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FINANCIAL STATEMENTS
2013

ALTIA

— YOUR 1ST CHOICE —

2013

FINANCIAL STATEMENTS

_Contents

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Altia in the leading wine and spirits company offering quality brands in the Nordic and Baltic countries. Altia produces, delivers, markets, sells, imports and exports alcoholic beverages in these markets.

Altia's own brands such as **Blossa, Chill Out, Explorer, Larsen, Renault, Grönstedts, Koskenkorva, O.P. Anderson, Xanté** and **Skåne Akvavit** have a strong market position and many of them a long heritage to cherish.

Altia's partner brands represent both local and international brands from all over the world, such as **Codorníu, Drostdy-Hof, Hardy's, Jack Daniel's, Morrison-Bowmore, Nederburg, Ravenswood and Robert Mondavi.**

Altia serves its customers, partners and consumers close to markets with its wide production, sales and logistics set-up.

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Key ratios of the group	*2013*	*2012*	*2011*
Net sales, EUR million	**475.8**	483.3	519.0
Operating profit, EUR million	**0.7**	29.3	35.0
(% of net sales)	**0.1**	6.1	6.7
Operating profit excluding non-recurring items, EUR million	**17.4**	26.7	31.5
(% of net sales)	**3.7**	5.5	6.1
Profit (loss) before taxes, EUR million	**-3.8**	24.6	31.1
(% of net sales)	**-0.8**	5.1	6.0
Profit (loss) for the period, EUR million	**-3.1**	20.7	21.3
(% of net sales)	**-0.6**	4.3	4.1
Profit for the period excluding non-recurring items, EUR million	**13.6**	18.0	17.9
(% of net sales)	**2.9**	3.7	3.4
Total assets, EUR million	**577.7**	594.4	586.8
Return on equity, %	**-1.6**	10.8	11.6
Return on invested capital, %	**0.9**	7.7	8.4
Equity ratio, %	**29.2**	33.2	32.5
Gearing, %	**65.4**	66.9	51.8
Number of personnel, on average	**1 074**	1 108	1 178

Board of Directors' report for the period 1.1.–31.12.2013

The development of Altia's business was unsatisfactory in the year 2013. The group fell well behind the financial targets as the key performance indicators continued to decline for the second year in a row. Altia Group's net sales totalled EUR 475.8 million, which is 1.6% less than in the comparison period (2012: EUR 483.3 million). The market shares of both own and partner products declined. Operating profit excluding non-recurring items decreased to EUR 17.4 million (EUR 26.7 million). The restructuring costs and impairment loss mainly related to wine and mulled wine production resulted in the decrease of operating profit including non-recurring items to EUR 0.7 million.

Despite the general negative business development, the cash flow of Altia is strong and the company expanded its product portfolio in 2013 with several product launches and by acquiring the Larsen cognac business and the Brøndums aquavit, among others. Regarding Altia's business areas, Industrial Services succeeded well.

As a result of falling behind the financial targets and losing market shares, the Board decided in the last quarter of the year to make changes in the management in order to change the direction of Altia. Additionally, the company has set short-term objectives and efficiency program to improve profitability. The Board proposes for Altia not to distribute dividends for the year 2013.

Altia Group's 2013 financial statements are prepared in accordance with IFRS. Comparative information is based on corresponding figures for the previous period 2012, unless otherwise stated (figures in brackets).

OPERATING ENVIRONMENT 2013

In case of Finland, Sweden and Norway, retail sales refer to the sales of alcoholic beverages through the State monopolies. The figures are based on the sales volumes (litre) published by the monopolies (Alko, Systembolaget and Vinmonopolet). The information on Denmark, Estonia and Latvia is based on Altia's own, local estimates.

The year 2013 continued very similar to 2012 as the sales of spirits continued to decrease and the sales of wine increased in the sphere of operations of Altia. It is common for all the monopoly countries that consumers are shifting to favour lighter beverages with milder alcohol content. As a result of this trend, especially the sales of sparkling and rosé wine has significantly increased in these countries. The Nordic countries are still strongly affected by the cross-border trade between Finland and Estonia, Denmark and Germany, as well as Sweden and Germany due to considerable price differences between these countries. The Baltic countries are showing a clear sign of recovery from the strong economic decline faced in 2009-2010, which is reflected in the increased sales of more valuable spirits, particularly cognac and whisky.

In Finland, the change in the total sales of alcoholic beverages in 2013 was -3.0% (-1.8%). The sales of spirits developed -5.1% (-2.7%) and the sales of wine -1.8% (0.5%), respectively. In terms of spirits, especially the sales volumes of liqueur, brandy and cognac as well as vodka were significantly lower compared to the previous year. Regarding wine, red wine and fortified wine showed the largest decline, while the sales of rosé wine and sparkling wine increased compared to 2012. The magnitude of Estonia as the purchase place of the alcoholic beverages consumed by Finns continues to grow. According to the statistics published by the National Institute for Health and Welfare in February 2014, the total alcohol imports by passengers account for as much as nearly 27% of spirits consumption and nearly 17% of wine consumption in Finland.

In Sweden, the change in the total sales of alcoholic beverages in the reported year was 1.3% (0.7%). The change in the sales of spirits was -2.5% (-0.4%) and in wine 1.7% (1.8%), respectively. The strongest decrease in the sales of spirits occurred with cognac and brandy as well as vodka. In terms of wine, especially the sales of fortified wine and mulled wine declined, whereas the sales of sparkling wine and rosé wine was significantly increasing.

In Norway, the change in the total sales of alcoholic beverages in the reported year was 0.8% (1.8%). The sales of spirits developed -3.1% (-2.0%) and wine 1.0% (2.1%). The strongest decrease in the sales of spirits occurred with cognac and brandy as well as liqueur. The sales of red wine slightly declined, whereas the sales of rosé wine and sparkling wine strongly increased.

The total market size in Denmark is estimated to have slightly increased. The spirits market is estimated to have grown around a few percentages. The cross-border trade between Denmark and Germany is estimated to have remained at the same level as in the previous year. The key reasons for this are the decreases in beverage and beer taxation executed during the year 2013.

In Estonia, the total market size is estimated to have grown a few percentages during the year 2013. Wine as well as cognac and whisky in the spirits category have shown the highest growth. The sales of vodka are estimated to have decreased approximately 5%, which has also resulted in intense price competition. Consumers are showing increasing interest in premium brands both in the cross-border trade and in the domestic market.

In Latvia, the total market is estimated to have remained at the same level as in the previous year. The sales of spirits are estimated to have slightly grown, whereas the sales of wine are estimated to have slightly decreased compared to the previous year. Especially the sales of whisky and liqueur in the spirits category have increased. In terms of wine, particularly the sales of sparkling wine are behind the 2012 figures.

FINANCIAL PERFORMANCE

Altia Group's net sales totalled EUR 475.8 million, which is EUR 7.5 million (1.6%) less compared to the previous year (EUR 483.3 million).

The most significant factors affecting the decrease of net sales were the declined demand of spirits and the decreased sales of the monopolies, while cross-border trade has continued to increase. Furthermore, Altia has lost market shares in the spirits and wine categories.

The comparability of net sales between 2012 and 2013 was affected by the strategic sales of business operations during the year 2012. The net sales of the comparison period include the net sales of VSD Logistics AB and VSD Logistics AS sold in May 2012 as well as the net sales of A-Pullo Oy, which terminated its business operations in March 2012. On the other hand, the corporate and brand acquisitions executed during the year 2013, the Danish Brøndums aquavit brand and the French Larsen SAS as well as The Xanté Company AB and SIA Jaunalko acquired in the comparison period, affect the comparability of net sales. The comparable net sales in January-December was EUR 467.2 million, which is EUR 8.9 million (1.9%) less compared to the previous year (EUR 476.1 million).

Other operating income, including non-recurring items, was EUR 12.1 (13.6) million, non-recurring income amounted to EUR 4.5 (4.5) million. In the reporting period, non-recurring items included mainly EUR 2.4 million gains on sale of land areas and a liquidation gain of EUR 1.9 million regarding a Norwegian subsidiary. Other operating income in the comparison period comprised a divestment gain of EUR 4.5 million.

Additionally, other operating income included income of EUR 3.5 (4.0) million mainly resulting from the sales of steam, energy, water and carbon dioxide and rental income of EUR 1.2 (1.4) million.

Employee benefit expenses totalled EUR 68.2 (65.4) million, including EUR 53.9 (51.3) million of wages and salaries. Employee benefit expenses in the comparison period included a provision for annual bonuses with social costs in total of EUR 1.5 million.

Other operating expenses amounted to EUR 90.1 (86.7) million. During the reporting period, the expense recognised for obsolete items and write-downs on inventory in the Group companies totalled EUR 5.4 (3.3) million.

Operating profit excluding non-recurring items decreased to EUR 17.4 million (26.7) and profit margin excluding non-recurring items was 3.7% (5.5%). Operating profit including non-recurring items was EUR 0.7 million (29.3). The profit margin including non-recurring items was 0.1% (6.1%). The non-recurring items included in the operating profit were as follows:

EUR million	**1-12/2013**	1-12/2012
Operating profit excluding non-recurring items	**17.4**	26.7
Restructuring costs	**5.3**	-
Impairment loss	**15.6**	1.0
Other items	-	0.8
Termination of business operations	**-1.9**	-
Sales of assets	**-2.2**	-4.5
Total non-recurring items	**16.7**	-2.6
Operating profit	**0.7**	29.3

The restructuring costs and impairment loss relate to the relocation of the wine and mulled wine production of the Svendborg plant to the Rajamäki plant. The most significant non-recurring income items included the gains on sale of land areas, totalling EUR 2.4 million, and the liquidation gain on a Norwegian subsidiary, amounting to EUR 1.9 million. Non-recurring income in the comparison period mainly related to the gain arisen from the sale of a subsidiary, amounting to EUR 4.5 million as well as an impairment loss of EUR 1.0 million.

Net financial costs totalled EUR 5.9 (5.7) million. The financial costs rose above the level of the comparison period due to a EUR 0.5 million expence booking resulting from the reversal of the old loan accruals as the loans were repaid prematurely in connection with refinancing of the loan portfolio.

The Group's share of profits in a joint venture amounted to EUR 1.3 (1.0) million.

Profit for the period including non-recurring items amounted to EUR -3.1 (20.7) million. Profit for the period excluding non-recurring items was EUR 13.6 (18.0) million. Taxes amounted to EUR -0.8 (4.0) million. The decrease in taxes arose from the declined profit as well as changes in tax rates and the utilisation of tax losses transferred from the merger of a subsidiary of Altia Plc.

FINANCING AND LIQUIDITY

Net cash flow from operating activities totalled EUR 84.5 million (EUR 0.7 million). Altia refinanced its non-current loans in December with a syndicated loan totalling EUR 200.5 million provided by four banks with the maximum maturity of five years. The loan arrangement also includes a EUR 60.0 million revolving credit facility. In addition, Altia diversified its financing structure during the reporting period with a frame agreement for trade receivables sales amounting to maximum EUR 70.0 million. The cash flow effect of receivables sold at the end of the reporting period amounted to EUR 44.0 million. The sold receivables are derecognized at the time of sale. The costs of the arrangement are recognized in other financial costs.

Gross capital expenditure amounted to EUR 63.4 (33.4) million and the net capital expenditure was EUR 59.9 (27.6) million. The impact of the increase in the value of the cognac inventory was EUR 25.5 million. Altia Group's liquidity position was good during the whole reporting period.

The Group's liquidity reserve comprises a revolving credit facility of EUR 60.0 million as well as overdraft facilities of EUR 40.0 million. All were unused at 31 December 2013.

The Group's interest-bearing net debt amounted to EUR 110.4 (131.7) million at the year-end and gearing was 65.4% (66.9%). Equity ratio was 29.2% (33.2%).

The nominal value of the issued commercial papers amounted to EUR 44.0 (20.5) million at the end of the period under review.

CAPITAL EXPENDITURE (INVESTMENTS)

Gross capital expenditure totalled EUR 63.4 (33.4) million. Gross capital expenditure comprises acquisitions of subsidiaries totalling EUR 36.3 (21.1) million.

Corporate and brand acquisitions made in 2013 include the Danish Brøndums aquavit brand (EUR 11.3 million), acquired in the second quarter, as well as the French Larsen SAS acquired in the third quarter, comprising both the cognac business, fully integrated cognac operations including own production facilities and aging inventories, and the Larsen brand (EUR 36.3 million).

Other capital expenditure mainly related to purchases of incomplete equipment, the opening of a new logistics centre in Brunna in Sweden and the bioenergy power plant initiative at the Koskenkorva plant. A 10-megawatt steam power plant, fully suitable for burning agricultural biomass, will be built for steam generation at Altia's Koskenkorva plant. Construction was started in early 2013, and the new boiler will be commissioned towards the end of 2014. The total value of the project is approximately EUR 15 million.

Corporate acquisitions made in the comparison year included Swedish The Xanté Company AB and the Latvian SIA Jaunalko.

PRODUCTION

During the year 2013, the Rajamäki alcohol plant produced 51.3 (49.0) million litres of spirits and wine. The corresponding production volume at the Svendborg plant in Denmark was 32.1 (35.4) million litres and at the Tabasalu plant in Estonia 3.3 (4.0) million litres.

The Koskenkorva plant used 173.2 (169.6) million kilos of Finnish barley to produce 21.0 (23.2) million kilos of grain spirit, 51.1 (42.4) million kilos of starch and 57.2 (58.4) million kilos of feed.

RESEARCH AND DEVELOPMENT ACTIVITIES

Group's research and development expenditure amounted to EUR 3.3 (3.1) million and it was allocated to the product development of alcoholic beverages.

DEVELOPMENT OF OPERATING SEGMENTS

In Altia Group the operating segments are reported in accordance with IFRS 8 Operating Segments. The operating segments reported separately include Altia Brands (previously Brands), Partner Brands (previously Trading) and Industrial Services.

ALTIA BRANDS BUSINESS AREA

Altia Brands business area is responsible for the sales, marketing and product development activities of Altia's own products. The sales of Brands comprise the sales of own regional and local trademarks. The product selection is complemented by regionally selected partner brands.

EUR million	**1-12/2013**	1-12/2012
Sales	**191.5**	207.3
Inter-segment sales	**-0.3**	-0.8
Net sales	**191.1**	206.5
Operating profit	**25.6**	32.0
Profit margin %	**13.4**	15.5
Depreciation and amortisation	**5.1**	4.0
Investments	**47.2**	21.1
Personnel (on average)	**208**	173

Net sales

Net sales in Altia Brands business area decreased by about EUR 15.4 million (7.5%) to EUR 191.1 (206.5) million. Net sales in the reporting period include a total of EUR 4.5 million in sales of the SIA Jaunalko products, acquired in September 2012, EUR 1.9 million in sales of the Brøndums aquavit products, acquired in June 2013, and EUR 3.5 million in sales of Larsen SAS products, acquired in August 2013. The net sales of Altia Brands in Finland dropped by EUR 17.1 million due to the restructuring where the partner business was transferred under the Partner Brands business area in the beginning of 2013.

Net sales improved in export, travel trade, Denmark, Latvia and Estonia. The acquisition of SIA Jaunalko increased the net sales in Latvia but the comparable net sales remained below the net sales generated in the prior year. In Finland and Sweden the net sales decreased. In Finland the net sales decreased especially in wines and spirits. In Sweden the sales decreased in wines, spirits and mulled wines. In Norway the net sales remained at the same level as in the prior year.

Operating profit

Operating profit decreased EUR 6.4 million from the prior year totaling EUR 25.6 (32.0) million. The operating profit declined due to the decrease in net sales in Finland and Sweden. Operating profit increased in exports, travel trade, Latvia, Estonia and Denmark. In Norway the operating profit remained at the prior year's level.

Capital expenditure

Capital expenditure increased by EUR 26.1 million compared to the previous year, totaling EUR 47.2 (21.1) million. The growth in capital expenditure resulted from the acquisition of Brøndums trademark in late June and from the acquisition of Larsen SAS business in late August. The Brøndums aquavit acquisition strengthens the Altia product portfolio in the whole Nordic region and especially in Denmark. The Larsen acquisition strengthens Altia's position in the Nordic and Baltic countries and increases Altia's significance in travel trade of the Nordic countries. Along with the acquisition Altia has acquired a production chain for cognac, including production facilities and cellars in Cognac, France.

Personnel

The average number of personnel was 208 which is 35 persons more compared to the previous year. The increase resulted from the acquired companies (SIA Jaunalko in September 2012 and Larsen SAS in August 2013).

PARTNER BRANDS BUSINESS AREA

Partner Brands business area (former Trading) is responsible for partner relationships as well as marketing and sales of partner brands in Finland, Sweden and Norway. Partner Brands business area has a strong selection of international brands and long-term business relations with partners.

EUR million	**1-12/2013**	1-12/2012
Sales	**138.7**	132.9
Inter-segment sales	**-0.4**	0.0
Net sales	**138.3**	132.9
Operating profit	**1.4**	6.0
Profit margin %	**1.0**	4.5
Depreciation and amortisation	**2.6**	2.7
Investments	**0.1**	0.1
Personnel (on average)	**102**	92

Net sales

Net sales in Partner Brands business area increased by EUR 5.4 million (4.1%) to EUR 138.3 (132.9) million. The growth was mainly caused by the internal restructuring in Finland where the partner business was transferred from the Altia Brands business area. The business transfer took place in the beginning of January 2013. All in all, the transfer's impact on the net sales in 2012 would have amounted to EUR 17.1 million. The net sales in Norway and Sweden decreased in comparison to the previous year.

