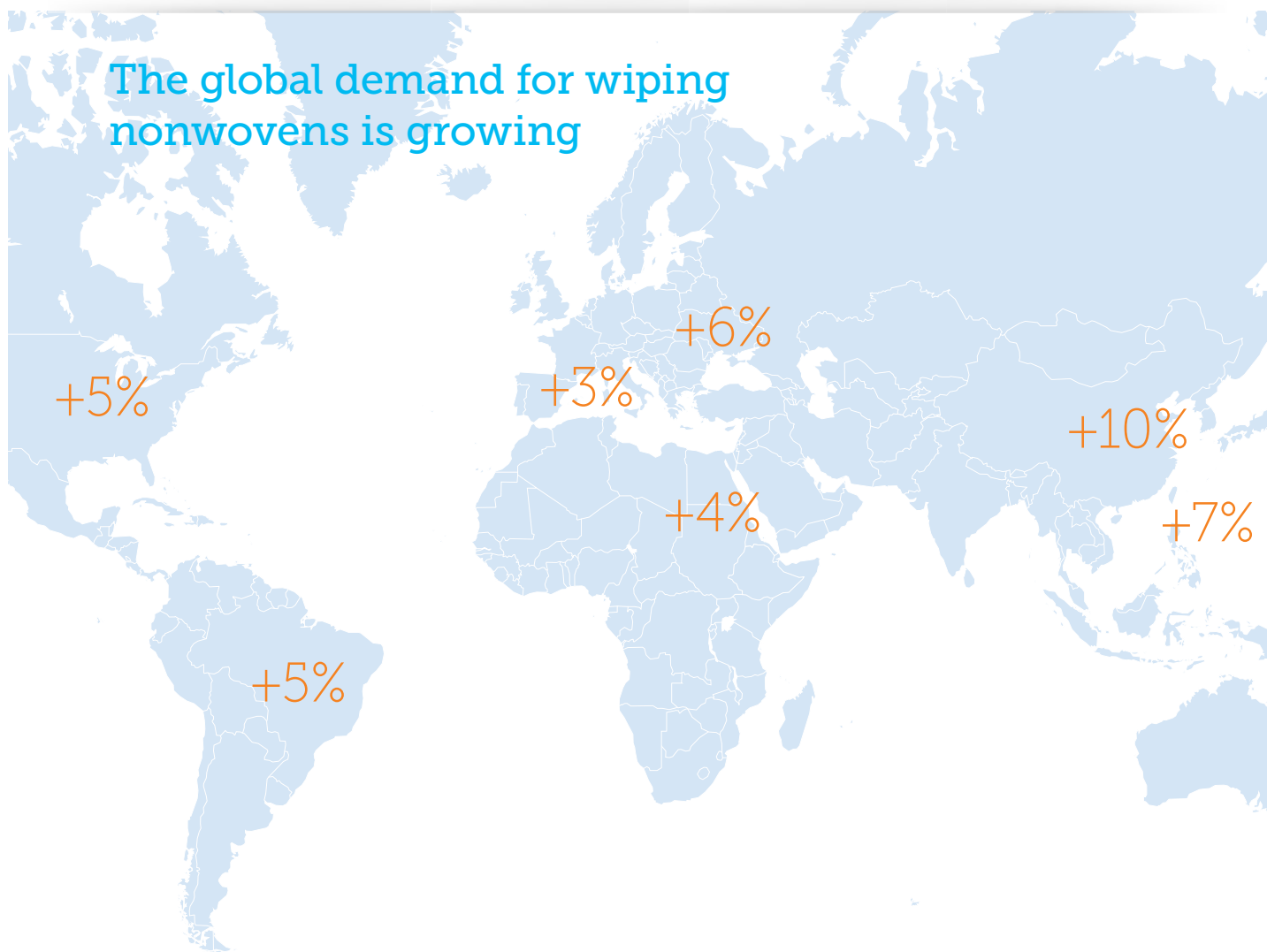
Bolstered by several megatrends, among them a growing middle class with more purchasing power, increased life expectancy, and a lifestyle that emphasizes health and well-being, demand for Suominen's nonwovens and flexibles is growing worldwide. The outlook for the macro economy and consumers' confidence in their financial situation are also affecting demand for Suominen's products, even though the demand is not very cyclical in nature.

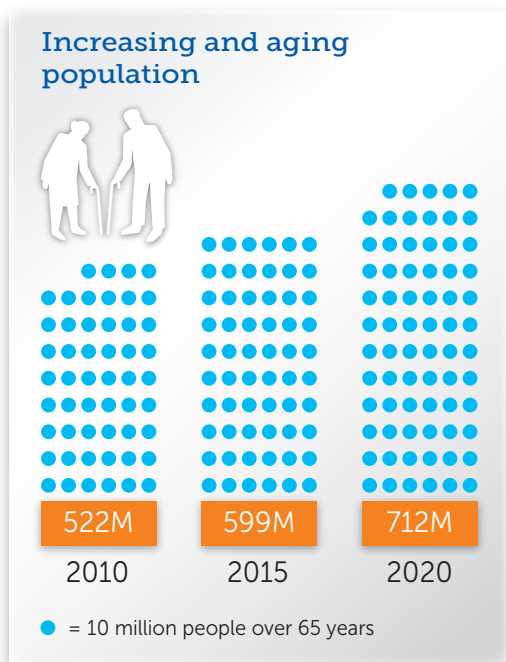
Recent estimates put worldwide growth in demand for nonwovens at slightly more than 5% per year. In developed markets, such as Western Europe and the United States,

growth is slightly slower, at roughly 2.5% per year. In emerging markets, such as Asia and South America, annual growth in the nonwovens market averages 7%. Suominen is the global market leader in nonwovens for wipes, and the company also aims to establish itself as a major supplier of nonwovens used in hygiene and medical care products.

The European market for flexible packaging is expected to grow at a rate of approximately 2% per year, with the strongest growth in Eastern Europe, for example, Russia and Poland. Suominen's Flexibles unit is one of the leading suppliers of flexible packaging in Northern and Central Europe.

The global demand for wiping nonwovens is growing





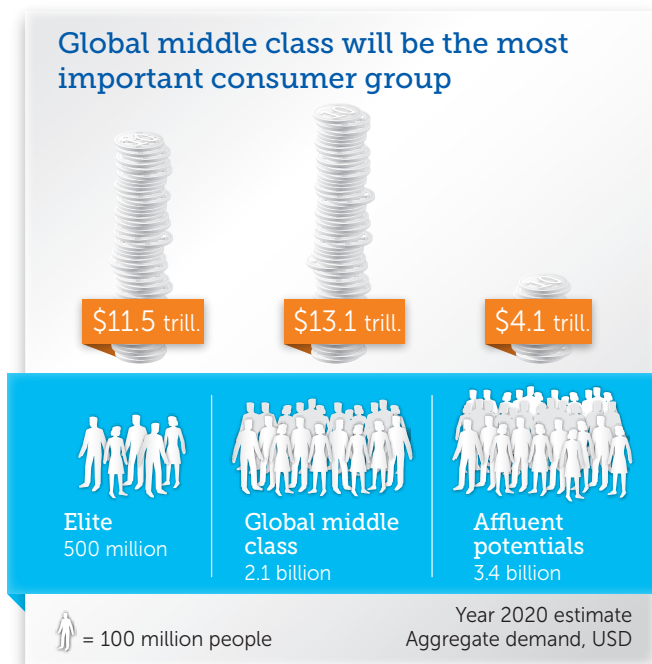
Prospering middle class boosts market growth

The global middle class is becoming the consumer group with the highest purchasing power in the world. It has been estimated that in 2020, 2.1 billion people will make up the global middle class (the segment of population with an annual income of between USD 3,000–20,000). An increasing proportion of the world's population has money to spend, not just on necessities, but on products that increase comfort and hygiene and facilitate everyday life, from feminine hygiene products and diapers to disposable personal care wipes.

The importance of the elderly demographic as consumers is also growing, particularly in developed countries. According to estimates, there will be more than 700 million people over the age of 65 by 2020. The aging of the population increases, among other things, demand for medical and hygiene products.

A growing group of consumers is showing interest in health and well-being. Estimates show that consumers will be spending more and more money on products that promote their personal well-being. This megatrend will also boost demand for many nonwoven products, such as medical products and cosmetics and hygiene products. Increasing environmental awareness among consumers is also creating new opportunities.

With leisure time becoming an increasingly precious commodity, consumers are looking for new ways to bring convenience and comfort to their lives. Products and services that speed up daily routines are favored. Many products manufactured from nonwovens, for example, disposable cloths used for cleaning homes, respond directly to this demand. This trend focusing on speed and ease affects several other sectors as well, among them banking services and the food industry.



Sources: Freedonia, Nonwovens Industry, Nonwovens Vision 2020.

Nonwovens:

Market position grows even stronger



Suominen's Nonwovens business develops and manufactures nonwovens for various wiping products, such as baby and toddler and personal hygiene products, as well as for products used around the house and in professional use. Suominen is the world's leading producer of nonwovens used in wiping products. In addition, the company has its sights set on being a substantial supplier of nonwovens for hygiene and medical applications, such as baby and adult hygiene products and wound care products.

Nonwovens was Suominen's largest business segment in 2013, accounting for 86% of the Group's net sales. In 2013, Nonwovens had seven production plants, located in the United States, Italy, Spain and Finland.

In the beginning of 2014, Suominen agreed on the purchase of Ahlstrom's Paulinia plant in Brazil. Thanks to the transaction, Suominen will have a foothold in the growing South American nonwovens markets which further strengthens the company's leading global market position. As of February 2014, Suominen will have eight nonwoven plants on three continents, putting the company in an excellent position to serve its globally operating clientele even better than earlier. The Paulinia plant was originally part of the transaction that took place in 2011, in which Suominen acquired Ahlstrom's Home and Personal business area. However, delayed approvals from the authorities and consequent renegotiations also resulted in the sale of the plant to Suominen being prolonged.

Demand for nonwovens fabrics is increasing worldwide. Global megatrends, such as a prospering middle class, aging of the population, focus on healthy lifestyles and well-being, and appreciation of convenience and comfort in day-to-day life are all contributing to growth in demand for nonwoven products. In line with its strategy, Suominen concentrates on nonwovens

roll goods with ever-greater focus. The divestment of the Codi Wipes unit in the summer of 2013 and the acquisition of Ahlstrom's Paulinia plant in early 2014 further strengthens Suominen's chosen strategic route.

Growth from products with higher added value

In June, Suominen announced its investment to expand the production capacity of its patented HYDRASPUN® Dispersible Substrate products at the company's Windsor Locks plant in the United States. The investment is valued at roughly EUR 2.5 million, and it supports Suominen's strategy to increase its share of products with higher added value in its portfolio. HYDRASPUN® dispersible substrate is used primarily in the manufacture of flushable moist wipes. The market for flushable wipes is growing strongly across the globe.

In April 2013, Suominen introduced two new value-added nonwoven products for industrial and household wiping applications: HERCULES™ Nonwoven and EXODUST™ Nonwoven. Both include cellulose and synthetic fibers, a combination that ensures optimized strength, absorbency, and dimensional strength.

In spring of 2013, Suominen launched the "We Love Wipes" campaign aimed at consumers. Under the We Love Wipes theme, Suominen engages in dialogue with consumers directly using, for instance, social media, with the aim of increasing its awareness of how consumers use wipes in day-to-day situations. The We Love Wipes campaign also emphasizes the essential role of nonwovens in wiping products. The campaign gives Suominen valuable information about consumer needs

Net sales 2013

373.8 million €

CUSTOMERS

- » International brand owners, private label manufacturers

END-USE AREAS

- » Baby and toddler products
- » Flushable wipes
- » Household wipes
- » Wipes for professional use
- » Cosmetic wipes
- » Medical products
- » Hygiene products



and thus enables the company to efficiently develop new higher-added-value nonwovens products.

At the international IDEA 2013 Conference & Expo, Suominen was awarded the esteemed Entrepreneur Achievement Award for its entrepreneurial spirit. The award was presented by the event organizer, the Association of the Nonwoven Fabrics Industry (INDA), and Nonwovens Industry Magazine. The award was a significant recognition of the post-acquisition change process that was successfully carried out at Suominen.

Strategic development programs launched

As part of implementing its strategy, Suominen launched two new strategic development programs in spring 2013 in its Nonwovens business.

The program to enhance the supply chain and increase flexibility proceeded as planned during the course of the year. The goals of the program are to harmonize and improve several of the processes in the supply chain, from customer segmentation to stock management. The first phase of the program will end in the first quarter of 2014.

The other development program aims to strengthen Suominen's ability to renew its product portfolio. The program focuses on improving and accelerating product development projects and further increasing the share of products with higher added value in the company's portfolio.

The Summit program that was started in 2012 to integrate operations following the acquisition of Ahlstrom's Home and

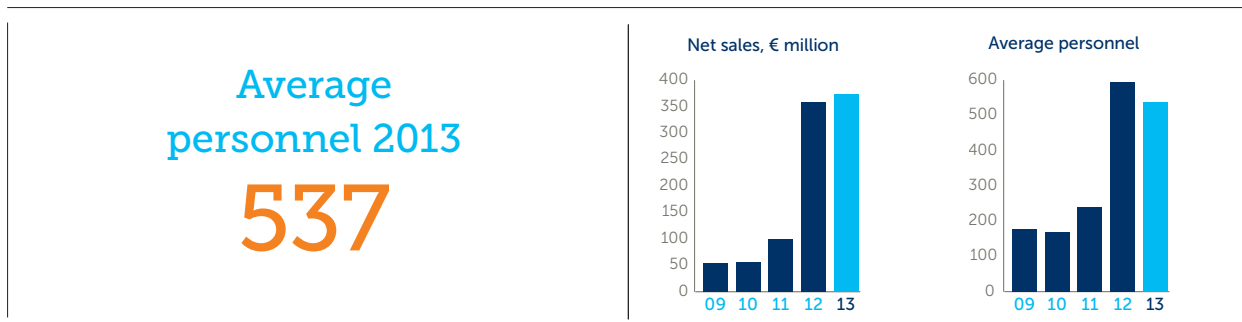
Personal business and to reduce costs came to an end in March 2013. The program resulted in structural and durable cost savings of around EUR 10 million.

In September 2013, Suominen announced its plan to reorganize its corporate structure and operating model. As part of this restructuring, the Nonwovens business unit was divided into two business areas, Convenience and Care, as of 1 January 2014. The Convenience business area focuses on customers that manufacture wiping products for a variety of end-use applications as well as nonwovens products for travel and catering. The Care business area will serve customers that produce medical and hygiene products.

Financial development in 2013

The Nonwovens segment's net sales in 2013 amounted to EUR 373.8 (357.9) million and operating profit, excluding non-recurring items, amounted to EUR 17.8 (18.0) million. Operating profit after non-recurring items was EUR 17.6 (12.0) million. All figures refer to the continuing operation of the segment.

Due to the general economic situation and market forecasts, Suominen Nonwovens Ltd adjusted the operations of its Nakkila plant to the prevailing situation by means of temporary lay-offs. Codetermination negotiations for the lay-offs started in August, and they concerned some 75 employees. The lay-offs, lasting a maximum of 90 days, are being implemented in short periods between 1 October 2013 and 30 April 2014.





Flexibles:

Business recovery program intensified to improve profitability

Suominen's Flexibles business produces printed plastic film packaging for consumer applications for industry and the retail sector, as well as system and security packaging, for example, for companies providing security services and wholesalers.

The business segment accounted for 15% of the Group's net sales in 2013. Suominen's Flexibles has two production plants in Finland and one in Poland, as well as sales offices in Sweden and Russia. The materials manufactured by the Flexibles unit were delivered to 23 countries in 2013.

In 2013, the markets for the Flexibles unit were characterized by a tough competitive situation, and demand in most markets remained stable. Encouraging signs of market activity were, however, seen in Sweden, Poland and Russia.

Focus on four business areas

A business recovery program was launched in the Flexibles unit at the end of 2012 and continued into 2013. The program aimed especially at developing sales, deepening customer relations and improving profitability. A key focus of the business recovery program was fostering a corporate culture that supports growth.

The program progressed according to plan on numerous fronts. During the year, the unit renewed its strategy, reorganized its operations in a more customer-oriented way, increased its sales and improved its productivity. The unit's corporate culture also evolved in line with the program.

Net sales 2013

59.4 million €

CUSTOMERS

- » Manufacturers of food and hygiene products
- » International brand-product manufacturers
- » Retail chains

END-USE AREAS

- » Food packaging
- » Hygiene packaging
- » Retail carrier bags
- » Security and system packaging



The Flexibles business unit was reorganized at the end of summer 2013 with the goals of clarifying operations, boosting production efficiency, and improving customer service.

Flexibles operates principally on four market regions: Finland, Scandinavia, Central Europe and Russia. Within these regions, the business is run through four segments: retail packaging, bakery packaging, tissue packaging as well as industrial packaging and customer-specific solutions, such as security packaging. In these chosen customer segments, Suominen Flexibles is one of the leading manufacturers in northern and central Europe.

At the same time, the roles of the different production units as part of the whole were clarified. The production plant in Poland focuses on bakery packaging, and the units located in Tampere on retail packaging and tissue wrap films.

Automatization investment at the Tampere plant

At the end of the year, it was decided that the business recovery program would be intensified in order to improve the unit's profitability. The objective of the new efficiency-boosting measures is to secure the unit's long-term competitiveness and profitability.

As part of the efficiency measures, Suominen Flexibles Ltd. renewed the structure of its production, procurement, logistics and sales operations to correspond to the renewed strategy, outsourced part of its warehousing operations, and optimized its cost structure. The sales, production and logistics operations of Flexibles' plant in Poland were enhanced.

At the Tampere plant, a decision was made to modernize the production and logistics operations in order to improve the plant's productivity and cost structure. Suominen is investing

roughly EUR 0.5 million to automatize retail carrier bag production at the Tampere plant. The project will be initiated in the first half of 2014.

Further, Suominen decided that two regional sales offices in Finland will be phased out by the end of summer 2014.

The measures have resulted in a reduction in the number of employees at Suominen Flexibles Ltd. by 26 full-time work years. Six of the full-time work years were reduced through the expiration of fixed-term contracts and retirement.

At the end of 2013, temporary lay-offs affecting the entire personnel were implemented at Suominen Ikkamer Ltd in order to adapt its operations to the prevailing business environment.

In December, Reima Kerttula was appointed Senior Vice President, Flexibles, and a member of Suominen's Corporate Executive Team, effective 1 January 2014.

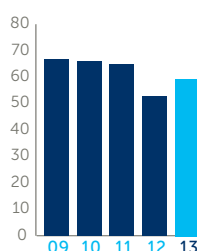
Financial development in 2013

Following the measures of the business recovery program, there was a turnaround in net sales. Suominen's Flexibles segment generated net sales of EUR 59.4 million, an increase of 13% from the previous year despite the tough competitive situation.

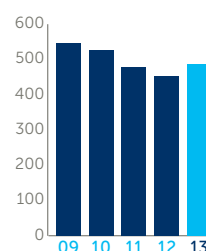
The segment's operating profit before non-recurring items was EUR -2.2 million, and after non-recurring items EUR -2.6 million.

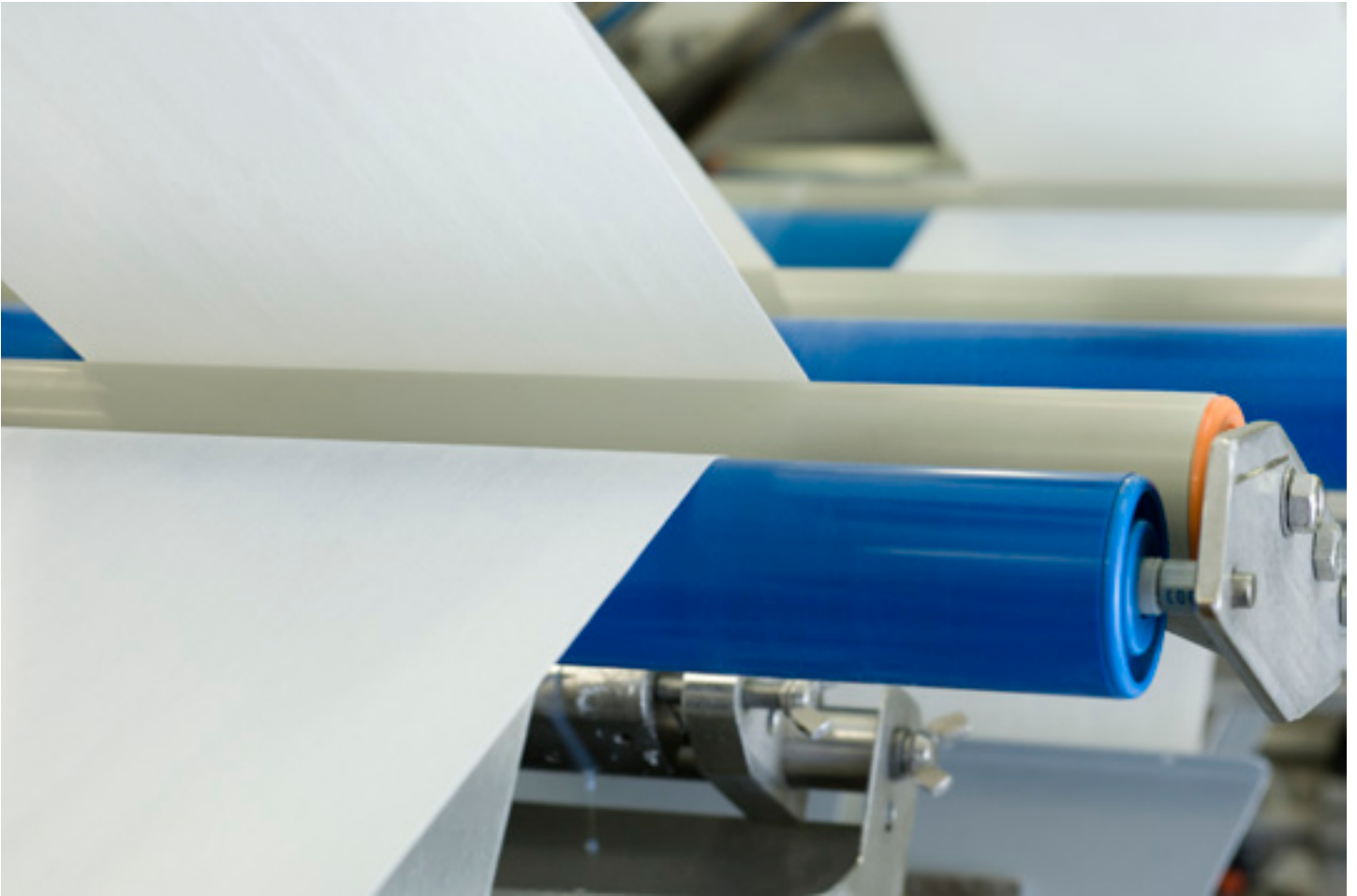
Average
personnel 2013
487

Net sales, € million



Average personnel





Codi Wipes:

Wet wipes business divested as part of strategy

The Codi Wipes business unit, which focuses on wet wipes manufacturing, was sold to the Dutch investment company Value Enhancement Partners. The transaction was closed in July 2013.

The divestment of Codi Wipes supports the In the Lead cornerstone of Suominen's strategy by clarifying Suominen's corporate structure and the company's position in the wipes value chain, especially in relation to customers of the Nonwovens business. The divestment allows Suominen to sharpen its focus on further boosting the company's competitiveness in nonwovens. In addition, the strategic role of Suominen having its own converting unit had diminished since 2003, when Codi International BV was acquired.

At the time when the agreement on the transaction was being negotiated, its total estimated value was EUR 9.2 million. The final transaction price will be determined by Codi International BV's 2013 financial result and other conventional terms and conditions of the transaction. As a result of the divestment, Suominen recognized a non-recurring loss totaling EUR 18.3 million in its discontinued operations in 2013 (IFRS 5).

Codi Wipes converts nonwovens into wet wipes and delivers them to customers in consumer packages. The products are used, for instance, in baby care, cosmetics applications, personal hygiene care, and for cleaning household surfaces.



Suominen's Sustainability Statement

Throughout history, our purpose in Suominen has been to make life easier for people. We strongly believe in this mission and strive to incorporate it in everything we do. We want to create greater convenience for our customers and their customers all the way to the end of the value chain – the everyday life of people.

Creating convenience in a sustainable world is the next stage for us as a company and our industry as a whole. We are ready to take on this challenge when developing new products and solutions together with our customers and suppliers. The journey has already begun, as we are continuously searching for raw materials with lesser environmental impact, such as natural fibers and materials from renewable resources, and developing environmentally friendly lotions for our products. We also work constantly to improve our operations by reducing water and energy consumption as well as the amount of waste and waste water generated by the production process.

We work actively with the industry associations, such as EDANA, and we see sustainability as an important part in shaping the future of our industry. Just as EDANA endeavors to be ahead of the game when helping out its members to adapt to the changes in the nonwovens market, we at Suominen also want to be proactive in embracing these changes and in striving for a balance between the social, economic, and environmental needs of a more sustainable future.

Empowerment, accountability and passion. These are three words we use to describe our way of working. We believe that sustainability comes alive in small and concrete everyday actions in our organization through employees that are empowered to continuously improve processes for the sake of the environment and safety. Further, our employees are accountable for their actions. The result of their work is to be seen, for instance, in continuous decline in incident

levels, increased use of recycled plastics in retail packaging products and significant reduction of waste in our nonwovens production. The employees of Suominen feel passionate about what they do and how they do it.

We work with a cool head, warm heart and clean hands. This means growing our business in a responsible way, reporting truthfully and openly, and not tolerating discrimination based on religion, race, age or sex.

Our long-term goal is to be in the lead of the market by using our understanding of technology and materials to create products that meet the demand of modern day consumers while constantly working to decrease the environmental impact of our operations. Simply put, to create convenience in a sustainable world.

Nina Kopola
President and CEO



Environmental responsibility

Suominen strives to reduce the environmental load from its operations and minimize the environmental impacts of its products throughout their life cycle.

Suominen is committed to taking into consideration the environmental impacts of its operations in accordance with the International Chamber of Commerce's (ICC) principles of sustainable development. The environmental impacts of the company's operations are primarily related to the raw materials, energy and water used in production, and to the waste generated during the production process. Suominen's environmental work is based on the principle of continuously improving and streamlining operations, and on using, re-using and recycling materials as efficiently as possible.

Suominen's environmental key indicators weakened slightly in 2013 compared to those of 2012. The change can be partly explained by the fact that the Codi Wipes business unit, which was divested in July 2013, was not included in Suominen's 2013 Sustainability reporting.

Nonwovens business

The main raw materials used by the Nonwovens business unit are polypropylene, viscose, pulp, and polyester. The unit additionally procures pre-fabricated nonwoven materials for its composite nonwovens. The main environmental impacts of the unit are related to raw materials, waste volumes, and energy and water consumption.

The starting point for Nonwovens' environmental efforts is thus to make the most efficient use possible of all of its resources (e.g. raw materials, water, energy), throughout the entire production chain. The unit's sustainability work is based on the guidelines of the industry association EDANA.

ISO 14001 certification has been granted to Suominen's Bethune, Windsor Locks, Green Bay, Alicante and Nakkila production plants. In addition, the Nakkila and Milan units are PEFC (Programme for the Endorsement of Forest Certification Schemes) certified.

Flexibles business

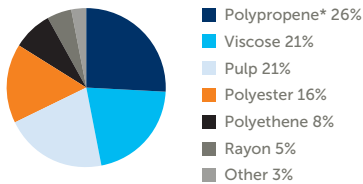
The key raw materials used by the Flexibles unit are polyethylene and polypropylene, in addition to various solvents and printing inks.

In terms of reducing the environmental load, the unit focuses on developing its recycling, decreasing the amount of waste generated, reducing its energy consumption, and minimizing hazardous emissions to the air. The goal is to increase the share of recycled materials in the unit's products; for example, up to 90% of the raw materials used in the manufacture of plastic carrier bags can consist of recycled material.

EXAMPLES OF THE ENVIRONMENTAL WORK CARRIED OUT AT SUOMINEN'S UNITS IN 2013:

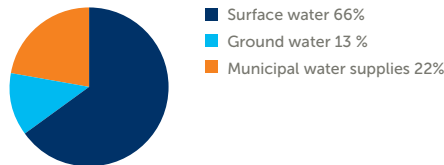
- » At the Mozzate and Cressa plants, long-term work to reduce environmental impacts has led to positive results. Among other things, the volume of landfilled waste was clearly reduced. The unit has also succeeded in boosting its energy efficiency and reducing its water consumption.
- » Amount of landfilled waste at Alicante plant was reduced as a result of increasing the sales of waste for recycling instead of landfilling.
- » Energy consumption at the Nakkila plant was reduced by introducing led lighting and by lowering the need for electricity in the needling process.
- » The Green Bay plant's ISO 14001 certification was renewed. No issues were detected during the inspections.
- » ISO 14001 certification was granted to the Bethune plant in December 2013.
- » At the Tampere plant, efforts were focused on more efficient waste sorting, and on reducing the amount of landfilled waste through competitive bidding among waste management companies and by inspecting the plant's operating methods. VOC (volatile organic compounds) emissions were reduced through minor practical measures, such as procuring safety canisters and concentrating on the evaporation of wipes containing solvents. In addition, the Get Green environmental program was used to encourage the sorting of office waste, and to increase recycling and general environmental awareness.
- » The Flexibles unit published a brochure in Finnish on the life cycle and uses of a plastic bag (Arjessa mukana – muovikassin elämä ja teot). The brochure offers consumers research data on plastic bags, and looks at how they are used and recycled, and reused as energy.