Operating profit

Operating profit decreased by EUR 4.5 million to EUR 1.4 (6.0) million. The decrease in the operating profit mainly resulted from marketing costs and costs incurred from larger changes in the partner portfolio with regard to the prior year.

Capital expenditure

There was no significant capital expenditure in the Partner Brands business area during the reporting period and the comparison period.

Personnel

The average number of personnel was 102. The slight increase in personnel is a result of the transferred personnel from the Altia Brands business area.

INDUSTRIAL SERVICES BUSINESS AREA

Industrial Services business area consists of three business units: contract services, feed and starch businesses and technical ethanol, which serve for Altia's external clients.

EUR million	**1-12/2013**	1-12/2012
Sales	**144.8**	147.7
Inter-segment sales	**-0.7**	-4.5
Net sales	**144.0**	143.2
Operating profit	**11.8**	11.2
Profit margin %	**8.1**	7.6
Depreciation and amortisation	**1.0**	0.9
Investments	**0.4**	1.3
Personnel (on average)	**24**	36

Net sales

Net sales of the Industrial Services business area remained at the level of the comparison period amounting to EUR 144.0 (143.2) million, although the comparison period includes net sales up to EUR 6.4 million relating to the VSD business units in Sweden and Norway sold in May 2012. The positive development of net sales mainly resulted from the growth in feed and starch business unit, which was EUR 6.8 million (22.0%) in comparison to the previous year. In other units the development was more moderate.

Operating profit

Operating profit in the Industrial Services business area increased by EUR 0.6 million compared to the previous period totalling EUR 11.8 (11.2) million. The growth resulted mainly from the increase in sales volumes in starch. The price of grains nearly remained at the level of the previous year. The relative profitability of the business unit improved approximately by 5.0%.

Capital expenditure

Capital expenditure of the business area amounted to EUR 0.4 (1.3) million. The capital expenditure related to a storage service agreement.

Personnel

The average number of personnel was 24, which is 12 less compared to the previous year. The personnel of the comparison period included the personnel within the VSD business unit which was sold in May 2012.

OTHER BUSINESS OPERATIONS

Other business operations comprise Supply Chain operations as well as the Group support functions. Supply Chain consists of the Group's production, logistics and procurement operations.

The unallocated operating expenses of the Supply Chain operations amounted to EUR 8.3 (8.2) million and those of the Group support functions EUR 10.1 (14.3) million.

Depreciation and amortisation of the Supply Chain operations amounted to EUR 8.3 (9.7) million and those of the support functions EUR 4.0 (4.0) million.

Capital expenditure of the Other business operations totalled EUR 12.1 (5.2) million. The most significant projects in respect of capital expenditure relate to the bio power plant at the Koskenkorva plant (EUR 5.4 million) as well as to the opening of a new logistics centre in Brunna in Sweden (EUR 2.8 million).

The average number of personnel in the Supply Chain operations was 593 (664). The decrease in personnel mainly resulted from the outsourcing and reduction of personnel and retirements at the Koskenkorva plant.

Through the organizational changes part of the Supply Chain's personnel was transferred to other units. The average number of personnel in the support functions was 147 (143).

ALTIA'S SHORT-TERM FOCUS AREAS

Altia's goal is to achieve a realistic long-term growth and value creation in the challenging market environment which results from changing consumer behavior. The demand of alcoholic beverages, especially in spirits, is decreasing in several market areas, particularly in Finland. The consumer behavior is shifting from spirits to lighter beverages and in respect of wines the demand of alcohol-free products is increasing. The products' life cycles are shortening as the consumers are constantly seeking new taste experiences. Constant raises in alcohol taxes have created pricing pressure and have led to an increase in travel trade. At the same time the competition on the industry has increased.

The foundation for Altia's long-term growth is laid by ensuring success in short-term. Altia focuses on the chosen short-term areas to achieve the needed turn in the development of the company's financial situation. Clear and solid measures based on Altia's strengths lay the foundation for increasing the company's market shares. Fast and uncompromising implementation of the chosen measures requires clear management and good internal cooperation.

Important measures include the clarification of the brand strategies, launches of new products and further strengthening of the partner relations. Altia has managed to quickly diversify its supply and acquire well-known brands in its business area, the newest acquisition being the cognac brand Larsen. Altia has become a growing cognac producer who has production capacity and cellars in Cognac, France.

The product portfolio has been renewed by creating new innovative products, the newest including Valhalla, Koskenkorva 30% and the Marjakossu product family. Along with the PET packaging reform, many of Altia's traditional products have switched their packaging to light and ecological packages which the consumers favor.

Altia's goal is to achieve the cost leadership in production and logistics of alcoholic beverages in those markets where it operates. The transfer of wine and mulled wine production from the Danish Svenborg plant to the Rajamäki plant is currently in progress. In its largest market area, Sweden, Altia opened a distribution center in Brunna at the end of the year. The customer service and logistics functions in Sweden have been centralized at the Brunna location.

In the beginning of the year, strategy work for ensuring Altia's long-term growth and value creation was commenced.

GROUP MANAGEMENT

In order to change the direction of Altia changes were made in the management. Altia's Chief Executive Officer Antti Pankakoski was relieved from his duties on 21 November 2013. Hannu Tuominen, Interim CEO (SVP of Industrial Services and Supply Chain), acts as the substitute for the Chief Executive Officer until the new CEO starts in his position. Altia Plc's Board of Directors has appointed Pekka Tennilä as the new CEO of the company as of 1 June, 2014.

New members of the Executive Management Team in 2013 include Matti Piri, CFO; Michael Bech-Jansen, SVP, Altia Brands; and Thomas Heinonen, General Counsel. After the end of the financial year a new member, Søren Qvist, SVP, Partner Brands, joined the Executive Management Team.

In 2013, Altia Group's Executive Management Team comprised of:

Antti Pankakoski, CEO, until 21 November 2013,
Hannu Tuominen, SVP, Industrial Services and Supply Chain, Interim CEO as of November 21, 2013,
Michael Bech-Jansen, SVP, Altia Brands, from 26 November 2013 (Kari Lampinen, SVP, Brands, until 30 January 2013),
Thomas Heinonen, General Counsel, member of the Executive Management Team from 1 September 2013,
Sanna Hokkanen, SVP, Human Resources,
Joacim Hultin, SVP, Partner Brands and
Matti Piri, Chief Financial Officer, from 1 October 2013 (Tomi Tanninen, Chief Financial Officer, until 31 August 2013)

PERSONNEL

In 2013, Altia Group employed on average 1,074 (1,108) persons. At 31 December 2013, Altia Group employed 1,074 (1,106) persons, of which 504 (530) were employed in Finland, 165 (172) in Sweden, 161 (179) in Denmark, 42 (39) in Norway, 104 (114) in Latvia, 73 (72) in Estonia and 25 (-) in France.

The project to develop the company's corporate culture started in 2012 and continued in 2013. During 2013 the focus was in implementation of different learning solutions supporting the culture. In areas where significant changes were made, the readiness of the superiors and staff to changes was improved by arranging local trainings and discussion sessions for the whole personnel. After the organizational changes the teams were assisted in the implementation of the new practices and procedures. The cornerstones of the corporate culture were also taken into account in the development discussions.

In development of the management processes, a central focus has been on coaching leadership. In 2013, several trainings, open discussion sessions and mentoring were arranged for the superiors on the subject.

Altia was as a pilot for the programme for persons with partial work capacity under the Finnish Ministry of Social Affairs and Health. On the Rajamäki plant the programme has produced positive results and especially the personnel with partial work capacity have been content with their employer's new practices. The programme is being continued and developed further.

The whole personnel was given an opportunity to express their opinion on Altia as a work place via a personnel research conducted in October. The response rate was 70.5 %. Based on the results the personnel considered their work meaningful and the working atmosphere to be good. However, especially in communication of the company's strategy and goals there was room for improvement. Hence the Executive Management Team decided to choose internal communication as one of the development areas for the year 2014.

In 2013 streamlining programmes were reviewed in Finland and Sweden. Based on the co-operation negotiations, terminations of 24 employees, retirement solutions and termination of fixed-term employment contracts were agreed upon. Furthermore, at the Koskenkorva plant outsourcing arrangements were carried out with Altia's partners.

The changes in personnel, resulting from both the transfer of the operations from the Latvian SIA Jaunalko to the Tabasalu plant in Estonia, as well from the relocation of the wine and mulled wine (glögg) production of the Svendborg plant in Denmark to the Rajamäki plant, were concluded in 2013 and the resulting measures will be carried out in 2014

INCENTIVE PROGRAMMES

THE ANNUAL BONUS

Altia's clerical employees, managerial employees and management participate in an annual performance bonus program of Altia Group. The annual bonus is based on both Group's and its business units' targets approved by the Board of Directors, as well as on personal goals.

Workers participated in a production bonus system. The production bonuses were based on the targets of each production unit.

The profit for the period did not include a performance bonus provision. The profit for the comparison period included a bonus provision amounting to EUR 1.5 million, with social expenses. Based on the profit for 2012, the annual performance bonuses of EUR 1.5 (4.9) million, including social expenses, were paid in 2013. The production bonuses totalling EUR 0.4 (0.4) million, including social expenses, were included in the profit for the period.

LONG-TERM INCENTIVE SCHEME 2009-2011

In the years 2009 to 2011, Altia had a long-term incentive scheme in use with a purpose to support the company's strategy, remunerate for implementing the strategy and to commit the key personnel to the company. The remuneration was determined based on the achieved financial criteria at the Group level. The incentive plan included 29 persons. The scheme was executed in accordance with the guidelines by the state owner on management remuneration and pension benefits.

The bonuses related to the long-term incentive plan 2009-2011 totalled EUR 3.7 million, of which EUR 1.8 million was paid, including social expenses. The bonuses for the comparison period amounted to EUR 1.8 million, including social expenses. The incentive scheme has ended.

LONG-TERM INCENTIVE SCHEME 2012-2014

Altia has a long-term incentive scheme for the years 2012-2014. The purpose of this scheme is to support the company's strategy and to remunerate for implementing the strategy, to commit the key personnel to the company and to offer them a competitive bonus system. The remuneration is determined based on the achieved financial criteria at the Group level and any payments would be made over a time period of three years.

The target group of the scheme consists of the key personnel which the Board of Directors has decided in the beginning of the remuneration period. The participation in the scheme will be confirmed separately for each year. The scheme has been executed in accordance with the guidance on management remuneration and retirement benefits in a State-owned company.

In 2013, the profit for the period does not include a provision for the long-term incentive plan 2012-2014.

HEALTH, SAFETY AND ENVIRONMENT

Altia's health and safety management system has been certified in accordance with the OHSAS 18801:2007. The certification covers the Koskenkorva plant, the technical ethanol business unit, the Rajamäki plant and the head office functions. The purpose of the system is to reduce the rate of absence caused by sickness and accidents. Specific action programs have also been prepared for the plants and logistics centers not covered by the certification.

The accident rates and the sickness absence rates were closely monitored in all those countries where Altia operates*. In 2013 the sickness absence rate was 3.3. The rate varied by location, with the Swedish logistics center having the highest rate (6.0) and the lowest rate being in the head office (1.0). The accident rates** for those accidents requiring at least one day of absence was 12. There were no or very few accidents in other locations than Rajamäki, where the analyzing and preparing evasive action for close calls and accidents is being streamlined. In 2013, zero work-related mortal accidents were recorded.

Key environmental impacts of Altia relate to the Koskenkorva distillery as well as the operations at the alcoholic beverage plants in Rajamäki and Svendborg in Denmark. The Tabasalu alcoholic beverage plant serving the Baltic markets has a significantly lower production volume compared to the other plants, therefore its environmental impacts are also lower.

** Only the Supply Chain personnel has been reported for Sweden*

*** The accident rate refers to the ratio of accidents to the working hours. The ratio is calculated with respect to million working hours*

At the Koskenkorva and Rajamäki plants and in the support functions, sales and marketing of the Helsinki headquarters, the environmental management system has been certified in accordance with the ISO 14001 standard. After transferring the wine and mulled wine production from Svendborg to Rajamäki the Svendborg plant will give up its ISO 14001 certificate during the year 2014.

With regard to the environmental targets, Altia's energy and water consumption in proportion to the finished products decreased slightly and the quality of waste water improved during 2013. The new 2013 target ratios concerning decrease of waste materials and disposable alcohol were not fully reached. The environmental targets had to be reset for the years 2013–2015 due to the transfer of the Svendborg plant's production to Rajamäki plant in 2014. The measures in order to reach the environmental targets are defined on an annual basis in the prepared environmental programs.

Environmental responsibilities and the target levels set by municipalities were met with few exceptions in the Rajamäki, Koskenkorva, Svenborg and Tabasalu plants. Environmental accidents and deviations are recorded in specific deviation reports and execution of corrective actions is monitored regularly. During the period there were no fines caused by breaches of environmental laws and regulations or exceeding the limits set in the permissions.

In 2013 the energy costs of Altia's plants amounted to over EUR 7 million. The energy saving measures are a major development area for Altia both in terms of profitability and environment.

Altia is committed to reduce its energy use by 9% in Finland from the level of 2005 by the year 2016, based on the voluntary energy efficiency agreement of the Confederation of Finnish Industries (EK) and the State of Finland. In 2013, energy savings amounted to 8,348 MWh, or 4.0% compared to the level of 2012, and 37,385 MWh, or 15.8% compared to the level of 2005.

The significant measures action relating to the use of energy at the Koskenkorva plant was the commencement to build a 10-megawatt steam power plant which is 100-percent compatible with burning agricultural biomasses for steam production purposes. The power plant in question is the first in Finland in terms of its technique and applicable fuels. With this investment, Altia is pursuing up to 65% fuel self-sufficiency in steam generation at the Koskenkorva plant and will radically reduce its current dependency on peat. The carbon dioxide emissions of the plant will reduce half of its current level.

Distillation requires a lot of energy which emphasizes the significance of carbon credit for Altia. The distillery in Koskenkorva takes up approximately 75% of the whole energy usage in Altia's production.

In 2013, Altia's emission allowances were 29,533 tons of carbon dioxide and the realized emissions were 37,505 tons of carbon dioxide. The total amount of unused emission allowances at the end of 2013 was 51,379 tons of carbon dioxide.

The use of recyclable PET bottles in Altia's own production increased significantly over the year 2013. PET bottle is 89% lighter in comparison to glass bottles. The freight weight decreased over 4 million kilos.

At the Rajamäki, Koskenkorva, Svendborg and Tabasalu plants, the average recycling rate of waste and utilisation as energy was 85.5%. The products made by Altia can principally be tracked down to the individual items of the packaging and raw material producers.

Altia protects its water supplies in Finland by land ownership on the pumping stations' groundwater areas and, among other things, the area's building constraints, environmental protection areas, statements on construction or digging up ground on surrounding areas as well as supervising land use.

Altia measures the efficiency of its production and hence also the efficiency of its usage of materials. Material usage efficiency is at its greatest in utilization of the barley grain at the Koskenkorva plant where the barley grain is fully utilized in production of grain spirits, starch and feed. The remaining barley peels are burned in the power plant in order to produce energy.

In the year 2013, environment-related capital expenditure at the Rajamäki plant amounted to EUR 0.5 million.

SIGNIFICANT RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

There have been no significant changes in near future risks of Altia Group's operations compared to the risks disclosed in the financial statements of 2012.

Risk management consists of actions that aim to identify and assess significant external and internal uncertainties which could threaten the implementation of the strategy as well as achievement of the objectives.

The most significant uncertainties in Altia Group's operations relate to the overall economic development and its impacts on consumption as well as alcohol taxes and the effects of legislation on consumer behaviour, for example on the significance of Estonia in sale of alcoholic beverages.

Surprising and unanticipated production and delivery problems consitute the significant short-term operational risks, as well as rapid and significant changes in raw material prices, especially in respect of barley. Financial risks comprise currency risk, interest rate risk, liquidity risk and credit risk. These risks are hedged against in accordance with the principles defined in the Group Risk Management Policy. A more detailed presentation of the Group's risks and risk management principles is included in the notes to the consolidated financial statements in section Financial Risk Management.

The development of a comprehensive risk management system for risks related to strategy, operations, financing and hazards was continued in 2013. The goal is especially to integrate operations management and risk management, risk management training and creation of risk management indicators. Special emphasis is put on preventive actions and their development. Preparations have been made for acting in crisis situations and for crisis communication.

Altia's business areas are responsible for the risks involved in their operations, for preventing damages caused by the risks and for hedging against the risks. Risk management in Altia Group is part of the everyday operations as well as the operative planning and management process, which is led by the Group's finance function under the CFO. As part of the reporting and planning process, risk management identifies risks of the business areas, which are assessed based on their impact and likelihood. The key risks are described and analysed in detail. Furthermore, measures to manage the risks as well as tasks and responsibilities associated with the risks are determined. The aim is to minimize or transfer identified risks where possible.

Finance function is responsible for the insurance programs covering the whole Group. The scope of the insurances is assessed, among others, in the context of risk analysis.