Raw material usage in 2013
(total 145,612 tons)

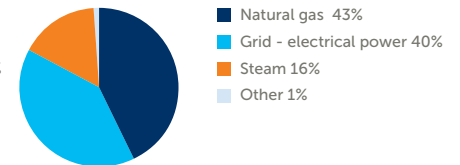


*Including sourced PP Spunbond

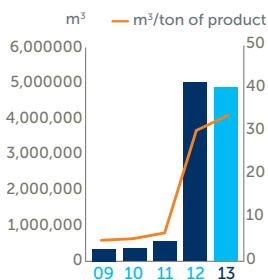
Water intake by source, 2013
(total 4,874,675 m³)



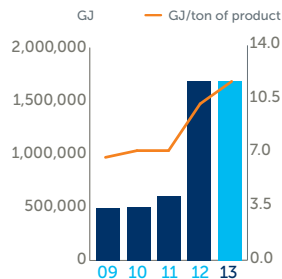
Energy consumption by source in 2013
(total 1,682,251 kJ)



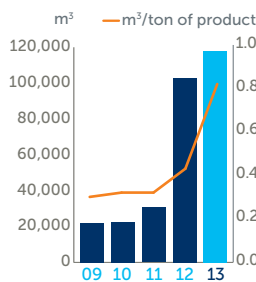
Water consumption and water efficiency



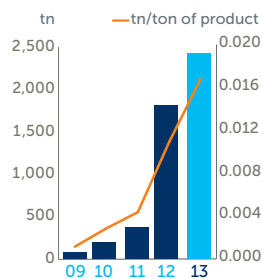
Energy consumption and energy efficiency



Direct and indirect CO₂ emissions*



Waste to landfill



*including direct and indirect emissions

The operations acquired from Ahlstrom included in reporting as of Nov 1, 2011.
The figures do not include Codi Wipes business unit, divested on 15 July 2013.



Social responsibility

Suominen is committed to offering its employees a safe and healthy work environment. The company's production processes comply with high standards of safety and quality.

Suominen develops and manufactures products and solutions that bring convenience to people's daily life and promote well-being and quality of life. Suominen's nonwovens are used in the manufacture of, for example, wiping products that help people in their daily routines. They are also used in hygiene products, such as diapers, and in various medical-care products, for example for wound care.

Suominen's product range includes also high-quality packaging materials made from plastic films, which ensure the safety and shelf-life of foods, and thus also prevent food wastage.

Suominen has long-standing relationships with its customers, in many cases extending more than ten years. Long-term partnerships are the result of the work of a professional, motivated and committed staff. Suominen employs more than 1,000 people. The company has production plants in Finland, the United States, Italy, Spain, and Poland, as well as sales offices in Russia and Sweden.

In the beginning of 2014, Suominen acquired Ahlstrom's Paulinia plant in Brazil. The plant employs some 40 employees.

Targeted competence development

Suominen strives to reinforce a corporate culture that is intrinsically committed, accountable and entrepreneurial. The Suominen way of operating can be described in three words: Empowerment, Accountability and Passion.

Suominen's employees have the opportunity to contribute to the company's operations, and they have the ability to make quick and timely decisions. Every Suominen employee is accountable for his or her work and particularly for the outcome of that work. At Suominen, passion for work is highlighted. Work is done "with a cool head, a warm heart and clean hands", i.e. with drive, with a big heart, and with a high level of ethics.

Personnel's competence is developed and enhanced in a systematic and goal-oriented manner. One example of this

goal-oriented approach is the Suominen Way Behavior Matrix that was introduced in 2013. The matrix helps to ensure that the Suominen Way is implemented in the employees' day-to-day work as defined in the company's strategy.

The matrix provides a common understanding of how empowerment, accountability and passion are reflected in one's work and in work-community interaction. On that basis, the employee's performance can be evaluated and assessed, both from his or her perspective and from the manager's perspective. The information gained in the assessment is used in the efforts to create a coherent corporate culture and in personal performance reviews. The matrix was used for the first time in late summer, with roughly 70 members of the company's management taking part.

2013 also saw the launch of a project that involved creating competence profiles for key functions within the organization. The project started with a description of the competence profiles for product development and product management, because these represent key functions in terms of implementing Suominen's strategy.

Defining the targeted competence profiles and assessing competencies helps give Suominen a sense of what is required in various functions and roles, and it helps the company to identify any deficiencies in competence that may exist. For the employees, the matrix offers support for successfully carrying out tasks and for enhancing competence.

Targeting a safer work culture

At Suominen, occupational safety is developed according to the principle of continuous improvement, and the target of zero accidents has been set for workplace accidents. Improving occupational safety is ultimately the responsibility of each and every employee, and in occupational safety activities, particular emphasis is placed on influencing attitudes and a culture of work safety. Safety monitoring is part of the daily activities of Suominen's production plants. The individual's

role in work safety and in building a culture of work safety is reinforced by keeping a record of and by carefully analyzing near-miss situations to ensure that similar situations can be prevented in the future. In addition, employees are encouraged to propose occupational safety initiatives.

In late 2013, a project based on the Behavior Based Safety (BBS) approach was started up in the Nonwovens business unit. BBS stresses the individual's responsibility in occupational safety, takes the human factor into account, and focusses on influencing the attitudes and motivation of individuals. On the basis of preliminary charting carried out at Suominen's production plants, measures designed to

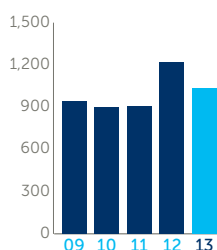
improve occupational safety were planned. The response rate in the charting process was high, and the results illustrated that employees in the Nonwovens unit feel a strong sense of personal accountability for occupational safety.

At Suominen, a number of measures are taken in an effort to influence the rate and duration of absences due to illness. The paths taken vary by country and unit, but the main emphasis is on preventive actions.

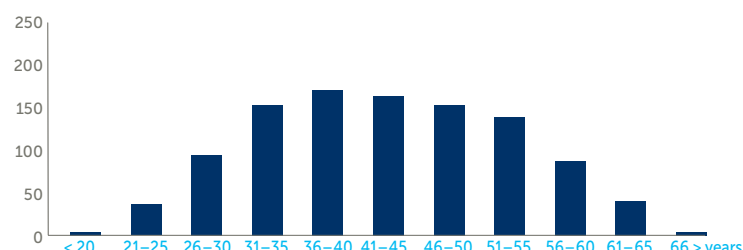
EXAMPLES OF THE PROGRESS MADE IN OCCUPATIONAL HEALTH AND SAFETY AT SUOMINEN IN 2013:

- » In Nonwovens unit, the Safety Best Practices team continued with its weekly and monthly networking formats. Specific focus areas for 2013 were hand injuries and summer time spike. These were both data driven initiatives of which significance was found with the hand injuries and actions applied against this item.
- » Long-term and systematic development work at the Mozzate and Cressa plants has improved occupational safety. Not a single accident leading to sick leave took place at these plants in 2013.
- » At the Nakkila plant, an investment in a radiotelephone system improves occupational safety in production, particularly in situations where an employee works alone.
- » At the Tampere plant, an occupational safety management model was introduced, and the continuous improvement process was modified to better support daily operations. With the new model, safety procedures are advancing and development ideas can be implemented even faster. Training and induction of new employees has also been clarified.
- » At the Mozzate and Cressa plants, a project focusing on improving personnel's mental and physical well-being was introduced. The project aims to promote, for example, employees' well-being and work conditions, and thus influence their work satisfaction.
- » The Nakkila production plant employs an early intervention model that aims to prevent work disability and restore the employee's capacity to work. Occupational health-care procedures were developed in 2013 to provide even more effective and proactive support for individuals' well-being and work capacity.

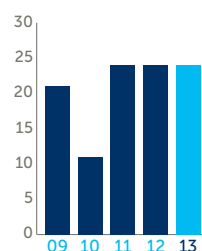
Number of employees



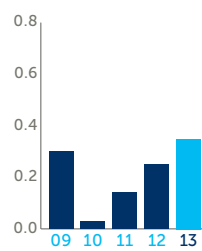
Breakdown by age group



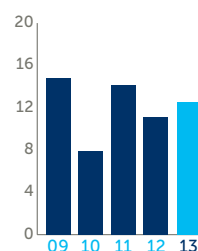
Lost time accidents (LTA)



Accident severity rate (ASR)



Accident frequency rate (AFR)



The operations acquired from Ahlstrom included in reporting as of Nov 1, 2011. The figures do not include Codi Wipes business unit, divested on 15 July 2013.



Economic responsibility

Suominen is an economically responsible company whose key operational cornerstones are financial profitability and operational efficiency.

Suominen complies with local laws and regulations, good governance, and other generally accepted business practices. The Group strives to operate according to the expectations of society at large and to those of the stakeholders within its operating environment.

A crucial aspect of improving profitability at Suominen is the continuous improvement of productivity and efficiency. Persistent and systematic efforts are made in the company to streamline processes, boost efficiency and improve cost effectiveness.

Key measures taken in 2013 to improve profitability include a strategic development program aimed at enhancing

the efficiency of and increasing flexibility in the nonwovens supply chain, as well as stepping up the ongoing business recovery program in the Flexibles unit. During the year, decisions were made to reduce the number of employees at the unit's Tampere plant by 26 full-time work years and to invest EUR 0.5 million in the plant's automatization.

Suominen bears its financial obligations towards its stakeholders and society, and contributes to increasing economic well-being. The financial impacts of Suominen's operations are specified in greater detail in the table below.

| STAKEHOLDER | DIRECT IMPACT IN 2013 | |
|-------------------|--|---|
| Customers | Net sales € 433.1 million | Suominen's major customers include international brand-name goods and private label manufacturers and retail chains. |
| Employees | Wages and salaries € 43.4 million | Suominen employed in average 1,037 people in Europe and the USA in 2013. |
| Business partners | Materials and services* € 340.6 million | Suominen purchases raw materials and other products and services from local and international cooperation partners. |
| Society | Corporate income taxes paid € 5.6 million | Suominen and its units are significant employers in the communities where they operate and thereby promoters of general well-being. |
| Financiers | Net financial expenses € 7.2 million | |
| Shareholders | No dividends were paid for the 2012 financial year | |

*Expenses excluding depreciation and personnel expenditure

Suominen's financial targets are presented on page 12.

About sustainability reporting at Suominen

Suominen's 2013 Annual Report looks into how financial, social and environmental sustainability has been implemented in the company. Suominen reports on its corporate responsibility every year in its Annual Report.

Data on environmental performance and occupational safety has been collected from the group's production units, but in accordance with the materiality principle, those locations that do not have production operations have not been included.

When making comparisons between financial periods, it should be noted that Suominen acquired Ahlstrom's Home and Personal business on 1 November 2011, from which date the units (six production plants in the U.S. and Europe) that previously belonged to Ahlstrom have been included in Suominen's reporting figures. For that reason, the group key figures have changed considerably, especially in comparisons between the years 2011 and 2012. The 2013 reporting figures also do not include those of the Codi Wipes unit, which was sold in July 2013, thus affecting the comparability of the years 2012 and 2013.

The Windsor Locks plant in the United States is used by both Suominen and Ahlstrom. Where the Windsor Locks plant is concerned, only the resources used by Suominen are taken into account in the environmental figures. In the safety indicators, personnel who have worked on Suominen's production lines but are not on Suominen's payroll are excluded.

Suominen continues to build its sustainability reporting with the goal of open and equal stakeholder communication.

Corporate Governance Statement of Suominen Corporation for 2013

Suominen Corporation ("Suominen") complies with the Finnish Corporate Governance Code 2010 issued by the Securities Market Association (below "Recommendation"). The Corporate Governance Statement, required by the Finnish Corporate Governance Code, Recommendation 54, is published as separate statement in connection with the Report by the Board of Directors. The statement can also be viewed on the website of Suominen, at www.suominen.fi.

The Board of Directors of Suominen Corporation has reviewed the statement. The statement will not be updated during the financial year, but up-to-date information on its various topics is available on Suominen's website.

The Finnish Corporate Governance Code 2010 for listed companies is available at the website of the Securities Market Association, www.cgfinland.fi.

Suominen Group

Responsibility for Suominen Group's business operations belongs to the constitutional bodies required by the Limited Liability Companies Act: the General Meeting of Shareholders, which elects the members of the Board of Directors; and the President and CEO, who is appointed by the Board of Directors.

The Group's supreme decision-making body is the General Meeting of Shareholders where shareholders exercise their decision-making power. The Board of Directors is responsible for the company's management and its appropriate organization. As the Group's parent company, Suominen Corporation is responsible for the Group's management, accounting and financing, human resources, ICT as well as communications and investor relations.

In 2013, Suominen Group had two reporting segments: Wiping and Flexibles.

Nomination Board of Suominen Corporation

The Annual General Meeting of Suominen Corporation, held on 26 March 2013, resolved to establish a permanent Shareholders' Nomination Board according to the proposal by the Board of Directors. The task of the Nomination Board is to prepare and present to the Annual General Meeting, and, if necessary, to an Extraordinary General Meeting, a proposal on the remuneration of the members of the Board of Directors, a proposal on the number of the members of the Board of Directors and a proposal on the members of the Board of Directors. In addition, the task of the Nomination Board is to seek candidates as potential board members.

The Nomination Board shall consist of four (4) members, three of which shall be appointed by the company's three largest shareholders, who shall appoint one member each. The Chairman of the company's Board of Directors shall serve as the fourth member.

The Nomination Board is established to exist and serve until the General Meeting of the company decides otherwise.

The members shall be nominated annually and their term of office shall end when new members are nominated to replace them. The members of the Nomination Board shall be independent of the company and a person belonging to the company's operative management cannot be a member of the Nomination Board.

The representatives notified by the company's three largest shareholders form Suominen Corporation's permanent Nomination Board. The shareholders entitled to appoint members to the Nomination Board were determined on the basis of the registered holdings in the company's shareholders' register on 1 September 2013. As of 4 September 2013, the representatives of the Nomination Board are Jan Lång, President & CEO of Ahlstrom Corporation; Timo Ritakallio, Deputy CEO of Ilmarinen Mutual Pension Insurance Company; and Risto Murto, CEO of Varma Mutual Pension Insurance Company. Jorma Eloranta, Chairman of Suominen's Board of Directors, serves as the fourth member of the Nomination Board. The Nomination Board appointed from among its members Jan Lång to act as the Chairman.

Board of Directors

Composition of the Board of Directors in 2013

The Annual General meeting held on 26 March 2013 re-elected Mr. Risto Anttonen, Mr. Jorma Eloranta, Ms. Suvi Hintsanen, Mr. Heikki Kasurinen and Mr. Heikki Mairinoja as the members of the Board of Directors for the period ending at the close of the Annual General Meeting 2014.

Biographical details of the members are as follows.

- » Jorma Eloranta, b. 1951, M Sc (Tech), Chairman of the Board
- » Risto Anttonen, b. 1949, B Sc (Econ), Deputy Chairman of the Board
- » Suvi Hintsanen, b. 1967, M Sc (Econ), Senior Vice President, Business Development, OP-Services Ltd
- » Hannu Kasurinen, b. 1963, M Sc (Econ), CFO, Renewable Packaging Division, Stora Enso AB
- » Heikki Mairinoja, b. 1947, M Sc (Eng), B Sc (Econ)

Tasks and responsibilities of the Board of Directors

The Board of Directors is responsible for the administration and appropriate organization of Suominen's operations. The Board is responsible for taking decisions on matters that are likely to have a major impact on the Company's operations. The Board convenes according to an annual meeting plan. The main duties of the Board include:

- » deciding on the Company's corporate structure and organization
- » nominating and dismissing the President & CEO
- » deciding on the salaries, bonuses, and other benefits paid to the President & CEO and his/her immediate subordinates
- » deciding on the Company's salary and incentive system
- » considering and approving annual accounts, reports by the Board of Directors, financial statement releases, and interim reports

- » monitoring and supervising the Group's performance and ensuring the effectiveness of its management
- » approving the Company's operating policies (financing policy, insurance and risk management policy, and principles for corporate governance)
- » deciding on the acquisition and assignment of fixed assets
- » deciding on strategically and financially significant investments, acquisitions, divestments, or other arrangements
- » deciding on financial borrowings and pledging securities
- » considering and approving strategies and action plans
- » establishing a dividend policy and confirm the company's targets.

Meeting practice

The Board of Directors convenes under the direction of the Chairman or, if the Chairman is unable to attend, the Deputy Chairman. Principally, the matters are presented by the President & CEO. Meeting minutes are kept and in 2013, they were taken by the CFO of the company.

In 2013, the Board of Directors convened 11 times, of which two times per capsulam. The average attendance rate at meetings was 98%.

Evaluation of independence

The Board of Directors has evaluated the independence of its members. All members are independent of the company. The members of the Board are independent of significant shareholders, with the exception of Risto Anttonen who has acted as Deputy CEO of Ahlstrom Corporation, a significant shareholder of Suominen, in the last three years prior to the commencement of his board membership (26 March 2013).

Self-evaluation

The Board of Directors reviews its operations and procedures through an annual self-assessment.

Board committees

Suominen Corporation's Board of Directors established on 19 April 2014 the audit and remuneration committees for the Board.

The main tasks of the Audit Committee relate to ensuring the company's good governance, accounting and financial reporting, internal control systems and monitoring of third-party auditing. The Audit Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on certain matters. Suominen Corporation's Board of Directors elected Hannu Kasurinen as Chairman and Suvi Hintsanen and Heikki Mairinoja as members of the Audit Committee from among the Board's members. In future, the Chairman and members of the committee will be elected annually at the Board's constitutive meeting. At least three members will be elected to the committee. The members of the Audit Committee must be independent of the company, and at least one member must be independent of the company's significant shareholders. All members of the Audit Committee are independent of the company and of its significant shareholders.

The Remuneration Committee of Suominen Corporation's Board of Directors will prepare the remuneration and appointment matters concerning the company's President and CEO and other members of senior management, as well as principles and procedures related to remuneration of the company's employees. The Remuneration Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on individual matters. Suominen Corporation's Board of Directors elected Jorma Eloranta as Chairman and Risto Anttonen as member of the Remuneration Committee from among the Board's members. In future, the

Chairman and members of the committee will be elected annually at the Board's constitutive meeting. The minimum number of committee members is two, which deviates from recommendation 22 of the Finnish Corporate Governance Code, which states that Board committees must have at least three members. Suominen Corporation's Board of Directors states that, taking into consideration the number of members of the Board and the scope and nature of the company's business operations, the Remuneration Committee is able to effectively handle the matters assigned to it with only two members. The majority of the members of the Remuneration Committee must be independent of the company. The President and CEO or a member of the company's or Group's management may not be a member of the Remuneration Committee. Both members of the Remuneration Committee are independent of the company and neither of them belongs to the company's or Group's management.

President & CEO and the Corporate Executive Team

The President & CEO of Suominen Corporation is appointed by the Board of Directors. The President & CEO is responsible for day-to-day operations in accordance with the Companies Act and guidelines and instructions provided by the Board of Directors. The President & CEO is responsible for ensuring that the company's accounting practices comply with the law and that its assets are reliably managed. The President & CEO acts as the Chairman of the Corporate Executive Team and as the direct superior of the Team's members.

Mrs Nina Kopola, b. 1960, M.Sc. (Chemical Eng.), Technology Licentiate acts as the President & CEO of Suominen Corporation.

The President & CEO is supported by the Corporate Executive Team that comprised in 2013, in addition to the President & CEO who acts as its Chairman, the Senior Vice President of Nonwovens business unit, the Senior Vice President of Codi Wipes business unit, the Senior Vice President of Flexibles business unit, the CFO, and the Vice President, Human Resources.

Insider management

Suominen Group observes the guidelines for insiders issued by the NASDAQ OMX Helsinki Ltd on 9 October 2009 and the company's own insider guidelines approved by the Board of Directors.

The members of the Board of Directors, the President and CEO and the Principal Auditor are included in the company's public insider register. The public register is available at Suominen's website via the online service provided by Euroclear Finland Ltd.

The company also maintains a company-specific register of non-public insiders. Permanent insiders listed here include the members of the Corporate Executive Team and certain other employees of the company, who by virtue of their position or responsibilities regularly receive insider information. A project-specific insider register is maintained to cover persons that are involved with the planning and preparation of significant projects dealing with insider information. The Senior Vice President, CFO is responsible for Suominen's insider management.

Insiders are not allowed to trade in securities issued by the company for a period beginning at the end of a financial period or a financial year and ending with the publication of the interim report or financial statement release for the period or financial year in question (closed window). Insiders must consult the person responsible for insider issues for advice on the legal and procedural implications of any trading in securities that they might plan.

Description of the main features of the internal control and risk management systems in relation to the financial reporting process

Control environment

Control operations are embedded in the organization of Suominen. Controlling is executed in connection with steering of business processes and in wide-ranging reporting processes.

Suominen has no separate organization for internal audit. The company purchases internal audit services from an external partner. Suominen's control environment is based on given instructions, business culture and on the way of working adopted by company's managers and employees. Suominen has established its values or principles, which encourage everyone at Suominen to an active and ethical way of working both with various stakeholders and within the Group. In cascading the working principles in the organization, honesty, transparency and working in teams are integral parts in establishing high moral behavior throughout the company.

The foundation of the internal control process relating to the financial reporting is built up around the Group's policies approved by the Board of Directors and other directives and instructions. The responsibility structure of the Group is based on authority inherent in the positions and work descriptions, segregation of duties and the "two-eyes" and "one-over" principles. Effective internal control requires that duties are properly allocated to employees and potential conflicts of interests are identified and eliminated. Satisfactory control environment is ensured through internal analyses and evaluations of key processes as well as through revisions made by external auditors.

The Group Finance supports the business units in analyzing their performance and in the decision-making concerning various business choices. Business Controllers at unit level have the task to ensure that the control procedures are in place at various units. ICT function's role is to maintain the security checks of ICT systems throughout the Group companies.

Risk assessment

Risk management is considered an integral part of running the business, and identification and assessment of risk is an essential element of internal control. The aim is to focus on the material risks that are significant from the business perspective. Risks are categorized into business risks caused by changes in the business environment and operational risks, which may be a result of shortcomings in the way that the organization manages its processes.

Operational risks are considered to have a potential material value in transactions with external parties. However, Group instructions, process check-ups, allocation of tasks and standards set up by total quality operating systems help to establish a prudent environment, in which exposure to material risks can be mitigated.

Risks relating to financial reporting are evaluated and monitored by the Board, aiming to ensure that the financial reporting of the corporation is reliable, supports decision making and serves the needs of external stakeholders. Valuation of assets and liabilities according to various evaluation assumptions and criteria may constitute a risk.

Estimates and assumptions involving a significant risk of causing material changes in the carrying amounts of assets and liabilities are continuously evaluated and benchmarked against other similar entities. Complex and/or changing business

circumstances may present a challenge when assessing the carrying amounts of assets. To avoid errors in stating the fair values of assets or liabilities, regular check-ups are made, e.g. by comparing material flows, values, and quantity and quality data with the information given in the accounts. The risk of errors caused by irregularities and discontinuities in information is reduced by using established and automated system-based audit trails.

Control activities

The control activities include general as well as detailed controls, which aim at preventing, revealing and correcting errors and deviations. In addition to the Group level instructions, control activities are also conducted at unit and plant levels.

Several control activities are applied in the ongoing business processes to ensure that potential errors or deviations in the financial reporting are prevented, discovered and corrected. Suominen divides control activities into following three categories. Documented instructions help the organization to standardize the monitoring of tasks. Continuous and regular reporting conveying feedback on performance of Group functions and entities ensures that instructions and defined processes are followed. In critical processes, specific authorizations are needed in the workflow, either for security or verification needs.

In practice, control activities are conducted in management group meetings, where results of the activities are reviewed. More focused control is exercised when specific reconciliation of accounts or analyses of the processes for financial reporting are conducted. The need for separate evaluations, as well as their scope and frequency, will be defined by assessing risks and the effectiveness of ongoing monitoring procedures. It is the responsibility of Business Controllers to ensure that control activities in the financial processes are appropriate and in accordance with the Group's policies and instructions. Information security and related control activities play a key role when the features of ICT systems are being defined and applied.

Information and communication

The Group Accounting manual, policies approved by the Board and other directives and instructions relating to the financial reporting are updated and communicated on a regular basis from management to all affected employees and are also available in the intranet systems of Group companies. In addition, a standard reporting package is used by the units. The Group management and the business unit management conduct monthly reviews that include analysis of performance metrics and indicators assisting the management to better understand the underlying business performance.

Follow-up

Ongoing responsibility for follow-up rests with the business units' management groups and controller functions. In addition, separate internal control reviews on key financial processes are conducted with external auditors on a rolling basis. The results of the reviews are reported to employees involved.

Regular inspections by quality auditors or customer audit personnel cover also the internal controls of delivery chain processes.

The Group's Finance function monitors the operations and processes of the group units and the accuracy of external and internal financial reporting.

Board of Directors

January 1, 2014



Jorma Eloranta

b. 1951

M.Sc. (Tech.)

Member of the Board since 2011,
Chairman since 2011

Independent member

Risto Anttonen

b. 1949

B.Sc. (Econ.)

Member of the Board since 2011,
Deputy Chairman since 2012

Independent of the company but
dependent on major shareholder



Suvi Hintsanen

b. 1967

M.Sc. (Econ.), Senior Vice President,
Business Development, OP-Services Ltd

Member of the Board since 2010

Independent member

Hannu Kasurinen

b. 1963

M.Sc. (Econ.)

CFO, Renewable Packaging Division,
Stora Enso AB

Member of the Board since 2012

Independent member



Heikki Mairinoja

b. 1947

M.Sc. (Eng.), B.Sc. (Econ.)

Member of the Board since 2001,
Deputy Chairman 2009–2011

Independent member

Detailed, up-to-date information on the principal working experience and positions of trust as well as on the shareholdings of the members of the Board of Directors is available on Suominen's website www.suominen.fi. Additionally, information on the Board's remuneration is included in Suominen's Salary and Remuneration Report, also available at www.suominen.fi.

Corporate Executive Team

January 1, 2014



Nina Kopola

b. 1960

M.Sc. (Chemical Eng.), Technology
Licentiate

President & CEO

Senior Vice President, Care (acting)

Joined Suominen in 2011

Tapio Engström

b. 1963

M.Sc. (Accounting)

Senior Vice President, CFO

Joined Suominen in 2012



Hannu Sivula

b. 1966

M.Soc.Sc.

Senior Vice President,
Human Resources

Joined Suominen in 2012

Timo Hiekkaranta

b. 1960

M.Sc. (Econ.)

Senior Vice President,
Convenience

Joined Suominen in 2011



Larry L. Kinn

b. 1957

B.A. (Chemistry)

Senior Vice President,
Operations Americas

Joined Suominen in 2011

Mimoun Saïm

b. 1964

M.Sc. (Econ.)

Senior Vice President,
Operations EMEA

Joined Suominen in 2011



Reima Kerttula

b. 1955

M.Sc. (Eng.)

Senior Vice President,
Flexibles

Joined Suominen in 2014

Mr Jean-Marie Becker acted as Executive Vice President of the Nonwovens business unit and a member of the Corporate Executive Team until 31 December 2013. Mr Olli E. Juvonen acted as Vice President of the Flexibles business unit and a member of the Corporate Executive Team until 31 December 2013. Mr Erik van Deursen acted as Vice President of the Codi Wipes business unit and a member of the Corporate Executive Team until 15 July 2013.

Detailed, up-to-date information on the principal working experience and positions of trust as well as on the shareholdings of the members of Suominen's Corporate Executive Team is available on Suominen's website www.suominen.fi. Information on their remuneration is included in the Suominen's Salary and Remuneration Report, also available at www.suominen.fi.

Financial statements

1 January – 31 December 2013

CONTENTS

Report by the Board of Directors **33**

Consolidated Financial statements

Consolidated Balance Sheet **41**
Consolidated Statement of Income **42**
Consolidated Statement of Comprehensive Income **43**
Statement of Changes in Shareholders' Equity **43**
Consolidated Cash Flow Statement **44**
Notes to the Consolidated Financial Statements **45**

Parent Company Financial Statements

Parent Company Statement of Income **77**
Parent Company Balance Sheet **78**
Parent Company Cash Flow Statement **79**
Notes to the Financial Statements of the Parent Company **80**

Signing of the Financial Statements **85**
The Auditor's Note **85**
Auditor's Report **86**
Share capital and shareholders **87**
Key figures per share **88**
Key figures on financial performance **89**
Calculation of the key figures **90**
Information for shareholders **91**

Report by the Board of Directors 2013

In 2013, the development in Suominen's operating environment was marked by two trends. In North America, the another of the two principal market regions of Suominen, the overall economic situation was more positive, which was reflected in demand for the products supplied by Suominen. In Europe, the economic outlook was more unstable and the competition remained tough.

Suominen's business as well as financial result developed as planned during 2013. During the financial period, the financial indicators of the company stabilized to a new level. In 2013, the net sales from continuing operations grew by 6% from the comparison period to EUR 433.1 million (410.4). Operating profit before non-recurring items from continuing operations was EUR 18.3 million (12.9) and after them EUR 17.4 million (7.4). The non-recurring items reported in the review period amounted to EUR -0.9 million (-5.5). Profit before taxes from continuing operations was EUR 10.2 million (-3.0) and profit after taxes EUR 2.5 million (-5.2). Earnings per share from the continuing operations was EUR 0.01 (-0.02) and cash flow from operations per share was EUR 0.09 (0.10). The Board of Directors proposes to the Annual General Meeting that no dividend be paid for financial year 2013 due to the losses in the financial year.

In the end of 2012, the Board of Directors set the company new mid-term financial targets. During the financial year 2013 the return on investments (ROI) decreased to -0.6% (target being more than 10%). Suominen's gearing ratio improved to 96.2% (target between 40% and 80%). The company's net sales grew slightly stronger than the market average.

In 2013, Suominen's strategy, with cornerstones The Suominen Way, Step Change in Profitability and In the Lead, was implemented determinedly. The strategic development programs involving the company's nonwovens business were initiated in spring and both progressed as planned in the course of the year. The objectives of the programs are to harmonize and boost the efficiency of the company's supply chain processes and to further accelerate product development. The Summit program, that started in 2012 and was completed in March 2013, generated structural savings of approximately EUR 10 million for Suominen.

Suominen renewed its Group structure, organization, management system, and operating model. The changes were announced in 30 September 2013 and came into effect on 1 January 2014. Through the changes, Suominen will become an even more focused and agile company. Suominen's ability to create new business and develop products with increased added value will be strengthened.

As of 1 January 2014, Suominen's Nonwovens business unit was divided into two new business areas. The Convenience business area focuses on serving customers that manufacture wiping products as well as travel and catering nonwovens, while the Care business area is concerned with customers that manufacture health-care and hygiene products. As of 1 January 2014, Convenience and Care business areas will be reported in Nonwovens segment, which is equal to the former Wiping segment. The strategy of the Flexibles was also sharpened and its operations were reorganized in order to improve and bolster customer service.

In July 2013, Suominen divested its Codi Wipes business unit to a Dutch investment company. The divestment clarified Suominen's position as the leading manufacturer of nonwovens for wipes. Suominen is now able to focus ever more intensively to strengthen this position, in keeping with its strategy.

Suominen's Corporate Governance Statement of 2013 has been published as a separate statement at Suominen website, www.suominen.fi. Additionally, Suominen has published its Salary and Remuneration Statement for 2013, available at the same website.

All figures in the Report by the Board of Directors refer to continuing operations of the Group unless otherwise stated. The figures are compared with those of the corresponding period in 2012 unless otherwise stated. In accordance with IFRS 5, the comparison data of the balance sheets have not been revised and, consequently, include both non-allocated items and discontinued operations.

Group net sales and financial result (continuing operations)

Suominen's net sales from continuing operations grew by 6% from the comparison period to EUR 433.1 million (410.4). Operating profit before non-recurring items from continuing operations was EUR 18.3 million (12.9) and after them EUR 17.4 million (7.4). The non-recurring items reported in the review period amounted to EUR -0.9 million (-5.5). Profit before taxes from continuing operations was EUR 10.2 million (-3.0) and profit after taxes EUR 2.5 million (-5.2).

Cash flow from operations was EUR 21.3 million (24.9). As of the beginning of the year, EUR 6.5 million (5.0) in working capital was released. Capital expenditure was kept at a low level.

Divestment of Codi Wipes business unit and reporting in discontinued operations

In June 2013, Suominen agreed to sell its Codi Wipes business unit, focused on wet wipes manufacturing, to Value Enhancement Partners investment company. The deal was closed on 15 July 2013. Due to the divestment, Codi Wipes business unit has been reported in discontinued operations as of and including the Interim report for January–June 2013. In the previous financial reports, Codi Wipes was reported as part of Suominen's Wiping segment.

Due to the divestment, Suominen recognized a non-recurring loss of EUR 18.3 million in the full year 2013 result in its discontinued operations. The profit for the period in financial year 2013 from discontinued operations was EUR -18.7 million (-6.6).

Group result (including discontinued operations)

The Group result in 2013 including the discontinued operations was EUR -16.1 million (-11.9).

Completion of business acquisition

The acquisition of the Brazilian unit belonging to the Home and Personal business operations acquired from Ahlstrom was delayed. During 2013, Suominen and Ahlstrom continued to examine the prerequisites and alternatives for completing the transaction and agreed on the transaction after the review period, on 10 January 2014.

Net sales and operating profit

| Net sales € 1,000 | 2013 | 2012 | Change % | 2011 |
|----------------------|----------------|----------------|------------|----------------|
| Wiping | | | | |
| - Nonwovens | 373,760 | 357,873 | 4.4 | 99,182 |
| Flexibles | 59,438 | 52,698 | 12.8 | 64,848 |
| Non-allocated items | -76 | -213 | | 37 |
| Total | 433,123 | 410,358 | 5.5 | 164,067 |

| Operating profit | 2013 | | 2012 | | 2011 | |
|--|---------------|----------------|--------------|----------------|---------------|----------------|
| | € 1,000 | % of net sales | € 1,000 | % of net sales | € 1,000 | % of net sales |
| Wiping | 17,836 | 4.8 | 18,014 | 5.0 | -3,641 | -3.7 |
| Flexibles | -2,232 | -3.8 | -2,786 | -5.3 | -69 | -0.1 |
| Non-allocated items | 2,651 | | -2,286 | | -115 | |
| Operating profit excl. non-recurring items | 18,255 | 4.2 | 12,942 | 3.2 | -2,617 | -1.6 |
| Non-recurring items | -868 | | -5,499 | | -3,691 | |
| Total | 17,387 | 4.0 | 7,443 | 1.8 | -6,308 | -3.8 |

Financing

The Group's interest-bearing net liabilities amounted to EUR 75.5 million (96.0) at the end of the review period. In accordance with the company's financing agreements, the net debt to EBITDA ratio was not to exceed 3.6 and the gearing ratio not to exceed 125% in the end of the financial year 2013. At the end of the fourth quarter, on 31 December 2013, the net debt to EBITDA was 2.2 and the gearing ratio 96.2%.

Net financial expenses were EUR 7.2 million (10.5), or 1.7% (2.6%) of net sales. A total of EUR 6.5 million of working capital was released (5.0). Trade receivables amounting to EUR 9.1 million (13.1) were sold to the bank. The equity ratio was 32.9% (34.4%). Cash flow from operations was EUR 21.3 million (24.9), representing a cash flow of EUR 0.09 per share (0.10).

The capital loan was fully repaid during the course of 2013.

Capital expenditure

The gross investments of the continued operations totaled EUR 5.6 million (3.3). Planned depreciation amounted to EUR 16.5 million (17.5). Wiping segment accounted for EUR 2.5 million (1.9), Flexibles segment for EUR 1.2 million (0.6) and the parent company for EUR 1.9 million (0.8) of the total capital expenditure. The investments in Wiping segment were in maintenance. The capital expenditure of discontinued operations, i.e. Codi Wipes business unit, amounted to EUR 0.2 million (0.7) and were for maintenance.

Net sales and financial results in segments

Wiping segment (continuing operations)

The Wiping segment of Suominen consists of one business unit, Nonwovens. The business unit supplies nonwovens as roll goods for wiping products and medical applications. Until and including the Interim report for January-March 2013, the Codi Wipes business unit, focused on converting nonwovens into wet wipes, was reported in the Wiping segment.

Demand for nonwovens materials continued favorable in North American market. The continued fierce competition put pressure on the sales prices in Europe.

Capital expenditure by business unit

| € 1,000 | 2013 | 2012 | 2011 |
|---------------------|--------------|--------------|--------------|
| Nonwovens | 2,493 | 1,900 | 1,514 |
| Flexibles | 1,167 | 553 | 1,851 |
| Non-allocated items | 1,920 | 845 | 203 |
| Total | 5,580 | 3,298 | 3,568 |
| % of net sales | 1.3 | 0.8 | 2.2 |

Invested capital

| € 1,000 | 31.12.2013 | 31.12.2012 | 31.12.2011 |
|--|----------------|----------------|----------------|
| Non-current assets | 133,838 | 163,816 | 191,338 |
| Current assets | 105,073 | 115,125 | 146,747 |
| Deferred tax liabilities | -7,183 | -5,653 | -3,661 |
| Trade payables | -45,016 | -46,381 | -44,208 |
| Accruals and prepayments | -10,380 | -13,064 | -11,113 |
| Other non-interest-bearing liabilities | -3,357 | -6,066 | -8,634 |
| Total | 172,976 | 207,776 | 270,469 |

| Key figures | 2013 | 2012 | 2011 |
|--|-------|-------|-------|
| Return on capital invested (ROI), % | -0.6 | 0.4 | -3.7 |
| Return on equity (ROE), % | -18.6 | -11.2 | -20.9 |
| Equity ratio, % | 32.9 | 34.4 | 32.2 |
| Gearing ratio, % | 96.2 | 101.0 | 111.0 |
| Earnings/share, continuing operations, EUR | 0.01 | -0.02 | -0.12 |
| Earnings/share, discontinued operations, EUR | -0.08 | -0.03 | 0.01 |
| Earnings/share, EUR | -0.07 | -0.05 | -0.11 |
| Equity/share, EUR | 0.32 | 0.39 | 0.44 |

More key figures as well as their calculation principles are shown in the consolidated financial statements.

The net sales of the Wiping segment from continuing operations grew by 4% to EUR 373.8 million (357.9). The Wiping segment generated 86% of the Group net sales. The main application areas for nonwoven materials supplied by Suominen were baby wipes (accounting for 41% of the sales), personal care wipes (22%), household wipes (17%), and industrial wipes (13%). The share of baby wipes continued to decline, while particularly the share of wipes for personal care increased from the corresponding period. The operating profit of the segment from the continuing operations before non-recurring items was EUR 17.8 million (18.0) and after them 17.6 million (12.0). The non-recurring items reported in the review period were attributable to the sales of fixed assets (EUR 0.7 million) and to the restructuring costs (EUR 0.9 million).

In June 2013, Suominen decided to invest in production capacity expansion of high value added nonwovens at the Windsor Locks plant in the United States. The investment project started in the third quarter of the year and progressed as planned. The value of the investment is approximately EUR 2.5 million and it will increase Suominen's production capacity, particularly in the growing segment of flushable products.

The strategic development programs involving the Nonwovens business unit were initiated in spring and progressed as planned in the course of the year. The objectives of the programs are to harmonize and boost the efficiency of the company's supply chain processes and to further accelerate product development.

The Summit program, started in 2012 and completed in March 2013, generated structural savings of approximately EUR 10 million for Suominen.

Flexibles segment

The Flexibles segment produces printed plastic film materials for consumer packaging for industry and trade, as well as security and system packaging, for example for companies in the security business and for wholesalers.

In 2013, net sales of the Flexibles segment totaled EUR 59.4 million (52.7), showing an increase of 13% from the previous year. The Flexibles segment generated 14% of the Group net sales. The share of hygiene and food packaging increased to 73% of the segment's net sales, while the sales of retail packaging and security & system packaging declined from the comparison period. The operating profit in 2013 was EUR -2.2 million (-2.8) before non-recurring items and EUR -2.6 million (-2.3) after them. The non-recurring items reported in the review period were attributable to reorganizing costs and amounted to EUR 0.4 million.

In the fourth quarter, Suominen decided to intensify the segment's business recovery program, which had been implemented through the year 2013, to improve the segment's profitability. Due to the several streamlining measures, the number of employees of the segment's Tampere plant will decrease by 26 full-time work years. Further, Suominen decided to invest EUR 0.5 million in the automatization of the Tampere plant.

Research & Development

The Group's R&D employed a total of 20 (27) people as of the end of the year. R&D expenditure totaled EUR 3.3 million (3.6), equivalent to 0.8% (0.9%) of net sales. Suominen invests in R&D to offer its customers ever-better materials and more functional solutions and to increase the share of the more value adding products in its portfolio. Suominen's R&D is a centralized function. Suominen Corporation owns all the business-related patents, technologies, know-how, processes, recipes and solutions developed by Suominen Corporation. The company is targeting to have extensive industrial rights to the nonwoven-based solutions and technologies thereto as well as test and pilot equipment needed. This way it can offer best possible support to the group companies to satisfy the current and future customer needs.

Financial development, quarterly

| € 1,000 | I/2013 | II/2013 | III/2013 | IV/2013 | I-IV/2013 |
|---|----------------|----------------|----------------|----------------|----------------|
| Net sales | | | | | |
| Wiping | 97,233 | 93,129 | 93,522 | 89,877 | 373,760 |
| Flexibles | 14,427 | 14,571 | 15,117 | 15,323 | 59,438 |
| Non-allocated items | 11 | -9 | -38 | -40 | -76 |
| Net sales, total | 111,670 | 107,691 | 108,603 | 105,159 | 433,123 |
| Operating profit | | | | | |
| Wiping | 4,458 | 5,762 | 3,703 | 3,913 | 17,836 |
| % of net sales | 4.6 | 6.2 | 4.0 | 4.4 | 4.8 |
| Flexibles | 1 | -602 | -897 | -734 | -2,232 |
| % of net sales | 0.0 | -4.1 | -5.9 | -4.8 | -3.8 |
| Non-allocated items | 544 | -890 | 2,501 | 496 | 2,651 |
| Operating profit before non-recurring items | 5,003 | 4,270 | 5,307 | 3,675 | 18,255 |
| % of net sales | 4.5 | 4.0 | 4.9 | 3.5 | 4.2 |
| Non-recurring items | | | | -868 | -868 |
| Operating profit, total | 5,003 | 4,270 | 5,307 | 2,807 | 17,387 |
| % of net sales | 4.5 | 4.0 | 4.9 | 2.7 | 4.0 |
| Net financial expenses | -2,338 | -1,785 | -1,688 | -1,388 | -7,199 |
| Profit before income taxes | 2,665 | 2,485 | 3,619 | 1,419 | 10,187 |

Personnel

In 2013, Suominen employed an average of 1,037 (1 220, discontinued operations included) people. The average number of employees of the Codi Wipes business unit, divested in July 2013, was 158 during the first part of the year.

In Flexibles business unit, employees were laid off in connection with the intensification of the business recovery program. In connection with the permanent personnel reductions and temporary lay offs, Suominen has complied with local legislation and accepted practices concerning layoffs and notice periods.

Average number of employees

| | 2013 | 2012 | 2011 |
|-------------------------------------|--------------|--------------|------------|
| Nonwovens | 537 | 594 | 251 |
| Flexibles | 487 | 453 | 479 |
| Group management and administration | 13 | 9 | 10 |
| Total, continuing operations | 1,037 | 1,056 | 740 |

Wages and salaries, € 1,000 **43,416** 43,982 22,539

The goal of Suominen's HR strategy is to support business operations, and thereby, the employees' competence development, motivation and their commitment to the company's goals is promoted. Suominen has target-oriented programs to improve employees' working ability, skills and wellbeing at work.

| Key HR indicators | 2013 | 2012 | 2011 |
|---|-------|-------|------|
| Incentives paid, € 1,000 | 1,545 | 2,017 | 405 |
| % of wages and salaries | 3.9 | 4.6 | 1.8 |
| Sick absences, % of total working hours | 3.9 | 3.9 | 5.2 |
| Training costs, € 1,000 | 170 | 222 | 208 |

Environment

Suominen's goal is to reduce the environmental load caused by the company's operations and to minimize the environmental impacts of its products throughout their life cycle. In addition to continuously improving and enhancing its operations, Suominen's environmental efforts are guided by the principles of reusing and recycling materials. Suominen is committed to taking into consideration the environmental impacts of its operations in accordance with the principles of sustainable development of the International Chamber of Commerce (ICC).

Suominen complies with the local legislation and official guidelines everywhere it operates. Separate environmental permits are required for operations in some of the Group's units. Of Suominen's units, the Nakkila, Alicante, Bethune, Green Bay and Windsor Locks units are ISO 14001 certified.

The environmental impacts of Suominen's operations primarily stem from the raw materials, energy and water used in production and from the waste generated during the production process. Environmental and safety requirements are incorporated into product and process development projects from the very start, with the aim of using raw materials, energy, water and other resources, such as packaging materials and transport services, as efficiently as possible. The Group focuses on systematically lowering its waste volumes and making its operations more energy efficient. Suominen's product range also includes products made from environmentally friendly materials.

The materials used in the manufacture of products

mainly consist of polypropylene, viscose, pulp, polyester and cotton, as well as various chemicals. There is the risk that production plants might release hazardous substances into the environment. Suominen strives to control environmental risks by means of the quality and environmental systems used in production operations.

Reducing environmental impacts requires long-term development work, an important element of which is the harmonization of key indicators between the various business areas and units. Suominen's goal is to have more comprehensive, commensurable data available in the future on the impacts of the company's operations. This would allow development measures to be targeted efficiently, and as effectively as possible.

In 2013, Suominen's production plants used a total of 145,612 tons of raw materials, 1,682,251 gigajoules of energy and 4,874,675 m³ of water. Landfill waste generated at the production plants amounted to 2,425 tons.

Suominen's overall environmental expenditure was EUR 1.5 million (1.4). No material environment-related investments were made.

Business risks and uncertainties

The estimate on the development of Suominen's net sales is partially based on the forecasts and delivery plans provided for Suominen by its customers. Changes in these forecasts and plans resulting from changes in the market conditions or in customers' inventory levels may affect Suominen's net sales. Due to the continued uncertainty in the general economic situation and the cautious consumer purchasing habits, the forecasts include uncertainty.

Suominen has numerous regional, national or international competitors in its different product groups. There is currently oversupply in several product groups especially in Europe. Products based on new technologies and imported from countries of lower production costs may reduce Suominen's competitive edge. If Suominen is not able to compete with an attractive product offering, it may lose some of its market share. Competition may lead to increased pricing pressure on the company's products.

Suominen's customer base is concentrated, which adds to the customer-specific risk. This may affect Suominen's result if customers' purchasing habits become more cautious as a result of a general fall in consumption, or as a result of sales losses. The Group's ten largest customers currently account for 50% (57%) of the Group net sales. Long-term contracts are preferred with the largest customers. In practice the customer relationships are long-term and last for several years. Customer-related credit risks are managed in accordance with a risk policy approved by the Board of Directors. Credit limits are confirmed for customers on the basis of credit ratings and customer history. Suominen also uses export credit guarantees and insures against customer risks to a limited extent.

Plastic-based products are not considered an environmentally friendly solution in all application areas, which may increase the risk of a decline in their demand.

Suominen purchases significant amounts of oil and pulp-based raw materials annually. Raw materials are the largest cost item for operations. Rapid changes in the global market prices of raw materials affect the company's profitability. Extended interruptions in supplies of Suominen's main raw materials could disrupt production and have a negative impact on the Group's overall business operations. As Suominen sources its raw materials from a number of major international suppliers, significant interruptions are unlikely. Changes in raw material prices have a rapid effect on Suominen's financial performance, as stocks equal two to four weeks consumption and passing on price changes in these materials to the prices Suominen charges its contract customers takes between two to five months.

There could be a risk of Suominen's business operations being interrupted due to abrupt and unforeseen events, such as power outages or fire and water damage. Suominen may not be able to control these events through predictive actions, which could lead to interruptions in business. Managing damage risk forms part of the operational management of the Group's units. Risks of this type are insured in order to guarantee the continuity of operations. As Suominen has valid damage and business interruption insurance, it is expected that the damage would be compensated and the financial losses caused by the interruption of business would be covered.

Suominen uses certain technologies in its production. In the company management's view, the chosen technologies are competitive and there is no need to make major investments in new technologies. However, it cannot be excluded that the company's technology choices could prove wrong, and the development of new or substitute technologies would then require investments.

Suominen aims to protect its business against product liability risks through the use of systematic quality assurance processes and products liability insurance. R&D is responsible for ensuring the underlying safety of the group's products during their development. Continuous quality control is designed to guarantee product quality during production. Management considers it unlikely that the Group will face significant product liability-related claims, and is unaware of any such claims.

Suominen is subject to income taxes in numerous jurisdictions. Significant judgment is required to determine the total amount of income tax at Group level. There are many transactions and calculations that leave room for uncertainty as to the final amount of tax. Taxation risks also relate to changes in tax rates or tax legislation, or misinterpretations, and materialization of the risk could result in increased payments or sanctions by the tax authorities, which in turn could lead to financial loss. Deferred tax assets included in the balance sheet require that the deferred tax assets can be recovered in future taxable income.

The Group's financial risks are managed in accordance with a policy approved by the Board of Directors. Financial risks relate to the adequacy of funding, credit risks, and the market risks associated with financial instruments, divided into currency, interest rate, and commodity risks. Suominen's credit arrangements include covenants that the company must meet. At year-end 2013, Suominen's net debts were not to be greater than 3.6 times the EBITDA, and the company's gearing ratio had to be less than 125%. These key figures in the end of 2013 were 2.2 and 96%. In the end of 2014 covenants are 2.4 and 95%. Should Suominen default on its obligations, the banks have the right to declare the loans due and payable, and to renegotiate the terms. According to Suominen's estimates, this would lead at least to increased financing costs resulting from the banks' upfront fees and higher interest rate margins. The financial risks are described in note 22 of the consolidated financial statements of the Group.

The continued positive development of Suominen's business operations in the United States increases the relevance of the exchange rate risk related to USD in the Group's total exchange risk position. Suominen hedges this foreign exchange position in accordance with its hedging policy.

Goodwill is tested annually to determine whether there is any impairment. The test calculations are based on closing date estimates of future developments. The actual cash flows may deviate from the forecast future discounted cash flows, as the long economic life-time of the company's non-current assets, changes in the estimated sales volumes, product prices, production costs, and in interest rates used in discounting may result in impairment recognitions. The fair value based on value in use of assets or businesses in total or in part do necessarily correspond to the price that a third party would pay for them.

Subject to the closing of the acquisition of Ahlstrom's Brazilian unit, for which the agreement was made on 10 January 2014, the risks that are characteristic to any developing region, including significant changes in business environment or exchange rates, could have an impact on Suominen's operations in Brazil.

Information on shares and share capital

Share capital

The registered number of Suominen's issued shares totals 247,934,122 shares, equaling a share capital of EUR 11,860,056.00.

Annual General Meeting

The Annual General Meeting (AGM) of Suominen Corporation was held on 26 March, 2013. The AGM decided that no dividend will be paid for the financial year 2012.

The AGM adopted the financial statements and the consolidated financial statements for the financial year 2012 and discharged the members of the Board of Directors and the President and CEO from liability.

The AGM confirmed the number of members of the Board of Directors to be five (5). The AGM re-elected Mr Risto Anttonen, Mr Jorma Eloranta, Ms Suvi Hintsanen, Mr Hannu Kasurinen and Mr Heikki Mairinoja as the members of the Board of Directors for the next term of office, that expires at the end of the first Annual General Meeting of Shareholders following their election. In its constitutive meeting, the Board of Directors elected Jorma Eloranta as its Chairman and Risto Anttonen as Deputy Chairman.

PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as auditor, with Heikki Lassila, Authorized Public Accountant, as the principal auditor of Suominen Corporation.

The AGM resolved to amend the section 1 of the Articles of Association of the company so that the domicile of the company is Helsinki. In addition, the AGM decided that the second sentence regarding the venue of a General Meeting will be deleted from section 10 of the Articles of Association.

The AGM resolved to establish a permanent Nomination Board. The Nomination Board consists of the three largest shareholders or representatives of the three largest shareholders of the company and the Chairman of the Board of Directors of Suominen Corporation.

The AGM authorized the Board of Directors to decide on the repurchase of the company's own shares and to decide on a share issue and issuance of special rights entitling to shares.

Establishment of permanent committees

Suominen Corporation's Board of Directors decided on April to establish audit and remuneration committees for the Board.

The main tasks of the Audit Committee relate to ensuring the company's good governance, accounting and financial reporting, internal control systems and monitoring of third-party auditing. The Audit Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on certain matters. Suominen Corporation's Board of Directors elected Hannu Kasurinen as Chairman and Suvi Hintsanen and Heikki Mairinoja as members of the Audit Committee from among the Board's members. In future, the Chairman and members of the committee will be elected annually at the Board's constitutive meeting. At least three members will be elected to the committee. The members of the Audit Committee must be independent of the company, and at least one member must be independent

of the company's significant shareholders. All members of the Audit Committee are independent of the company and of its significant shareholders.

The Remuneration Committee of Suominen Corporation's Board of Directors will prepare the remuneration and appointment matters concerning the company's President and CEO and other members of senior management, as well as principles and procedures related to remuneration of the company's employees. The Remuneration Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on individual matters. Suominen Corporation's Board of Directors elected Jorma Eloranta as Chairman and Risto Anttonen as member of the Remuneration Committee from among the Board's members. In future, the Chairman and members of the committee will be elected annually at the Board's constitutive meeting. The minimum number of committee members is two, which deviates from recommendation 22 of the Finnish Corporate Governance Code, which states that Board committees must have at least three members. Suominen Corporation's Board of Directors states that, taking into consideration the number of members of the Board and the scope and nature of the company's business operations, the Remuneration Committee is able to effectively handle the matters assigned to it with only two members. The majority of the members of the Remuneration Committee must be independent of the company. The President and CEO or a member of the company's or Group's management may not be a member of the Remuneration Committee. Both members of the Remuneration Committee are independent of the company and neither of them belongs to the company's or Group's management.

The composition of the Nomination Board

In accordance with the decision taken by the Annual General Meeting of Suominen Corporation, the representatives notified by the company's three largest shareholders were elected to Suominen Corporation's permanent Nomination Board. The shareholders entitled to appoint members to the Nomination Board were determined on the basis of the registered holdings in the company's shareholders' register on 1 September 2013.

The representatives of the Nomination Board were, as of 4 September 2013, Jan Lång, President & CEO of Ahlstrom Corporation; Timo Ritakallio, Deputy CEO of Ilmarinen Mutual Pension Insurance Company; and Risto Murto, Executive Vice President of Varma Mutual Pension Insurance Company. Jorma Eloranta, Chairman of Suominen's Board of Directors, serves as the fourth member of the Nomination Board. The Nomination Board appointed from among its members Jan Lång to act as the Chairman.

Share trading and price

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki from 1 January to 31 December 2013 was 11,332,737 shares, accounting for 4.6% of the share capital and votes. The trading price varied between EUR 0.34 and EUR 0.61. The closing trading price was EUR 0.48, giving the company a market capitalization of EUR 118,084,682 on 31 December 2013.

Own shares

On 1 January 2013, Suominen Corporation held 60,298 of its own shares. In August 2013, Suominen issued 2,000,000

new shares to itself without consideration. After the share issue, Suominen held in total 2 060 298 own shares. On 11 September 2013, the portion of the remuneration of the Board of Directors to be paid in shares, in total 135,931 shares, was delivered. On 31 December 2013, Suominen held 1,924,367 own shares, accounting for 0.8% of the share capital and votes.

Stock options

The subscription period for the 2009B stock options ended in 30 October 2013 and the option rights expired without any value.

Share-based incentive plan

On 31 December 2013, the target group for Suominen's share-based incentive plan included eight employees. At the end of the financial period, the rewards to be paid on the basis of the plan corresponded to a maximum value of roughly 3,050,000 Suominen Corporation shares in total, including the portion to be paid in cash. The aim of the plan is to align the objectives of shareholders and key employees in order to increase the value of the company, to commit the key employees to the company, and to offer them a competitive reward plan based on long-term shareholding in the company. The plan covers one performance period: the calendar years 2012–2014. The potential reward from the performance period will be based on Suominen Group's cumulative Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and cumulative cash flow, and it will be paid in 2015 partly in company shares and partly in cash.

Authorizations of the Board of Directors

The Annual General Meeting authorized the Board of Directors to repurchase a maximum of 3,000,000 of the company's own shares. The authorization shall be valid until 30 June 2014. The Board of Directors is also authorized to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. A maximum of 50,000,000 new shares may be issued. The maximum number of new shares that may be subscribed and own shares held by the company that may be conveyed by virtue of the special rights granted by the company is 10,000,000 shares in total which number is included in the maximum number stated earlier (50,000,000). The authorization shall be valid until 30 June 2016.

The Board of Directors of Suominen Corporation implemented, based on the authorization granted by the Annual General Meeting of Shareholders, the issuance of 2,000,000 new shares to the company itself without consideration in accordance with chapter 9, section 20 of the Companies Act. The new shares were registered in the trade register on 15 August 2013, and were admitted to public trading on the stock exchange list of NASDAQ OMX Helsinki Ltd on 16 August 2013. The purpose of the issue of shares to the company itself was to have own shares held by the company available for the payment of the portion of the annual remuneration of the Members of the Board of Directors, which shall be paid in shares of the company, and for the payment of the share rewards possibly payable based on the company's share based incentive plan. The share rewards possibly payable based on the company's current share based incentive plan for the years 2012–2014 will be paid in the year 2015.