GROUP STRUCTURE

The following changes took place in the Group structure during the reporting period:

Along with the contract signed by Altia Plc in June 2013, the ownership in Larsen SAS and the cognac brand was transferred to Altia at the end of August. After the transfer Altia owns 100 % of Larsen SAS. The purchase price amounted to EUR 39.3 million. The acquisition included cognac cellars worth of EUR 23.8 million. A total of EUR 5.0 million of the purchase price was allocated to intangible assets (trademark) in accordance with the purchase method.

Altia redeemed the non-controlling interest in SIA Jaunalko's shares during the second quarter, after which the ownership in the company was 100 %. SIA Jaunalko merged with SIA Altia Latvia at the end of December. Altia combined the operations of SIA Jaunalko plant with the Estonian Tabasalu plant.

Altia's subsidiary Altia Holding Sweden AB's Norwegian subsidiary SBG AS was liquidated in December.

SHARES

Altia Plc's shares comprise A and L share series. At the end of the 2013 reporting period, there were 35,960,000 A shares and 25,003 L shares. All shares entitle to equal voting and financial rights. At the end of the period, all L series shares were held by the company.

Altia Plc is fully owned by the State of Finland.

FINANCIAL PERFORMANCE OF THE PARENT COMPANY

The net sales of the parent company totalled EUR 206.7 (202.8) million. The operating profit (loss) was -1.1 (1.6) million. The profit for the period included an impairment loss of EUR 5.4 million on the shares in the Latvian and Finnish subsidiaries.

The parent company's net finance costs totalled EUR 3.6 (2.9) million. The profit (loss) for the period amounted to EUR -3.0 (-0.4) million.

BOARD OF DIRECTORS, AUDITORS AND ANNUAL GENERAL MEETING

The Annual General Meeting was held on 18 April 2013. The Annual General Meeting appointed the following members to the Board of Directors:

M.Sc. (Econ.) Matti Tikkakoski, Chairman
Managing Director Mikael Aro, member
Managing Director Catarina Fagerholm, Vice Chairman
General Counsel Minna Huhtaniska, member
Director Annikka Hurme, member
Senior Financial Counsellor Jarmo Kilpelä, member
M.Sc. (Econ.) Sanna Suvanto-Harsaae, member

In the organisation meeting held on 19 April 2013, the Board of Directors chose Matti Tikkakoski acting as Chairman of the Compensation Committee and Mikael Aro and Jarmo Kilpelä as other members of the Compensation Committee. Catarina Fagerholm acts as a Chairman of the Audit Committee and Matti Tikkakoski and Minna Huhtaniska as other members of the Audit Committee.

Board evaluated also the dependence of its members. All the board members are deemed independent from the company. Board member Jarmo Kilpelä is employed by the Prime Minister's office in the Government Ownership Steering Department. Other members of the Board are independent from the company's shareholder.

The Annual General Meeting approved the company's and the Group's financial statements for the period 1 January – 31 December 2012. The members of the Board of Directors and CEO were discharged from the liability for the period 1 January – 31 December 2012.

KPMG Oy Ab was appointed, with Jari Härmälä, APA, acting as the Auditor in Charge, as the auditor of Altia Plc.

The Annual General Meeting decided that a dividend of EUR 0.20 per share to be distributed amounting to EUR 7,192,000 in total according to the Board of Directors' presentation. The dividend was paid on 6 May 2013.

BOARD OF DIRECTORS' PROPOSAL ON DIVIDEND DISTRIBUTION

According to the financial statements at 31 December 2013, the parent company's distributable funds amounted to EUR 90,857,576 including loss for the period of EUR 2,964,111.

The Board of Directors proposes to the Annual General Meeting that no dividends are distributed.

EVENTS AFTER THE REPORTING PERIOD

At 8 January 2014, DBE, Business Management, Søren Qvist (Senior Vice President, Partner Brands) was appointed as the member of the Executive Management Team to replace Joacim Hultin.

Altia Plc's Board of Directors has appointed M.Sc. (Econ.) Pekka Tennilä new CEO of the company as of 1 June 2014.

OUTLOOK

The development of the Group's business operations is affected by the market situation and competitive environment, economic outlook, passenger import and the changes in the alcohol taxation. Sales in the sector are seasonal, with net sales and operating profit generally being significantly higher in the third and fourth quarter of the year compared to other quarters. The uncertainty in the eurozone has continued which has already been reflected in consumers' behaviour. There is significant uncertainty related to the development for the rest of the year in overall economic situation and demand. The prices of raw materials and the price volatility are anticipated to remain at high levels. These factors may have an effect on Altia's net sales and operating profit.

OUTLOOK FOR THE YEAR 2014:

Altia has initiated short-term measures for the purpose of turning around Altia's current economic development. These measures, together with the on-going streamlining programs, are expected to improve profitability.

The net sales of 2014 are expected to decrease due to structural changes but the operating profit excluding non-recurring items to improve from the year 2013.

Helsinki, 12 March 2014

Altia Plc
Board of Directors

_Consolidated financial statements

Consolidated financial statements

(IFRS)

2013

Consolidated statement of comprehensive income (IFRS)

Restated *)

EUR million	NOTE	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
NET SALES	1.	**475.8**	483.3
Other operating income	3.	**12.1**	13.6
Change in inventories of finished goods and work in progress		**5.2**	5.8
Materials and services		**-297.5**	-299.0
Employee benefit expenses	4.	**-68.2**	-65.4
Depreciation, amortisation and impairment	5.	**-36.6**	-22.4
Other operating expenses	6.	**-90.1**	-86.7
		-492.4	-473.4
OPERATING PROFIT		**0.7**	29.3
Non-recurring items	1.	**-16.7**	-2.6
OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS		**17.4**	26.7
Financial income	8.	**10.6**	8.1
Financial expenses	9.	**-16.5**	-13.8
Share of profit in associated companies and joint ventures		**1.3**	1.0
PROFIT (LOSS) BEFORE TAXES		**-3.8**	24.6
Income taxes	10.	**0.8**	-4.0
PROFIT (LOSS) FOR THE PERIOD		**-3.1**	20.7
OTHER COMPREHENSIVE INCOME:			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability plans		**-3.8**	-10.0
Related tax		**0.1**	2.5
Total		**-3.7**	-7.6
Items that may be reclassified to profit or loss			
Cash flow hedges		**1.7**	-2.1
Share of other comprehensive income in associated companies and joint ventures		**-0.1**	0.0
Foreign currency translation differences		**-14.9**	7.1
Other changes		**-0.2**	-0.3
Related tax	10.	**-0.6**	0.5
Total		**-14.1**	5.3
Other comprehensive income for the period, net of tax		**-17.8**	-2.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-20.8**	18.4
Profit / (Loss) for the period attributable to:			
Shareholders of the parent company		**-3.1**	20.8
Non-controlling interests		**0.0**	-0.1
		-3.1	20.7
Total comprehensive income attributable to:			
Shareholders of the parent company		**-20.8**	18.5
Non-controlling interests		**0.0**	-0.1
		-20.8	18.4
Earnings per share based on profit/(loss) attributable to the shareholders of the parent company (basic/diluted):		**-0.09**	0.58

*) The impacts of the adoption of the revised IAS 19 are presented in the accounting policies or the consolidated financial statements ("Basis of preparation").

Consolidated statement of financial position (IFRS)

EUR million	NOTE	31 Dec 2013	Restated *) 31 Dec 2012
ASSETS			
Non-current assets			
Goodwill	12.	**107.4**	110.5
Other intangible assets	12.	**61.6**	55.9
Property, plant and equipment	13.	**70.3**	75.1
Investment property	14.	**-**	0.0
Investments in associated companies and joint ventures	28.	**9.5**	8.9
Available-for-sale financial assets	15.	**0.8**	0.8
Other receivables	16.	**0.8**	0.8
Deferred tax assets	17.	**7.2**	8.2
Total non-current assets		**257.7**	260.4
Current assets			
Inventories	18.	**110.3**	91.2
Trade receivables and other receivables	19.	**130.7**	195.9
Current tax assets		**2.9**	5.9
Available-for-sale financial assets	20.	**0.0**	0.0
Financial assets at fair value through profit or loss	21.	**-**	0.8
Cash and cash equivalents	22.	**76.1**	40.2
Total current assets		**320.0**	334.0
TOTAL ASSETS		**577.7**	594.4
EQUITY AND LIABILITIES			
Share capital		**60.5**	60.5
Share premium fund		**0.0**	0.0
Hedging reserve		**-3.2**	-4.3
Translation differences		**-1.2**	13.4
Retained earnings		**112.7**	127.3
Equity attributable to shareholders of the parent company	23.	**168.8**	196.9
Non-controlling interest		**-**	0.0
Total equity		**168.8**	196.9
Non-current liabilities			
Deferred tax liabilities	17.	**21.3**	24.9
Interest-bearing financial liabilities	24.	**134.6**	131.4
Pension obligations	25.	**26.3**	22.2
Other long-term employee benefit obligations	25.	**-**	0.1
Total non-current liabilities		**182.2**	178.6
Current liabilities			
Interest-bearing financial liabilities	24.	**52.0**	40.4
Trade payables and other payables	26.	**173.6**	173.9
Current tax liabilities		**1.2**	4.6
Total current liabilities		**226.7**	218.9
Total liabilities		**408.9**	397.5
TOTAL EQUITY AND LIABILITIES		**577.7**	594.4

*) The impacts of the adoption of the revised IAS 19 are presented in the accounting policies for the consolidated financial statements ("Basis of preparation").

Consolidated statement of cash flows (IFRS)

EUR million	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Proceeds from sales	**536.2**	483.3
Proceeds from other operating income	**9.3**	8.8
Payments for other operating expenses	**-449.2**	-478.2
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	**96.3**	13.9
Interests paid and payments for other financial expenses	**-16.4**	-9.0
Interests received from operating activities	**8.4**	6.5
Income taxes paid	**-3.7**	-10.8
NET CASH FLOW FROM OPERATING ACTIVITIES (A) *	**84.5**	0.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment and intangible assets	**-27.0**	-12.4
Proceeds from sale of property, plant and equipment and intangible assets	**2.8**	0.4
Proceeds from sale of subsidiaries	**-**	4.2
Acquisition of subsidiaries, net of cash acquired	**-36.3**	-21.1
Repayment of loan receivables	**-**	0.3
Dividends received	**0.7**	1.0
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**-59.9**	-27.6
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from commercial paper program	**23.5**	20.5
Proceeds from current borrowings	**7.5**	0.6
Repayment of current borrowings	**-19.3**	-
Proceeds from non-current borrowings	**133.0**	-
Repayment of non-current borrowings	**-129.7**	-18.7
Acquisition of non-controlling interests	**-0.0**	-0.4
Dividends paid and other distribution of profits	**-7.2**	-7.2
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**7.8**	-5.2
INCREASE+ / DECREASE- (A+B+C) IN CASH AND CASH EQUIVALENTS	**32.5**	-32.2
CASH AND CASH EQUIVALENTS AT 1 JAN	**40.2**	70.5
Effect of exchange rate fluctuations on cash held	**3.5**	1.9
CASH AND CASH EQUIVALENTS AT 31 DEC	**76.1**	40.2
CASH AND CASH EQUIVALENTS		
Cash at hand and in bank	**76.1**	40.2
Cash equivalents	**0.0**	0.0
Total cash and cash equivalents	**76.1**	40.2
OTHER LIQUID ASSETS		
Available-for-sale financial assets at 31 Dec	**0.0**	0.0
Total other liquid assets	**0.0**	0.0
TOTAL CASH AND CASH EQUIVALENTS AND OTHER LIQUID ASSETS	**76.1**	40.2

* Altia signed a frame agreement on for trade receivables sales during the reporting period. At the end of the reporting period the impact of the sold trade receivables on cash flow amounted to EUR 44.0 million.

Consolidated statement of changes in equity (IFRS)

Equity attributable to shareholders of the parent company									
EUR million	Share capital	Share premium	Hedging reserve	Translation differences	Treasury shares	Retained earnings	Total	**Non-controlling interest**	Total equity
Equity at 1 January 2012	60.5	0.0	-2.7	5.6	-0.1	127.0	190.3	0.6	190.9
Change in accounting policy (IAS 19)	-	-	-	-	-	-4.7	-4.7	-	-4.7
Equity at 1 January 2012, restated	60.5	0.0	-2.7	5.6	-0.1	122.3	185.6	0.6	186.2
Total comprehensive income									
Profit for the period	-	-	-	-	-	20.8	20.8	-0.1	20.7
Other comprehensive income (net of tax)									
Cash flow hedges	-	-	-1.6	-	-	-	-1.6	-	-1.6
Foreign currency translation differences	-	-	-	7.9	-	-0.8	7.1	-	7.1
Remeasurements of defined benefit liability plans	-	-	-	-	-	-7.6	-7.6	-	-7.6
Other changes	-	-	-	-	-	-0.2	-0.2	-	-0.2
Total comprehensive income for the period	-	-	-1.6	7.9	-	12.2	18.5	-0.1	18.4
Transactions with owners									
Dividend distribution	-	-	-	-	-	-7.2	-7.2	-	-7.2
Acquisitions of non-controlling interests	-	-	-	-	-	0.0	0.0	-0.5	-0.4
Equity at 31 December 2012	60.5	0.0	-4.3	13.4	-0.1	127.3	196.9	0.0	196.9
Equity at 1 January 2013	**60.5**	**0.0**	**-4.3**	**13.4**	**-0.1**	**139.7**	**209.2**	**0.0**	**209.2**
Change in accounting policy (IAS 19)	-	-	-	-	-	**-12.4**	**-12.4**	-	**-12.4**
Equity at 1 January 2013, restated	**60.5**	**0.0**	**-4.3**	**13.4**	**-0.1**	**127.3**	**196.9**	**0.0**	**196.9**
Total comprehensive income									
Profit for the period	-	-	-	-	-	**-3.1**	**-3.1**	**0.0**	**-3.1**
Other comprehensive income (net of tax)									
Cash flow hedges	-	-	**1.1**	-	-	-	**1.1**	-	**1.1**
Foreign currency translation differences	-	-	-	**-14.6**	-	**-0.3**	**-14.9**	-	**-14.9**
Remeasurements of defined benefit liability plans	-	-	-	-	-	**-3.7**	**-3.7**	-	**-3.7**
Other changes	-	-	-	-	-	**-0.3**	**-0.3**	-	**-0.3**
Total comprehensive income for the period	-	-	**1.1**	**-14.6**	-	**-7.4**	**-20.8**	**0.0**	**-20.8**
Transactions with the owners									
Dividend distribution	-	-	-	-	-	**-7.2**	**-7.2**	-	**-7.2**
Acquisitions of non-controlling interests	-	-	-	-	-	**-0.0**	**-0.0**	**-0.0**	**-0.0**
Equity at 31 December 2013	**60.5**	**0.0**	**-3.2**	**-1.2**	**-0.1**	**112.8**	**168.8**	-	**168.8**

_Notes to the consolidated financial statements

CORPORATE INFORMATION

Altia Plc is an international alcoholic beverage service company that operates in the Nordic countries, Estonia and Latvia producing, marketing, selling and distributing both own and partner brands. The company distils barley spirit from domestic barley for the basis of its beverages. The plants are located in Finland, Estonia and Denmark and maturation and production of cognac in France. Altia has strong local products as well as international brands. In addition, the company represents international quality brands from all over the world.

Altia's customers include alcohol retail monopolies, alcoholic beverage wholesale outlets, restaurants, grocery stores, travel trade and importers in the export markets. The company is owned by the State of Finland.

Altia Plc is the parent company of Altia Group, domiciled in Helsinki, Finland. The registered address of the parent company is Porkkalankatu 22, FI-00101 Helsinki, Finland. Copies of the consolidated financial statements are available online at www.altiacorporation.com or at the Group administration at Porkkalankatu 22, FI-00180 Helsinki, Finland.

In its meeting on 12 March 2014 Altia Plc's Board of Directors has approved these financial statements for publication. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting also has the right to make a decision to amend the financial statements.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force at 31 December 2013. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refers to the standards and to their interpretations adopted in accordance with the procedures laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. Notes to the consolidated financial statements also comply with the requirements of the Finnish Accounting Act and Limited Liability Companies Act, which supplement the IFRS regulations.

The consolidated financial statements are prepared on a historical cost basis, unless otherwise stated in the accounting policies.