The portion of the remuneration of the members of the Board of Directors which shall be paid in shares

The Annual General Meeting of Suominen Corporation held on 26 March 2013 resolved on the following annual remuneration payable for the year 2013 to the Members of the Board of Directors: Chairman 50,000 euro, Deputy Chairman 37,500 euro and Member 28,000 euro and that 40% of the annual remuneration shall be paid in shares of Suominen Corporation.

The portion of the above-mentioned remuneration to be paid in shares was delivered on 11 September 2013 by transferring own shares held by Suominen Corporation without consideration. The Board of Directors of Suominen Corporation implemented the delivery of the shares based on the share issue authorization granted by the Annual General Meeting of Shareholders held on 26 March 2013. The transferred shares were of the same class as the company's other shares. The number of shares formed by the above remuneration portion which is payable in shares was determined based on the share value in the stock exchange trading maintained by NASDAQ OMX Helsinki Oy as follows: The share value was determined based on the trade volume weighted average quotation of the share during the trading day immediately preceding the above mentioned day on which the shares were delivered. Based on the above, the annual remuneration payable to the Members of the Board of Directors in shares for the year 2013 was 135,931 shares in the aggregate.

The branch office of the parent company

The parent company has a French branch office, address Suominen Corporation, 101, rue Concordet, 38090 Vaulx-Milieu, reg. number 790118079.

Changes in Group management

Suominen appointed Mr Reima Kerttula, M Sc (Eng) Senior Vice President, Flexibles and a member of the Corporate Executive Team (CET) at Suominen Corporation, effective 1 January 2014.

The changes in Suominen's group structure announced on 30 September 2013 had an impact also on the Group management system and the composition of the Corporate Executive Team (CET). As of 1 January 2014, the CET of Suominen that supports the President & CEO includes the following members:

- » Nina Kopola, President & CEO; Senior Vice President, Care (acting); Chairman of the CET
- » Tapio Engström, Senior Vice President, CFO
- » Timo Hiekkaranta, Senior Vice President, Convenience
- » Reima Kerttula, Senior Vice President, Flexibles
- » Larry Kinn*, Senior Vice President, Operations Americas
- » Mimoun Saim*, Senior Vice President, Operations EMEA and Sourcing (acting)
- » Hannu Sivula, Senior Vice President, Human Resources

In 2013 Suominen decided to establish a Corporate Leadership Team (CLT), which will act as of 1 January 2014 as an extended management team supporting President & CEO in the execution of strategic programs and creating functional expertise. In addition to the members of the CET, the CLT will include the following persons:

- » Anu Heinonen, Vice President, Corporate Communications & IR;
- » Margareta Huldén*, Vice President, R&D;
- » Roberto Pedoja*, Vice President, Technology;
- » Timo Rautakorpi, Vice President, CIO;
- » Saara Söderberg*, Vice President, Marketing & Product Management.

All members above report to president and CEO of Suominen corporation, Nina Kopola. The members marked

with an asterisk (*) will focus on Convenience and Care business areas.

At the balance sheet date, 31 December 2013, the Corporate Executive Team of Suominen consisted of: Nina Kopola, President & CEO and Chairman of the Corporate Executive Team; Jean-Marie Becker, Executive Vice President, Nonwovens; Tapio Engström, CFO; Olli E. Juvonen, Vice President of Flexibles and Hannu Sivula, Vice President, Human Resources.

Mr Jean-Marie Becker, Executive Vice President of Nonwovens business unit, stepped aside from the Corporate Executive Team on 31 December 2013. Mr Olli E. Juvonen, Vice President of Flexibles business unit, stepped aside from the Corporate Executive Team on 31 December 2013. Mr Erik van Deursen, Vice President of Codi Wipes business unit, stepped aside from the Corporate Executive Team on 15 July 2013.

Events after the review period

On 10 January 2014, Suominen announced it has agreed with Ahlstrom on the sales of the entire stock of the Brazilian Ahlstrom Fabricação de Não-Tecidos Ltda to Suominen. Formerly, the unit was part of Ahlstrom's Home and Personal business area. The enterprise value of the transaction is MEUR 17.5 and Suominen aims to finance the deal through a convertible hybrid bond, which will be treated as equity.

Suominen acquired the Home and Personal business area of Ahlstrom in November 2011. The Brazilian unit of the acquired business, located in Paulínia, was originally part of this acquisition. However, the transfer of the Brazilian unit to Suominen was prolonged due to a delay in receiving approval from the authorities, and consequently, the parties had to renegotiate the terms and conditions of the deal. The acquisition of the Paulínia plant will provide Suominen a foothold in the South American markets where Suominen sees very exciting growth opportunities. After the closing of the deal, Suominen will become the only manufacturer of nonwovens for wipes with plants in Europe, North America and South America.

A precondition for the execution of the agreed transaction is that the purchase price is funded by the issuance of a MEUR 17.5 hybrid bond. Ahlstrom Corporation has committed to subscribing for the bond for the parts other investors do not subscribe for. The bond includes a right to convert the principal together with the potentially accrued capitalized interest thereon into new shares in the company or into existing shares held by the company. With reference to the hybrid bond arrangement, the Board of Directors of Suominen Corporation has decided to convene an Extraordinary General Meeting and proposes to the General Meeting, to be held on 31 January 2014, that the General Meeting authorize the Board to decide on granting of stock options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act (the "Special Rights"). The Board of Directors may grant the Special Rights all at once or through a series of multiple grants. The Special Rights carry the right to receive against payment new shares of the Company or the Company's own shares held by the Company. The right may also be granted to the Company's creditor on condition that the creditor's receivable is used to set off the subscription price.

Based on the transaction and financing arrangement described above, on 10 January 2014 Suominen Corporation convened an Extraordinary General Meeting to decide on authorization of the Board of Directors. The Extraordinary General Meeting was held on 31 January 2014 in Helsinki, Finland.

In connection with the divestment of the Paulínia plant,

Ahlstrom Corporation and Ahlstroms Capital Group have agreed on certain commitments related to the shareholding in Suominen Corporation. Suominen disclosed the related notifications under Chapter 9, Section 10 of the Securities market act on 10 January 2014.

Business environment

Suominen's products are used in daily consumer goods, such as wet wipes and plastic packaging. The general economic situation determines the development of consumer demand, even though the demand for consumer goods is not very cyclical in nature. Europe and North America are the main market regions for Suominen.

In Europe, the increase in the consumer confidence index that held steady for most of 2013 began to level out towards the end of the year. The development of the general economic situation remains uncertain in Europe.

In the United States, following a slight downturn in consumer confidence in the third quarter, the index began to rise as year-end approached, and in December it had reached its highest level in more than five years.

Suominen assesses the trend in demand for its products on the basis of both the general market situation and, above all, on the basis of the framework agreements drawn up with its customers. Suominen estimates that in 2014, the demand for its products will continue to grow at the pace of 2013.

Outlook for 2014

With the current group structure, Suominen expects its group net sales for the full year 2014 to remain at the level of 2013. Operating profit excluding non-recurring items is expected to improve from year 2013. In 2013, Suominen's net sales were EUR 433.1 million and operating profit excluding non-recurring items was EUR 18.3 million (continuing operations).

Proposal on distribution of funds

The parent company's distributable assets as of the end of 2013 totaled EUR 79,250,626.06 of which the loss for the financial year, EUR 5,510,970.60 has been deducted.

The Board of Directors will propose at the Annual General Meeting to be held on 26 March 2014 that these funds be distributed as follows:

No dividend be paid for the financial year.

Leaving on the retained earnings account, EUR 79,250,626.06.

Consolidated Balance Sheet

| 31 December, € 1,000 | Note | 2013 | 2012 |
|--|-------|----------------|---------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 5,29 | 15,496 | 26,715 |
| Intangible assets | 5,29 | 12,025 | 12,529 |
| Tangible non-current assets | 6,29 | 98,640 | 118,019 |
| Available-for-sale financial assets | 8,9 | 939 | 19 |
| Held-to-maturity investments | 8 | 451 | 466 |
| Other non-current receivables | 8 | 511 | |
| Deferred tax assets | 10 | 5,778 | 6,067 |
| Non-current assets, total | | 133,838 | 163,816 |
| Current assets | | | |
| Inventories | 11 | 31,908 | 42,431 |
| Trade receivables | 12 | 46,908 | 45,328 |
| Loan receivables | 8 | 131 | |
| Income tax receivables | | 1,182 | 1,293 |
| Other receivables | 13 | 6,359 | 11,772 |
| Cash and cash equivalents | 14 | 18,585 | 14,301 |
| Current assets, total | | 105,073 | 115,125 |
| Assets, total | | 238,911 | 278,940 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 15 | 11,860 | 11,860 |
| Share premium account | 15 | 24,681 | 24,681 |
| Invested non-restricted equity fund | 15 | 97,123 | 97,054 |
| Fair value and other reserves | 15 | -1,042 | -1,253 |
| Translation differences | 15 | -3,021 | -549 |
| Other shareholders' equity * | 15 | -51,094 | -35,783 |
| Shareholders' equity, total* | | 78,506 | 96,011 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 10 | 7,183 | 5,653 |
| Provisions | 18 | 132 | 280 |
| Other non-current liabilities* | 20,21 | 1,125 | 1,282 |
| Interest-bearing liabilities | 17,22 | 69,828 | 88,884 |
| Pension loans | 17,22 | 571 | 1,143 |
| Non-current liabilities, total | | 78,839 | 97,242 |
| Current liabilities | | | |
| Interest-bearing liabilities | 17,22 | 23,500 | 20,000 |
| Pension loans | 17,22 | 571 | 571 |
| Capital loans | 17 | | 920 |
| Income tax liabilities | 31 | 144 | 737 |
| Trade payables and other liabilities | 19,20 | 57,351 | 63,460 |
| Current liabilities, total | | 81,567 | 85,688 |
| Liabilities, total | | 160,405 | 182,930 |
| Shareholders' equity and liabilities, total | | 238,911 | 278,940 |

The notes to the financial statements are an integral part of these consolidated financial statements.

* Data from comparison period revised

Consolidated Statement of Income

| 1 January – 31 December, € 1,000 | Note | 2013 | 2012 |
|--|------|-----------------|----------|
| Net sales | 2 | 433,123 | 410,358 |
| Cost of goods sold | | -390,314 | -376,269 |
| Gross profit | | 42,809 | 34,088 |
| Other operating income | 26 | 2,048 | 6,838 |
| Sales and marketing expenses | | -7,478 | -6,878 |
| Research and development | | -3,256 | -3,593 |
| Administration expenses | | -15,019 | -16,945 |
| Other operating expenses | 26 | -849 | -568 |
| Operating profit before non-recurring items | | 18,255 | 12,942 |
| Non-recurring items | 27 | -868 | -5,499 |
| Operating profit / loss | | 17,387 | 7,443 |
| Financial income | 30 | 36 | 110 |
| Financial expenses | 30 | -7,235 | -10,583 |
| Profit/loss before income taxes | | 10,187 | -3,031 |
| Income taxes | 31 | -7,650 | -2,200 |
| Profit/loss for the period, continuing operations | | 2,537 | -5,231 |
| Discontinued operations | | | |
| Profit/loss for the period | | -342 | 637 |
| Impairment loss recognized on the remeasurement to fair value and cost to sell | | -18,314 | -7,278 |
| Profit/loss for the period, discontinued operations | | -18,656 | -6,641 |
| Profit/loss for the period | | -16,119 | -11,872 |
| Profit for the period is attributable to the equity holders of the company. | | | |
| Earnings per share attributable to the equity holders of the company | | | |
| - earnings per share before non-recurring items, continuing operations, € | 32 | 0.01 | 0.00 |
| - earnings per share, continuing operations € | 32 | 0.01 | -0.02 |
| - earnings per share, discontinued operations € | 32 | -0.08 | -0.03 |
| - earnings per share, € | 32 | -0.07 | -0.05 |

Performance share plan and stock option plan did not have any dilutive effects on earnings per share.

The notes to the financial statements are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

| 1 January–31 December, € 1,000 | Note | 2013 | 2012 |
|--|------|----------------|----------------|
| Profit/loss for the period | | -16,119 | -11,872 |
| Other comprehensive income: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Currency translation differences on foreign operations | 15 | -2,664 | -438 |
| Fair value changes of cash flow hedges | 15 | 353 | -1,007 |
| Items related to discontinued operations | 3 | 355 | |
| Other reclassifications | | 325 | -6 |
| Total | | -1,631 | -1,451 |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Actuarial gains and losses | 21 | 18 | -247 |
| Total | | 18 | -247 |
| Income tax on other comprehensive income | 15 | 120 | 765 |
| Total other comprehensive income | | -1,493 | -933 |
| Total comprehensive income for the period | | -17,612 | -12,805 |
| Total comprehensive income arises from: | | | |
| Continuing operations | | 1,044 | -6,164 |
| Discontinued operations | 3 | -18,656 | -6,641 |
| Total comprehensive income for the period | | -17,612 | -12,805 |

Statement of Changes in Shareholders' Equity

| € 1,000 | Share capital | Share premium account | Invested non-restricted equity fund | Own shares | Translation differences | Fair value reserves | Other shareholders' equity | Total |
|---|---------------|-----------------------|-------------------------------------|------------|-------------------------|---------------------|----------------------------|---------|
| Total equity at 1 Jan. 2013 | 11,860 | 24,681 | 97,054 | -43 | -549 | -1,209 | -35,783 | 96,011 |
| Profit / loss for the period | | | | | | | -16,119 | -16,119 |
| Other comprehensive income | | | | | -2,472 | 209 | 770 | -1,493 |
| Total comprehensive income for the period | | | | | -2,472 | 209 | -15,349 | -17,612 |
| Share-based payments | | | | | | | 38 | 38 |
| Conveyance of own shares | | | 69 | | | | | 69 |
| Total contributions by and distributions to owners | | | 69 | | | | 38 | 107 |
| Total equity at 31 Dec. 2013 | 11,860 | 24,681 | 97,123 | -43 | -3,021 | -999 | -51,094 | 78,506 |
| Total equity at 1 Jan. 2012 | 11,860 | 24,681 | 97,054 | -43 | -637 | -441 | -23,737 | 108,737 |
| Profit / loss for the period | | | | | | | -11,872 | -11,872 |
| Other comprehensive income* | | | | | 88 | -769 | -253 | -934 |
| Total comprehensive income for the period | | | | | 88 | -769 | -12,125 | -12,806 |
| Share-based payments | | | | | | | 79 | 79 |
| Total contributions by and distributions to owners | | | | | | | 79 | 79 |
| Total equity at 31 Dec. 2012 | 11,860 | 24,681 | 97,054 | -43 | -549 | -1,210 | -35,783 | 96,011 |

* Data from comparison period revised

Consolidated Cash Flow Statement

| 1 January–31 December, € 1,000 | Note | 2013 | 2012 |
|---|------|----------------|---------|
| Operations | | | |
| Profit/loss for the period | | -16,119 | -11,872 |
| Adjustments on profit/loss for the period | 33 | 42,739 | 44,594 |
| Cash flow before change in working capital | | 26,620 | 32,722 |
| Increase/decrease in current non-interest-bearing receivables | | 3,585 | 2,178 |
| Increase/decrease in inventories | | 10,523 | 3,413 |
| Increase/decrease in current non-interest-bearing liabilities | | -7,626 | -630 |
| Cash flow before financial income/expenses and taxes | | 33,102 | 37,683 |
| Interest expenses | | -6,255 | -9,815 |
| Interest income | | 39 | 110 |
| Direct taxes paid | | -5,556 | -3,040 |
| Cash flow from operations | | 21,330 | 24,938 |
| Investments | | | |
| Investments in tangible and intangible assets | | -5,598 | -3,619 |
| Proceeds from disposed business operations | 3 | 3,441 | |
| Proceeds from sale of tangible and intangible assets | | 785 | 2,115 |
| Cash flow from investments | | -1,372 | -1,504 |
| Financing | | | |
| Repayments of non-current loans | | -21,042 | -38,713 |
| Repayments of capital loans | | -920 | -920 |
| Change in current loans | | 6,300 | -10,550 |
| Cash flow from financing | | -15,662 | -50,183 |
| Change in cash and cash equivalents | | 4,296 | -26,749 |
| Cash and cash equivalents 1 Jan. | | 14,301 | 40,887 |
| Unrealized exchange rate differences | | -13 | 163 |
| Change in cash and cash equivalents | | 4,296 | -26,748 |
| Cash and cash equivalents 31 Dec. | 14 | 18,585 | 14,301 |

The notes to the financial statements are an integral part of these consolidated financial statements.

Consolidated cash flow statement includes the disposed business operations.

Notes to the consolidated financial statements

1. Principles for preparing consolidated financial statements

Basic information

Suominen Corporation is a public company domiciled in Helsinki, Finland (Itämerentori 2, 00180 Helsinki, Finland) that manufactures nonwovens and flexible packaging for consumer goods companies and retail chains. The business unit Codi Wipes sold in July 2013 manufactured wet wipes. The consolidated financial statements of Suominen are prepared in compliance with the International Financial Reporting Standards (IFRS) applicable within the EU, and according to effective IAS and IFRS standards and SIC and IFRIC interpretations at 31 December 2013.

Financial figures are presented in thousands of euros and are based on original acquisition costs, unless otherwise stated.

The preparation of the consolidated financial statements in accordance with international accounting practice requires the company's management to use accounting estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reported periods. These estimates and assumptions are based on historical experience and other sound and reasonable suppositions under the circumstances the financial statements are being prepared. Actual results may differ from these assumptions.

These consolidated financial statements were approved for publication by the Board of Directors on 30 January 2014.

New and amended standards and interpretations effective during the financial year

According to the revised IAS 19 standard 'Employee Benefits', which came into force on January 1, 2013, changes in actuarial gains and losses are recognized in other comprehensive income. The standard has been applied retroactively. The impact on the shareholders' equity was EUR 247 thousand, which was not material. The revision of the standard did not have any material impact on the consolidated financial statements.

Any other central new standards (IFRS 13) or amendments (IAS 1, IFRS 7) did not have any material impact on the consolidated financial statements.

New and amended IFRS standards and IFRIC interpretations published but mandatory in 2014 or later:

IFRS 10 Consolidated financial statements. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the accounting requirements for the preparation of

consolidated financial statements. The group will adopt the amendment in its 2014 financial statements. The revised standard is not expected to have any material impact on the consolidated financial statements.

IFRS 11 Joint arrangements. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The group will adopt the amendment in its 2014 financial statements. The group does not have on the balance sheet date any joint arrangements applicable to this standard.

IFRS 12 Disclosures of interests in other entities. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group will adopt the amendment in its 2014 financial statements. The revised standard is not expected to have material impact on the consolidated financial statements.

IAS 27 (revised 2011) Separate financial statements. The revised standard includes provisions on separate financial statements. The group will adopt the amendment in its 2014 financial statements. The revised standard is not expected to have an impact on the consolidated financial statements.

IAS 28 (revised 2011) Associates and joint ventures. The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The group will most likely adopt the amendment in its 2014 financial statements. The revised standard is not expected to have an impact on the consolidated financial statements.

IFRS 9 Financial instruments. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The group will adopt the amendment in its 2015 financial statements at earliest. However, the amendment is still subject to EU endorsement. Management is assessing the impact of these changes on the consolidated financial statements.

IAS 32 Financial Instruments: Presentation. Amendment on asset and liability offsetting. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32. The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. The group will adopt the amendment in its 2014 financial statements. Management is assessing the impact of these changes on the consolidated financial statements.

Amendments to **IFRS 10, 11 and 12** on transition guidance. These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The group will adopt the amendment in its 2014 financial statements. Management is assessing the impact of these changes on the consolidated financial statements.

Amendment to **IAS 36**, 'Impairment of assets' on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The group will adopt the amendment in its 2014 financial statements. Management is assessing the impact of these changes on the consolidated financial statements.

Amendment to **IAS 39** 'Financial Instruments: Recognition and Measurement' - 'Novation of derivatives. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The group will adopt the amendment in its 2015 financial statements at earliest. Management is assessing the impact of these changes on the consolidated financial statements.

IAS 19 Defined benefit plans: Employee contributions (Proposed amendments to IAS 19). The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. The group will adopt the amendment in its 2015 financial statements at earliest. The revised standard is not expected to have an impact on the consolidated financial statements.

Annual improvements 2010–2012. Annual improvements 2010-2012 reporting cycle include changes to: IFRS 2, 'Share-based payments', IFRS 3, 'Business combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant, and equipment', and IAS 38, 'Intangible assets', IAS 24, 'Related party disclosures'. The group will adopt the amendment in its 2015 financial statements at earliest. Management is assessing the impact of these changes on the consolidated financial statements.

Annual improvements 2011–2013. Annual improvements 2011-2013 reporting cycle include changes to: IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The group will adopt the amendment in its 2015 financial statements at earliest. Management is assessing the impact of these changes on the consolidated financial statements.

Consolidation principles

The consolidated financial statements include those companies in which Suominen Corporation held, either directly or indirectly, over 50% of voting rights or otherwise control during the financial year.

Subsidiaries are included in the consolidated financial statements from the date control is acquired to when control is surrendered. The assets and liabilities of such acquisitions are recognized using the acquisition cost method at fair value on the acquisition date. The purchase price is allocated to the relevant assets at fair value, and the unallocated part of the acquisition cost capitalized to the balance sheet as goodwill. Identifiable assets and assumed liabilities acquired at business

combinations are recognized at fair value on the date of acquisition. The costs of acquisition are recognized in profit or loss when occurring. Following the IFRS 5 standard the sold subsidiaries are reported as discontinued operations.

All inter-company transactions, balances and unrealised margins of intra-group deliveries, intra-group receivables and liabilities, and internal profit distribution have been eliminated.

Segment reporting

The group has two reportable segments, Wiping and Flexibles. On balance sheet date, the Wiping segment consists of one operating segment, Nonwovens. The discontinued operation, Codi Wipes, was another operating segment within Wiping. The segmentation is based on the organizational structure and reporting of the company. The risk and profitability of the products and customers of the different reporting segments are dissimilar.

The assets and liabilities of the segment include the operational items and the goodwill allocated to them. The non-allocated revenues and costs are items of the group not distributed to the segments. The non-allocated assets are items related to the group management, loans and other receivables and investments to shares. The non-allocated liabilities include items related to the group management, loans from the financial institutions and investors as well as corporate taxes.

Foreign currency translation

The consolidated financial statements are presented in euros, as this is the operating and reporting currency used by the parent company. The income statements of group companies outside euro area have been translated into euros at the average rate for the financial year, and the balance sheets at the reference rate quoted by the European Central Bank on the balance sheet date.

Translation differences arising from the elimination of the shareholders' equities of foreign subsidiaries are included in the consolidated equity. Translation differences arising from loans to subsidiaries regarded as capital investments are treated in a similar manner to the translation differences for subsidiaries' equity. The translation differences from the loans taken to hedge the net investments in the foreign subsidiaries are recognized in the other comprehensive income until the foreign subsidiary is fully or partly divested.

Business transactions denominated in foreign currencies are entered at the rates current on the date of the transactions concerned or equivalent rates. Exchange rate differences resulting from translation are recognized in the income statement. Receivables and liabilities denominated in foreign currencies are translated into euros at the reference rate of the European Central Bank on the balance sheet date.

Foreign currency profits and losses associated with the Group's main business operations are recognized as adjustment items related to the expenses incurred through sales or purchases and manufacturing. Gains and losses from currency derivatives are recognized in other operating income and expenses. Other financing-related currency gains and losses are recognized at net value in financial income and expenses.

Intangible assets

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net assets of the acquired company. Goodwill has been allocated to cash generating units that benefit from the acquired net assets and synergies, and the carrying amount is

tested annually for impairment at the balance sheet date. If the present value of the future cash flow of a business is expected to be less than the carrying amount of the cash-generating unit, the impairment loss is recognized in the statement of income. The impairment loss of goodwill is never reversed.

Other intangible assets

Other intangible assets include patents, software licences and customer relations which were identifiable assets at business combination. They are recognized in the balance sheet at their original acquisition cost and depreciated using planned straight-line depreciation on the basis of their probable economic life.

Other items which are recognized as other intangible assets, are development and procurement costs that are directly attributable to the design and testing of identifiable and unique software or assets of similar nature. They are valued at their original acquisition cost and depreciated using planned straight-line depreciation on the basis of their probable economic life.

The depreciation periods used for intangible assets are:

| | |
|--------------------------|------------|
| Intangible rights | 3–13 years |
| Customer relations | 13 years |
| Other long-term expenses | 5–10 years |

Future expenditure on intangible assets is capitalized only if the economic benefits to the company from the assets increase above the level originally planned. Otherwise, expenditure is immediately recognized in the statement of income.

Tangible non-current assets

Tangible non-current assets consist mainly of land areas, buildings, structures, machinery, and equipment; and are primarily recognized in the balance sheet at their direct acquisition cost less planned depreciation and potential impairment. If a fixed asset consists of several items with different economic lives, the items concerned are treated separately.

When part of a fixed asset is renewed, the cost of the new item is capitalized and the eventual carrying value is written off. Other subsequent costs are capitalized only if the future economic benefit to the company is increased by the new item. All other expenditure, such as normal maintenance and repair, is charged to the statement of income during the financial period in which it is incurred.

Tangible fixed assets are depreciated using planned straight-line depreciation on the basis of their expected economic life. Land areas are not depreciated.

The depreciation periods used for tangible non-current assets are:

| | |
|--------------------------|-------------|
| Buildings and structures | 10–40 years |
| Machinery and equipment | 4–17 years |
| Other tangible assets | 3–5 years |

Depreciation is calculated on the period in which the asset becomes operational.

Gains and losses from the sale and disposal of fixed assets are calculated as a difference between the sales price and the carrying value, and recognized as other operating income or expenses.

Impairment losses of tangible and intangible assets

The carrying amounts of assets are evaluated at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount

is estimated.

Recoverable amount of goodwill and other intangible assets, that have an indefinite useful life, is estimated annually.

An impairment loss is recognized whenever the carrying amount exceeds the recoverable amount. Impairment losses are immediately recognized in profit or loss. The recoverable amounts of intangible and tangible assets are defined either on the basis of fair value less costs or value in use, if higher. When defining the value in use of an asset, future cash flows are discounted to the present value using the average cost of capital of the relevant cash-generating unit. Specific risks associated with the asset are included in the discount rate.

A previously recognized impairment loss on plant and equipment and intangible assets, with the exception of impairment losses from goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. However, a reversal is not made to an extent higher than the carrying amount (less accumulated depreciation) that would have been determined if no impairment loss had been recognized in previous years. Impairment losses from goodwill are never reversed.

Research and development

Expenditure on research and development is expensed during the year in which it occurs. Expenditure on product and process development is not capitalized, as no separate assets are developed and future economic benefits cannot be assessed as required under IAS 38. There was no capitalized expenditure related to research and development on the balance sheet date.

Leasing contracts – group as a tenant

Leasing contracts in which the risks and benefits associated with the assets are mainly transferred to the company are classified according to the IAS 17 standard as financial leases. Property acquired under finance lease is depreciated and recognized as a non-current asset, and finance cost for finance leasing is recognized as an interest-bearing liability. The depreciation period of an leased asset is either the economic life time of the assets or the lease period if less. The lease payments are split into a financial cost and instalment of the loan by using the equal interest rate for each period. The payments associated with operating leases are expensed in rentals of equal size over the lease term.

The long-term contract covering process heat sourced from a power plant adjacent to the Nonwovens site in Finland has been treated as operating lease, as a major part of the thermal energy generated by the plant is supplied to third parties. Long-term leasing contracts on premises are treated as operating leases when the lessee is not responsible for major obligations at the end of the lease.

Financial assets

Financial assets have been classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this

category if acquired principally for the purpose of selling in the short-term. Derivatives not included in hedge accounting are also categorized as held for trading, as Suominen has derivatives for currency hedging. Contingent considerations are classified as financial assets at fair value through profit or loss. Assets in this category are classified as current assets.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. On the closing date, Suominen held only non-current held-to-maturity loans. The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivatives that have fixed payments maturing on a fixed date and where the group has a firm intent and ability to hold the instrument until maturity. They are carried at amortized cost using the effective interest method and they are included in non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. On the closing date, Suominen held only non-current available-for-sale financial assets.

Regular purchases and sales of financial assets are recognized on the trade-date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other operative income and expense in the period in which they arise.

Changes in the fair value of available-for-sale instruments are recognized directly in equity. When an available-for-sale instrument is sold or impaired, any cumulative change in the fair value in equity is removed from equity and recognized in the income statement as other operative income and expenses. Interest on available-for-sale instruments, calculated by using the effective interest method, is recognized in the income statement under financial items.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an

indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement.

Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Suominen designates derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge). The full fair value of a hedging derivative is classified as a current asset or liability. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in the fair value reserve in the other comprehensive income. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement as financial income or expenses. The gain or loss relating to the ineffective portion is recognized in the income statement within other operative income and expenses. Accordingly, the gain or loss related to the ineffective portion of electricity derivatives is recognized in the income statement as a correction to electricity expenses. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss, for example, when the forecasted hedged sale incur.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to incur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other operative income and expenses.

The group documents the relationship between the hedged instrument and the hedging instrument as well as the target for the risk management and the hedging strategy in the beginning of the hedge accounting. The group makes and documents prospective effectiveness tests at the initial recognition and retrospective effectiveness tests at each balance sheet date.

Derivative instruments at fair value through profit or loss

There are derivatives that do not meet the criteria for hedge accounting. Changes in the fair value of such derivatives are recognized in the income statement as other operating income and expenses or in the financial items.

Revenue recognition

Revenue comprises the fair value of the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added or sales tax, returns, rebates, discounts and foreign exchange rate differences of sales.

Sale of goods and services

Revenue from the sale of goods and services is recognized when the entity has transferred the significant risks and rewards of ownership of the goods to the buyer. In general the

recognition is done when the goods are delivered in accordance with contractual terms. Revenue from rent is recognized evenly during the term to tenancy. Revenue from services is recognized during the financial year when the service has been done.

Dividends and interest income

Dividends are recognized when the shareholder's right to receive payment is established. Interest is recognized using the effective interest method.

Inventory

Purchase costs are determined using the first-in-first-out principle or weighted average price. The value of inventories includes all the direct and indirect costs associated with their purchase. The cost of manufactured products includes the cost of materials, direct labor, and other direct costs, together with the relevant share of general manufacturing overheads, but excluding sales, general administration, and financing costs.

Inventories are valued at the cost of purchase or the probable lower net realisable value, which is the estimated sale price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Obsolete items contained in inventories are written down.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognized in the income statement within other operating expenses. Subsequent recoveries of amounts previously written off are recognized in the income statement as other operating income.

Cash at bank and in hand

Cash at bank and in hand includes cash and cash equivalents. They are classified in loans and other receivables.

Shareholders' equity, dividend, and Company shares

The dividends proposed by the Board of Directors are only recognized following the resolution taken by the General Meeting of Shareholders.

The treasury shares acquired by the company and the related costs are presented as deductions of equity. At disposal the funds received are entered in equity.

The proceeds from the share issuance are recognized in the invested non-restricted equity fund following the resolution taken by the General Meeting of Shareholders. The costs of share issuance are reducing the fund recognized.

Earnings per share

Non-diluted earnings per share are calculated using the weighted average number of shares for the period in question. The average number of shares used in calculated diluted earnings per share is adjusted for the number of company shares held and the dilution effect of stock options and the share-based rewards. The group does not hold any convertible bonds that would dilute earnings per share.

Share-based payments

The Group has granted the President and CEO a number of stock options. The fair value of these options is recognized as personnel expenses at the time the option right was granted and recorded in equity for the same amount. The fair value of the options is determined on the day they are granted and carried forward till the end of the subscription period. The fair value of the options is calculated using the binomial model based on the statistical Wiener process. At the time the options are granted, the number of options to be exercised and the expected term are estimated for the basis for amortising the cost of the benefit.

The proceeds from the share subscription are recognized in the invested non-restricted equity fund. The costs of share issuance are reducing the fund recognized.

Suominen has a share-based incentive plan targeted to the key employees of the group. According to the terms and conditions of the plan, shares of Suominen Corporation are granted. The rewards are partly settled in cash. The expected annual cost of the expected reward is recognized in personnel costs in profit or loss. The fair value of the cash-settled part of the reward is recognized in liabilities. The fair value is calculated by using the share price on the balance sheet date. The equity-settled part is recognized in equity by using the share price of the granting date.

Pension schemes

Suominen Corporation operates pension schemes to cover the pension benefits of its employees in various countries in accordance with local legislation and established local practice. In Finland, the Finnish Employment Pension Scheme (TyEL) is mainly used. Pension schemes may include additional pension benefits, options for early retirement, or compensation for disability.

Pension schemes are classified either as defined contribution plans or defined benefit plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Contributions to defined contribution plans are expensed during the period to which the contribution relates.

The present value of the pension obligations of defined benefit plans is determined using the projected unit credit method, and plan assets are recognized at fair value on the balance sheet date. Pension costs are recognized in the statement of income, spreading regular costs over the service time of employees calculated by actuaries annually. The company's pension obligation is calculated as the present value of estimated future pension payments, using the discount rates of government or equivalent securities.

Actuarial gains and losses and changes in them are recognized directly in the other comprehensive income over the expected average remaining service lives of the employees concerned.

Actuarial gains and losses arising from the revaluation of the liability in the benefit plan are recognized in the other comprehensive income when incurred.

Suominen has a personnel benefit scheme for employments terminations in Italy. In other countries Suominen has defined contribution plans as pension schemes.

Financial liabilities

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs and is amortized over the period of the facility.

Borrowings are classified as current liabilities in case they mature within 12 months of the balance sheet date.

In accordance with the Finnish Companies Act, capital loans are loans that are prioritised only after other unsecured loans. Interest and instalment payments on capital loans will be made only if the non restricted equity and the amount of capital loans exceed the amount of loss from the previous financial year. Capital loans are classified as liabilities and they are stated at amortized cost. Interest on these loans is recognized as interest expense in the income statement. On the balance sheet date Suominen did not have any capital loans.

Provisions and conditional liabilities

Provisions are costs recognized as liabilities in the balance sheet, as they are present obligations and as it is probable that fulfilment of the obligation will require financial payment or cause financial loss. Conditional liabilities, which are not recognized as liabilities in the balance sheet, are possible obligations that have not been confirmed yet.

A provision is recognized when:

- » the group has a present legal or constructive obligation as a result of past events,
- » it is probable that an outflow of resources will be required to settle the obligation, and
- » the amount can be estimated reliably.

Changes in provisions are recognized in the income statement.

Income taxes

The group's income taxes include income taxes of group companies based on local taxable profit for the financial period, together with tax adjustments for previous periods and the change of deferred income taxes as well as changes in the deferred tax assets and liabilities arising from the consolidation.

Deferred tax assets and liabilities are recognized for all temporary differences arising from the difference between the tax basis of assets and liabilities and their carrying amounts. Temporary differences arise from unused tax losses, depreciation differences, provisions, personnel benefit schemes, revaluation of hedging instruments, intra-group margins in inventory, and recognition of assets at fair value at business acquisitions.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are calculated using the tax rate in force or which has been enacted by the balance sheet date and is expected to apply for the following years. Deferred

tax liability is not provided on goodwill.

Discontinued business operations

Gains and losses from the disposal of business operations are presented separately net of taxes in the statement of income and in the other comprehensive income. In these consolidated financial statements, the disposal of Codi Wipes is reported as a discontinued operation.

Government grants

Grants received to compensate for costs are recognized in the income statement for the period for which the related costs are recognized as expenses. Grants received are recognized to offset the expenses in question. Grants related to the purchase of property are deducted from the acquisition cost.

Other operating income and expenses

Gains from the sales of assets, net exchange rate gains on currency derivatives, gains on the ineffective portion of cash flow hedging, and sales other than product sales, such as royalties and rental income and the proceeds from the recycled goods, are recognized as other operating income.

Losses from the sales of assets, other expenses not associated with normal operations, losses on the ineffective portion of cash flow hedging and net losses on currency derivatives, are recognized as other operating expenses.

Financial income and expenses

The following income, expense, gain and loss items will be reported as financial income and expenses in the consolidated financial statements:

- » gains and losses on financial assets at fair value through profit or loss, on available-for-sale financial assets, on held-to-maturity investments, on loans and receivables and on financial liabilities stated at amortized cost,
- » interest income and expenses on financial assets and liabilities,
- » income and expenses on provisions , and
- » amount of impairment losses on each category of financial assets.

These items are recognized as financial income and expenses excluding credit losses on trade receivables, which are recognized as other operative expenses.

Non-recurring items

Certain financial performance indicators are reported excluding non-recurring items. These indicators are applied in the Group's financial statements to eliminate the profit or loss impact of certain significant transactions which are unusual or infrequent in nature, like impairment losses of assets, gains or losses from the sales of tangible or intangible assets and restructuring costs. Any measures derived with eliminating non-recurring items are not measures of financial reporting under the IFRS.

Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

1) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 4. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The realized cash flows can differ from estimated discounted cash flows, as the financial utilization time is long and the estimated sales prices, production costs, and the changes in discount rate used in the calculations can lead to substantial recognition of impairment losses. The sensitivity of these calculations is described in note 5.

2) Value of tangible assets

Book value of tangible assets is comparable to the recoverable amount of assets if there is reason to assume that the fair value is the book value. The recoverable amount can be fair value or a use value, if higher, calculated by discounting the future cash flows at the current interest rate. The amount and timing of cash flows include risks.

3) Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognizes liabilities for anticipated tax audit issues on the basis of estimates related to whether additional taxes will be due. The group makes judgments over the accounting principles concerning tax assets when preparing the annual accounts. The management evaluates the probability of subsidiaries to generate taxable income against unused tax losses or unused tax credits. If the final tax outcome is different from the amounts that were initially recorded, such differences will affect the current tax receivables and deferred tax assets as well as current tax liabilities and deferred tax liabilities for the periods the differences are realized.

2. Segment information

Suominen Corporation has two reportable segments, Wiping and Flexibles. On the balance sheet date, the Wiping segment consists of one operational segment, Nonwovens. The disposed business operation, Codi Wipes, was reported under the Wiping segment. These operating segments are also cash flow generating units, whose goodwill has been tested.

The segmentation is based on the organisational and the reporting structure of the company. The top operative decision maker of Suominen is the President & CEO, who is assisted by the Corporate Executive Team. The President & CEO presents the major items, like investments above one million euro, and those required by law, to the Board

of Directors for their approval. By following the ruling of the Corporate Governance the President & CEO allocates the resources to the segments and the lower organisational levels. The risk and profitability of the products and customers of the different reporting segments are dissimilar.

Assets and liabilities allocated to the segments include operative items and goodwill allocated to them. Non-allocated items in income statement include expenses that are not split to segments. Non-allocated assets include corporation's administration items, loans and other receivables and shares. Non-allocated liabilities include corporation's administration items, loans from financial institutions and investors and taxes.

Segment information 2013

| € 1,000 | Wiping | Flexibles | Non-allocated items | Eliminations | Continuing operations | Dis-continued operations | Total |
|---|----------------|---------------|---------------------|-----------------|-----------------------|--------------------------|----------------|
| Net sales | | | | | | | |
| - Net sales total | 375,526 | 60,632 | | | 436,158 | 24,278 | 460,436 |
| - Internal sales | -1,585 | | 15,208 | -15,214 | -1,592 | -1,856 | -3,454 |
| - Exchange rate differences | -181 | -1,194 | | -69 | -1,443 | | -1,512 |
| External sales total | 373,760 | 59,438 | 15,208 | -15,283 | 433,123 | 22,423 | 455,470 |
| Operating profit before impairment losses | 17,836 | -2,232 | 2,651 | | 18,255 | | 18,255 |
| Impairment losses | -243 | -386 | -239 | | -868 | | -868 |
| Operating profit | 17,593 | -2,618 | 2,412 | | 17,387 | | 17,387 |
| Assets, goodwill excluded | 147,867 | 35,859 | 256,208 | -216,519 | 223,415 | | |
| Goodwill | 15,496 | | | | 15,496 | | |
| Total assets | 163,363 | 35,859 | 256,208 | -216,519 | 238,911 | | |
| Liabilities | 44,342 | 9,115 | 306,839 | -199,891 | 160,405 | | |
| Gross investments, continuing operations | 2,493 | 1,167 | 1,920 | | 5,580 | | |
| Depreciation, continuing operations | 12,380 | 2,653 | 1,512 | | 16,545 | | |
| Impairment losses | | | | | | | |
| Average personnel (full-time equivalents) | 537 | 487 | 13 | | 1,037 | | |

Segment information 2012

| € 1,000 | Wiping | Flexibles | Non-allocated items | Eliminations | Continuing operations | Dis-continued operations | Total |
|---|----------------|---------------|---------------------|-----------------|-----------------------|--------------------------|----------------|
| Net sales | | | | | | | |
| - Net sales total | 357,994 | 54,388 | | | 412,382 | 49,436 | 461,818 |
| - Internal sales | | -767 | 13,161 | -13,210 | -816 | -4,885 | -5,701 |
| - Exchange rate differences | -120 | -923 | | -164 | -1,207 | | -1,207 |
| External sales total | 357,873 | 52,698 | 13,161 | -13,374 | 410,358 | 44,551 | 454,909 |
| Operating profit before impairment losses | 18,014 | -2,786 | 31 | -2,317 | 12,942 | 773 | 13,715 |
| Impairment losses | -5,983 | 484 | | | -5,499 | -7,269 | -12,768 |
| Operating profit | 12,031 | -2,302 | 31 | -2,317 | 7,443 | -6,496 | ,947 |
| Assets, goodwill excluded | 164,760 | 35,668 | 274,284 | -222,485 | | | 252,226 |
| Goodwill | 15,496 | | 11,219 | | | | 26,715 |
| Total assets | 180,256 | 35,668 | 285,503 | -222,485 | | | 278,940 |
| Liabilities | 47,176 | 8,634 | 247,243 | -120,123 | | | 182,930 |
| Gross investments | 1,899 | 554 | 1,555 | | | | 4,008 |
| Depreciation | 13,270 | 2,868 | 3,468 | | | | 19,606 |
| Impairment losses | 5,538 | | 7,278 | | | | 12,816 |
| Average personnel (full-time equivalents) | 594 | 453 | 173 | | | | 1,220 |

Geographical areas

Net sales by the location of external customers

| € 1,000 | 2013 | 2012 |
|-------------------------|----------------|----------------|
| Finland | 23,740 | 23,677 |
| Other Europe | 175,926 | 166,275 |
| North and South America | 224,139 | 210,249 |
| Other countries | 9,318 | 10,156 |
| Total | 433,123 | 410,358 |

Assets including goodwill by the location of the assets

| € 1,000 | 2013 | 2012 |
|---------------|----------------|----------------|
| Finland | 61,303 | 73,471 |
| Other Europe | 64,950 | 90,277 |
| North America | 112,658 | 115,192 |
| Total | 238,911 | 278,940 |

Gross investments by country

| € 1,000 | 2013 | 2012 |
|---------------|--------------|--------------|
| Finland | 3,127 | 1,420 |
| Other Europe | 661 | 816 |
| North America | 1,792 | 1,062 |
| Total | 5,580 | 3,298 |

3. Discontinued operations

In July 2013 Suominen sold its Codi Wipes business unit, focused on wet wipes manufacturing, to Value Enhancement Partners investment company. Due to the divestment, Codi Wipes business unit is reported in these consolidated financial statements in discontinued operations. In previous financial

statements, Codi Wipes was reported as part of Suominen's Wiping segment.

Due to the divestment, Suominen recognized a non-recurring loss of EUR 18.7 million in its discontinued operations in 2013.

| € 1,000 | 2013 | 2012 |
|---|---------|---------|
| Net sales | 24,278 | 49,436 |
| Costs | -24,736 | -55,868 |
| Profit before income taxes from discontinued operations | -457 | -6,432 |
| Income taxes | 119 | -209 |
| Profit after income taxes from discontinued operations | -339 | -6,641 |
| Impairment loss recognized on the re-measurement to fair value and cost to sell | -18,314 | |
| Profit/loss for the period from discontinued operations | -18,653 | -6,641 |
| Cash flow from discontinued operations | | |
| Cash flow from operations | -1,697 | 2,584 |
| Cash flow from investing activities | -297 | -758 |
| Change in cash and cash equivalents | -1,994 | 1,826 |
| The impact of the divestment of Codi Wipes on the Group financial position | | |
| Inventories | 4,493 | |
| Trade receivables and other current receivables | 2,968 | |
| Cash at bank and in hand | 2,782 | |
| Other liabilities | 358 | |
| Trade payables and other current liabilities | 3,162 | |
| Net assets | 6,723 | |
| Total consideration | 6,723 | |
| Cash consideration | 6,223 | |
| Cash equivalents held by discontinued operations | -2,872 | |
| Net cash flow | 3,441 | |

The unpaid part of the consideration EUR 0.5 million is recognized in the balance sheet as a non-current receivable, note 8.

4. Events after the review period

Suominen and Ahlstrom Corporation entered into agreement on the sales of the entire stock of the Brazilian Ahlstrom Fabricação de Não-Tecidos Ltda to Suominen. Formerly, the unit was part of Ahlstrom's Home and Personal business area. The enterprise value of the transaction is MEUR 17.5 and Suominen aims to finance the deal through a convertible hybrid bond, which will be treated as equity.

Suominen acquired the Home and Personal business area of Ahlstrom in November 2011, but the transfer of the Brazilian unit of the acquired business was prolonged due to delay in receiving approval from the authorities and consequent renegotiations. The acquisition of the Paulínia plant will provide Suominen a foothold in the South American markets where Suominen sees very exciting growth opportunities. After the transaction is concluded, Suominen will be the only company manufacturing nonwovens in Europe, North America and South America.

The plant to be transferred to Suominen is located in Paulínia, Brazil, approximately 120 kilometers to northwest

from São Paulo. It is the only nonwovens plant utilizing modern spunlace technology in manufacturing wiping products in the country, and the plant is technically capable to supply also industrial nonwovens. Paulínia plant is built in 2008 and employs approximately 40 persons. All employees will be transferred to Suominen in connection with the closing of the deal, which is expected to take place by the end of February 2014.

A precondition for the execution of the transaction agreed today is that the purchase price is funded by the issuance of a MEUR 17.5 hybrid bond. Ahlstrom Corporation has committed to subscribing for the bond for the parts other investors do not subscribe for. The bond includes a right to convert the principal together with the potentially accrued capitalized interest thereon into new shares in the company or into existing shares held by the company.

The finalization of the deal is subject to the consent of the Extraordinary General Meeting held on January 31, 2014.

5. Intangible assets

| 2013 | | | | | |
|---|-------------------|---------------|-------------------------------|--------------|---------------|
| € 1,000 | Intangible rights | Goodwill | Other capitalized expenditure | Pre-payments | Total 2013 |
| Acquisition cost 1 Jan. | 9,364 | 26,715 | 6,986 | 641 | 43,706 |
| Translation difference | 153 | | | -342 | -189 |
| Increase | 133 | | 168 | 702 | 1,004 |
| Decrease/sale | | | -6 | | -6 |
| Discontinued operations | | -11,219 | -763 | | -11,982 |
| Acquisition cost 31 Dec. | 9,650 | 15,496 | 6,386 | 1,001 | 32,533 |
| Accumulated depreciation 1 Jan. | -2,909 | | -1,197 | | -4,106 |
| Translation difference | 1 | | 11 | | -9 |
| Discontinued operations | | | 648 | | 648 |
| Depreciation for the financial year | -1,041 | | -505 | | -1,545 |
| Accumulated depreciation 31 Dec. | -3,949 | | -1,065 | | -5,013 |
| Book value 31 Dec. | 5,701 | 15,496 | 5,322 | 1,001 | 27,520 |

| 2012 | | | | | |
|---|-------------------|---------------|-------------------------------|--------------|---------------|
| € 1,000 | Intangible rights | Goodwill | Other capitalized expenditure | Pre-payments | Total 2012 |
| Acquisition cost 1 Jan. | 9,161 | 34,298 | 6,765 | 126 | 50,349 |
| Translation difference | 4 | | 189 | | 192 |
| Increase | | | 33 | 714 | 747 |
| Decrease/sale | | -305 | | | -305 |
| Impairment losses | | -7,278 | | | -7,278 |
| Transfers between items | 200 | | | -200 | |
| Acquisition cost 31 Dec. | 9,364 | 26,715 | 6,986 | 641 | 43,706 |
| Accumulated depreciation 1 Jan. | -2,247 | | -658 | | -2,906 |
| Translation difference | -16 | | 3 | | -14 |
| Depreciation for the financial year | -1,000 | | -542 | | -1,542 |
| Accumulated depreciation 31 Dec. | -3,263 | | -1,197 | | -4,460 |
| Book value 31 Dec. | 6,101 | 26,715 | 5,789 | 641 | 39,244 |

Intangible rights and other intangible assets

At disposal of Codi Wipes, a total decrease of EUR 115 thousand including an impairment loss of EUR 73 thousand was recognized for the intangible assets.

The goodwill of EUR 11,219 thousand related Codi Wipes was fully impaired.

Intangible assets include assets on financial leases:

| 2013 | |
|-------------------------------------|-------------------|
| € 1,000 | Intangible rights |
| Acquisition value 1.1. | 158 |
| Depreciation for the financial year | -28 |
| Book value 31 Dec. | 130 |

Intangible assets – goodwill

Suominen has recognized goodwill from the acquisition of Codi Wipes in 2003 and the business operations of Home and Personal business from Ahlstrom in 2011. In the beginning of the financial year the remaining goodwill of Codi Wipes was EUR 11,219 thousand, which was fully impaired at the disposal of the business operations. The goodwill generated from the business combination of Ahlstrom's Home and Personal business was on the balance sheet date EUR 15,495 thousand, and the total amount was allocated in the cash flow generating unit Nonwovens.

In the consolidated financial statements the recoverable amount for the business was determined as the value in use in impairment testing. Projected cash flows are based on actual performance and five-year forecasts based on business strategy. The main assumptions underlying these forecasts were revised at the balance sheet date. Cash flow in the residual period beyond the five-year forecasted period was extrapolated using the growth rates for the relevant business areas. The key assumptions regarding the values in use are linked to the sales trend prevailing in the cash-generating units, cost and investment levels, and the discount rate used.

The annual growth rate for Nonwovens during the period covered by the forecast has been estimated at 3.6%. In 2014, Nonwovens continues to implement the In the Lead strategy of Suominen Group. Nonwovens aims to increase the share of products with higher added value in its portfolio and focuses, among other things, on streamlining its supply chain processes and on accelerating the product development process. According to the management view no such adverse changes are likely to come up in the expectations that would lead into any impairment of assets.

The amounts of the investments needed for replacing the existing capacity has been estimated based on the planned depreciation in each cash-generating unit.

The rate used in discounting has been derived by using targeted capital structure of the cash generating units at the time of impairment test. Net gearing, or ratio of net debt to equity, is 70 %. Cost of capital has been calculated as a weighted average cost before taxes for equity and debt and taking into the consideration the risk-free rate, and the risk margins of equity and debt respectively. Discounting rates in the impairment tests have increased from last year because of rises in the risk margins have outweighed the fall in the risk-free 10-year bond rates.

Impairment testing is based on present estimates of future developments. The uncertainty in measuring the values in use for cash-generating units was captured by analyzing variations in the amount or timing of cash flows. The element of uncertainty and risk has been accounted for in the discount rates and by taking into consideration the testing errors of past impairment tests.

The critical assumptions in the test calculations are as follows:

| | Nonwovens 2013 | Nonwovens 2012 |
|--|-------------------|-------------------|
| Rate of discounting | 11.9 % | 11.7 % |
| Growth of Net Sales 2014–18 (2013–17) | 3.6 % | 3.0 % |
| Annual growth rate in the residual period | 1.0 % | 0.5 % |
| Operating profit in the residual period % | 8.9 % | 7.1 % |

6. Tangible assets

| 2013 € 1,000 | Land areas | Buildings | Machinery and equipment | Other tangible assets | Advance payments and work in process | Total 2013 |
|---|--------------|----------------|-------------------------------|-----------------------------|---|-----------------|
| Acquisition cost 1 Jan. | 2,400 | 68,451 | 214,994 | 513 | 773 | 287,131 |
| Translation difference | -58 | -505 | -3,055 | 1,331 | -1,412 | -3,699 |
| Increase | | 38 | 930 | 12 | 2,682 | 3,662 |
| Decrease/sale | | | -447 | | | -447 |
| Discontinued operations | | -10,504 | -30,984 | -1,332 | -120 | -42,940 |
| Writedowns | | | -2 | | | -1 |
| Other changes | | | 49 | | | 49 |
| Transfers between items | | 28 | 623 | | -651 | |
| Acquisition cost 31 Dec. | 2,343 | 57,509 | 182,107 | 524 | 1,272 | 243,755 |
| Acquisition cost 1 Jan. | | -42,816 | -125,837 | -460 | | -169,113 |
| Translation difference | | 74 | 2,296 | -1,330 | | 1,041 |
| Accumulated depreciation on decrease and transfers | | | 429 | | | 429 |
| Discontinued operations | | 8,890 | 27,364 | 1,322 | | 37,576 |
| Other changes | | | -49 | | | -49 |
| Depreciation for the financial year | | -1,786 | -13,206 | -8 | | -15,000 |
| Accumulated depreciation 31 Dec. | | -35,638 | -109,003 | -476 | | -145,115 |
| Book value 31 Dec. | 2,343 | 21,871 | 73,105 | 48 | 1,272 | 98,640 |
| Balance sheet value of machinery and equipment in production | | | 71,086 | | | |

| 2012 € 1,000 | Land areas | Buildings | Machinery and equipment | Other tangible assets | Advance payments and work in process | Total 2012 |
|---|--------------|----------------|-------------------------------|-----------------------------|---|-----------------|
| Acquisition cost 1 Jan. | 2,412 | 74,602 | 277,027 | 604 | 3,255 | 357,900 |
| Translation difference | 39 | 459 | 225 | -1 | -8 | 713 |
| Increase | | 7 | 1,223 | | 2,031 | 3,260 |
| Decrease/sale | -50 | -3,895 | -9,700 | -9 | | -13,654 |
| Impairment losses | | | -56,049 | | | -56,049 |
| Writedowns | | -3,196 | -1,685 | -27 | -3 | -4,911 |
| Other changes | | | -127 | -1 | | -128 |
| Transfers between items | | 473 | 4,081 | -53 | -4,501 | |
| Acquisition cost 31 Dec. | 2,400 | 68,451 | 214,994 | 513 | 773 | 287,130 |
| Accumulated depreciation 1 Jan. | | -44,831 | -172,704 | -479 | | -218,014 |
| Translation difference | | -113 | -491 | | | -604 |
| Accumulated depreciation on decrease and transfers | | 3,106 | 10,718 | 38 | | 13,862 |
| Depreciation for the financial year | | -2,740 | -15,306 | -19 | | -18,064 |
| Impairment losses | | 1,762 | 51,945 | | | 53,707 |
| Accumulated depreciation 31 Dec. | | -42,816 | -125,837 | -460 | | -169,114 |
| Book value 31 Dec. | 2,400 | 25,635 | 89,157 | 53 | 773 | 118,019 |
| Balance sheet value of machinery and equipment in production | | | 87,379 | | | |

At the disposal for Codi Wipes business operations the tangible assets decreased by EUR 5,364 thousand and the related losses were recognized in the result of the discontinued operations.

The carrying amounts of tangible assets are reviewed to determine whether there is any indication of impairment, such as a significant decline in an asset's market value, adverse changes in the business environment, adverse changes in the extent to which or manner in which an asset is used or expected to be used, or a deterioration in financial performance below what was expected.

If such indication exists, the recoverable amount is estimated as either the fair value of the asset less selling expenses or the value in use, if this is higher. When estimating an asset's value in use, the relevant future cash flows are discounted by using the average cost of capital before taxes of the cashgenerating unit concerned. The risk inherent in the value in use is captured by analysing variations in the amount or timing of cash flows.

7. Group companies

| | Percentage of total number of shares and voting power |
|--|---|
| Suominen Nonwovens Ltd., Nakkila, Finland | 100.0 |
| Suominen Flexible Packaging Ltd., Tampere, Finland | 100.0 |
| Suominen Polska Sp. z o.o., Grodzisk Mazowiecki, Poland | 100.0 |
| Flexmer Ltd., Tampere, Finland | 100.0 |
| Suominen Italy Holding, s.r.l., Mozzate, Italy | 100.0 |
| Suominen Spain Holding, S.A., Alicante, Spain | 100.0 |
| Suominen US Holding, Inc., Windsor Locks, The United States of America | 100.0 |
| Owned through subsidiaries: | |
| Suominen Flexible Packaging AB, Norrköping, Sweden | 100.0 |
| ZAO Suominen, St. Petersburg, Russia | 100.0 |
| Suominen Ikamer Ltd., Tampere, Finland | 100.0 |
| Cressa Nonwovens s.r.l., Mozzate, Italy | 100.0 |
| Mozzate Nonwovens s.r.l., Mozzate, Italy | 100.0 |
| Alicante Nonwovens S.A.U., Alicante, Spain | 100.0 |
| Bethune Nonwovens, Inc., Bethune, The United States of America | 100.0 |
| Green Bay Nonwovens, Inc., Green Bay, The United States of America | 100.0 |
| Windsor Locks Nonwovens, Inc., Windsor Locks, The United States of America | 100.0 |

8. Financial assets by category determined by IAS 39

On 31 December 2013 the book value of non-current and current financial assets were total EUR 67,824 thousand (2012: EUR 60,765 thousand).

| 2013 | Classes by instruments nature | | | | | Note | |
|-------------------------------------|---|------------------------------|-----------------------|-------------------------------------|---------------|---------------|----|
| | Financial assets at fair value through profit or loss | Held-to-maturity investments | Loans and receivables | Available-for-sale financial assets | | | |
| € 1,000 | | | | | Book value | Fair value | |
| Available-for-sale financial assets | | | | 939 | 939 | 939 | 9 |
| Held-to-maturity investments | | 451 | | | 451 | 451 | |
| Other non-current receivables | 511 | | | | 511 | 511 | 3 |
| Trade receivables | | | 46,908 | | 46,908 | 46,908 | 12 |
| Other receivables | 58 | | 371 | | 429 | 429 | 13 |
| Loan receivables | | | 131 | | 131 | 131 | |
| Cash and cash equivalents | | | 18,455 | | 18,455 | 18,455 | 14 |
| Total | 569 | 451 | 65,865 | 939 | 67,824 | 67,824 | |

Financial assets at fair value through profit or loss includes the contingent consideration from the disposal of Codi Wipes business operations, EUR 511 thousand.

| 2012 | Classes by instruments nature | | | | | Note | |
|-------------------------------------|---|------------------------------|-----------------------|-------------------------------------|---------------|---------------|----|
| | Financial assets at fair value through profit or loss | Held-to-maturity investments | Loans and receivables | Available-for-sale financial assets | | | |
| € 1,000 | | | | | Book value | Fair value | |
| Available-for-sale financial assets | | | | 19 | 19 | 19 | 9 |
| Held-to-maturity investments | | 466 | | | 466 | 466 | |
| Trade receivables | | | 45,328 | | 45,328 | 45,328 | 12 |
| Other receivables | 62 | | 590 | | 652 | 652 | 13 |
| Cash and cash equivalents | | | 14,301 | | 14,301 | 14,301 | 14 |
| Total | 62 | 466 | 60,220 | 19 | 60,765 | 60,765 | |

Principles in estimating fair value for financial assets

Available-for-sale financial assets and held-to-maturity investments

Available-for-sale financial assets and held-to-maturity investments are non-derivatives that are carried at amortised cost using the effective interest method. As of the closing date the book value of these assets equals to fair value.