Of the IFRS standards and interpretations effective as of 1 January 2013, the following are applied in the Group's reporting:

- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 July 2012): The major change is the requirement to group items of other comprehensive income as to whether or not they will be reclassified subsequently to profit or loss when specific conditions are met. The amendments had an impact on the presentation of Altia's other comprehensive income.
- Amendment to IAS 19 Employee Benefits (effective for annual periods beginning on or after 1 January 2013): The major changes are as follows: in future all actuarial gains and losses are immediately recognised in other comprehensive income, i.e. the corridor approach is eliminated, and finance costs are calculated on a net funding basis. The changes had the following impact on the consolidated financial statements:

EUR million Statement of financial position at 1 Jan 2012	Previous accounting policy	New accounting policy	Impact of change in accounting policy
Assets			
Deferred tax assets	4.9	6.5	1.5
Liabilities			
Pension liabilities	6.8	13.0	6.2
Equity			
Retained earnings	127.0	122.3	-4.7

Statement of financial position at 31 Dec 2012	Previous accounting policy	New accounting policy	Impact of change in accounting policy
Assets			
Deferred tax assets	4.2	8.2	4.0
Liabilities			
Pension liabilities	5.8	22.2	16.4
Equity			
Retained earnings	139.7	127.3	-12.4

Consolidated statement of comprehensive income for 2012	Previous accounting policy	New accounting policy	Impact of change in accounting policy
Employee benefit expenses	-65.2	-65.4	-0.2
Operating profit	29.4	29.3	-0.2
Profit for the period	20.8	20.7	-0.2
Other comprehensive income	4.7	5.3	0.7
Remeasurements of defined benefit liability plans	-	-10.0	-10.0
Related tax	0.5	2.5	2.0
Comprehensive income for the period	26.0	18.4	-7.6

- IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013): IFRS 13 establishes a single source for all fair value measurements and disclosure requirements for use across IFRSs, and the new standard also includes a definition of fair value. IFRS 13 does not extend the use of fair value accounting, but it provides guidance on how to measure fair value under IFRSs when fair value is required or permitted. IFRS 13 will expand the disclosures to be provided for non-financial assets measured at fair value. The new standard has had an impact on the presentation of Altia's consolidated financial statements.
- Annual Improvements to IFRSs 2009-2011 (May 2012) (effective for annual periods beginning on or after 1 January 2013). Their impacts vary standard by standard but they are not significant.
- Amendments to IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2013): The amendments clarify disclosure requirements for financial instruments that are offset in the statement of financial position or subject to master netting arrangements or similar agreements. The disclosures required by those amendments are to be provided retrospectively. The amendments had no significant impact on Altia's consolidated financial statements.

CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements include the parent company, Altia Plc, and those subsidiaries, of which the parent company owns, directly or indirectly, more than 50% of the voting rights, or in which the parent company otherwise exercises control. Control is the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

All business combinations are accounted for by using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed in the acquired company are measured at fair value at the acquisition date. All acquisition-related costs, with the exception of costs to issue debt or equity securities, are expensed. The consideration transferred does not include any transactions accounted for separately from the acquisition. Any contingent consideration is recognised at fair value at the acquisition date and it is classified as either liability or equity. Contingent consideration classified as a liability is measured at fair value at each reporting date and any resulting gain or loss is recognised in profit or loss. Any share of non-controlling interests in an acquiree is measured at either fair value or based on a proportional share of the identifiable net assets in the acquiree. The basis of measurement is determined separately for each acquisition.

The financial statements of acquired subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group transactions, receivables, liabilities and unrealised gains, as well as the distribution of profits within the Group are eliminated in preparing the consolidated financial statements. Unrealised losses are not eliminated if the loss in question results from impairment. The allocation of profit or loss and comprehensive income for the period attributable to the shareholders of the parent company and to non-controlling interests is disclosed in the statement of comprehensive income. Total comprehensive income is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non-controlling interests are presented as a separate item within equity. Changes in the ownership interest in a subsidiary are accounted for as equity transactions if the parent company retains control over the subsidiary. In a business combination achieved in stages, the previously held equity interest is measured at fair value and any resulting gain or loss is recognised in profit or loss. If the Group loses control over a subsidiary, any investment retained is measured at fair value at the date of losing control and the resulting gain or loss is recognised in profit or loss. The acquisitions that occurred before 1 January 2010 are accounted for according to the standards effective at that time.

ASSOCIATED COMPANIES AND JOINT VENTURES

Associated companies are companies, in which Altia generally owns 20–50% of the voting rights, or in which the Group otherwise has significant influence but not control. Associated companies are consolidated by using the equity method. Joint ventures are companies, in which the Group exercises contractual control jointly with another party. The joint venture Roal Ltd, in which Altia owns 50%, is consolidated by using the equity method. The associated company Palpa Lasi Ltd, in which Altia owns 25,5%, is also consolidated by using the equity method. Under the equity method, the investment is initially recognised at cost and subsequently adjusted with the change in the net assets of the investee after the acquisition date, consistent with the ownership interest of the investor. The investor recognises its share of the profit or loss in the investee in profit or loss.

Unrealised gains generated in transactions between the Group and its associated companies or joint ventures are eliminated based on the Group's share of ownership. An investment in an associated company and a joint venture includes goodwill arisen on acquisition. The Group's share in the associated company's or joint venture's profit and loss for the period is separately disclosed after operating profit or loss. The Group's share in changes in the associated company's or joint venture's other comprehensive income is recognised in consolidated other comprehensive income. If the Group's share in the associated company's or joint venture's loss exceeds the carrying amount of the investment, the investment is recognised at zero value in the consolidated statement of financial position and the loss exceeding the carrying amount is not consolidated, unless the Group has committed to fulfil the company's obligations.

SEGMENT REPORTING

In Altia Group, segments are reported in accordance with IFRS 8 Operating Segments. The separately reportable operating segments are Altia Brands (former Brands), Partner Brands (former Trading) and Industrial Services.

Altia Brands business area is responsible for the sales, marketing as well as product development activities of Altia's own products. The sales of Altia Brands comprise Altia's own regional and local trademarks as well as partners' international trademarks.

Partner Brands business area is responsible for partner relationships as well as marketing and selling partners' products in Finland, Sweden and Norway.

Industrial Services business area comprises three business units: contract services, starch and feed business and technical ethanol, which serve external customers.

Other operations consist of the Supply Chain operations as well as the Group support functions. Supply Chain consists of production, logistics and procurement operations.

FOREIGN CURRENCY ITEMS

The consolidated financial statements are presented in euro, which is the functional and presentation currency of the parent company. Transactions in foreign currencies are translated to euro at average foreign exchange rates published by the European Central Bank on banking days. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to euro at the average exchange rates prevailing at that date. Foreign currency differences arising on translation are recognised in profit or loss. Foreign exchange gains and losses related to purchases and sales are recognised in the respective items and included in operating profit. Foreign currency gains and losses arising from loans denominated in foreign currencies are recognised in financial income and expenses.

Income and expenses for the statements of comprehensive income of foreign subsidiaries are translated using the average rates of the European Central Bank's exchange rates at the end of the month. The statements of financial position of foreign subsidiaries are translated using the average exchange rates ruling at the reporting date. Foreign currency differences arising on the translation of profit or loss for the period with different exchange rates in the statement of comprehensive income and in the statement of financial position are recognised in other comprehensive income and included in translation differences in equity. Changes in translation differences are recognised in other comprehensive income.

In the consolidated financial statements, exchange rate differences arising from the translation of foreign currency denominated loans to foreign subsidiaries, which form a part of net investments in foreign companies, are recognised in other comprehensive income and included in translation differences within equity. Upon repayment of a loan regarded as net investment, the realised translation differences are recognised in financial income and expenses.

Translation differences arising from elimination of the cost of foreign subsidiaries and from translation of the foreign subsidiaries' post-acquisition profits and losses are recognised in other comprehensive income and presented as a separate item within equity. Goodwill and the fair value adjustments to the carrying amounts of assets and liabilities of foreign units arising on acquisition are accounted for as assets and liabilities of the respective foreign units, which are translated to euro at the exchange rates prevailing at the reporting date. If these foreign units are entirely or partly disposed of, related exchange rate differences are recognised in profit or loss as part of the gain or loss on disposal.

GOODWILL

Goodwill arising on the acquisition of a subsidiary is recognised as the excess of the aggregate of the consideration transferred, the amount of non-controlling interests and any previously held equity interest in the acquiree, over the Group's share of the fair value of the net assets acquired. The goodwill arisen on the acquisitions occurred before 2010 is determined in accordance with the IFRSs effective at that time. Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to the groups of cash-generating units that are expected to benefit from the business combinations in which the goodwill was generated. Goodwill related to associated companies and joint ventures is included in the carrying amounts of the respective investments.

OTHER INTANGIBLE ASSETS

Intangible assets are recognised at cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful life of the asset in question.

The estimated useful lives of intangible assets are as follows:

Customer relationships	12 years
Supplier relationships	10 years
Other intangible assets	5 - 15 years
IT software	3 years

Recognition of amortisation on an intangible asset is discontinued when the asset is no longer in use or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Expenditure on research activities is recognised in profit or loss in the period in which it is incurred. The Group has no projects related to the development activities of new products or processes qualifying for the identifiability and other criteria regarding capitalisation included in IAS 38 Intangible Assets.

Accounting for emission allowances is described below in section Government grants and assistance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. The subsequent costs related to the items of property, plant and equipment are capitalised only if the future economic benefits exceed the originally assessed standard of performance. All other expenditure is recognised as an expense as incurred. The borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of the cost of that asset when it is probable that they will generate future economic benefits and the costs can be measured reliably. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Investment properties are properties held by the Group in order to earn rental income or for capital appreciation. Investment properties are measured at cost less accumulated depreciation and impairment losses. Fair values of investment properties are determined based on a valuation carried out by an external property valuer. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss in other operating income or expenses.

Depreciation is recognised on a straight-line basis over the estimated useful lives of items of property, plant and equipment.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20–40 years
Machinery and equipment	10 years
Vehicles	5 years
IT hardware	3 years

The estimated useful lives and residual values are reviewed at each financial year-end, and if they differ substantially from the previous estimates, the depreciation periods are adjusted accordingly. Depreciation of an item of property, plant and equipment is discontinued if the item is classified as being held for sale in accordance with IFRS 5.

Gains and losses on the disposal of property, plant and equipment are included in other operating income or expenses.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Self-produced products are measured at standard prices. Fixed production costs are allocated to the cost of own production. Raw materials and supplies are measured at weighted average cost. Semi-finished products are measured at weighted average cost in Finland and at standard prices in other countries, with the exception of cognac. The semi-finished cognac products are measured at weighted average cost, excluding ready-to-be-bottled liquids, which are measured at standard prices.

The cost of finished products and work in progress includes raw materials, direct labour costs, other direct costs as well as an allocable proportion of variable procurement and production costs and fixed overheads in case of finished products, determined based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

FINANCIAL ASSETS

The Group's financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. Classification is made upon initial recognition based on the purpose of use of the asset. The basis of classification is reassessed at each reporting date.

All purchases and sales of financial instruments are recognised on the trade date, which is the date when the Group commits to purchase or sell a financial instrument. Financial assets are recognised in the statement of financial position at original cost which equals their fair value at the acquisition date. If the asset in question is not measured at fair value through profit or loss, transaction costs are included in the original cost of the financial asset.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the Group transfers substantially all the risks and rewards related to the financial asset outside the Group.

Financial assets are included in non-current items of the statement of financial position when their maturity is over 12 months, excluding derivative instruments and publicly quoted shares and fund units, which are always recognised in the current items of the statement of financial position

FINANCIAL ASSETS RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes financial assets held for trading purposes or otherwise designated as financial assets recognised at fair value through profit or loss by Altia Group. Investments in publicly listed shares and derivative instruments held for hedging purposes, but not qualifying for the criteria of hedge accounting, are classified in this category. Items in this category are initially recognised at fair value and subsequently measured at the fair value of each reporting date, which is the market bid price at the end of the reporting period determined based on public price quotations in active markets. Realised and unrealised gains and losses arising from changes in fair values are recognised in profit or loss in financial items in the period in which they are incurred if they relate to hedging of financial items. If derivative instruments relate to hedging of commercial items (foreign currency denominated purchases and sales), the realised and unrealised gains and losses are recognised in profit or loss in operating profit at the latest when the exchange rate differences of the hedged item are recognised in profit or loss.

LOANS AND RECEIVABLES

Loans and receivables arise when money, goods or services are delivered to a debtor, and they are included in current or non-current financial assets in accordance with their maturity. In Altia, non-current receivables include loans and receivables with the maturity of over one year. Current receivables include trade receivables and cash and cash equivalents presented under current financial assets. Receivables are measured at amortised cost when the related payments are fixed or determinable and the instruments are not quoted in financial markets. The exchange rate differences of intra-Group foreign currency denominated receivables are presented within financial items in the foreign exchange differences of the Loans and receivables category.

Sold trade receivables are derecognised from the statement of financial position as soon as the receivable is sold and the price of the receivable has been received. The costs related to the sold receivables are recognized in the Other financial expenses.

Trade receivables are recognised at original invoiced amount less any impairment losses. The assessment of doubtful receivables and need to recognise an impairment loss is based on objective evidence of potential non-recovery of a single asset. Examples of this kind of evidence resulting in impairment include significant financial difficulties of the debtor, likelihood that the debtor will enter bankruptcy or other financial reorganisation as well as the notable and continuous neglect of payment due dates. An impairment loss is recognised immediately in profit or loss.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any other category of financial assets. These are included in non-current assets, unless they are intended to be held less than 12 months from the end of the reporting period, in which case they are included in current assets. The Group's current available-for-sale financial assets comprise interest-bearing investments tradable on the secondary markets and money market funds. Unquoted shares and other investments are included in non-current financial assets.

Financial assets in this category are principally measured at fair value determined by using quoted market prices and rates at the end of the reporting period. Unquoted shares, for which fair values cannot be reliably measured, are measured at the lower of original cost and probable value. Unrealised gains and losses arising from the fair value changes of available-for-sale financial assets measured at fair value are recognised in other comprehensive income and presented within equity in the fair value reserve, net of tax. Cumulative changes in the fair values are transferred from equity to profit or loss when the investment is disposed of or an impairment loss is recognised on the asset. The Group estimates at each reporting date, whether there is objective evidence of impairment of an available-for-sale asset. Impairment losses, for which there is objective evidence, are immediately recognised in profit or loss. For example, a significant or long-term decrease in fair value below the original cost of an asset can be regarded as objective evidence of impairment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at hand, cash in bank as well as other liquid investments with maturities of three months or less on the acquisition date. Used Group overdrafts are included in current interest-bearing financial liabilities.

FINANCIAL LIABILITIES

Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities are initially measured at fair value and recognised net of transaction costs, with the exception of items measured at fair value through profit or loss. A financial liability is classified as current, unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period, with the exception of derivative instruments that are always recognised in current items in the statement of financial position. A financial liability (or a part of it) is not derecognised until the obligation specified in the contract is discharged or cancelled or expires.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include derivatives held for hedging purposes but not qualifying for hedge accounting. Financial liabilities in this category are measured at fair value at the reporting date, which is determined based on price quotations in active markets. Realised and unrealised gains or losses arising from the changes in fair values are recognised in profit or loss in the financial items as incurred.

FINANCIAL LIABILITIES AT AMORTISED COST

This category includes the Group's external loans from financial institutions, commercial paper loans as well as trade payables. These financial liabilities are measured at amortised cost using the effective interest method. When loans are repaid or refinanced, the related unamortized costs are recognised in financial expenses.

The exchange rate differences arising from foreign currency denominated loans from financial institutions are recognised in financial items. The exchange rate differences of intra-group foreign currency denominated loans are presented within financial items in the foreign exchange differences of the category Financial liabilities at amortised cost.

In addition, Altia has a revolving credit facility line and the related fee is amortised on a straight-line basis in other financial expenses during the term of the facility.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are included in financial assets and liabilities at fair value through profit or loss when they do not meet the criteria of hedge accounting in accordance with IAS 39. These derivatives are recognised at fair value on the trade date and they are subsequently measured at fair value at the reporting date.

WHEN HEDGE ACCOUNTING IS NOT APPLIED

The accounting for gains and losses arising from fair value measurement is dependent on the purpose of use of the derivative. In Altia, the changes in the fair values of derivative instruments are immediately recognised in profit or loss in operating profit if the derivate instrument in question is related to hedging commercial cash flows (purchases and sales) and hedge accounting is not applied. The fair value changes of other derivative instruments are immediately recognised in profit or loss in financial items if hedge accounting is not applied. Derivatives, to which hedge accounting is not applied, are acquired to minimise the profit and/or cash flow effects related to business operations or financing.

WHEN HEDGE ACCOUNTING IS APPLIED

In Altia, cash flow hedging is applied to part of the interest rate, foreign currency and electricity derivatives based on case-by-case assessment. In cash flow hedging, the Group is hedging against changes in cash flows related to a specific asset or liability recognised in the statement of financial position or a highly probable future business transaction. Hedge accounting is a method of accounting with the purpose to allocate one or several hedging instruments so that their fair value changes offset in full or partly the changes in fair value or cash flow arising from the hedged risk in profit or loss during the period, for which the hedge is designated. In the beginning of the hedging arrangement, Altia documents the relationship between each hedging instrument and hedged item, as well as the objectives of risk management and the strategy in engaging in hedging. The effectiveness of hedging instruments is tested both prospectively and retrospectively. Effectiveness means the ability of a hedging instrument to offset the changes in the fair value of the hedged item or changes in the cash flows of the hedged transaction attributable to the hedged risk. The hedging relationship is regarded to be highly effective if the realised results of the hedging instrument offset the changes in the cash flows of the hedged item by 80-125 percent. Hedge accounting is discontinued when the criteria of hedge accounting are no longer met.

The gains and losses arising from fair value changes of derivative contracts, to which hedge accounting is applied, are presented in profit or loss at the same time with the hedged item. The effective portion of the unrealised changes in the fair value of derivatives designated and qualifying as cash flow hedges are recognised in other comprehensive income and presented in the hedging reserve in equity. The ineffective portion is immediately recognised in profit or loss.

The cumulative gain or loss in equity on derivative instruments related to commercial items is recognised in profit or loss as an adjustment to purchases or sales simultaneously with the hedged item in the period in which the hedged item is recognised in profit or loss. When a hedging instrument designated as a cash flow hedge expires, is sold or no longer meets the criteria of hedge accounting, the gain or loss accumulated in equity is recognised in profit or loss.

Change in the premium on forward contracts and time value of options is always recognised in profit or loss. Thus hedge accounting is not applied to these items, even if the hedge accounting is applied to the derivative instrument in question. Realised gain or loss on electricity derivatives is included in operating profit in electricity procurement expenses.

FAIR VALUE MEASUREMENT

The fair values of interest rate derivatives are calculated by discounting the future contractual cash flows at the measurement date. The fair values of foreign exchange derivatives are determined by using the market prices at the end of the reporting period. The fair values of foreign exchange options are determined based on Garman-Kohlhagen valuation model using the volatilities of 1 to 12 months of the main currency pairs. The fair values obtained from the financial markets are used in measuring commodity derivative instruments.

Financial assets and financial liabilities measured at fair value are divided into three levels of fair value hierarchy for presentation purposes. The levels of fair value hierarchy reflect the significance of inputs used in determining the fair values. In level one, fair values are based on public quotations of identical financial instruments. In level two, the inputs used in determining the fair values are based on quoted market rates and prices verifiable for the asset or liability in question either directly (i.e. price) or indirectly, discounted future cash flows, and, in respect of options, on valuation models. The fair values of assets and liabilities in level three are not based on observable market data regarding all significant variables as there is no reliable market source available. The reported fair value level is based on the lowest level of input information that is significant in determining the fair value.

PROVISIONS

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. The amount recognised as provision is the management's best estimate of the costs required to settle the existing obligation at the end of the reporting period. If part of the obligation may potentially be compensated by a third party, the compensation is recognised as a separate asset when it is virtually certain that the compensation will be received.

A provision for restructuring is recognised when a detailed restructuring plan has been prepared, and the implementation of the plan has either been commenced or the plan has been announced to those who are affected.

GOVERNMENT GRANTS AND ASSISTANCE

Government grants, for example grants received from the State, are recognised in profit or loss in the same period in which the related expenses are recognised. Grants that compensate the Group for the acquisition of property, plant and equipment are deducted from the carrying amount of the asset in question. Depreciation on such an asset is determined based on the carrying amount adjusted with the grant received.

The Group participates in the European Union emission trading scheme, where it has been granted a certain number of carbon dioxide emission allowances for a certain period of time, free of charge. Altia Plc discloses its carbon dioxide emission allowances granted free of charge on net basis. Following from this the Group does not recognise the granted emission allowances or the obligation to deliver allowances corresponding to the realised emissions. Any emission allowances acquired are recognised in intangible assets at cost. The Group also does not recognise income or expenses arising from emission allowances when the emission allowances granted are sufficient to cover the obligation to deliver allowances corresponding to the amount of emissions made. If the realised emissions exceed the granted emission allowances, the obligation arising from the excess emissions is recognised at fair value as an expense and as a liability in the statement of financial position at the reporting date. If the realised emissions fall below the granted emission allowances, the difference is not recognised in the statement of financial position but it is disclosed in the notes to the financial statements, measured at fair value.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At each reporting date, the carrying amounts of the Group's assets are assessed to determine whether there is any objective evidence of impairment. If any such evidence of impairment emerges, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is immediately recognised in profit or loss. The estimated useful life of the asset in question is also reassessed when an impairment loss is recognised. Irrespective of whether there is any evidence of impairment, the recoverable amounts of the following items are estimated annually: goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use. The need for recognising an impairment loss is assessed at cash-generating unit level; that is, at the lowest unit level with separate, essentially independent cash flows. In Altia Group, the operating segments are defined as cash-generating units. Goodwill is allocated to those cash-generating units which are expected to benefit from the business combinations.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use is calculated based on estimated future net cash flows generated by the asset or cash-generating unit discounted to their present value. In Altia Group, the recoverable amount has been determined based on value in use.

The impairment loss is reversed if there has been a positive change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. An impairment loss on goodwill is never reversed.

LEASES

Lease contracts of property, plant and equipment, in which Altia assumes substantially all the risks and rewards of ownership are classified as finance leases. An asset leased through a finance lease is recognised in property, plant and equipment based on its nature and measured at the lower of its fair value and present value of the minimum lease payments at the inception of the lease term. The respective finance lease liabilities, less finance charges, are included in other non-current interest-bearing financial liabilities. Assets acquired through finance leases are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised as expenses in profit or loss on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

PENSION PLANS

The Group companies in different countries operate various pension plans in accordance with the local conditions and practices. These pension plans are classified as either defined contribution plans or defined benefit plans.

Contributions to defined contribution pension plans are recognised in profit or loss in the periods during which the services are rendered by the employees. The Group has no legal or constructive obligation to make additional payments if the party receiving the payments is not able to perform the pension benefits in question. All other plans that do not meet these conditions are classified as defined benefit plans.

Defined benefit plans are financed with payments to pension insurance companies. The obligation in respect of defined benefit pension plans is calculated using the projected unit credit method separately for each plan. Pension expenses are recognised in periods during which services are rendered by employees according to actuarial calculations prepared by qualified actuaries. The amount recognised as a defined benefit liability or asset comprises the net total of the following items: the present value of the defined benefit obligationand the fair value of the plan assets. The discount rate used to determine the present value of the defined benefit obligation is the yield on high quality corporate or government bonds with a similar maturity to that of the pension obligation.

Current service cost and the net interest on net defined benefit liability is recognised in profit or loss. The pension expense is disclosed under the employee benefit expenses and the net interest is disclosed under financial items. Remeasurements of net defined benefit liability are recognized in other comprehensive income during the period they occur. The impacts of the adoption of the revised IAS 19 are disclosed in the accounting policies for the consolidated financial statements ("Basis of preparation").

OTHER LONG-TERM EMPLOYEE BENEFITS

Until the year 2012, Altia Group had a long-service benefit plan in use classified as other long-term employee benefit plan. The employees participating in the plan were hired by the company at or before 31 December 1993. The amount recognised as a liability arising from this type of other long-term employee benefit plan was the present value of the obligation based on actuarial calculations at the reporting date. These employee benefits were accounted for as post-employment benefits and they were presented separately from defined benefit pension plans. The plan was discontinued in 2012. The accumulated benefits have been paid to the employees either in cash or as paid vacation.

INCOME TAX

The income tax expense in the consolidated profit or loss comprises current tax based on taxable income for the period, any adjustments to tax payable in respect of previous periods and deferred taxes. Current income tax based on taxable income is calculated according to the local tax regulations of each Group company.

Tax effects related to transactions or other events recognised in profit or loss are recognised in profit or loss. If the taxes relate to items of other comprehensive income or transactions or other events recognised directly in equity, income taxes are recognised within the respective items. The share of profit or loss in joint venture is reported in profit or loss as calculated from the net profit and thus including the income tax effect.

Deferred tax assets and liabilities are principally recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The most significant temporary differences arise from property, plant and equipment and intangible assets, carry forward of unused tax losses and provisions. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax liabilities are recognised in full. Deferred taxes are calculated using tax rates enacted or substantively enacted at the end of the reporting period.

REVENUE RECOGNITION

Revenue is recognised after the significant risks and rewards of ownership of the sold products have been transferred to the buyer, and the Group retains neither a managerial involvement to the degree usually associated with ownership nor effective control of those goods. Usually this means that revenue is recognised upon delivery of goods in accordance with agreed terms of delivery.

OPERATING PROFIT

The Group has defined operating profit as follows: operating profit is the net amount consisting of net sales and other operating income less purchases of materials and services adjusted with changes in the inventory of finished goods and work in progress and the cost of production for own use, employee benefit expenses, depreciation, amortisation and impairment losses, and other operating expenses. Foreign currency gains and losses related to normal business operations are included in operating profit; otherwise they are included in financial income and expenses.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) and assets and liabilities related to discontinued operations are classified as for sale if they are expected to be recovered primarily through sale rather than through continuing use. Classification as held for sale requires that the following criteria are met: the sale is highly probable, the asset is available for immediate sale in its present condition subject to usual and customary terms, the management is committed to the sale and the sale is expected to be completed within one year from the date of classification. Non-current assets held for sale and assets related to discontinued operations are principally measured at the lower of carrying amount and fair value less the costs to sell, and the recognition of depreciation is discontinued.

A discontinued operation is a separate major line of business or geographic area of operations that has been disposed of or classified as for sale. Profit of discontinued operations is presented separately in profit or loss.

Non-current assets classified as held for sale, disposal groups, items related to non-current assets held for sale and recognised in other comprehensive income, as well as liabilities included in disposal groups are presented in the statement of financial position separately from other items. The Group had no such items at the end of the reporting or comparison period.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparation of the financial statements, the Group management makes estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, as well as the disclosures in notes. Estimates and underlying assumptions are based on historical experience and other factors assumed to reflect the most accurate view of the measurement of assets and liabilities. Consequently, the realised results can differ from these estimates.

Critical future assumptions and estimation uncertainties at the reporting date, which pose a significant risk of resulting in material changes in the carrying amounts of assets and liabilities within the next financial year, include the following:

IMPAIRMENT TESTING

In the Group, goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested annually for impairment and indication of impairment is assessed according to the accounting policies presented above. The recoverable amounts of cash-generating units are determined by calculations based on their value in use. The preparation of these calculations requires estimates regarding the future. Further information on the sensitivity of the recoverable amounts to changes in the underlying assumptions is disclosed in note 12 Intangible assets.

EMPLOYEE BENEFITS

Measurement of defined benefit pension obligation and plan assets is based on the actuarial assumptions made by management. These include e.g. the discount rate used in calculating the present value of the obligation, future salary and pension level, expected return on plan assets and the turnover of personnel included in the plan. Changes in the actuarial assumptions, as well as differences between expected and realised values result in actuarial gains and losses. Further information is disclosed in note 25 Non-current employee benefit obligations.

DEFERRED TAXES

Deferred tax assets are recognised for carry forward of unused tax losses and for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. The recognised amounts of deferred tax assets are based on management's assessment of future taxable income. Changes in tax legislation can also affect the estimates made by the management. Further information is disclosed in note 17 Deferred tax assets and liabilities.

NON-RECURRING ITEMS AFFECTING COMPARABILITY

Significant restructuring costs, significant impairment losses and their reversals, significant gains and losses related to sales and acquisitions of business operations and items of property, plant and equipment are presented as non-recurring items.

ADOPTION OF NEW OR AMENDED IFRS STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE REPORTING PERIODS

Altia has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date of each standard and interpretation or, if the date is other than the first day of the reporting period, from the beginning of the subsequent reporting period.

REPORTING PERIOD 2014

- IFRS 10 Consolidated Financial Statements and subsequent amendments (in the EU effective for annual periods beginning on or after 1 January 2014): IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard is not assessed to have a material impact on Altia's consolidated financial statements.
- IFRS 11 Joint Arrangements and subsequent amendments (in the EU effective for annual periods beginning on or after 1 January 2014): In the accounting of joint arrangements IFRS 11 focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. In future, jointly controlled entities are to be accounted for using only one method, equity method, and the other alternative, proportional consolidation is no longer allowed. The new standard is not assessed to have a material impact on Altia's consolidated financial statements.
- IFRS 12 Disclosures of Interests in Other Entities and subsequent amendments (in the EU effective for annual periods beginning on or after 1 January 2014): IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including associates, joint arrangements, structured entities and other off-balance sheet vehicles. The new standard will expand the notes the Group provides for its interests in other entities. The new standard is not assessed to have a material impact on Altia's consolidated financial statements.
- IAS 27 Separate Financial Statements (revised 2011) and subsequent amendments (in the EU effective for annual periods beginning on or after 1 January 2014): The revised standard includes the provisions on separate IFRS financial statements that were left after the control provisions were included in the new IFRS 10. The revised standard is not assessed to have a material impact on Altia's consolidated financial statements.
- IAS 28 Investments in Associates and Joint Ventures (revised 2011) (in the EU effective for annual periods beginning on or after 1 January 2014): Following the issue of IFRS 11 the revised IAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted. The revised standard is not assessed to have a significant impact on Altia's consolidated financial statements.
- Amendments to IAS 32 Financial Instruments: Presentation (effective for annual periods beginning on or after 1 January 2014): The amendments provide clarifications on the application of presentation requirements for offsetting financial assets and financial liabilities on the statement of financial position and give more related application guidance. The amended standard is to be applied retrospectively. The amendments are not assessed to have an impact on Altia's consolidated financial statements.
- Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2014): The standard includes new additional disclosure requirements concerning recoverable amounts when that amount is based on fair value less costs of disposal. The amended standard is not assessed to have a material impact on Altia's consolidated financial statements.
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2014): An exception added to IAS 39 provides that the hedging relationship will not cease under certain circumstances where the counterparty of a hedging instrument changes due to changes in the instrument's settlement arrangement. The amendments are not assessed to have an impact on Altia's consolidated financial statements.
- IFRIC 21 Levies (effective for annual periods beginning on or after 1 January 2014): The interpretation specifies the accounting treatment of levies. A liability for a levy is recognised when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards. The interpretation is not assessed to have an impact on Altia's consolidated financial statements.
- Amendments to IAS 19 Employee Benefits (effective for annual periods beginning on or after 1 July 2014): The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments are not assessed to have material impact on Altia's consolidated financial statements.
- Annual Improvements to IFRSs 2011–2013 and 2010–2012 (December 2013) (effective for annual periods beginning on or after 1 July 2014): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually.. The improvements of the 2011-2013 cycle concern four standards whereas the 2010-2012 cycle's improvements concern seven standards. Their impacts vary standard by standard but they are not considered significant.

_Notes to the consolidated financial statements

1. *Segment reporting*

In Altia Group, operating segments are reported in accordance with IFRS 8 Operating Segments. The separately reportable operating segments are Altia Brands, Partner Brands and Industrial Services. During the reporting period the operating segments previously called Brands and Trading were re-named as Altia Brands and Partner Brands, respectively.

Altia Brands business area is responsible for the sales, marketing and product development activities of Altia's own products. The sales of Brands comprise Altia's own regional and local trademarks. The product selection is complemented by locally selected partners' trademarks.

Partner Brands business area imports, markets and sells partners' products in Finland, Sweden and Norway.

Industrial Services business area comprises three business units: contract services, starch and feed businesses as well as technical ethanol, which mainly serve external customers.

Other operations consist of the Supply Chain operations as well as the Group support functions. Supply Chain consists of production, logistics and procurement operations.

The Group's chief operating decision maker is the Executive Management Team. Performance of the segments is assessed based on the business units' operating profit, in addition to which the share of profit in joint venture is included in the management report as a separate item.

Pricing of inter-segment transactions is based on market prices.

SEGMENT ASSETS

Segment assets include assets which can directly or justifiably be allocated to the segments in question. All other assets are included in unallocated items.

SEGMENT LIABILITIES

Segment liabilities include liabilities which can directly or justifiably be allocated to the segments in question. All other liabilities are included in unallocated items.

UNALLOCATED ITEMS

Unallocated assets consist of financial items, deferred tax liabilities, current tax liabilities and portions of other functions.