Trade receivables, other receivables, cash and cash equivalents

The book value of non-derivative receivables and cash equivalents equals to fair value based on short maturity of these current assets.

9. Available-for-sale financial assets

| € 1,000 | 2013 | 2012 |
|--------------------|------|------|
| Book value 1 Jan. | 19 | 19 |
| Increases | 920 | |
| Book value 31 Dec. | 939 | 19 |

Available-for-sale financial assets include unlisted shares.

In 2013 Suominen acquired shares of a real estate company.

10. Deferred taxes

| € 1,000 | 2013 | 2012 |
|--|--------------|--------------|
| Deferred tax assets | | |
| Recognized in equity | | |
| Fair valuation of derivative financial instruments | 250 | 436 |
| Recognized in income statement | | |
| Long-term expenses | 1,037 | 248 |
| Unused tax losses | 2,975 | 4,966 |
| Other temporary differences | 1,516 | 417 |
| Total deferred tax assets | 5,778 | 6,067 |

Deferred tax liabilities

| | | |
|---------------------------------------|--------------|--------------|
| Recognized in income statement | | |
| Tangible assets | 5,546 | 4,295 |
| Intangible assets | 1,580 | 889 |
| Employment benefits | | 107 |
| Other temporary differences | 57 | 362 |
| Total deferred tax liabilities | 7,183 | 5,653 |

Recognized in assets and liabilities

| | | |
|--------------------------|--------------|-------------|
| Deferred tax assets | 5,778 | 6,067 |
| Deferred tax liabilities | 7,183 | 5,653 |
| Net tax liability | 1,405 | -414 |

Deferred income tax recognized in equity during the year

| € 1,000 | 2013 | 2012 |
|----------------------------|------------|------------|
| Cash flow hedges | -142 | 239 |
| Actuarial gains and losses | 72 | |
| Translation differences | 190 | 526 |
| Total | 120 | 765 |

Deferred tax assets refer to the confirmed tax losses that can probably be used in future years against taxable income generated in the same country. Deferred tax assets are based on the estimated realization of the related tax benefit through future taxable income.

At the balance sheet date Group had total EUR 37.1 million tax losses from previous years. Tax losses of the financial year based on the result of the year are expected to be EUR 8.5 million. Suominen has recognized deferred tax assets for the losses of EUR 18.3 million from the previous and for the financial year and left deferred tax assets unrecognized for the losses amounting to EUR 24.6 million.

It is estimated that Suominen is not capable in loss balancing until several years, which causes uncertainty in balancing tax losses. Tax losses concerned will expire mainly in 2019-2023.

No deferred tax liability is recognized for the undistributed profits of subsidiaries, as the group decides the distribution of such profit and no such distribution is likely in the immediate future.

11. Inventories

| € 1,000 | 2013 | 2012 |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 13,170 | 15,501 |
| Work in progress | 2,222 | 4,112 |
| Finished products and goods | 16,515 | 22,818 |
| Total inventories | 31,908 | 42,431 |

The value at cost of inventories totals EUR 32,614 thousand (EUR 43,266 thousand). The value has been reduced by EUR 707 thousand to cover obsolete stock (EUR 835 thousand).

The acquisition value of the inventories included in the raw material purchases and change in inventory was 362,629 thousand euro (399,424 thousand).

12. Trade receivables

The ageing structure of the trade receivables and the recognized credit losses:

| € 1,000 | 2013 | 2012 |
|--------------------|--------|--------|
| Not yet due | 42,535 | 39,428 |
| Past due date | | |
| less than 5 days | 2,302 | 2,054 |
| 5–30 days | 1,803 | 3,099 |
| 31–120 days | 269 | 698 |
| more than 120 days | -1 | 49 |
| | 4,373 | 5,900 |

Total trade receivables 46,908 45,328

Recognized credit losses on trade receivables were EUR 27 thousand (2012: EUR 231 thousand)

Trade receivables by currency:

| € 1,000 | 2013 | 2012 |
|------------------|---------------|---------------|
| EUR | 24,298 | 26,884 |
| SEK | 495 | 359 |
| PLN | 489 | 437 |
| RUB | 1,193 | 1,264 |
| NOK | 84 | 284 |
| USD | 19,921 | 15,667 |
| Other currencies | 429 | 433 |
| Total | 46,908 | 45,328 |

Suominen has a program to sell trade receivables with irrevocable rights to the bank. At the date of balance sheet the total of EUR 9.1 million of trade receivables (EUR 13.1 million) was sold to the bank.

For the value of EUR 18.3 million of the trade receivables in USD originated from the United States of America.

13. Other receivables

| € 1,000 | 2013 | 2012 |
|--|--------------|---------------|
| Other receivables | | |
| Indirect taxes | 1,078 | 5,462 |
| Statutory and other insurances | 158 | |
| Other | 528 | 162 |
| Other receivables, total | 1,764 | 5,623 |
| Accrued income and prepaid expenses | | |
| Social security and healthcare | 71 | 92 |
| Statutory and other insurances | 136 | 5 |
| Indirect taxes | 81 | 134 |
| Insurance compensations | 41 | 55 |
| Rebates | 371 | 590 |
| Loan arrangements | 3,031 | 4,091 |
| Other | 864 | 1,181 |
| Total accrued income and prepaid expenses | 4,596 | 6,149 |
| Total other current receivables | 6,359 | 11,772 |

14. Cash and cash equivalents

| € 1,000 | 2013 | 2012 |
|---------------------------------|--------|--------|
| Total cash and cash equivalents | 18,585 | 14,301 |

The fair value of cash and cash equivalents equal to their nominal value.

15. Share capital

| | Registered share capital, € | Share premium account, € | Invested non-restricted equity fund, € | Fair value reserve | Translation differences, € | Other shareholders' equity, € | Total, € |
|----------------------------|-----------------------------|--------------------------|--|--------------------|----------------------------|-------------------------------|-------------|
| 31 Dec 2012 | 11,860,056 | 24,680,588 | 97,054,411 | -1,252,807 | -549,063 | -35,782,610 | 96,010,575 |
| Conveyance of own shares | | | 68,601 | | | | 68,601 |
| Other comprehensive income | | | | 210,497 | -2,472,338 | -15,311,219 | -17,573,060 |
| 31 Dec 2013 | 11,860,056 | 24,680,588 | 97,123,012 | -1,042,310 | -3,021,401 | -51,093,829 | 78,506,116 |

Share capital

The registered equity of Suominen totals EUR 11,860,056. The number of issued shares was 245,934,122 in the beginning of the financial year. At the share issuance without consideration it increased by 2,000,000 shares to 247,934,122 shares on the balance sheet date. Suominen has one series of shares. Each share has one vote in the general meeting of the company and all the shares have an equal right to the dividend and the company assets. Maximum share capital is 20 000 000 euros. Share has no nominal value. Suominen Corporation shares are listed on NASDAQ OMX Helsinki Ltd. All issued shares are fully paid up. The company held 1,924,367 treasury shares at the balance sheet date.

The Members of the Board of Directors and the President & CEO of Suominen Corporation owned a total of 490,171 shares (2012: 354,240 shares) as of 31 December 2013. These shares represented 0.1% (December 2012 0.1%) of the total number of shares and votes.

Share premium account and invested non-restricted equity fund

The share premium account is the difference between the subscription price and the nominal value according to the former corporation act in Finland. The invested non-restricted fund includes other investments associated to equity and the part of the subscription value of the shares that is not resolved to be recognized in the share capital.

Fair value reserve and other reserves

Changes in the fair value of the available-for-sale financial assets and derivative instruments included in cash flow hedging according to the IAS 39 standard are included in the fair value reserve. The changes in fair value of the defined benefit plan are recognized in the actuarial gains and losses.

| €1,000 | 2013 | | | 2012 | | |
|--------------------------------------|------------------|------------|---------------|------------------|------------|---------------|
| | Cash flow hedges | Own shares | Total | Cash flow hedges | Own shares | Total |
| Fair value reserve at 1 Jan. | -1,209 | -44 | -1,253 | -441 | -44 | -485 |
| Cash flow hedges deferred in equity | 353 | | 353 | -1,006 | | -1,006 |
| Total | -856 | -44 | -900 | -1,447 | -44 | -1,491 |
| Deferred taxes | -142 | | -142 | 239 | | 239 |
| Fair value reserve at 31 Dec. | -999 | -44 | -1,042 | -1,209 | -44 | -1,253 |

Translation differences

Translation differences are the exchange rate differences arising from the elimination of the acquisition costs of the group's non-euro companies. Some loans granted to the subsidiaries can be associated to equity because of the non-existing repayment plan. The translation differences of such loans are recognized in the translation difference in equity. Suominen has an Equity Hedge program to hedge the translation position in USD. The investment in the United States of America is hedged with an external loan of USD 39 million. The exchange rate differences from the direct investments in capital and Equity Hedge loan are recognized in the other comprehensive income.

Other shareholders' equity

Own shares

In the beginning of the financial year Suominen held 60 298 own shares. In 2013 Suominen issued 2,000,000 new shares to itself without consideration. The portion of the remuneration of the Board of Directors to be paid by shares, in total 135,931 shares, was delivered in 2013. In the end of the financial year Suominen held 1,924,367 own shares.

Actuarial gains and losses

Actuarial gains and losses are recognized in compliance with the IAS 19 standard for the defined benefit plan in Italy.

Retained earnings

Retained earnings include the retained earnings from the financial year and previous years.

16. Share-based payments

| Stock options | 2013 Average subscription price € / share | Options (pcs) | 2012 Average subscription price € / share | Options (pcs) |
|------------------------------------|--|---------------|--|---------------|
| In the beginning of financial year | 0.96 | 200,000 | 0.96 | 550,000 |
| Expired options, serie 2009A | 0.95 | | 0.95 | -250,000 |
| Expired options, serie 2009B | 0.96 | -100,000 | | |
| Returned options, serie 2009B | 0.96 | -100,000 | 0.96 | -100,000 |
| In the end of the financial year | 0.96 | 0 | 0.96 | 200,000 |

During the financial year 100,000 stock options of serie 2009B were returned to the company. Under stock option plan 2009, serie 2009B was expired at no value. No options were exercised.

Share-based rewards

The share-based incentive plan is targeted to the key personnel of the group. The program is aiming at combining the targets of the owners and the key personnel to increase the value of the company and the commitment of the key personnel by offering them a long-term incentive plan based on the ownership of the company. Under the plan, Suominen shares are awarded to the key personnel. A part of the reward is settled in cash.

The key terms and conditions of the share-based incentive plan are:

- » granted on 19 March 2012
- » earning period 2012-2015
- » settled in cash and in shares
- » the maximum number of Suominen shares payable under the plan on the balance sheet date is 285,000, partly settled in cash and partly in shares
- » the maximum number of shares in total under the plan would be 3,050,000 shares including the cash settlement
- » the earning criteria are the EBITDA and the cumulative cash flow of the earning period.

The fair value of the equity settled part is calculated by using the share price of 0.42 euro on the granting date, and thus 85 (73) thousand euro is recognized in employment benefits and in equity. The fair value of the cash-settled part is calculated by using the share price of the balance sheet date, 0.48 (0.35) euro, and thus 100 (56) thousand euro is recognized in employment benefits and in liabilities.

Two employees exited from the plan during the financial year, for which the company reversed the initial cost recognition by EUR 20 thousand.

17. Financial liabilities

On 31 December 2013 the book value of non-current and current financial liabilities were total EUR 140,934 thousand (2012: EUR 159,783 thousand).

| € 1,000 | 2013 | | 2012 | | Note |
|---|----------------|----------------|----------------|----------------|--------|
| | Book value | Fair value | Book value | Book value | |
| Non-current | | | | | |
| Loans from financial institutions | 69,828 | 69,144 | 88,884 | 88,901 | 22 |
| Pension loans | 571 | 577 | 1,143 | 1,185 | 22 |
| Total | 70,399 | 69,721 | 90,027 | 90,085 | |
| Current* | | | | | |
| Repayment of non-current liabilities | | | | | |
| Loans from financial institutions | 23,500 | 23,412 | 20,000 | 20,054 | 22 |
| Pension loans | 571 | 594 | 571 | 611 | 22 |
| Capital loans | | | 920 | 924 | 22 |
| Derivatives not held for hedge accounting | 94 | 94 | 62 | 62 | 22 |
| Derivatives held for hedge accounting | 1,354 | 1,354 | 1,822 | 1,822 | 22 |
| Trade payables | 45,016 | 45,016 | 46,381 | 46,381 | 19, 20 |
| Total | 70,535 | 70,470 | 69,756 | 69,853 | |
| Total | 140,934 | 140,192 | 159,783 | 159,938 | |

* In the balance sheet under current liabilities.

Financial liabilities are other than liabilities held for trading and derivative liabilities according to the definitions in the IFRS 7 and IAS 39 standards, and are valued at amortized cost.

Capital loan 1/2008

Capital loan was fully repaid in 2013.

Repayments

| € 1,000 | Loans from financial institutions | Pension loans |
|---------|-----------------------------------|---------------|
| 2014 | 23,500 | 571 |
| 2015 | 8,007 | 571 |
| 2016 | 61,821 | |

Principles in estimating fair value for financial liabilities

Loans

Fair values for fixed-interest bearing liabilities have been calculated by discounting future cash flows at the appropriate interest rate prevailing on the closing date (2.95–4.45 per cent). Pension loans and capital loans have fixed interest rates, while loans from financial institutions have floating interest rates.

Derivative financial instruments

Fair values for electricity derivatives are determined by using the forward prices in Nordpool for the same period and discounting them with relevant interest rates. Fair values for currency derivatives are determined by using the spot rates and relevant swap points based on interest rate differences at the balance sheet date. Fair values for interest rate swaps are determined by using the quotes based on euribor and USD libor curves and discounting future cash flows with relevant interest rates.

Trade payables

The book value of trade payables equals to fair value based on short maturity of these current liabilities.

18. Provisions

| € 1,000 | 2013 | 2012 |
|--------------------------------|------------|------------|
| Provisions 1 Jan. | 280 | 280 |
| Charged to statement of income | -280 | |
| Increases | 132 | |
| Provisions 31 Dec. | 132 | 280 |

Reserve recognized in 2009 on the estimated future losses of a rental guarantee obligation of discontinued business operations were fully charged to the statement of income in 2013. A provision was recognized for the restructuring costs of the Flexibles in 2013.

19. Trade payables

Trade payables by currency:

| € 1,000 | 2013 | 2012 |
|------------------|---------------|---------------|
| EUR | 19,359 | 22,444 |
| PLN | 566 | 569 |
| SEK | 4,788 | 4,441 |
| USD | 20,241 | 18,874 |
| Other currencies | 63 | 53 |
| Total | 45,016 | 46,381 |

For the value of EUR 18.5 million of the trade payables in USD originated from the United States of America.

20. Other liabilities

| € 1,000 | 2013 | 2012 |
|---|---------------|---------------|
| Trade payables | 45,016 | 46,381 |
| Other liabilities | | |
| Received advance payments | 10 | 18 |
| Indirect taxes | 389 | 449 |
| Payroll-related liabilities | 1,449 | 2,549 |
| Other liabilities | 107 | 1,017 |
| Total other liabilities | 1,955 | 4,015 |
| Accrued expenses | | |
| Interest | 853 | 1,035 |
| Fair value of derivatives in hedge accounting | 1,354 | 674 |
| Rebates | 1,078 | 1,631 |
| Payroll and social security | 2,981 | 4,802 |
| Other accrued expenses | 4,114 | 4,923 |
| Total accrued expenses | 10,380 | 13,064 |
| Total trade payables and other current liabilities | 57,351 | 63,460 |
| Accrued expenses, non-current | | |
| Other accrued expenses | 100 | 190 |
| Total accrued expenses, non-current | 100 | 190 |

21. Employee benefits

Suominen has a defined benefit plan in Italy as defined by IAS19. According to the local practice the arrangement is not funded. The total amount of the defined benefit plan is based on the years of employment and the closing payroll of the key personnel. The liability arising from the arrangement is defined by using the actuarial calculations.

As from 1 January 2013 Suominen applies the revised IAS 19 standard for its employee benefits. The impact of the implementation is described in the principles for preparing the consolidated financial statements.

| € 1,000 | 2013 | 2012 |
|---|--------------|--------------|
| Arrangements related to post-employment benefits | | |
| Present value of net obligation | | |
| Net obligation on 1 Jan. | 1,092 | 873 |
| Interest cost | 35 | 43 |
| Actuarial gains (-) and losses (+) recognized in equity | -18 | 247 |
| Expenses recognized in the statement of income | -85 | -71 |
| Net liability in balance sheet of 31 Dec. | 1,024 | 1,092 |

*Comparison value was revised at the application of the revised IAS 19.

Change in defined benefit obligation

| | | |
|--|--------------|--------------|
| Fair value on 1 Jan. | | |
| Unfunded | 1,092 | 873 |
| Interest cost | 35 | 43 |
| Benefits paid | -85 | -71 |
| Actuarial gains or losses recognized in equity | -18 | 247 |
| Fair value 31 Dec. | 1,024 | 1,092 |

Expenses recognized in the statement of income:

| | | |
|---|------------|------------|
| Interest cost | 35 | 43 |
| Benefits paid | -85 | -71 |
| Total expenses recognized in the statement of income | -50 | -28 |

Expenses allocated by function:

| | | |
|---|------------|------------|
| Procurement and production | -85 | -71 |
| Total expenses allocated by function | -85 | -71 |

Principal actuarial assumptions

| At 31 Dec. | 2013 | 2012 |
|---|-------|-------|
| Discount rate (%) | 3.25 | 5.00 |
| Expected rate of inflation (%) | 1.80 | 2.00 |
| Expected average remaining working life (years) | 15.70 | 16.07 |

Assets

No assets are included in the arrangement.

Actuarial gains/losses recognized in equity

| € 1,000 | 2013 | 2012 |
|-----------------------------------|-------------|-------------|
| Accumulated amount 1 Jan. | -247 | |
| Change during year | 18 | -247 |
| Accumulated amount 31 Dec. | -229 | -247 |

22. Financing and financial risk management

Suominen Corporation is exposed to several financial risks in its business operations. Risks include foreign exchange risk, interest risk, counterpart risk, liquidity risk and commodity risk. The financing policy approved by Suominen Corporation's Board of Directors defines the authorities, responsibilities and principles to be observed in the group. Financing and financial risk management is the responsibility of the group's financial administration. The purpose of financial risk management is to hedge the group against significant financial risks.

A variety of financial instruments subject to prior approvals are used in risk management. Financial instruments used in hedging are exposed to changes in market prices, the solvency of counterparts or the liquidity of instruments.

Responsibilities and authorities in Suominen Corporation's risk management are defined in the group's financial policy approved and confirmed yearly by the Board of Directors. The President & CEO approves all major funding operations and the main principles to be followed when hedging financial risks. The CFO is responsible for ensuring that the policy is observed throughout the group, and for individual financial operations concerning funding, managing liquidity and financial risks. The financial risk management is centralized to the group's financial administration, who is making all the market operations with the approved counter-parties.

Market risk

a) Foreign exchange risk

The group operates internationally and is therefore exposed to foreign exchange risk related to business transactions and

translation of balance sheet items into euro, the operating currency of the parent. The aims of the Company's foreign exchange risk management are to hedge earnings from business operations, and avoid exchange rate losses. Currency transactions are designed to reduce exchange-rate-related risks and avoid losses of this type.

Changes in the exchange rate are impacting the consolidated balance sheet, statement of income and cash flow statement. In addition to the main currency, US dollars, Swedish crown and Polish zloty are causing translation risk to the group.

The foreign exchange transaction position comprises of already known and estimated cash flows for the next 12 months. The main currencies are Swedish crowns, Polish zlotys, US dollars and Russian roubles. The transaction risks in Swedish crowns arises mainly from the business transactions in Swedish crowns, Polish zloty risk arises from local production costs while sales are partly in EUR. USD risk arises from business and treasury transactions in US dollars. The hedged foreign exchange position comprising of the sales, purchases and interest payments in foreign currencies for a 12-month period should vary between 3 and 9 months under the hedging policy.

Common derivative contracts are used in hedging, as their pricing can be verified on the market. Suominen does not adopt IAS 39 hedge accounting in currency hedging for the transaction risk. Changes in market values of currency hedging instruments are recognised in profit or loss.

The consolidated transaction position on the balance sheet date:

| € 1,000 | Transaction position 2013 | | Transaction position 2012 | |
|----------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | 12 months' cash flow | Currency hedges | 12 months' cash flow | Currency hedges |
| SEK | -2,261 | -564 | -20,859 | 7,146 |
| USD | 1,510 | 1,160 | -9,448 | 3,865 |
| PLN | -5,518 | 2,889 | -6,460 | 2,947 |
| NOK | 1,866 | -753 | 2,311 | -817 |
| RUB | 4,444 | -1,412 | 1,883 | -595 |
| Other | 445 | | 5,254 | |
| Total nominal value | 16,045 | 6,778 | 46,215 | 15,370 |

The transaction position above includes receivables in foreign currencies total of EUR 5,643 thousand (EUR 5,591 thousand) and payables total of EUR 8,551 thousand (EUR 7,004 thousand). The outflows are in the table shown as negative values and the inflows as positive values.

Correspondingly the translation position is as follows:

Translation position 2013

| € 1,000 | Loans granted | Loans taken | Capital investments in foreign subsidiaries | Hedged with loans | Open exposure |
|---------|---------------|-------------|---|-------------------|---------------|
| SEK | | -2,870 | 3,473 | | 603 |
| PLN | 9,823 | -656 | 1,091 | | 10,258 |
| USD | 54,910 | -17,651 | 42,138 | -28,540 | 50,856 |

Translation position 2012

| € 1,000 | Loans granted | Loans taken | Capital investments in foreign subsidiaries | Hedged with loans | Open exposure |
|---------|---------------|-------------|---|-------------------|---------------|
| SEK | | -3,106 | 3,469 | | 363 |
| PLN | 9,988 | -73 | 675 | | 10,589 |
| USD | 57,395 | -14,582 | 44,407 | -29,832 | 57,387 |

Loans consist of intra-group loans granted to the foreign subsidiaries (+) and loans taken from them (-). A part of the granted loans can be associated to equity because the repayment is not anticipated. These lendings amount to USD 62.7 million equalling to EUR 45.5 million and PLN 32.5 million equalling to EUR 7.8 million. The translation differences of these lending are recognized in the other comprehensive income. Capital investments in foreign subsidiaries include cash contributions in equity. Suominen has an Equity Hedge program for hedging the translation position in USD. The holding in the subsidiaries in the USA is hedged with an external loan of USD 39 million (USD 39 million in 2012). The exchange rate differences related to the capital investments and the Equity Hedge loan are recognized in the other comprehensive income.

The sensitivity analysis of financial instruments

As required by IFRS 7, the table below summarizes the sensitivity of financial instruments on currency risk at the date of the balance sheet. In the sensitivity analysis below, the financial instruments include currency forwards, intra-group currency investments, intra-group short-term and long-term currency receivables and payables, granted intra-group loans associated to equity and external net borrowings. External borrowings in the Equity Hedge program are not included in the sensitivity analysis because the foreign exchange differences are fully offset by those in the net investments. Sensitivities in currency rates of the balance sheet date are estimated on the basis of the actual volatility of the currencies over the past 12 months at a probability confidence level of 10%. The exchange rate sensitivity is calculated for the following 12 months by using the rates on the balance sheet date.

| 2013 | | | Impact on profit after tax | | | Impact on equity | | |
|--------------|---------------|----------------------------|----------------------------|---------------|----------------------------|------------------|--|--|
| € 1,000 | Rate change % | Impact on profit after tax | Impact on equity | Rate change % | Impact on profit after tax | Impact on equity | | |
| SEK | 10 | -184 | | -10 | 184 | | | |
| PLN | 10 | -124 | 626 | -10 | 124 | -626 | | |
| USD | 11 | -826 | 4,003 | -11 | 826 | -4,003 | | |
| NOK | 11 | 66 | | -11 | -66 | | | |
| RUB | 13 | 147 | | -13 | -147 | | | |
| Total | | -921 | 4,629 | | 921 | -4,629 | | |

| 2012 | | | Impact on profit after tax | | | Impact on equity | | |
|--------------|---------------|----------------------------|----------------------------|---------------|----------------------------|------------------|--|--|
| € 1,000 | Rate change % | Impact on profit after tax | Impact on equity | Rate change % | Impact on profit after tax | Impact on equity | | |
| SEK | 9 | -697 | | -9 | 697 | | | |
| PLN | 10 | -76 | 603 | -10 | 76 | -603 | | |
| USD | 11 | -714 | 3,948 | -11 | 714 | -3,948 | | |
| NOK | 7 | 43 | | -7 | -43 | | | |
| RUB | 10 | 45 | | -10 | -45 | | | |
| Total | | -1,398 | 4,551 | | 1,398 | -4,551 | | |

The effectiveness and sensitivity analysis of hedging

The management assesses the hedging effectiveness by combining the estimated net cash flow for 12 months in foreign exchange to the effect of the hedging instruments. Additionally, the management assesses the impact of the changes in exchange rates on the financial instruments and capital investments in foreign currencies. The net impact caused by the change in currency rates as described above on annual profit after taxes in 2013 is estimated to be EUR

+/- 0.3 million (+/-0.9) and on equity EUR 4.3 million (+/- 6.0). Sensitivities in currency rates of the balance sheet date are estimated on the basis of the actual volatility of the currencies over the past 12 months at a probability confidence level of 10%. The exchange rate sensitivity is calculated for the following 12 months by using the rates on the balance sheet date.

| € 1,000 | Currency strengthens/ weakens % | Impact on 12 months currency cash flow | Impact on hedging instruments | Net impact after tax | Net impact on translation position or equity |
|--------------|------------------------------------|--|----------------------------------|-------------------------|--|
| SEK | 10 | +10 | + 56 | + 66 | + 194 |
| USD | 11 | + 114 | + 131 | + 245 | + 3,641 |
| PLN | 10 | +428 | + 296 | + 132 | +511 |
| NOK | 11 | +135 | +82 | +53 | |
| RUB | 13 | +414 | + 184 | + 230 | |
| Total | | +225 | + 106 | + 331 | + 4 346 |

b) Interest rate risk

The group's interest rate risks are linked to general increases in interest rates and the associated increases in interest costs. Ideally, it would be possible to compensate for increases in interest rates through stronger business resulting from an improved business climate. Demand for the company's end products is primarily dependent on overall demand for consumer goods, which is subject to relatively little cyclicality. As the business is capital-intensive and the economic lifetime of production equipment is long, the use of fixed interest rates in the company's loan portfolio is to be recommended. However, lower interest costs can be achieved over the long term with short-term interest rates. The interest rate risk associated with the company's loan portfolio is diversified to ensure that the portfolio comprises both floating and fixed interest rates spread over a range of interest periods. The company's Board of Directors has determined the interest rate structure of the loan portfolio and the range in which it can vary. The average interest duration can vary between 12 and 36 months. As of the end of 2013, it was 19 months (22).

The amount of the group's loans with floating interest rate at the end of the year is EUR 92.0 million (101.5), of which 60.4 million were denominated in EUR, 3.0 in Polish zlotys and

28.5 million in USD. The nominal value of interest rate swaps, hedging the cash flow of interest payments, is EUR 50.4 million (64.6). In the interest rate swaps, the Suominen Corporation pays approximately 1.4% fixed interest (1.3) and receives 0.25% floating rate (0.54).