OPERATING SEGMENTS

EUR million	Altia Brands	Partner Brands	Industrial Services	Other	Total
2013					
Net sales					
Sales of goods	**191.5**	**138.7**	**135.5**	**0.8**	**466.4**
Rendering of services	**0.0**	**0.0**	**9.3**	**1.9**	**11.2**
Net sales	**191.5**	**138.7**	**144.8**	**2.6**	**477.6**
Inter-segment net sales	**-0.3**	**-0.4**	**-0.7**	**-0.3**	**-1.8**
External net sales	**191.1**	**138.3**	**144.0**	**2.3**	**475.8**
Segments' operating profit	**25.6**	**1.4**	**11.8**	**-21.5**	**17.4**
Share of profit in associated companies and joint ventures	**-**	**-**	**-**	**1.3**	**1.3**
Depreciation and amortisation	**5.1**	**2.6**	**1.0**	**12.3**	**21.1**
Total assets	**269.0**	**70.3**	**36.4**	**109.2**	**484.9**
Total liabilities	**65.2**	**29.9**	**7.4**	**283.9**	**386.4**
Capital expenditure in property, plant and equipment	**47.2**	**0.1**	**0.4**	**12.1**	**59.9**

EUR million	Altia Brands	Partner Brands	Industrial Services	Other	Total
2012					
Net sales					
Sales of goods	206.4	123.0	131.5	1.2	462.1
Rendering of services	0.9	9.9	16.2	0.0	27.1
Net sales	207.3	132.9	147.7	1.2	489.2
Inter-segment net sales	-0.8	-0.0	-4.5	-0.5	-5.9
External net sales	206.5	132.9	143.2	0.7	483.3
Segments' operating profit	32.0	6.0	11.2	-22.5	26.8
Share of profit in associated companies and joint ventures	-	-	-	1.0	1.0
Depreciation and amortisation	4.0	2.7	0.9	13.8	21.4
Total assets	285.0	80.0	40.4	131.6	537.1
Total liabilities	56.7	34.2	8.2	269.0	368.0
Capital expenditure in property. plant and equipment	21.1	0.1	1.3	5.2	27.6

RECONCILIATION BETWEEN GROUP TOTALS AND REPORTABLE SEGMENTS 2013

Net sales	
Total net sales of reportable segments	**474.9**
Other	**2.6**
Inter-segment net sales	**-1.8**
Group's net sales	**475.8**
Group's profit before taxes	
Total operating profit of reportable segments	**38.9**
Other, operating profit	**-21.5**
	17.4
Elimination of inter-segment items	**-0.0**
Financial income	**10.6**
Financial expenses	**-16.5**
Other items	**-5.3**
Impairment losses	**-15.6**
Closing of business disposals	**1.9**
Gains on sale of assets	**2.2**
Share of profit in associated companies and joint ventures	**1.3**
Group's profit before taxes	**-3.8**
Assets	
Total assets of reportable segments	**375.8**
Other	**109.2**
Unallocated items	**83.3**
Investments in associated companies and joint ventures	**9.5**
Group's assets	**577.7**
Liabilities	
Total liabilities of reportable segments	**102.5**
Other	**283.9**
Deferred tax liabilities	**21.3**
Current tax liabilities	**1.2**
Group's liabilities	**408.9**

RECONCILIATION BETWEEN CONSOLIDATED TOTALS AND REPORTABLE SEGMENTS 2012

Net sales	
Total net sales of reportable segments	488.0
Other	1.2
Inter-segment net sales	-5.9
Group's net sales	483.3
Group's profit before taxes	
Total operating profit of reportable segments	49.3
Other, operating profit	-22.6
	26.6
Elimination of inter-segment items	0.0
Financial income	8.1
Financial expenses	-13.8
Other items	-0.8
Impairment losses	-1.0
Gains on sale of assets	4.5
Share of profit in associated companies and joint venture	1.0
Group's profit before taxes	24.6
Assets	
Total assets of reportable segments	405.5
Other	131.5
Unallocated items	48.4
Investments in associated companies and joint ventures	8.9
Group's assets	594.4
Liabilities	
Total liabilities of reportable segments	99.0
Other	269.0
Deferred tax liabilities	24.9
Current tax liabilities	4.6
Group's liabilities	397.5

INDIVIDUAL MAJOR CUSTOMERS

2013		Share of external sales
Customer 1	Altia Brands, Partner Brands	**26.8 %**
Customer 2	Altia Brands, Partner Brands	**18.3 %**
Customer 3	Partner Brands, Ind. Services	**11.7 %**

2012		Share of external sales
Customer 1	Altia Brands, Partner Brands	28.0 %
Customer 2	Altia Brands, Partner Brands	19.0 %
Customer 3	Partner Brands, Ind. Services	10.7 %

DISCLOSURES REGARDING GEOGRAPHIC AREAS

2013	Net sales	Assets
Finland	**224.0**	**301.5**
Sweden	**148.4**	**80.0**
Other	**103.5**	**103.4**
Unallocated assets		**92.8**
Group total	**475.8**	**577.7**

2012	Net sales	Assets
Finland	216.4	354.4
Sweden	161.3	94.1
Other	105.6	88.5
Unallocated assets		57.3
Group total	483.3	594.4

	2013	2012
Operating profit excluding non-recurring items	**17.4**	26.7
Restructuring costs	**5.3**	-
Impairment loss	**15.6**	1.0
Other items	-	0.8
Termination of business operations	**-1.9**	-
Sales of assets	**-2.2**	-4.5
Total non-recurring items	**16.7**	-2.6
Operating profit	**0.7**	29.3

2. *Acquired and disposed businesses*

ACQUIRED BUSINESSES

ACQUISITIONS IN THE REPORTING PERIOD 2013

Acquisition of minority interest

Altia acquired the minority interest (0.16%) in the Latvian SIA Jaunalko in April. After the acquisition the total ownership in the company was 100 %. SIA Jaunalko merged with Altia Latvia at the end of December.

Acquisition of the Danish Brøndums-Akvavit brand

Altia Group acquired the Danish Brøndums-Akvavit brand in June. The cost of the acquisition amounted to EUR 11.3 million. EUR 10.3 million of the cost was allocated to intangible assets (trademark) and EUR 1.0 million to inventory.

Larsen SAS

In accordance with the agreement signed by Altia Plc in June 2013, the ownership in Larsen SAS and the cognac brand was transferred to Altia at the end of August. After the transfer Altia owns 100 % in Larsen SAS.

The cost of the acquisition amounted to EUR 39.3 million. The allocation of the cost on the identifiable assets and liabilities of the acquired subsidiary was completed during the fourth quarter.

The acquisition generated goodwill amounting to EUR 1.7 million. EUR 5.0 million of the cost of the acquisition was allocated to intangible assets (trademark). There was no contingent consideration related to the acquisition.

Net sales of four months, EUR 3.8 million of the acquired company are included in the 2013 comprehensive income. According to management estimate, if the acquisition had realised at 1 January 2013, the Group's net sales for the period would have amounted to EUR 482.0 million.

THE FAIR VALUES OF THE ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE ACQUISITON DATE WERE THE FOLLOWING:

EUR million	Fair values recognised upon acquisition
Intangible assets	**6.0**
Property, plant and equipment	**6.1**
Inventories	**23.8**
Trade and other receivables	**1.1**
Cash and cash equivalents	**2.9**
Total assets	**39.9**
Other liabilities	**-0.6**
Deferred tax liabilities	**-1.7**
Total liabilities	**-2.3**
Net assets	**37.6**

GOODWILL GENERATED IN THE ACQUISITION:

EUR million	
Consideration transferred	**39.3**
Identifiable net assets in the acquiree	**-37.6**
Goodwill	**1.7**
Consideration paid in cash	**39.3**
Cash and cash equivalents in acquiree	**-2.9**
Cash flow effect	**36.3**

The acquisition-related costs incurred, EUR 0.5 million, pertain to legal advisor services and due diligence costs.

ACQUISITIONS IN THE REPORTING PERIOD 2012

The Xanté Company AB

In accordance with the agreement signed by Altia Plc in January 2012, the ownership in The Xanté Company AB and the trademark owned by the company was transferred to Altia in the beginning of February. After the acquisition, Altia owned 100% in The Xanté Company AB and its subsidiary Päronkonjak i Sverige AB.

The consideration transferred was EUR 18.2 million (SEK 161.6 million). Allocation of the consideration to the identifiable assets and liabilities of the acquired subsidiary was finalised during the first quarter of the year.

The acquisition generated goodwill of EUR 8.7 million, which is based on the expected synergy benefits of the acquisition. Of the consideration, EUR 11.6 million was allocated to intangible rights (trademark). No contingent consideration was included in the acquisition.

During the reporting period, net sales of eleven months, EUR 4.7 million of the acquiree are included in the statement of comprehensive income for the reporting period 2012.

THE FAIR VALUES OF THE ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE ACQUISITION DATE WERE THE FOLLOWING:

EUR million	Fair values recognised upon acquisition
Intangible assets	11.6
Property, plant and equipment	0.0
Inventories	0.3
Trade and other receivables	0.8
Cash and cash equivalents	0.2
Total assets	12.9
Other liabilities	-0.4
Deferred tax liabilities	-3.0
Total liabilities	-3.4
Net assets	9.5

GOODWILL GENERATED IN THE ACQUISITION:

EUR million	
Consideration transferred	18.2
Identifiable net assets in the acquiree	-9.5
Goodwill	8.7
Consideration paid in cash	18.2
Cash and cash equivalents in acquiree	-0.2
Cash flow effect	18.0

Acquisition-related costs incurred, EUR 0.2 million, pertain to legal advisor services and due diligence costs.

A-Pullo Oy

Altia Plc redeemed the non-controlling interest (23.76%) in its subsidiary A-Pullo Oy in the beginning of April. After the acquisition, Altia owns 100% in its subsidiary. The company merged with the parent company at 31 December 2012.

SIA Jaunalko

In accordance with the agreement signed by Altia in the beginning of September, the ownership in SIA Jaunalko and the trademark owned by the company was transferred to Altia's subsidiary SIA Altia Latvia, owned by 100%. An additional interest of 11.49% was acquired in October, after which SIA Altia Latvia owned 99.84% in SIA Jaunalko.

The consideration transferred totalled EUR 3.1 million (LVL 2.2 million). Allocation of the consideration to the identifiable assets and liabilities of the acquired subsidiary was finalised during the fourth quarter of the year.

Of the consideration, EUR 1.5 million was allocated to intangible rights (trademarks). No contingent consideration was included in the acquisition. The fair value of current trade receivables and other receivables wass approximately EUR 1.3 million, which includes trade receivables of EUR 1.3 million, based on fair values. The fair value of trade receivables includes no significant risks.

During the reporting period, net sales of four months, EUR 1.9 million of the acquiree was included in the statement of comprehensive income for the reporting period 2012.

THE FAIR VALUES OF THE ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE ACQUISITON DATE WERE THE FOLLOWING:

EUR million	Fair values recognised upon acquisition
Intangible assets	2.3
Property, plant and equipment	0.6
Inventories	1.8
Trade and other receivables	1.3
Cash and cash equivalents	0.0
Total assets	6.1
Other liabilities	-2.7
Deferred tax liabilities	-0.3
Total liabilities	-3.0
Net assets	3.1

GOODWILL GENERATED IN THE ACQUISITION:

EUR million	
Consideration transferred	3.1
Share of non-controlling interest based on proportional interest of the identifiable net assets	0.0
Identifiable net assets in the acquiree	-3.1
Goodwill	-
Consideration paid in cash	3.1
Cash and cash equivalents in acquiree	-0.0
Cash flow effect	3.1

Acquisition-related costs incurred, EUR 0.3 million, pertain to legal advisor services and due diligence costs.

According to management estimate, if the acquisitions occurred in 2012 (Xanté and Jaunalko) had realised at 1 January 2012, the Group's net sales for the period would have been EUR 487.0 million and operating profit EUR 30.3 million, taking into account the acquisition-related costs (EUR 0.5 million).

DISPOSED BUSINESSES

DISPOSALS IN THE REPORTING PERIOD 2012

Altia sold its subsidiaries VSD Logistics AB and VSD Logistics AS part of the Industrial Services segment to Scanlog Skandinavisk Logistik AS in May. Altia owned 100% in its subsidiary VSD Logistics AS and 100% in VSD Logistics AB through its subsidiaries. After the approval of the Competition Authority of Norway, control was transferred on 2 May 2012. The assets and liabilities of the sold companies were classified as non-current assets held for sale.

THE PROFITS OF THE DISPOSED COMPANIES AND THE GAIN ON DISPOSAL WERE THE FOLLOWING:

EUR million Profit of VSD Logistics AB and VSD Logistics AS	1 Jan–1 May 2012	1 Jan–1 Dec 2011
Income	**10.0**	17.6
Expenses	**10.5**	17.7
Profit before taxes	**-0.5**	-0.1
Taxes	**-0.1**	-
Profit after taxes	**-0.5**	-0.1

Gain on disposal in the Group's statement of comprehensive income: The gain on disposal of EUR 4.5 million was recognised in the Group from the sale of VSD Logistics AB and VSD Logistics AS. The gain was recognised in other operating income.

3. *Other operating income*

EUR million	2013	2012
Gains on sale of property, plant and equipment and intangible assets	**2.8**	4.8
Rental income	**1.2**	1.4
Income from sale of energy, water, steam and carbon dioxide	**3.5**	4.0
Gain on liquidation of a subsidiary	**1.9**	-
Other income	**2.6**	3.4
Total	**12.1**	13.6

4. *Employee benefit expenses*

EUR million	2013	2012
Wages and salaries	**53.9**	51.3
Pension expenses		
Defined contribution plans	**6.9**	7.0
Defined benefit plans	**0.7**	0.6
Other social expenses	**6.7**	6.5
Total	**68.2**	65.4
Average number of personnel during the period		
Workers	**370**	415
Clerical employees	**704**	692
Total	**1 074**	1 108

More information on the Group's pension plans and long-service benefit plan is presented in Note 25. Information on management remuneration is presented in Note 30 Related party transactions.

5. *Depreciation, amortisation and impairment*

EUR million	2013	2012
Depreciation and amortisation by asset categories		
Intangible assets		
Intangible rights	**8.4**	7.8
Other intangible assets	**1.2**	1.7
Total	**9.6**	9.5
Property, plant and equipment		
Buildings	**3.7**	3.9
Machinery and equipment	**7.3**	7.4
Machinery and equipment, acquired through finance leases	**0.5**	0.5
Other tangible assets	**0.0**	0.0
Total	**11.4**	11.8
Impairment losses by asset categories		
Intangible rights	**0.9**	-
Land areas	**1.8**	-
Machinery and equipment	**4.8**	-
Buildings	**8.1**	1.0
Total impairment losses	**15.6**	1.0

The impairment losses of the period relate to the logistics center owned by Altia Denmark A/S in Svendborg and to trademarks.

The impairment loss of the comparison period related to the logistics center owned by Altia Denmark A/S in Odense. The logistics center was classified as held for sale and it was included in the Supply Chain segment. The sale was finalised in December 2012.

6. *Other operating expenses*

EUR million	2013	2012
Losses on sales and disposals of property, plant and equipment and intangible assets	**0.1**	0.4
Rental expenses	**8.9**	7.9
Marketing expenses	**15.9**	15.2
Travel and representation expenses	**4.1**	4.0
Outsourcing services	**9.4**	10.7
Repair and maintenance expenses	**7.6**	7.6
Cars and transport services	**1.5**	1.4
Energy expenses	**10.5**	8.4
ICT expenses	**5.5**	5.2
Variable sales expenses	**16.5**	16.1
Other expenses	**10.2**	9.7
Total	**90.1**	86.7
Auditor's fees		
Audit fees	**0.3**	0.3
Tax consultation	**0.1**	0.1
Other fees	**0.4**	0.4
Total	**0.8**	0.7

7. *Research and development expenditure*

Research and development expenditure amounting to EUR 3.3 (3.1) million has been recognised in profit or loss.

8. *Financial income*

EUR million	2013	2012
Interest income		
Financial assets at fair value through profit or loss	**0.6**	0.8
Loans and receivables	**0.5**	0.8
Available-for-sale financial assets	**0.1**	0.1
Derivatives under hedge accounting	**0.3**	0.6
Total interest income	**1.5**	2.3
Foreign exchange gains		
Financial assets at fair value through profit or loss	**3.4**	3.8
Loans and receivables	**5.7**	1.9
Total foreign exchange gains	**9.1**	5.7
Dividend income		
Financial assets at fair value through profit or loss	**0.1**	0.1
Available-for-sale financial assets	**0.0**	0.1
Total dividend income	**0.1**	0.1
Other financial income		
Gains on financial assets held for trading	**0.0**	0.0
Loans and receivables	**-**	0.0
Other financial income	**-**	-
Total other financial income	**0.0**	0.0
Total financial income	**10.6**	8.1

Foreign exchange differences arising from trade receivables and trade payables amounting to EUR -0.3 (0.2) million and from currency derivatives amounting to EUR 0.6 (-1.3) million are included in operating profit.

Group's principles of managing currency risk are presented in Note 32 Financial risk management in section Transaction risk.

9. *Financial expenses*

EUR million	2013	2012
Interest expenses		
Financial liabilities at fair value through profit or loss	**0.6**	1.2
Financial liabilities at amortised cost	**3.4**	3.2
Derivatives under hedge accounting	**2.0**	2.1
Other interest expenses	**0.6**	0.5
Total interest expenses	**6.6**	7.0
Foreign exchange losses		
Financial assets at fair value through profit or loss	**7.0**	2.6
Financial liabilities at amortised cost	**0.2**	0.7
Loans and receivables	**2.0**	2.5
Total foreign exchange losses	**9.2**	5.8
Other financial expenses		
Financial assets at fair value through profit or loss	**0.0**	-
Other financial expenses	**0.5**	0.6
Ineffective portion of commodity derivatives under hedge accounting	**0.0**	0.2
Other commodity derivatives	**0.2**	0.2
Total other financial expenses	**0.7**	0.9
Total financial expenses	**16.5**	13.8

Interest expenses include finance lease related interest expenses amounting to EUR 0.2 (0.2) million .

10. *Income tax expenses*

EUR million	2013	2012
Current income tax expenses	**3.5**	4.2
Adjustments to taxes for prior periods	**-0.1**	-0.0
Deferred taxes:		
Origination and reversal of temporary differences	**-2.8**	2.1
Impact of changes in tax rates	**-1.4**	-2.3
Total	**-0.8**	4.0

The reconciliation of the tax expense recognised in profit or loss and the tax expense calculated using Altia Group's domestic corporate tax rate (24.5% in 2013, 24.5% in 2012):

EUR million	2013	2012
Result before taxes	**-3.8**	24.6
Income tax using the parent company's tax rate	**-0.9**	6.0
Effect of tax rates of subsidiaries in foreign jurisdictions	**-0.9**	0.3
Tax-exempt income	**-0.2**	-1.1
Non-deductible expenses	**0.7**	0.6
Utilisation of previously unrecognised tax losses	**-0.5**	0.1
Adjustments to taxes for prior periods	**-0.1**	-0.0
Share of profit in associated companies and joint ventures, net of tax	**-0.3**	-0.2
Effect of changes in tax rates	**-1.4**	-2.3
Current period losses for which no deferred tax asset was recognised	**2.8**	0.6
Tax expense in profit or loss	**-0.8**	4.0

Income tax recognised in other comprehensive income 2013

EUR million	Before tax	Tax	Net of tax
Cash flow hedges	**1.7**	**-0.6**	**1.1**
Share of other comprehensive income in associated companies and joint ventures	**-0.1**	-	**-0.1**
Translation differences	**-14.9**	-	**-14.9**
Remeasurements of defined benefit liability	**-3.8**	**0.1**	**-3.7**
Other changes	**-0.2**	-	**-0.2**
Total	**-17.3**	**-0.5**	**-17.8**

Income tax recognised in other comprehensive income 2012

EUR million	Before tax	Tax	Net of tax
Cash flow hedges	-2.1	0.5	-1.6
Share of other comprehensive income in associated companies and joint ventures	0.0	-	0.0
Translation differences	7.1	-	7.1
Remeasurements of defined benefit liability	-10.0	2.5	-7.6
Other changes	-0.3	-	-0.3
Total	-5.3	3.0	-2.3

11. *Earnings per share*

Earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the reporting period.

	2013	2012
Profit/loss attributable to the shareholders of the parent company, EUR million	**-3.1**	20.8
Weighted average number of shares outstanding (1,000)	**35 985**	35 985
Basic and diluted earnings per share (EUR)	**-0.09**	0.58

12. *Intangible assets*

EUR million	Intangible rights	Other intangible assets	Pre-payments	Goodwill	Total
Acquisition cost at 1 January 2013	**130.8**	**10.9**	**0.4**	**164.9**	**307.0**
Additions	**10.4**	**0.1**	**1.0**	**-**	**11.5**
Acquisition of subsidiaries	**6.0**	**-**	**-**	**1.7**	**7.7**
Disposals	**-0.1**	**-**	**-0.0**	**-**	**-0.1**
Effect of movement in exchange rates	**-4.7**	**-0.0**	**0.0**	**-10.1**	**-14.8**
Transfers between items	**0.3**	**-**	**-0.3**	**-**	**-0.0**
Acquisition cost at 31 December 2013	**142.7**	**11.0**	**1.0**	**156.4**	**311.2**
Accumulated amortisation and impairment losses at 1 January 2013	**-77.4**	**-8.8**	**-**	**-54.4**	**-140.6**
Amortisation	**-8.3**	**-1.2**	**-**	**-**	**-9.5**
Impairment losses	**-0.9**	**-**	**-**	**-**	**-0.9**
Accumulated amortisation on disposals and transfers	**0.0**	**-**	**-**	**-**	**0.0**
Effect of movement in exchange rates	**3.4**	**0.0**	**-**	**5.4**	**8.8**
Accumulated amortisation and impairment losses at 31 December 2013	**-83.2**	**-10.0**	**-**	**-49.0**	**-142.1**
Carrying amount at 1 January 2013	**53.4**	**2.1**	**0.4**	**110.5**	**166.4**
Carrying amount at 31 December 2013	**59.5**	**1.0**	**1.0**	**107.4**	**169.0**
Acquisition cost at 1 January 2012	112.9	11.9	0.2	147.2	272.2
Additions	0.1	0.0	0.4	-	0.6
Acquisition of subsidiaries	14.4	-	0.0	9.0	23.4
Disposals	-0.8	-	-	3.1	2.4
Sale of subsidiaries	-0.0	-1.1	-	0.1	-1.0
Effect of movement in exchange rates	3.4	0.0	-	5.6	9.1
Transfers between items	0.8	-	-0.2	-0.2	0.3
Acquisition cost at 31 December 2012	130.8	10.9	0.4	164.9	307.0
Accumulated amortisation and impairment losses at 1 January 2012	-67.9	-8.1	-	-48.4	-124.4
Amortisation	-7.9	-1.7	-	-	-9.6
Accumulated amortisation on disposals and transfers	0.8	-	-	-3.4	-2.6
Accumulated amortisation on sale of subsidiaries	0.0	1.1	-	0.0	1.1
Effect of movement in exchange rates	-2.4	-0.0	-	-2.6	-5.1
Accumulated amortisation and impairment losses at 31 December 2012	-77.4	-8.8	-	-54.4	-140.6
Carrying amount at 1 January 2012	44.9	3.8	0.2	98.8	147.8
Carrying amount at 31 December 2012	53.4	2.1	0.4	110.5	166.4

Impairment testing of goodwill

For impairment testing purposes, the Group's goodwill has been allocated to legal entities. Group determines cash-generating units to be tested separately based on the legal entities. In addition to this, the businesses acquired during the reporting period were tested. The total carrying amount of goodwill was EUR 107.4 (110.5) million at the end of the period and it was allocated to the segments as follows:

Altia Brands (former Brands) EUR 89.4 (90.6) million
Partner Brands (former Trading) EUR 18.0 (19.9) million

Acquired Larsen SAS (incl. in Altia Brands segment) EUR 1.7 million

Goodwill allocated to the Group's cash-generating units is annually tested for impairment by comparing their carrying amount to their recoverable amount. Impairment testing was carried out at 30 November 2013. The company did not hold any other intangible assets with indefinite useful life besides goodwill at the time of the testing. The impairment testing did not indicate any need to recognise impairment losses. In the comparison year, no impairment losses were recognised.

The market-specific WACC estimates were updated for the testing at 30 November 2013 based on market-specific references. Management makes assumptions regarding the development of other variables than WACC based on internal and external views of the industry's history and future. The forecast period applied for the calculations covers seven years, as in the previous projections. Beoynd that the cash flow projections are extrapolated using a constant market-specific growth rate estimate. The segment-specific WACC used as discount rates for the cash flow estimates was 6% in Finland, 5.8% in Norway, 5.9% in Sweden, 5.8% in Denmark, 8.4% in Estonia and 7.9% in Latvia. WACC is country-specific, and therefore the WACC for Finland has been applied to Altia Brands segment and the WACC for Norway for Partner Brands segment.

The cash flow estimates are long-term forecasts of cash flows budgeted until year 2019, which are based on latest long-term operating plans. The cash flows projections for future periods are extrapolated by using an annual 2% growth rate estimate. According to management these growth rate estimates reflect the development of the business over the forecast period.

Sensitivity analyses

In respect of both Altia Brands and Partner Brands segments, the impairment tests showed that there was no need for recognition of impairment losses.

If Altia Brands' operating profit, as a percentage of net sales, decreased by 5 percentage points and simultaneously WACC increased by 6 percentage points, the carrying amount would equal the recoverable amount.

If Partner Brand's operating profit, as a percentage of net sales, decreased by 5 percentage points and simultaneously WACC increased by 8 percentage points, the carrying amount would equal the recoverable amount.

13. *Property, plant and equipment*

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and assets under construction	Total
Acquisition cost at 1 January 2013	**4.3**	**104.1**	**148.2**	**0.6**	**3.5**	**260.7**
Additions	-	**0.1**	**0.5**	**0.0**	**15.2**	**15.8**
Acquisition of subsidiaries	-	**3.7**	**2.4**	-	-	**6.2**
Disposals	**-0.0**	**-3.6**	**-0.8**	**-0.0**	-	**-4.4**
Effect of movement in exchange rates	**0.0**	**0.0**	**-0.2**	-	**-0.0**	**-0.2**
Transfers between items	-	**4.0**	**5.4**	**0.0**	**-9.4**	**0.0**
Acquisition cost at 31 December 2013	**4.2**	**108.4**	**155.4**	**0.6**	**9.3**	**278.0**
Accumulated depreciation and impairment losses at 1 January 2013	-	**-69.6**	**-115.8**	**-0.1**	-	**-185.6**
Depreciation	-	**-3.7**	**-7.7**	**-0.0**	-	**-11.4**
Impairment losses	**-1.8**	**-8.1**	**-4.8**	-	-	**-14.7**
Accumulated depreciation on disposals and transfers	-	**3.4**	**0.4**	-	-	**3.8**
Effect of movement in exchange rates	**0.0**	**0.0**	**0.2**	**0.0**	-	**0.2**
Accumulated depreciation and impairment losses at 31 December 2013	**-1.8**	**-78.1**	**-127.8**	**-0.1**	-	**-207.7**
Carrying amount at 1 January 2013	**4.3**	**34.5**	**32.3**	**0.5**	**3.5**	**75.1**
Carrying amount at 31 December 2013	**2.5**	**30.3**	**27.7**	**0.5**	**9.3**	**70.3**
Acquisition cost at 1 January 2012	5.4	104.5	154.8	1.5	2.4	268.6
Additions	-	0.0	1.5	-	12.2	13.7
Acquisition of subsidiaries	0.0	0.2	0.4	-	0.0	0.7
Disposals	-1.2	-6.8	-12.9	-0.9	-	-21.8
Sale of subsidiaries	-	-	-0.3	-	-	-0.3
Effect of movement in exchange rates	-0.0	-0.0	0.1	0.0	0.0	0.1
Transfers between items	0.0	6.2	4.5	0.0	-11.1	-0.3
Acquisition cost at 31 December 2012	4.2	104.1	148.2	0.6	3.5	260.7
Accumulated depreciation and impairment losses at 1 January 2012	-	-67.5	-119.6	-1.0	-	-188.1
Depreciation	-	-3.9	-7.9	-0.0	-	-11.8
Impairment losses	-	-1.0	-	-	-	-1.0
Accumulated depreciation on disposals and transfers	-	2.8	11.5	0.9	-	15.2
Accumulated depreciation on sale of subsidiaries	-	-	0.3	-	-	0.3
Effect of movement in exchange rates	-	-0.0	-0.1	-	-	-0.1
Accumulated depreciation and impairment losses at 31 December 2012	-	-69.6	-115.8	-0.1	-	-185.6
Carrying amount at 1 January 2012	5.4	37.0	35.2	0.5	2.4	80.5
Carrying amount at 31 December 2012	4.2	34.5	32.3	0.5	3.5	75.1

Commitments related to uncomplete capital expenditure amounted to EUR 8.4 million at the end of the reporting period (EUR - million at the end of year 2012).

Finance leases:

Property, plant and equipment include assets acquired under finance lease as follows:

EUR million	2013	2012
Machinery and equipment		
Acquisition cost at 31 December	**6.7**	6.6
Accumulated depreciation at 31 December	**-4.9**	-4.4
Carrying amount at 31 December	**1.9**	2.2

Fortum Lämpö Oy has built at its own cost a steam power plant in Altia's plant area in Rajamäki. According to the agreement, Altia is obliged to acquire the plant at the end of the agreement period at 31 December 2017, or if the agreement is terminated. Altia pays Fortum annually for the plant as energy costs for a period of 15 years after which the right of ownership is transferred to Altia. The useful life of the asset is 15 years.

Borrowing costs during construction

The borrowing costs related to the plant construction started in 2013 are capitalised as part of the cost of the asset and are depreciated over the asset's useful life. The capitalised borrowing costs amounted to EUR 0.0 million at 31 December 2013.

14. Investment property

EUR million	2013	2012
Acquisition cost at 1 January	**0.0**	0.0
Disposals	**-0.0**	-0.0
At 31 December	-	0.0
Fair value	-	0.4

Altia measures investment properties based on the cost model.

15. Available-for-sale financial assets

EUR million	2013	2012
Unquoted shares	**0.8**	0.8

16. Other receivables

EUR million	2013	2012
Capital loan receivable	**0.8**	0.8

17. *Deferred tax assets and liabilities*

EUR million	1 Jan 2013	Recognised in profit or loss	Recognised in other comprehensive income	Exchange rate differences	Acquired/ disposed businesses	31 Dec 2013
Change in deferred tax assets and liabilities during 2013:						
Deferred tax assets:						
Tax losses	-	**0.6**	-	-	-	**0.6**
Pension benefits	**5.1**	**0.1**	**0.1**	**-0.1**	-	**5.3**
Internal margin of inventories	**0.1**	**-0.0**	-	**-0.0**	-	**0.0**
Recognised in hedging reserve	**1.4**	-	**-0.6**	**-0.0**	-	**0.8**
Other items	**1.6**	**-1.2**	-	**-0.0**	-	**0.4**
Total	**8.2**	**-0.5**	**-0.5**	**-0.1**	**0.0**	**7.2**
Deferred tax liabilities:						
Depreciation in excess of plan and voluntary provisions	**5.6**	**-1.9**	-	**-0.0**	-	**3.7**
Recognised in hedging reserve	-	-	**0.0**	**0.0**	-	**0.0**
Fair value allocation on acquisitions	**9.4**	**-2.3**	-	**-0.3**	**1.7**	**8.5**
Other items	**9.8**	**-0.5**	-	**-0.1**	-	**9.2**
Total	**24.9**	**-4.7**	**0.0**	**-0.5**	**1.7**	**21.3**

EUR million	1 Jan 2012	Recognised in profit or loss	Recognised in other comprehensive income	Exchange rate differences	Acquired/ disposed businesses	31 Dec 2012
Change in deferred tax assets and liabilities during 2012:						
Deferred tax assets:						
Pension benefits	2.9	-0.3	2.5	0.1	-0.1	5.1
Internal margin of inventories	0.1	-0.1	-	0.0	-	0.1
Recognised in hedging reserve	0.9	-	0.5	0.0	-0.0	1.4
Other items	2.5	-0.7	-	-0.0	-0.1	1.6
Total	6.5	-1.1	3.0	0.0	-0.2	8.2
Deferred tax liabilities:						
Depreciation in excess of plan and and voluntary provisions	5.1	0.4	-	0.1	0.1	5.6
Recognised in hedging reserve	0.0	-	-0.0	-	-	-
Fair value allocation on acquisitions	10.3	-4.4	-	0.0	3.5	9.4
Other items	6.9	2.8	-	0.2	-	9.8
Total	22.3	-1.3	-0.0	0.3	3.5	24.9

No deferred tax liability for the foreign subsidiaries' undistributed retained earnings has been recognised, since distribution of profits is not probable in the foreseeable future.

At 31 December 2013, the Group had EUR 11.5 million of unused tax losses for which no deferred tax asset was recognised.
At 31 December 2012, the Group had EUR 2.4 million of unused tax losses for which no deferred tax asset was recognised.

18. *Inventories*

EUR million	2013	2012
Materials and supplies	**48.3**	33.9
Work in progress	**21.8**	15.4
Finished goods	**13.6**	14.8
Goods	**26.5**	27.0
Advance payments	**0.1**	0.1
Total	**110.3**	91.2

Write-downs on inventories amounting to EUR 5.4 (3.3) million were recognised in the Group companies during the reporting period.

19. *Trade receivables and other receivables (current)*

EUR million	2013	2012
Trade receivables		
External trade receivables	**124.4**	183.9
Receivables from joint ventures	**0.2**	0.2
Accrued income		
Interest receivables	**0.0**	0.0
Employee benefit costs	**0.1**	0.2
Other accrued income	**1.8**	2.8
Receivables on derivative instruments	**0.2**	0.3
Other receivables	**3.9**	8.5
Total	**130.7**	195.9

Altia signed a frame agreement for trade receivables sales during the reporting period. At the end of the reporting period the impact of the sold trade receivables on cash flow amounted to EUR 44.0 million.

Ageing analysis of trade receivables

EUR million	2013	Impairment losses	Net 2013
Trade receivables not past due	**119.8**	-	**119.8**
Trade receivables past due 1-30 days	**3.2**	-	**3.2**
Trade receivables past due 31-60 days	**0.7**	-	**0.7**
Trade receivables past due 61-90 days	**0.0**	-	**0.0**
Trade receivables past due over 90 days	**1.8**	**-0.8**	**0.9**
Total	**125.5**	**-0.8**	**124.6**

EUR million	2012	Impairment losses	Net 2012
Trade receivables not past due	170.8	-	170.8
Trade receivables past due 1-30 days	12.5	-	12.5
Trade receivables past due 31-60 days	0.3	-	0.3
Trade receivables past due 61-90 days	0.1	-	0.1
Trade receivables past due over 90 days	1.5	-1.1	0.4
Total	185.2	-1.1	184.1

The impairment losses recognised on trade receivables during the reporting period amounted to EUR 0.1 (0.1) million .

20. *Other financial assets*

EUR million	**2013**	2012
Bank deposits	**0.0**	0.0
Available-for-sale financial assets at 31 December	**0.0**	0.0

21. *Other investments*

EUR million	**2013**	2012
Publicly quoted shares	-	0.8
Financial assets at fair value through profit or loss	**0.0**	0.8

22. *Cash and cash equivalents*

EUR million	**2013**	2012
Cash at hand and in bank	**74.5**	38.4
Cash equivalents	**1.6**	1.8
Total	**76.1**	40.2

23. *Equity*

Share capital Share capital consists of A and L share series. At the end of the reporting period 2013 there were 35,960,000 A shares and 25,003 L shares. All shares have the same voting and financial rights.

The following reserves are included in equity:

Share premium fund Portion of payments received for share subscriptions were recognised in the share premium reserve in accordance with the terms and conditions of the share issue before the new Limited Liability Companies Act (21 July 2006/624) entered into force.

Hedging reserve The hedging reserve includes the fair value changes of derivative instruments used for cash flow hedging for effective hedges.

Fair value reserve The fair value reserve includes the changes in the fair value of available-for-sale financial assets.

Translation differences Translation differences comprise all foreign exchange differences arising from the translation of the foreign subsidiaries’ financial statements, as well as from the translation of goodwill and the fair value adjustments to assets and liabilities arisen from the acquisition of these companies.
The Group’s translation differences amounted to negative EUR 1.2 million at 31 December 2013 (EUR 13.4 million in 2012).

24. Interest-bearing financial liabilities

EUR million	2013	2012
Non-current		
Loans from financial institutions	**132.7**	129.2
Finance lease liabilities	**1.9**	2.2
Total	**134.6**	131.4
Current		
Loans from financial institutions	**7.5**	19.5
Commercial papers	**44.0**	20.5
Current portion of finance lease liabilities	**0.5**	0.5
Total	**52.0**	40.4

Interest-bearing non-current loans from financial institutions are measured at amortised cost using the effective interest method.