The group applies cash flow hedge accounting to interest swap contracts to fix the interest flow of floating-rate loans and to fix the floating interest cash flow that will be realised with high probability in accordance with IAS 39. Hedging must be effective both prospectively and retrospectively. The effectiveness of hedging in respect of interest rate derivatives is obtained by comparing the cash flows of the underlying position and the hedging instrument. The effectiveness of hedges are documented at the start of hedge transactions and tested during the hedging period.

The sensitivity of interest rate risk is calculated on the basis of a 0.5 per cent shift in the interest rate curve. Based on the actual volatility of interest rates over the past 12 months, the probability is highest for long-term loans. A shift in the interest rate curve of 0.5 per cent would have affected the interest costs of the company loans and interest rate swaps during a period of 12 months as follows:

| 2013 | | | | | | |
|---------------------|------------------------|-------------------------------|---------------------|------------------------|-------------------------------|---------------------|
| € 1,000 | Change in Interest% | Impact on profit after tax | Impact on Equity | Change in Interest% | Impact on profit after tax | Impact on Equity |
| Net liabilities | +0.5 % | -368 | | -0.5% | 368 | |
| Interest rate swaps | +0.5 % | 237 | 571 | -0.5% | -237 | -571 |
| Total | | -131 | | | 131 | |
| 2012 | | | | | | |
| € 1,000 | Change in Interest% | Impact on profit after tax | Impact on Equity | Change in Interest% | Impact on profit after tax | Impact on Equity |
| Net liabilities | +0.5 % | -404 | | -0.5% | 404 | |
| Interest rate swaps | +0.5 % | 358 | 847 | -0.5% | -358 | -847 |
| Total | | -47 | | | 47 | |

Impact on profit is the result of a change in the interest cash flows. In addition, a change in the value of swap agreements qualifying as cash flow hedges is recorded as an adjustment in the fair value reserve in equity. Cash flows of interest hedging instruments are expected to realise during years 2014–2016.

c) Electricity price risk

Suominen’s operational policy on electricity procurement covers purchases of the group’s Finnish units and the principles to be followed in managing electricity price risks. An independent consultant is employed to assist the company in electricity purchases and related risk management. Increases in the market price of electricity are managed through the use of fixed-price contracts and electricity derivatives.

The group’s electricity price risk exposure is reviewed on a rolling basis in three-year periods. Exposure at the end of 2013 was hedged by establishing that fixed-price electricity will account for 79% (81) of projected usage in 2014, 40% (65) in 2015, and 40% (16) in 2014. Price hedging is done with

OTC contracts. According these contracts Suominen pays on average EUR 53.8 / MWh (44.6).

Cash flow hedge accounting is also applied to electricity purchases, to neutralise fluctuations in the price of electricity over specific periods. Hedging must be effective both prospectively and retrospectively. The effectiveness of hedges are documented at the start of hedge transactions and tested during the hedging period. The effectiveness of hedging is tested on the basis of an established regression. The change in the value of the effective hedging instruments is recognised in the statement of income along with the hedged cash flow.

The price sensitivity of electricity derivatives has been estimated on the basis of the volatility of the prices so that the probability of price changes compared to the year-end price is +/-15%. The volatility has been estimated based on the past price changes and the market view embedded in the option prices.

| 2013 | | | 2012 | | |
|-------------------------|-------------------------------|---------------------|-------------------------|-------------------------------|---------------------|
| Price change € / MWh | Impact on profit After tax | Impact on equity | Price change € / MWh | Impact on profit After tax | Impact on equity |
| +7 | 43 | 347 | +12 | 104 | 686 |
| -7 | | -390 | -12 | -20 | -770 |

d) Credit risks

The most significant individual credit risks relate to trade receivables from international companies with high credit ratings. The biggest ten trade receivables, all related to the nonwoven business, account for 50% of all trade receivables. The credit risk policy approved by the Board of Directors governs the principles to be followed when granting credit to customers and the responsibilities of the organization in this area. Credit is granted to customers after a credit approval process has been completed. In addition, Suominen has limited credit risk insurance cover for designated customers. The credit situation of customers is reported at least once a month to the persons responsible for sales. During the financial year, credit losses recorded through profit and loss totalled EUR 27 thousand (231). The ageing structure of the trade receivables is shown in note 12 to the consolidated financial statements. The maximum amount of credit losses from trade receivables, EUR 38 million, when a 20% coverage of the credit insurance is considered. For the remaining trade receivables the maximum credit risk is close to nominal value.

The Board of Directors has approved a counterpart list of companies and financial institutions with good credit ratings for investment activities and the use of derivative contracts. The amount invested in a single counterpart is capped. Liquid funds are invested with reputable banks with sufficient credit ratings or in commercial papers offering high liquidity and credit ratings. The group’s maximum exposure to credit risk is equal to the book value of financial assets at the end of the financial year.

e) Liquidity risk

Suominen aims to maintain adequate financing buffers at all times to be able to meet its short-term commitments. The estimated cash flow from operations, liquid assets, unused loan facilities and committed undrawn facility agreements shall cover projected financing needs for the next 12 months. Refinancing risk is managed by diversifying across financial sources and institutions. In addition, loan maturities are also diversified. The average maturity of drawn loans in accordance with committed facility agreements was 2.2 years (2.7) at year-end. Suominen has a syndicated loan facility that was

negotiated in 2012. The facility consists of a loan of EUR 80 million with the final repayment in 2016, EUR 16 million bridge financing maturing in 2014, EUR 20 million revolving credit facility and EUR 8 million facility for trade finance, both bullet loans and maturing in 2016.

Suominen has commercial paper programmes totalling EUR 40 million, fully unused at the year-end.

The maturity of loans and derivatives is presented in the following table. Table includes the undiscounted values of both interest payments and repayments of capital.

| 31 December 2013 € 1,000 | Balance sheet value/ limit | Cash flow | under 6 months | 6-12 months | 1-2 years | 2-4 years |
|---|-------------------------------|-----------------|-------------------|----------------|----------------|----------------|
| Financial assets | | | | | | |
| Trade receivables | 46,908 | 46,908 | 46,908 | | | |
| Other receivables | 1,829 | 1,829 | 1,829 | | | |
| Cash and at bank | 18,585 | 18,585 | 18,585 | | | |
| Total | 67,322 | 67,322 | 67,322 | | | |
| Financial liabilities | | | | | | |
| Trade payables | 45,016 | -45,016 | -45,016 | | | |
| Loans from financial institutions | 93,327 | -104,402 | -4,122 | -7,774 | -9,854 | -82,653 |
| Pension loans | 1,143 | -1,218 | -297 | -310 | -611 | |
| Total | 139,486 | -150,636 | -49,435 | -8,084 | -10,465 | -82,653 |
| Committed credit limits | | | | | | |
| Commitment credit limits, over 6 months | 20,000 | | | | | -20,000 |
| Total | 20,000 | | | | | -20,000 |
| Derivative contracts | | | | | | |
| Currency forward deals | -35 | | | | | |
| Cash flow, receivables | | 6,464 | 6,464 | | | |
| Cash flow, payable | | -7,829 | -7,829 | | | |
| Interest rate derivatives | | | | | | |
| Hedge accounting | -990 | -1,205 | -336 | -315 | -554 | |
| Electricity derivatives | | | | | | |
| Hedge accounting | -364 | -364 | -250 | | -114 | |

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

| 31 December 2012 € 1,000 | Balance sheet value/ limit | Cash flow | under 6 months | 6-12 months | 1-2 years | 2-4 years | over 4 years |
|-----------------------------------|----------------------------------|-----------------|-------------------|----------------|----------------|----------------|-----------------|
| Financial assets | | | | | | | |
| Trade receivables | 45,328 | 45,328 | 45,328 | | | | |
| Other receivables | 1,075 | 1,075 | 1,075 | | | | |
| Derivatives in hedge accounting | 2 | 2 | 2 | | | | |
| Cash and at bank | 14,345 | 14,345 | 14,345 | | | | |
| Total | 60,750 | 60,750 | 60,750 | | | | |
| Financial liabilities | | | | | | | |
| Trade payables | 46,381 | -46,381 | -46,381 | | | | |
| Loans from financial institutions | 108,884 | -124,836 | -7,429 | -7,321 | -28,314 | -81,773 | |
| Pension loans | 1,714 | -1,932 | -303 | -325 | -1,303 | | |
| Capital loans | 920 | -941 | -941 | | | | |
| Guarantee commitments | 1,199 | -1,199 | | | | | -1,199 |
| Total | 159,098 | -175,290 | -55,054 | -7,646 | -29,617 | -81,773 | -1,199 |
| Committed credit limits | | | | | | | |
| Credit limits, over 6 months | 20,000 | | | | | -20,000 | |
| Total | 20,000 | | | | | -20,000 | |
| Derivative contracts | | | | | | | |
| Currency forward deals | -1 | | | | | | |
| Cash flow, receivable | | 1,522 | 1,522 | | | | |
| Cash flow, liability | | -13,807 | -13,807 | | | | |
| Interest rate derivatives | | | | | | | |
| Hedge accounting | -1,538 | -1,796 | -367 | -350 | -1,113 | 34 | |
| Electricity derivatives | | | | | | | |
| Hedge accounting | -282 | -282 | -224 | | -58 | | |

23. Capital management

Suominen's capital management aims to support business activities by ensuring good conditions by means of the group's balance sheet and capital structure and to increase the shareholder value by aiming at a competitive re-turn on invested capital. The capital structure shall be such that the debt financing can be ensured.

The Board of Directors monitors the capital structure as regards the equity ratio and gearing. The capital structure can be influenced by dividend policy, share issues and the use of capital loans. The group can buy upon need its own shares, issue new shares or decide to sell assets or parts of businesses to reduce liabilities.

The group's equity ratio (capital loans included in the shareholder's equity) was 32.9% (34.4) at year-end, and its gearing, capital loans included in the shareholder's equity, was 96.2% (101.0). On balance sheet date the group did not have any capital loans. The group utilizes sale of receivables program releasing capital employed in the balance sheet. At the year-end the amount of sold receivables was EUR 9.1 million.

At the date of the balance sheet, the equity ratio and gearing were as follows:

| € Million | 2013 | 2012* |
|---|--------|---------|
| Interest bearing liabilities | 94.5 | 111.5 |
| -Capital loans | | -0.9 |
| Interest bearing receivables | -0.4 | -0.3 |
| Financial assets | -18.6 | -14.3 |
| (A) Net liabilities | 75.5 | 96.0 |
| (B) Shareholder's equity | 78.5 | 96.0 |
| (C) Capital loans | | 0.9 |
| (D) Balance sheet total –advance payments | 238.9 | 278.9 |
| Gearing, A/(B+C) | 96.2 % | 101.0 % |
| Equity ratio, (B+C)/D | 32.9 % | 34.4 % |

*Comparison data revised

The funding is managed by maintaining good relations with the financial institutions. The cooperation with the banks is built on long-lasting relations. The main funding of Suominen is the syndicated loan facility of EUR 158 million. The loan covenants include the debt service ratio and gearing. The covenants in the facility agreement also limit granting collaterals, big business acquisitions, investments, dividends, amount of net liabilities of the group as well as major changes in the business operations and the changes in the supermajority of the ownership of the company. Default in the terms and conditions entitle lenders to use acceleration clauses. Cross default clauses apply for indebtedness in excess of EUR 2.0

million giving the right of other lenders to declare their loans due and payable prior maturity. The dividend payments are limited to EUR 1 million in 2013 and 2014.

The debt service ratio covenant, which is the ratio of senior net debt to EBITDA, has to be less than 2.4 in the end of 2014, whereas it was 2.2 at year-end of 2013. Gearing may not exceed 95% at the end of 2014, when it was 96.2% at year-end of 2013. Investments are limited to EUR 15 million in 2014.

Suominen plans to cover the amortization needs with its cash flow from operations and by sale of non-core business operations and assets.

24. Values of derivative financial instruments

| Instrument € 1,000 | 2013 | | | | 2012 | | | | Note |
|------------------------------|---------------|------------------|---------------------|---------------------|---------------|------------------|---------------------|---------------------|------|
| | Nominal value | Fair value total | Positive fair value | Negative fair value | Nominal value | Fair value total | Positive fair value | Negative fair value | |
| Currency derivatives | | | | | | | | | |
| Held for trading | 14,321 | -35 | 58 | -94 | 15,370 | -1 | 61 | -62 | 22 |
| Interest rate derivatives | | | | | | | | | |
| Held for hedge accounting | 50,425 | -990 | | -990 | 64,648 | -1 538 | | -1 538 | 22 |
| Electricity derivatives | | | | | | | | | |
| Held for hedge accounting | 2,776 | -364 | | -364 | 3,746 | -282 | 2 | -284 | 22 |
| Electricity derivatives, MWh | 61,368 | | | | 87,600 | | | | |

The fair values of the derivatives are recognized in the balance sheet as gross amounts and they can be netted with each other in case of breach of contractual terms or bankruptcy. After the netting, the derivative assets by counterparty would be EUR 0 thousand and the liabilities EUR 1,389 thousand. The group does not have any other material netting contracts for financial assets.

25. Fair value measurement hierarchy

| € 1,000 | Level 1 | Level 2 | Level 3 |
|---|---------|---------------|------------|
| Assets measured at fair value | | | |
| Assets held for sale | | | 939 |
| Total | | | 939 |
| Derivatives measured at fair value | | | |
| Currency derivatives | | -35 | |
| Interest rate derivatives | | -990 | |
| Electricity derivatives | | -364 | |
| Total | | -1,389 | |

During the financial year there were no transfers in the three-level fair value measurement hierarchy.

Values in hierarchy level 1 are directly based on values quoted in an active market.

The fair value for financial instruments that are not traded in an active market is determined by using valuation techniques.

These valuation techniques maximise the use of observable market data where it is applicable and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

Fair values for electricity derivatives are determined by using the forward prices in Nordpool for the same period and discounting them with relevant interest rates.

Fair values for currency derivatives are determined by using the spot rates and relevant swap points based on interest rate differences at the balance sheet date. Fair values for interest rate swaps are determined by using the quotes based on euribor and USD libor curves and discounting future cash flows with relevant interest rates.

If one or more of the significant inputs is based on management evaluation and not observable market data, the instrument is included in level 3.

30. Financial income and expenses

| € 1,000 | 2013 | 2012 |
|---|---------------|----------------|
| Interest income on financial assets recognized at fair value through profit of loss | 36 | 110 |
| Financial income | 36 | 110 |
| Interest expenses on loans valued at amortized cost | -5,863 | -7,694 |
| Exchange rate differences (net) | 469 | 174 |
| Derivatives, not in hedge accounting | 165 | 94 |
| Expenses on sales of receivables | -243 | -196 |
| Other financial expenses | -1,763 | -2,962 |
| Financial expenses | -7,235 | -10,583 |
| Financial income and expenses, total | -7,199 | -10,474 |

Foreign exchange gains and losses recognised in the statement of income

| € 1,000 | 2013 | 2012 |
|---|---------------|---------------|
| Net sales | -1,451 | -1,207 |
| Other operating income | -27 | -27 |
| Cost of goods sold | -259 | -135 |
| Financial income and expenses | 634 | 268 |
| Foreign exchange gains and losses, total | -1,103 | -1,101 |

31. Income taxes

| € 1,000 | 2013 | 2012 |
|---|---------------|---------------|
| Income taxes for financial year | -4,657 | -3,259 |
| Income taxes from previous years | 14 | 14 |
| Deferred taxes | -3,007 | 1,046 |
| Income taxes total | -7,650 | -2,200 |
| Profit before taxes | 10,187 | -3,031 |
| Tax calculated at the domestic corporate tax rate of 24.5% | -2,496 | 743 |
| Impact on the change in tax rate in Finland 24.5% -> 20% | 854 | |
| Effect of different tax rates in foreign subsidiaries | -1,929 | -2,214 |
| Expenses only deductible for tax purposes | 374 | 187 |
| Expenses not deductible for tax purposes | -2,951 | -774 |
| Not recognized deferred tax assets on period's taxable losses | -1,519 | |
| Other temporary differences | 17 | 74 |
| Other items | | -216 |
| Tax charge total | -7,650 | -2,200 |

32. Earnings per share

| € 1,000 | 2013 | 2012 |
|--|----------------|----------------|
| Profit for the period, continuing operations | 2,537 | -5,231 |
| Profit for the period, discontinued operations | -18,656 | -6,641 |
| Profit for the period | -16,119 | -11,872 |

Shares in thousands

| | | |
|-----------------------------------|---------|---------|
| Average weighted number of shares | 245,908 | 245,874 |
|-----------------------------------|---------|---------|

Earnings per share attributable to the equity holders of the company

| | | |
|---|-------|-------|
| - earnings per share before non-recurring items, continuing operations, € | 0.01 | 0.00 |
| - earnings per share, continuing operations, € | 0.01 | -0.02 |
| - earnings per share, discontinued operations, € | -0.08 | -0.03 |
| - earnings per share, € | -0.07 | -0.02 |

Suominen's stock option plan did not have a dilutive effect on earnings per share. The stock option plans expired in 2013 at no value.

When calculating the number of shares and further the earnings per share, the shares payable under the share-based incentive plan are included in the total. The shares payable under the plan did not have any dilutive effect.

33. Adjustments on cash flow statement

Adjustments on operations cash flow from 1 Jan. to 31. Dec.

| € 1,000 | 2013 | 2012 |
|---|---------------|---------------|
| Adjustments on profit/loss for the period | | |
| Income taxes | 7,650 | 2,200 |
| Financial income and expenses | 7,199 | 10,474 |
| Depreciation | 16,548 | 26,884 |
| Impairment losses | | 5,538 |
| Gains and losses on sales of fixed assets | -767 | -725 |
| Change in provisions | -147 | |
| Other adjustments | 12,255 | 223 |
| Total | 42,739 | 44,594 |

Cash flow and thus the adjustments include the discontinued operations.

34. Lease commitments

| € 1,000 | 2013 | 2012 |
|---|---------------|---------------|
| Operating leases, real estates | | |
| Minimum lease payments on irrevocable contracts | | |
| Not later than 1 year | 3,296 | 5,489 |
| Later than 1 year and not later than 5 years | 12,480 | 14,373 |
| Later than 5 years | 6,896 | 7,314 |
| Total | 22,672 | 27,177 |

Nonwoven's long-term contract covering the purchase of process heat from a nearby heating plant is treated as and are included in operating leases, because a major portion of the energy is sold to third parties.

Operating leases, machinery and equipment

| | | |
|--|--------------|--------------|
| Falling due in 1 year | 895 | 996 |
| Falling due in between 1 year and subsequent 5 years | 1,353 | 1,710 |
| Falling due after five years | 125 | |
| Total | 2,373 | 2,706 |

35. Contingent liabilities

| € 1,000 | 2013 | 2012 |
|---------------------------------------|----------------|----------------|
| Secured loans | | |
| Loans from financial institutions | 91,345 | 107,861 |
| Total | 91,345 | 107,861 |
| Nominal values of mortgages | | |
| Real estate mortgages | 27,042 | 27,045 |
| Floating charges* | 165,761 | 193,988 |
| Pledged subsidiary shares and loans | 189,699 | 209,160 |
| Total | 382,502 | 430,193 |
| Other contingent liabilities | | |
| Guarantees on behalf of third parties | | 1,199 |
| Total | | 1,199 |

Guarantees are related to a real estate financial lease granted to a third party. Suominen acquired the real estate in 2013.

* Includes 0.3 MEUR of intangible assets, 75.3 MEUR of tangible assets and 22.1 MEUR of inventories.

36. Environmental costs

| € 1,000 | 2013 | 2012 |
|-----------------------------------|-------|-------|
| In the statement of income | | |
| Cost of goods sold | 1,465 | 1,389 |
| - including depreciation | 172 | 218 |
| In the balance sheet | | |
| Tangible assets | 601 | 42 |

37. Related party transactions

The Suominen Group has related party relationships with the members of the Board of Directors, the President & CEO, the members of the Corporate Executive Team and Ahlstrom Corporation.

| € 1,000 | 2013 | 2012 |
|--|--------------|--------------|
| Employee benefits paid to the members of the Board of Directors, the President & CEO, and the members of the Executive Team | | |
| Salaries and other short-term employee benefits | 2,215 | 1,386 |
| Post-employment benefits | 224 | 38 |
| Share-based payments | 82 | 79 |
| Total | 2,621 | 1,503 |

| Salaries and other short-term remuneration paid to the members of the Board of Directors and the President & CEO | | |
|---|------------|------------|
| Jorma Eloranta, Chairman | 56 | 53 |
| Risto Anttonen, member until 4 April 2012, Deputy Chairman as from 4 April 2012 | 44 | 40 |
| Mikko Majjala, Chairman, Deputy Chairman until 4 April 2012 | 1 | 3 |
| Heikki Mairinoja | 34 | 31 |
| Suvi Hintsanen | 34 | 31 |
| Hannu Kasurinen as from 4 April 2012 | 33 | 28 |
| Nina Kopola, President & CEO | 379 | 305 |
| Total | 580 | 491 |

The members of the Board of Directors and the members of the Executive Team have no pension arrangements with Suominen. On September 11, 2013 40% of the remuneration to the Board of Directors was paid by company shares (135,931 shares) at the fair value of EUR 69 thousand. This amount is included in the compensations above. Board members were not included in stock option plans. Stock option plans expired in 2013, see Note 16.

A written contract has been made with the President & CEO, under which she shall have a six-month period of notice. Should the company terminate the contract, additional compensation corresponding to the 12 months' salary shall also be paid. The President & CEO has a supplementary pension plan, a cost of 11.5% of her annual income as defined in the Finnish Pension Law. The costs for the supplementary pension plan was EUR 52 thousand and for the statutory pension plan EUR 64 thousand.

Shares held by management on 31 December 2013

The members of the company's Board of Directors and the President & CEO owned, either directly or via a company or organisation in which they held controlling power, 490,171 shares on 31 December 2013. These shares entitle holders to 0.1 per cent of voting rights.

| Insiders subject to the declaration requirement | Shares |
|---|----------------|
| Jorma Eloranta, Chairman of the Board | 117,201 |
| Risto Anttonen, member until 4 April 2012, Deputy Chairman as from 4 April 2012 | 81,828 |
| Heikki Mairinoja, Member of the Board | 156,863 |
| Monaccio Oy | 9,900 |
| Suvi Hintsanen, Member of the Board | 74,856 |
| Hannu Kasurinen, Member | 49,523 |
| Nina Kopola, President & CEO | |
| Heikki Lassila, Principal Auditor | |
| Total | 490,171 |

No loans, guarantees or other collaterals have been given on behalf of related parties.

Other related-party transactions

| € 1,000 | 2013 | 2012 |
|---------------------------------|--------|--------|
| Sales of goods and services | 16,439 | 19,653 |
| Purchases of goods and services | 62,342 | 54,191 |
| Trade and other receivables | 1,396 | 1,049 |
| Trade and other payables | 2,073 | 2,165 |

Other related-party transactions are transactions with Ahlstrom.

Parent Company Statement of Income

| 1 January–31 December € 1,000 | Note | 2013 | 2012 |
|---|------|---------|--------|
| Net sales | | 15,208 | 13,161 |
| Cost of goods sold | | -782 | -1,020 |
| Gross profit | | 14,426 | 12,141 |
| Other operating income | 2 | 177 | 129 |
| Sales and marketing expenses | | -1,073 | -94 |
| Research and development | | -2,301 | -3,057 |
| Administration expenses | | -8,513 | -7,162 |
| Other operating expenses | 2 | -18,790 | -393 |
| Operating profit before non-recurring items | | -16,075 | 1,564 |
| Impairment losses on investments | | | -8,778 |
| Operating profit | | -16,075 | -7,214 |
| Financial income | 6 | 18,164 | 14,520 |
| Financial expenses | 6 | -7,465 | -9,955 |
| Profit before income taxes | | -5,376 | -2,648 |
| Group contributions | | 34 | 28 |
| Profit before depreciation difference and income taxes | | -5,342 | -2,620 |
| Change in depreciation difference | | -140 | -437 |
| Corporate tax | | -29 | |
| Profit/loss for the period | | -5,511 | -3,058 |

Parent Company Balance Sheet

| 31 December € 1,000 | Note | 2013 | 2012 |
|--|------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 5, 7 | 8,003 | 8,868 |
| Tangible non-current assets | 5, 8 | 164 | 127 |
| Shares and participations | | | |
| Participations in group companies | 9 | 115,416 | 131,241 |
| Other shares and participations | 9 | 923 | 9 |
| Loans receivable | | | |
| Loans receivable from group companies | | 39,898 | 77,384 |
| Non-current assets, total | | 164,403 | 217,629 |
| Current assets | | | |
| Loan receivables | | 131 | |
| Other current receivables | 10 | 66,301 | 35,383 |
| Cash at bank and in hand | | 15,945 | 10,983 |
| Current assets, total | | 82,377 | 46,366 |
| Assets, total | | 246,780 | 263,995 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| Share capital | 12 | 11,860 | 11,860 |
| Share premium account | 11 | 24,681 | 24,681 |
| Other shareholders' equity | 11 | 79,251 | 84,693 |
| Shareholders' equity, total | | 115,791 | 121,234 |
| Appropriations | | | |
| Accumulated depreciation difference | | 1,341 | 1,201 |
| Compulsory provisions | 14 | | 280 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 13 | 65,862 | 85,291 |
| Non-current liabilities, total | | 65,862 | 85,291 |
| Current liabilities | | | |
| Capital loans | 13 | | 920 |
| Interest-bearing liabilities | | | |
| Loans from financial institutions | 13 | 23,486 | 20,071 |
| Loans from group companies | 13 | 36,541 | 31,834 |
| Trade payables and other current liabilities | 15 | 3,758 | 3,164 |
| Current liabilities, total | | 63,786 | 55,989 |
| Liabilities, total | | 129,648 | 141,280 |
| Shareholders' equity and liabilities, total | | 246,780 | 263,995 |

Parent Company Cash Flow Statement

1 January–31 December

| € 1,000 | Note | 2013 | 2012 |
|---|---------|---------------|----------------|
| Operations | | | |
| Profit/loss for the period | | -5,511 | -3 058 |
| Adjustments on profit/loss for the period | 17 | 9,185 | 5,737 |
| Cash flow before change in working capital | | 3,674 | 2,679 |
| Increase/decrease in current non-interest-bearing receivables | | 705 | 8,154 |
| Increase/decrease in current non-interest-bearing liabilities | | 1,344 | -2,058 |
| Cash flow before financial income/expenses and taxes | | 5,723 | 8,775 |
| Interest expenses paid and received | | -2,240 | -1,680 |
| Cash flow from operations | | 3,483 | 7,095 |
| Investments | | | |
| Investments | 7, 8, 9 | -1,884 | -4,245 |
| Investments in group companies | | -8,234 | -2,500 |
| Discontinued operations | | 6,223 | |
| Change in non-current loan receivable | | 37,486 | 2,721 |
| Change in current loan receivable | | -31,753 | -2,563 |
| Cash flow from investments | | 1,838 | -6,587 |
| Financing | | | |
| Change in non-current loans | | -19,429 | -49,639 |
| Change in capital loans | | -920 | -920 |
| Change in current loans | | 3,415 | 143 |
| Dividends received | | 11,869 | 6,245 |
| Other financial items | | 4,706 | 17,714 |
| Cash flow from financing | | -359 | -26,457 |
| Change in cash and cash equivalents | | 4,962 | -25,949 |
| Cash and cash equivalents 1 Jan. | | 10,983 | 36,932 |
| Change in cash and cash equivalents | | 4,962 | -25,949 |
| Cash and cash equivalents 31 Dec. | | 15,945 | 10,983 |

Notes to the Financial Statements of the Parent Company

1. Principles for preparing the financial statements of the Parent Company

The financial statements of Suominen Corporation have been prepared according to Finnish Accounting Standards (FAS).

Fixed assets

Fixed assets are entered in the balance sheet at direct acquisition cost less planned depreciation. They are depreciated with planned straight-line depreciation calculated on the basis of their probable economic life.

The depreciation periods are:

| | |
|---|------------|
| Vehicles | 4 years |
| Machinery and equipment | 4–10 years |
| Intangible assets and other long-term expenditure | 4–10 years |

Depreciation is calculated starting from the period the fixed assets become operational.

Net sales

Indirect sales taxes, discounts provided, and foreign exchange differences from sales are deducted from sales revenue. Net sales consist of sales of intra-group services.

Pension costs

All employees of the company are included in a mandatory pension insurance policy taken out with an insurance company. Pension costs are accrued following the same timing and principles as salaries.

Items denominated in foreign currencies

Business transactions denominated in foreign currencies are entered at the exchange rates current on the date of transaction. Receivables and liabilities denominated in foreign currencies are translated into euros at the reference rate of the European Central Bank on the balance sheet date.

The exchange rate differences from business transactions, receivables, and liabilities are recognized in the statement of income. Gains and losses on the forward contracts hedging sales income and purchases are entered as other operating income and expenses. The net sum of exchange rate differences on other financial instruments is entered in financial income and expenses.

Derivatives

Unrealized marked-to-market values of derivatives and realized gains and losses of matured derivatives are immediately recognized in the other operating income and expenses.

Interest rate and electricity derivatives are marked to market on the balance sheet date. When a derivative matures, the interest income or expense of an interest rate derivative is recognized in the financial income and expenses, and the clearing gain or loss of a electricity derivative is recognized in profit or loss as adjustment to electricity purchases.

Shares and participations

Investments to subsidiaries are valued at acquisition cost. The valuation of listed shares is based on fair value, which is the market value on the balance sheet date. Unlisted shares are valued at acquisition cost, because no reliable fair values are available.

Impairment charge is booked when there is reliable external evidence, that the fair value is permanently reduced.

Income taxes

Accrual-based taxes determined in accordance with the financial results of the company, paid taxes and received advances from previous periods following the local legal requirements, are included in the statement of income.

2. Other operating income and expenses

| € 1,000 | 2013 | 2012 |
|----------------------------------|------------|------------|
| Other operating income | | |
| Recovered bad debts | 88 | 54 |
| Recovered VAT from previous year | | 62 |
| Gains from currency derivatives | 86 | 13 |
| Other | 3 | |
| Total | 177 | 129 |

Other operating expenses

| | | |
|---|---------------|------------|
| Losses from sales on non-current assets | 18,411 | |
| Reversal of compulsory provisions | 135 | |
| Losses from currency derivatives | 230 | 383 |
| Other | 14 | 10 |
| Total | 18,790 | 393 |

3. Personnel expenses

| € 1,000 | 2013 | 2012 |
|----------------------------------|--------------|--------------|
| Salaries and other compensations | 3,766 | 1,705 |
| Pension expenditure | | |
| Defined contribution plans | 382 | 350 |
| Other payroll connected expenses | 270 | 41 |
| Total | 4,418 | 2,096 |

Salaries and bonuses paid to management

| | | |
|---|-----|-----|
| Members of the Boards of Directors, and President & CEO | 580 | 491 |
|---|-----|-----|

The President & CEO of the Company has a statutory pension insurance and a supplementary pension plan, a cost of 11.5% of her annual income as defined in the Finnish Pension Law.

| | | |
|-----------------------------|----|---|
| Average number of personnel | 22 | 9 |
|-----------------------------|----|---|

4. Fees paid to auditors

| € 1,000 | 2013 | 2012 |
|-----------------|------------|------------|
| Statutory audit | 101 | 86 |
| Other services | 74 | 77 |
| Total | 175 | 163 |

5. Depreciations and impairment charges

| € 1,000 | 2013 | 2012 |
|-----------------------------------|--------------|--------------|
| By function | | |
| Production | 1 | |
| Research and development | 1,593 | 1,017 |
| Administration expenses | 143 | 70 |
| Impairment losses, administration | | 8,778 |
| Total | 1,737 | 9,865 |

| | | |
|-------------------------|--------------|--------------|
| By asset group | | |
| Machinery and equipment | 37 | 10 |
| Other intangible assets | 1,700 | 1,077 |
| Impairment losses | | 8,778 |
| Total | 1,737 | 9,865 |

6. Financial income and expenses

| € 1,000 | 2013 | 2012 |
|---------------------------|---------------|---------------|
| Interest income | 6,295 | 7,489 |
| Dividend income | 11,869 | 6,246 |
| Other financial income | -318 | 786 |
| Interest expense | -5,671 | -7,225 |
| Other financial expenses | -1,476 | -2,730 |
| Muut rahoituskulut | -1,476 | -2,730 |
| Total | 10,699 | 4,566 |

7. Intangible assets

| € 1,000 | Intangible rights | Advance payments and work in progress | Total 2013 | Total 2012 |
|---|-------------------|---------------------------------------|---------------|---------------|
| Acquisition cost 1 Jan. | 9,655 | 640 | 10,295 | 6,162 |
| Increase | 133 | 702 | 835 | 4,133 |
| Transfers between items | 341 | -341 | | |
| Acquisition cost 31 Dec. | 10,129 | 1,001 | 11,130 | 10,295 |
| Accumulated depreciation 1 Jan. | -1,427 | | -1,427 | -350 |
| Depreciation for the financial year | -1,700 | | -1,700 | -1,077 |
| Accumulated depreciation 31 Dec. | -3,127 | | -3,127 | -1,427 |
| Book value 31 Dec. | 7,002 | 1,001 | 8,003 | 8,868 |

8. Tangible assets

| € 1,000 | Machinery and equipment | Other tangible assets | Total 2013 | Total 2012 |
|---|-------------------------|-----------------------|-------------|-------------|
| Acquisition cost 1 Jan. | 340 | 16 | 356 | 244 |
| Increase | 75 | | 75 | 112 |
| Writedowns | -2 | | -2 | |
| Acquisition cost 31 Dec. | 413 | 16 | 429 | 356 |
| Accumulated depreciation 1 Jan. | -229 | | -229 | -219 |
| Depreciation for the financial year | -37 | | -37 | -10 |
| Accumulated depreciation 31 Dec. | -266 | | -266 | -229 |
| Book value 31 Dec. | 147 | 16 | 164 | 127 |

9. Shares and participations

| € 1,000 | Participations in group companies | Other shares | Total 2013 | Total 2012 |
|---------------------------------|-----------------------------------|--------------|----------------|----------------|
| Acquisition cost 1 Jan. | 131,241 | 9 | 131,250 | 137,528 |
| Increases | 8,218 | 914 | 9,132 | 2,500 |
| Impairment losses | -24,043 | | -24,043 | -3,778 |
| Acquisition cost 31 Dec. | 115,416 | 923 | 116,339 | 131,250 |

Group companies

| | Percentage of total number of shares and voting power |
|--|---|
| Suominen Nonwovens Ltd., Nakkila, Finland | 100.0 |
| Suominen Flexible Packaging Ltd., Tampere, Finland | 100.0 |
| Suominen Polska Sp. z o.o., Grodzisk Mazowiecki, Poland | 100.0 |
| Flexmer Ltd., Tampere, Finland | 100.0 |
| Suominen Italy Holding, s.r.l., Mozzate, Italy | 100.0 |
| Suominen Spain Holding, S.A., Alicante, Spain | 100.0 |
| Suominen US Holding, Inc., Windsor Locks, The United States of America | 100.0 |

Owned through subsidiaries:

| | |
|--|-------|
| | 100.0 |
| Suominen Flexible Packaging AB, Norrköping, Sweden | 100.0 |
| ZAO Suominen, St. Petersburg, Russia | 100.0 |
| Suominen Ikamer Ltd., Tampere, Finland | 100.0 |
| Cressa Nonwovens s.r.l., Mozzate, Italy | 100.0 |
| Mozzate Nonwovens s.r.l., Mozzate, Italy | 100.0 |
| Alicante Nonwovens S.A.U., Alicante, Spain | 100.0 |
| Bethune Nonwovens, Inc., Bethune, The United States of America | 100.0 |
| Green Bay Nonwovens, Inc., Green Bay, The United States of America | 100.0 |
| Windsor Locks Nonwovens, Inc., Windsor Locks, The United States of America | |

Real estate companies

(in other shares and participations in the balance sheet)

| | Percentage of total number of shares and voting power | Number of shares pcs | Nominal value of shares € 1,000 | Book value of shares € 1,000 | Shareholders' equity of the company € 1,000 | Profit/loss in the latest financial statements € 1,000 |
|--|---|----------------------|---------------------------------|------------------------------|---|--|
| Real estate companies | | | | | | |
| Kiinteistö Oy Virtain Inkantie 62, Virrat | 100.0 | 5,000 | 0 | 0 | 949 | |
| Participating interests | | | | | | |
| Kiinteistö Oy Killinpolku, Virrat, Finland | 25.0 | 1 | 8 | 8 | 112 | |

10. Other current receivables

| € 1,000 | 2013 | 2012 |
|---|--------------|--------------|
| Trade receivables | | 18 |
| Other receivables | 228 | 158 |
| Accrued income and prepaid expenses | | |
| Social security and healthcare | 2 | 3 |
| Indirect tax | 71 | 25 |
| Gains from currency derivatives | 9 | 28 |
| Loan provisions and arrangement fees | 3,031 | 4,091 |
| Other | 504 | 25 |
| Accrued income and prepaid expenses, total | 3,617 | 4,172 |

Receivables from group companies

| | | |
|---|---------------|---------------|
| Interest-bearing receivables | 60,943 | 29,320 |
| Other receivables | 1,513 | 1,715 |
| Total | 62,456 | 31,035 |
| Other current receivables, total | 66,301 | 35,383 |

11. Shareholders' equity

| € 1,000 | 2013 | 2012 |
|---|----------------|----------------|
| Share capital 1 Jan. and 31 Dec. | 11,860 | 11,860 |
| Share premium account 1 Jan. and 31 Dec. | 24,681 | 24,681 |
| Reserve for own shares 1 Jan. and 31 Dec. | -44 | -44 |
| Invested non-restricted equity fund 1 Jan. | 97,054 | 97,054 |
| Conveyance of own shares | 69 | |
| Invested non-restricted equity fund 31. Dec | 97,123 | 97,054 |
| Retained earnings 31 Dec. | -12,318 | -9,260 |
| Profit for the period | -5,511 | -3,058 |
| Shareholders' equity 31 Dec. | 115,791 | 121,234 |

Distributable assets

| | | |
|-------------------------------------|---------------|---------------|
| Retained earnings 31 Dec. | -12,318 | -9,260 |
| Invested non-restricted equity fund | 97,123 | 97,054 |
| Own shares | -44 | -44 |
| Non-restricted equity 31 Dec. | 84,762 | 87,750 |
| Profit for the period | -5,511 | -3,058 |
| Distributable assets | 79,251 | 84,693 |

12. Share capital

See note 15 in notes to the consolidated financial statements.

13. Interest-bearing liabilities

| € 1,000 | 2013 | 2012 |
|---|----------------|----------------|
| Current* | | |
| Repayment of capital loans | | 920 |
| Repayment of non-current liabilities | | |
| Loans from financial institutions | 22,915 | 19,500 |
| Pension loans | 571 | 571 |
| Repayment of non-current liabilities | 23,486 | 20,071 |
| Current loans | | |
| Loans from group companies | 36,541 | 31,834 |
| Total current interest-bearing liabilities | 60,027 | 52,825 |
| Non-current | | |
| Loans from financial institutions | 65,291 | 83,720 |
| Pension loans | 571 | 1,143 |
| Loans from group companies | | 428 |
| Total non-current interest-bearing liabilities | 65,862 | 85,291 |
| Interest-bearing liabilities, total | 125,888 | 138,116 |

* In the balance sheet under current liabilities.

Repayments

| € 1,000 | 2014 | 2015 | 2016 | 2017 | 2018- |
|--|---------------|--------------|---------------|------|-------|
| Repayments of non-current loans in future | | | | | |
| Loans from financial institutions | 22,915 | 7,500 | 57,790 | | |
| Pension loans | 571 | 571 | | | |
| Total | 23,486 | 8,071 | 57,790 | | |

14. Provisions

| € 1,000 | 2013 | 2012 |
|---------------------------|------|------------|
| Provisions 1 Jan. | 280 | 280 |
| Decrease | -280 | |
| Provisions 31 Dec. | | 280 |

Compulsory provision against estimated financial losses on rental liability of discontinued business operation was reversed in 2013.

15. Trade payables and other current liabilities

| € 1,000 | 2013 | 2012 |
|--|--------------|--------------|
| Trade payables | 852 | 954 |
| Other current liabilities | 89 | 64 |
| Accrued expenses | | |
| Interest | 812 | 960 |
| Payroll and social security | 1,460 | 413 |
| Losses from currency derivatives | 66 | |
| Other accrued expenses | 383 | 200 |
| Accrued expenses, total | 2,721 | 1,573 |
| Liabilities to group companies | | |
| Other liabilities | 96 | 573 |
| Trade payables and other current liabilities, total | 3,758 | 3,164 |

16. Contingent liabilities

| € 1,000 | 2013 | 2012 |
|---|---------------|---------------|
| Guarantees for loans | | |
| Guarantees on behalf of group companies | 5,033 | 5,670 |
| Other contingent liabilities | | |
| Guarantees on behalf of group companies | 5,904 | 4,583 |
| Guarantees on behalf of third parties | | 1,199 |
| Total | 10,937 | 11,452 |

Nominal values of mortgages

| | | |
|---|----------------|----------------|
| Pledged business mortgages, subsidiary shares and loans | 215,560 | 232,319 |
| Total | 215,560 | 232,319 |

Operating leases

| | | |
|---------------------------------|------------|------------|
| Falling due next year | 113 | 87 |
| Falling due in subsequent years | 147 | 221 |
| Total | 260 | 308 |

Rent liabilities

| | | |
|-----------------------|------------|-----------|
| Falling due next year | 203 | 13 |
| Falling due later | 176 | |
| Total | 379 | 13 |

17. Adjustments on cash flow statement

Adjustments on operations cash flow
1 January–31 December

| € 1,000 | 2013 | 2012 |
|--|--------------|--------------|
| Adjustments on profit/loss for the period | | |
| Change in depreciation difference | 140 | 437 |
| Group contributions | -34 | -28 |
| Financial income and expenses | -10,699 | -4,566 |
| Corporate taxes | 29 | |
| Depreciation | 1,737 | 1,087 |
| Impairment losses on non-current assets | | 8,778 |
| Gains and losses from disposals for non-current assets | 17,820 | |
| Other adjustments | 192 | 28 |
| Total | 9,185 | 5,737 |

Signing of the report by the Board of Directors and the Financial Statements

Proposal for the distribution of profit

The Board of Directors proposes to the Annual General Meeting to be held on 26 March 2014 for the distribution of profit as follows:

| | |
|---|------------------|
| Parent Company profit for 1 January–31 December 2013 | -5,510,970.60 € |
| Retained earnings according to the Parent Company balance sheet | -12,317,795.44 € |
| Invested non-restricted equity fund | 97,123,011.31 € |
| Own shares | -43,619.21 € |
| Total | 79,250,626.06 € |

| | |
|--|-----------------|
| Board proposes that no dividend is paid for the financial year | 0.00 € |
| Leaving on the non-restricted equity | 79,250,626.06 € |

The financial position of the company has not materially changed after the balance sheet date.

Helsinki, 30 January 2014

Jorma Eloranta
Chairman

Heikki Mairinoja

Risto Anttonen

Suvi Hintsanen

Hannu Kasurinen

Nina Kopola
President & CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki, 30 January 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Suominen Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Suominen Corporation for the year ended 31 December 2013. The financial statements comprise the consolidated statement of financial position, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President & CEO

The Board of Directors and the President & CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President & CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President & CEO

are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 30 January 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Share Capital and Shareholders

Distribution of share ownership on 31 December 2013

| Number of shares | Number of shareholders | Percentage | Total shares held in each category | Percentage of shares and voting power |
|--|------------------------|------------|------------------------------------|---------------------------------------|
| 1-100 | 270 | 8.4% | 16,706 | 0.0% |
| 101-500 | 634 | 19.7% | 194,709 | 0.1% |
| 501-1,000 | 517 | 16.1% | 431,297 | 0.2% |
| 1,001-5,000 | 1,129 | 35.1% | 2,923,052 | 1.2% |
| 5,001-10,000 | 289 | 9.0% | 2,278,157 | 0.9% |
| 10,001-50,000 | 293 | 9.1% | 6,008,926 | 2.4% |
| 50,001-100,000 | 39 | 1.2% | 2,850,776 | 1.1% |
| 100,001-500,000 | 22 | 0.7% | 4,852,291 | 2.0% |
| over 500,000 | 26 | 0.8% | 226,433,573 | 91.3% |
| | 3,219 | 100.0% | 245,989,487 | 99.2% |
| Shares held by the company | | | 1,924,367 | 0.8% |
| Shares not transferred to the book-entry system | | | 20,268 | 0.0% |
| Total | 3,219 | | 247,934,122 | 100.0% |
| out of which shares registered in a nominee's name | 7 | | 359,482 | 0.1% |

| Shareholders by category on 31 December 2013 | Number of shareholders | Percentage | Total shares held in each category | Percentage of shares and voting power |
|---|------------------------|------------|------------------------------------|---------------------------------------|
| Companies | 168 | 5.2% | 110,091,477 | 44.4% |
| Financial institutions and insurance companies | 6 | 0.2% | 22,473,865 | 9.1% |
| Public institutions | 6 | 0.2% | 67,137,497 | 27.1% |
| Non-profit organisations | 24 | 0.7% | 15,332,490 | 6.2% |
| Individuals | 3,001 | 93.4% | 29,486,772 | 11.9% |
| Foreign shareholders | 7 | 0.2% | 1,107,904 | 0.4% |
| | 3,212 | 100.0% | 245,630,005 | 99.1% |
| Shares registered in a nominee's name | 7 | | 359,482 | 0.1% |
| Shares held by the Company | | | 1,924,367 | 0.8% |
| Shares not transferred to the book-entry system | | | 20,268 | 0.0% |
| Total | 3,219 | | 247,934,122 | 100.0% |

The largest shareholders on 31 December 2013

| Shareholder | Total shares held | Percentage of shares and voting power |
|---|-------------------|---------------------------------------|
| 1. Ahlstrom Corporation | 66,666,666 | 26.9% |
| 2. Ilmarinen Mutual Pension Insurance Company | 26,422,103 | 10.7% |
| 3. Varma Mutual Pension Insurance Company | 22,500,000 | 9.1% |
| 4. Finnish Industry Investment Ltd | 22,212,575 | 9.0% |
| 5. Mandatum Life Insurance Company Limited | 20,759,500 | 8.4% |
| 6. Tapiola Mutual Pension Insurance Company | 14,123,255 | 5.7% |
| 7. Oy Etra Invest Ab | 12,223,320 | 4.9% |
| 8. Evald ja Hilda Nissi Foundation | 6,943,646 | 2.8% |
| 9. Heikki Bergholm | 4,885,562 | 2.0% |
| 10. The Finnish Innovation Fund Sitra | 4,444,444 | 1.8% |
| 11. Juhani Majjala | 3,286,743 | 1.3% |
| 12. Mikko Majjala | 3,017,337 | 1.2% |
| 13. Onninen-Sijoitus Oy | 2,500,000 | 1.0% |
| 14. Yleisradion Eläkesäätiö | 2,222,222 | 0.9% |
| 15. Finnish Cultural Foundation | 2,018,588 | 0.8% |
| 16. Apteekkien Eläkekassa | 1,820,934 | 0.7% |
| 17. Eeva Majjala | 1,793,635 | 0.7% |
| 18. Harald Relander | 1,290,000 | 0.5% |
| 19. Oy Chemec Ab | 1,216,112 | 0.5% |
| 20. Veikko Laine Oy | 1,110,400 | 0.4% |

Key figures

Adjusted key figures per share

| | IFRS 2013 | IFRS 2012 | IFRS 2011 | IFRS 2010 | IFRS 2009 |
|--|--------------|--------------|--------------|--------------|--------------|
| Earnings/share (EPS) before non-recurring items, € | 0.01 | 0.00 | -0.08 | -0.15 | 0.01 |
| Earnings/share (EPS) from continuing operations, € | 0.01 | -0.02 | -0.12 | -0.32 | -0.01 |
| Earnings/share (EPS) from discontinued operations, € | -0.08 | -0.03 | 0.01 | -0.02 | 0.03 |
| Earnings/share (EPS) from continuing and discontinued operations, € | -0.07 | -0.05 | -0.11 | -0.34 | 0.02 |
| Earnings/share (EPS) from continuing and discontinued operations before share issue, € | | | | | 0.04 |
| Cash flow from operations/share, € | 0.09 | 0.10 | -0.03 | -0.06 | 0.74 |
| Cash flow from operations/share before share issue, € | | | | | 1.13 |
| Equity/share, € | 0.32 | 0.39 | 0.44 | 0.70 | 1.01 |
| Equity/share before share issue, € | | | | | 1.55 |
| Dividend/share, € | | | | | 0.02 |
| Dividend/earnings, % | | | | | 84.4 |
| Dividend/earnings before share issue, % | | | | | 55.2 |
| Dividend/cash flow from operations, % | | | | | 2.7 |
| Dividend/cash flow from operations before share issue, % | | | | | 1.8 |
| Dividend yield, %* | | | | | 1.3 |
| P/E ratio | -7.32 | -7.25 | -3.51 | -1.51 | 67.0 |
| P/E ratio before share issue | | | | | 43.8 |
| Share price | | | | | |
| lowest, € | 0.34 | 0.33 | 0.36 | 0.48 | 0.65 |
| highest, € | 0.61 | 0.47 | 0.64 | 1.74 | 1.93 |
| average, € | 0.48 | 0.39 | 0.49 | 0.79 | 1.27 |
| at year end, € | 0.48 | 0.35 | 0.39 | 0.52 | 1.59 |
| Market capitalization on 31 Dec, € million | 118.1 | 86.1 | 95.9 | 24.6 | 37.7 |
| Number of shares | | | | | |
| average during the year | 245,907,846 | 245,873,824 | 85,887,023 | 35,532,883 | 23,707,065 |
| at year end | 246,009,755 | 245,873,824 | 245,873,824 | 47,226,209 | 23,709,430 |
| adjusted with share issue (factor 1.53) | | | | 41,768,853 | 36,254,774 |
| Number of shares traded as | 11,332,737 | 3,660,581 | 3,930,341 | 6,639,579 | 3,306,822 |
| percentage of the average during the year | 4.6 | 1.5 | 4.6 | 18.7 | 13.9 |
| percentage of the average during the year, adjusted with share issue | | | | 15.9 | 9.1 |

No dividends were paid during the financial year.

Key figures on financial performance

| | IFRS 2013 | IFRS 2012 | IFRS 2011 | IFRS 2010 | IFRS 2009 |
|---|---------------------------|--------------|--------------|--------------|--------------|
| Net sales, continuing operations, € million | 433.1 | 410.4 | 164.1 | 122.7 | 121.5 |
| Export and international operations, continuing operations, € million | 405.5 | 386.4 | 136.5 | 95.6 | 91.7 |
| as % of net sales | 93.6 | 94.2 | 83.2 | 77.9 | 75.4 |
| Operating profit from continuing operations before non-recurring items, € million | 18.3 | 12.9 | -2.6 | -2.7 | 5.3 |
| as % of net sales | 4.2 | 3.2 | -1.6 | -2.2 | 4.4 |
| Operating profit from continuing operations, € million, as % of net sales | 17.4 4.0 | 7.4 1.8 | -6.3 -3.8 | -9.7 -7.9 | 4.7 3.9 |
| Profit / loss for the period before taxes, € million | 10.2 | -3.0 | -11.4 | -14.3 | -0.7 |
| as % of net sales | 2.4 | -0.7 | -6.9 | -11.7 | -0.6 |
| Profit / loss for the period from continuing operations, € million | 2.5 | -5.2 | -10.6 | -13.4 | -0.4 |
| as % of net sales | 0.6 | -1.3 | -6.4 | -10.9 | -0.3 |
| Profit / loss for the period from discontinued operations, € million | -18.7 | -6.6 | 1.0 | -1.0 | 1.2 |
| as % of net sales | -4.3 | -1.6 | 0.6 | -0.8 | 1.0 |
| Profit for the period, € million | -16.1 | -11.9 | -9.5 | -14.4 | 0.9 |
| as % of net sales | -3.7 | -2.9 | -5.8 | -11.7 | 0.7 |
| Cash flow from operations, € million | 21.3 | 24.9 | -2.9 | -2.5 | 26.8 |
| Balance sheet total, € million | 238.9 | 278.9 | 338.1 | 119.4 | 122.8 |
| Return on equity (ROE), % | -18.6 | -11.2 | -20.9 | -37.3 | 2.4 |
| Return on invested capital (ROI), % | -0.6 | 0.4 | -3.7 | -10.6 | 6.4 |
| Equity ratio, % | 32.9 | 34.4 | 32.2 | 27.9 | 29.9 |
| Equity ratio, %, capital loans in equity | 32.9 | 34.8 | 32.8 | 32.9 | 36.4 |
| Gearing, % | 96.2 | 101.0 | 111.0 | 174.0 | 161.2 |
| Gearing, %, capital loans in equity | 96.2 | 98.8 | 107.5 | 132.1 | 114.4 |
| Gross investments, continuing operations, € million | 5.6 | 3.3 | 3.6 | 5.6 | 3.5 |
| as % of net sales | 1.3 | 0.8 | 2.2 | 4.6 | 2.9 |
| Expenditure on R&D, continuing operations, € million | 3.3 | 3.6 | 1.6 | 1.8 | 1.7 |
| as % of net sales | 0.8 | 0.9 | 1.0 | 1.5 | 1.4 |
| Average personnel | 1,037 | 1,220 | 907 | 901 | 944 |

Calculation of the key figures

| | |
|---------------------------------------|--|
| Earnings/share | $\frac{\text{profit before income taxes} - \text{income taxes}}{\text{adjusted number of shares held outside the group (average)}}$ |
| Cash flow from operations/share | $\frac{\text{cash flow from operations as in the cash flow statement}}{\text{adjusted number of shares held outside the group (average)}}$ |
| Equity/share | $\frac{\text{shareholders' equity}}{\text{adjusted number of shares held outside the group at year end}}$ |
| Dividend/share | $\frac{\text{dividend/share for the financial year}}{\text{adjustment coefficient for share issues after the financial year}}$ |
| Dividend/earnings, % | $\frac{\text{dividend/share} \times 100}{\text{earnings/share}}$ |
| Dividend/cash flow from operations, % | $\frac{\text{dividend/share} \times 100}{\text{cash flow from operations/share}}$ |
| Dividend yield, % | $\frac{\text{dividend/share} \times 100}{\text{adjusted share price at year end}}$ |
| P/E ratio | $\frac{\text{adjusted share price at year end}}{\text{earnings/share}}$ |
| Market capitalization | Number of shares held outside the group at year end x adjusted share price at year end |
| Return on equity (ROE), % | $\frac{(\text{profit before income taxes} - \text{income taxes}) (\text{last 12 months}) \times 100}{\text{shareholders' equity (quarterly average)}}$ |
| Return on invested capital (ROI), % | $\frac{(\text{profit before income taxes} + \text{profit from discontinued operations} + \text{interest and other financial expenses}) (\text{last 12 months}) \times 100}{(\text{balance sheet total} - \text{non-interest bearing liabilities}) (\text{quarterly average})}$ |
| Equity ratio, % | $\frac{\text{shareholders' equity} \times 100}{\text{balance sheet total} - \text{advances received}}$ |
| Gearing, % | $\frac{(\text{interest-bearing liabilities} - \text{interest-bearing receivables} - \text{cash at bank and in hand}) \times 100}{\text{shareholders' equity}}$ |

Information for shareholders

Financial Information

In 2014, Suominen Corporation will publish financial reports as follows:

Interim Report 1 January–31 March on 29 April 2014

Interim Report 1 January–30 June on 18 July 2014

Interim Report 1 January–30 September on 24 October 2014

Financial Statement Release of 2013 was published on 30 January 2014. Financial reports and other Stock Exchange Releases are published in Finnish and English and are available on the company's website www.suominen.fi immediately after publication. The internet pages also contain information on how to join the mailing list for releases. All financial reports and other releases will be distributed via e-mail. The English editions are translations of the Finnish originals, which will prevail in the event of any dispute.

The Annual General Meeting

The Annual General Meeting of Suominen Corporation will be held on Wednesday 26 March 2014, at 10 a.m. in the Finlandia Hall (Kongressisiipi, B Hall), address Mannerheimintie 13 e, Helsinki. The reception of persons who have registered for the meeting will commence at 9.00 a.m.

Notice of the Annual General Meeting has been announced as stock exchange release on 5 February 2014. All materials to the Annual General Meeting are available on the company's website www.suominen.fi

Shareholders who are entered in the Company's Register of Shareholders maintained by Euroclear Finland Ltd on 14 March 2013 are entitled to attend the Annual General Meeting. Notice of attendance at the Annual General Meeting is requested by 4 pm on 21 March 2013, either

- a) by e-mail at agm@suominencorp.com,
- b) by telephone at +358 (0)10 214 3551
(weekdays from 8.00am to 4.00pm)
- c) in writing to Suominen Corporation, Itämerentori 2,
FI-00180 or
- d) by fax at +358 (0)9 773 1109.

The notice of attendance must include the name of the shareholder, his or her personal id number, address, phone number and the name of an eventual assistant or representative and the representative's personal id number.

Payment of the dividend

The Board of Directors proposes to the Annual General Meeting of Shareholders that no dividend be paid for the financial year of 2013.

Investor relations

Investor relations of Suominen Corporation are the responsibility of Anu Heinonen, Vice President, Corporate Communications & IR, tel. +358 10 214 3555. Requests for management appointments shall be addressed to Eeva Oinonen, Executive Assistant, PA to President and CEO, tel. +358 (0)10 214 3551. E-mail addresses follow the format firstname.lastname@suominencorp.com.

Suominen's silent period commences at the end of a reporting period and ends when the interim report of financial statements release concerning the financial period in question has been published. No meetings between investors and company representatives will be arranged, nor will any comments on financial performance or development be issued during the silent period.

SUOMINEN CORPORATION

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