Group's interest-bearing financial liabilities mature as follows:

2013 EUR million	2014	2015	2016	2017	2018	2019-
Loans from financial institutions and commercial papers (nominal value)	**51.5**	**68.2**	**7.5**	**7.5**	**50.0**	-
Finance lease liabilities	**0.6**	**0.6**	**0.5**	**0.9**	-	-
Total	**52.1**	**68.8**	**8.0**	**8.4**	**50.0**	-

2012 EUR million	2013	2014	2015	2016	2017	2018-
Loans from financial institutions and commercial papers (nominal value)	40.0	19.2	110.8	-	-	-
Finance lease liabilities	0.6	0.6	0.5	0.5	0.9	-
Total	40.6	19.8	111.4	0.5	0.9	-

Group's non-current interest-bearing financial liabilities by currency are as follows:

EUR million	2013	2012
EUR	**126.6**	118.7
SEK	**7.9**	12.7

The weighted average effective interest rates of the Group's liabilities at 31 December (p.a.):

	2013	2012
Loans from financial institutions and commercial papers, EUR	**2.6%**	2.4%
Loans from financial institutions, SEK	**2.8%**	3.0%

The weighted average interest rates of the Group's finance lease liabilities at 31 December:

	2013	2012
Finance lease liabilities	**3.0%**	3.0%

Group's current interest-bearing financial liabilities by currency are as follows:

EUR million	2013	2012
EUR	**52.0**	35.5
SEK	**-**	4.7
LVL	**-**	0.3

Group's finance lease liabilities mature as follows:

EUR million	2013	2012
Total amount of minimum lease payments		
Less than one year	**0.6**	0.6
More than one and less than five years	**2.1**	2.6
Total minimum lease payments	2.7	3.2
Present value of minimum lease payments		
Less than one year	**0.5**	0.5
More than one and less than five years	**1.9**	2.2
Total present value of minimum lease payments	2.3	2.7
Future finance charges	**-0.4**	-0.5
Total finance lease liabilities	2.3	2.7

25. *Long-term employee benefit obligations*

a) PENSION OBLIGATIONS

At 1 January 2013 the Group adopted the revised IAS19. The impacts of the adoption are disclosed in the accounting policies for the consolidated financial statements (”Basis of preparation”).

The Group operates various pension plans in accordance with local conditions and practices in different countries. In the Finnish companies, statutory pension obligations (TyEL) are arranged through insurance companies, when the TyEL plan is a defined contribution plan. The defined contribution plans are applied also in other countries and the foreign subsidiaries manage their pension plans in accordance with local legislation and established practice.

The Group has defined benefit pension plans for supplementary pension in Finland, Norway and France. In Finland the defined benefit pension plans are arranged through pension insurance companies. In defined benefit pension plans, the amount of the pension benefit at retirement is calculated on the basis of salary, years of service and life expectancy. The Finnish supplementary pensions mainly concern pensions already begun and paid-up policies, for which the company’s obligation is mainly limited to costs related to the increases in index. The Norwegian and French pension plans cover only few employees, thus the related pension liabilities are not material for the Group.

Defined benefit pension liability in the statement of financial position:

EUR million	2013	2012
Present value of unfunded obligations	**2.3**	1.7
Present value of funded obligations	**98.9**	105.7
Fair value of plan assets	**-75.3**	-85.5
Taxes, Norway	**0.3**	0.2
Net pension liability in the statement of financial position	**26.3**	22.2

Defined benefit pension expense in profit or loss:

EUR million	2013	2012
Current service cost	**-0.5**	-0.5
Net interest	**-0.6**	-0.5
Tax effect, Norway	**-0.0**	-0.0
Pension expenses recognized in profit or loss	**-1.2**	-1.1

Items of other comprehensive income:

	2013	2012
Remeasurements		
Return on plan assets, excluding interest income and interest expense	**-7.4**	6.3
Gain (loss) related to changes in demographic assumptions	**-0.3**	-
Gain (loss) related to changes in financial assumptions	**2.5**	-18.8
Experience adjustment - gain (loss)	**1.4**	2.7
Tax effect, Norway	**-0.1**	-0.2
Total comprehensive income	**-3.8**	-10.0

Changes in pension obligation and fair value of plan assets in the statement of financial position:

Present value of the obligation:, EUR million	2013	2012
Obligation at 1 January	**107.6**	93.1
Service cost	**0.6**	0.5
Interest cost	**3.1**	4.0
Benefits paid	**-6.0**	-5.9
Exchange differences	**-0.5**	0.1
Remeasurement gains (–) and losses (+)	**-3.6**	16.1
Effect of settlement of obligation	**-**	-0.6
Tax effect, Norway	**0.3**	0.2
Obligation at 31 December	**101.5**	107.6

Fair value of plan assets	2013	2012
Fair value of plan assets at 1 January	**85.5**	80.0
Interest income	**2.5**	3.5
Contributions paid by employer to the plan	**0.7**	1.5
Return on plan assets, excluding items recognized in interest expense	**-7.4**	6.3
Benefits paid	**-6.0**	-5.8
Fair value of plan assets at 31 December	75.3	85.5

It is not possible to provide a breakdown of the plan assets by asset classes, since the part of the accumulated obligation paid to pension insurance companies is considered an asset. The asset is the responsibility of the insurance company and forms a part of their investment capital, which is why a breakdown by asset class cannot be determined.

The Group estimates that the contributions to the defined benefit pension plans will amount to EUR 0.4 million in 2014.

Reconciliation of net liability:

EUR million	2013	2012
Pension liability at 1 January	**22.2**	13.0
Pension expenses recognised in profit or loss	**1.1**	1.0
Remeasurements	**3.8**	10.0
Contributions paid by employer to the plan	**-0.7**	-1.5
Benefits paid	**-0.0**	-0.1
Tax effects, Norway	**0.1**	0.0
Exchange differences	**-0.3**	-0.4
Pension liability at 31 December	26.3	22.2

Significant actuarial assumptions:

Finland		
Discount rate	**3.3%**	3.0%
Future pension growth	**2.1%**	2.1%
Future salary growth	**3.3%**	2.5%
Insurance companies' reimbursement assumption	**0.0%**	0.5%
Norway		
Discount rate	**3.3%**	2.2%
Future pension growth	**2.0%**	2.0%
Future salary growth	**3.8%**	0.0%

The weighted average duration of the obligation is 15.5 years.

Sensitivity analysis, impact on defined benefit obligation and plan assets

Assumption	Change in assumption	Change in obligation, EUR million	Change in plan assets, EUR million	Change in obligation, %	Change in plan assets, %
Discount rate	+0.5%	-5.4	-3.4	-5.4%	-4.6%
Growth rate of pensions	+0.5%	0.3	0.0	0.3%	0.0%
Growth rate of salaries	+0.5%	3.7	2.4	3.6%	3.1%
Change in mortality rate	1 year in life expectancy	6.0	0.0	5.9%	0.0%
Insurance companies' reimbursement	+0.5%	0.0	4.1	0.0%	5.4%

There are no material risks related to the defined benefit plans of the Group since the obligations are insured. The risk is mainly related to the financing the pension index. Rise in the pension index increases the liability amount in the company.

Changes in discount rate impact both the pension obligation and the plan assets, so the risk relates to the net liability.

b) OTHER LONG-TERM EMPLOYEE BENEFITS: LONG-SERVICE BENEFITS

In Altia Plc, a long-service benefit has been calculated and annually reviewed based on the length of employment for employees hired prior to 1 January 1994. The plan was discontinued in 2012. The accumulated benefits have been paid to the employees in cash or as paid vacation during the years 2012 and 2013. The amount of the benefit in the Group was as follows:

Arising from long-service benefits:

EUR million	2013	2012
Present value of unfunded obligations / deficit	-	0.1

Other long-term employee benefit expense in profit or loss:

EUR million	2013	2012
Current service costs	-	-0.0
Interest costs	-	-0.0
Expected return on plan assets	-	-
Remeasurement gains (–) and losses (+)	-	0.2
Total	-	0.2

Changes in other long-term employee benefit obligation and in the fair value of plan assets in the statement of financial position:

Present value of the obligation:	2012	2012
Obligation at 1 January	**0.1**	0.6
Current service costs	-	0.0
Interest costs	-	0.0
Benefits paid	**-0.1**	-0.3
Remeasurement gains (–) and losses (+)	-	-0.2
Obligation at 31 December	-	0.1

Significant actuarial assumptions:

	2013	2012
Finland		
Discount rate	-	3.0%
Future salary growth	-	2.5%

26. *Trade payables and other payables*

EUR million	2013	2012
Current		
Trade payables	**38.7**	36.9
Accruals for wages and salaries and social security contributions	**2.4**	4.3
Other accrued expenses	**18.9**	17.1
Derivative liabilities	**4.7**	6.8
Excise tax	**65.1**	64.0
VAT liability	**32.1**	32.3
Other liabilities	**11.7**	12.6
Total	173.6	173.9

27. *Fair values of financial assets and liabilities*

The following table presents the fair values and the carrying amounts in the consolidated statement of financial position for each financial instrument by classes:

2013 EUR million	Note	Derivatives, hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Carrying amounts of items in the statement of financial position	Fair value
Financial assets								
Non-current financial assets								
Unquoted shares	15.	-	-	-	0.8	-	0.8	0.8
Loan receivables	16.	-	-	0.8	-	-	0.8	0.8
Current financial assets								
Trade and other receivables	19.	-	-	127.4	-	-	127.4	127.4
Forward exchange contracts	19.	0.0	0.2	-	-	-	0.2	0.2
Cash and cash equivalents	22.	-	-	76.1	-	-	76.1	76.1
Total		0.0	0.2	204.3	0.8	-	205.4	205.4
Financial liabilities								
Non-current financial liabilities								
Interest-bearing liabilities	24.	-	-	-	-	134.5	134.5	134.5
Current financial liabilities								
Interest-bearing liabilities	24.	-	-	-	-	52.0	52.0	52.0
Trade and other payables	26.	-	-	-	-	40.1	40.1	40.1
Trade and other payables/Derivative instruments								
Interest rate derivatives	26.	3.4	-	-	-	-	3.4	3.4
Forward exchange contracts	26.	0.4	0.0	-	-	-	0.4	0.4
Commodity derivatives	26.	0.2	0.6	-	-	-	0.9	0.9
Total		4.0	0.7	-	-	226.6	231.3	231.3

2012 EUR million	Note	Derivatives, hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Carrying amounts of items in the statement of financial position	Fair value
Financial assets								
Non-current financial assets								
Unquoted shares	15.	-	-	-	0.9	-	0.9	0.9
Loan receivables	16.	-	-	0.8	-	-	0.8	0.8
Current financial assets								
Publicly quoted shares	21.	-	0.8	-	-	-	0.8	0.8
Trade and other receivables	19.	-	-	190.7	-	-	190.7	190.7
Trade and other receivables/Derivative instruments								
Forward exchange contracts	19.	0.3	0.1	-	-	-	0.3	0.3
Cash and cash equivalents	22.	-	-	40.2	-	-	40.2	40.2
Total		0.3	0.9	231.7	0.9	-	233.7	233.7
Financial liabilities								
Non-current financial liabilities								
Interest-bearing liabilities	24.	-	-	-	-	131.4	131.4	131.4
Current financial liabilities								
Interest-bearing liabilities	24.	-	-	-	-	40.4	40.4	40.4
Trade and other payables	26.	-	-	-	-	39.1	39.1	39.1
Trade and other payables/Derivative instruments								
Interest rate derivatives	26.	5.3	0.0	-	-	-	5.4	5.4
Forward exchange contracts	26.	0.5	0.3	-	-	-	0.8	0.8
Commodity derivatives	26.	0.1	0.5	-	-	-	0.6	0.6
Total		6.0	0.8	-	-	211.0	217.7	217.7

Nominal values of derivative instruments

EUR million	2013	2012
Derivative instruments designated for cash flow hedging		
Interest rate derivatives	**126.3**	134.0
Forward exchange contracts	**21.9**	26.4
Commodity derivatives. electricity	**2.6**	2.7
	0.1TWh	0.1 TWh
Derivative instruments. non-hedge accounting		
Interest rate derivatives	**-**	45.0
Forward exchange contracts	**47.5**	89.4
Commodity derivatives. electricity	**2.3**	2.3
	0.05 TWh	0.05 TWh

The table below presents the classification of financial instruments. The classification allows for the relative reliability of the fair values to be assessed. Fair values of the other financial assets and financial liabilities categorized in level 2 equal their value in the statement of financial position.

Financial assets, fair value

EUR million	2013	2012
LEVEL 1		
Financial assets at fair value through profit or loss		
Publicly quoted shares	-	0.8
LEVEL 2		
Financial assets at fair value through profit or loss		
Forward exchange contracts	**0.2**	0.1
Interest rate derivatives	-	-
Derivatives, hedge accounting		
Forward exchange contracts	**0.0**	0.3
Interest rate derivatives	-	-
LEVEL 3		
Available-for-sale financial assets		
Unquoted shares	**0.8**	0.9

Financial liabilities, fair value

EUR million	2013	2012
LEVEL 2		
Financial liabilities at fair value through profit or loss		
Forward exchange contracts	**0.0**	0.3
Interest rate derivatives	-	0.0
Commodity derivatives	**0.6**	0.5
Derivatives, hedge accounting		
Forward exchange contracts	**0.4**	0.5
Interest rate derivatives	**3.4**	5.3
Commodity derivatives	**0.2**	0.1

Positive and negative fair values of unrealised derivatives and their net amount are presented below. The master netting agreements in respect of derivatives do not always meet the criteria for offsetting in the statement of financial position owing to legally enforceable right not existing currently.

Net positions 2013

EUR million	Fair value, gross	Fair value under netting agreements	Fair value. net
Derivative assets	**1.9**	-1.9	0.0
Derivative liabilities	**5.5**	-1.9	3.6

Net positions 2012

EUR million	Fair value, gross	Fair value under netting agreements	Fair value. net
Derivative assets	**1.1**	-1.1	0.0
Derivative liabilities	**6.9**	-1.1	5.8

EQUITY INSTRUMENTS

Available-for-sale financial assets include non-current investments in unquoted shares. Unquoted equity instruments are measured at cost since their fair values can not be reliably determined.

Quoted shares are measured at market bid price at the reporting date based on public price quotations in active markets and carried under current financial assets at fair value through profit or loss.

DERIVATIVE INSTRUMENTS

The fair values of forward exchange contracts are determined by using the market prices at the reporting date. The discounted future cash flow technique is used to determine the fair values of interest rate swaps. The fair values equal the amounts that the Group would have to pay or it would receive from the termination of the derivative contract at the measurement date. The Group applies hedge accounting in accordance with IAS 39 to part of the foreign exchange and interest rate derivatives, in which case, the effective portion of the fair value change is recognised in other comprehensive income and presented within equity in the hedging reserve.

Altia uses electricity derivatives to manage the price risk of electricity. The Group applies IAS 39 hedge accounting to part of the electricity derivatives, in which case, the effective portion of the fair value change is recognised in other comprehensive income and presented within equity in the hedging reserve.

LOANS FROM FINANCIAL INSTITUTIONS AND COMMERCIAL PAPERS

The fair values of loans from financial institutions and commercial paper loans are determined based on future cash flows discounted with market interest rate at the reporting date adjusted for Altia's credit risk premium. At the reporting date, the carrying amounts of the loans are considered to equal their fair values because of the exceptionally low level of market interest rates as well of the refinancing carried out in December.

FINANCE LEASE LIABILITIES

The fair values of finance lease liabilities are based on discounted future cash flows. The discount rate is the corresponding interest rate on similar lease contracts.

TRADE AND OTHER PAYABLES OR RECEIVABLES

Due to short maturity, the fair values of trade and other current payables and receivables are assumed to equal their carrying amounts.

28. *Associated companies and joint ventures*

The Group has a 50% investment in a joint venture, Roal Ltd (domiciled in Finland), which engages in the enzyme business. The joint venture's other owner is ABF Overseas Ltd.

The Group has a 25.53% ownership in Palpa Lasi Oy (domiciled in Finland), which engages in the recycling and reuse of glass beverage packages.

Both companies are consolidated by using the equity method.

Investments in associated companies and joint ventures:

EUR million	2013	2012
At 1 January	**8.9**	8.9
Additions	**-**	0.0
Share of profit for the period	**1.3**	1.0
Dividends received	**-0.7**	-0.9
Other changes	**-0.1**	-0.1
At 31 December	**9.5**	**8.9**

Financial summary of associated companies and joint ventures:

EUR million	2013	2012
Assets	**44.9**	42.3
Liabilities	**28.5**	24.5
Net assets (liabilities)	**16.4**	17.8
Net sales	**59.8**	44.6
Profit for the period	**0.0**	2.0

29. *Collaterals, commitments and contingent assets and liabilities*

Collaterals and commitments

EUR million	2013	2012
Collaterals given on behalf of Group companies		
Mortgages	**18.5**	18.5
Guarantees	**6.9**	5.0
Total collaterals	**25.4**	23.5
Other commitments		
Operating lease obligations		
Less than one year	**4.1**	5.8
Between one and five years	**13.9**	13.4
Total operating lease obligations	**18.0**	19.2
Other commitments	**17.0**	9.5
Total commitments	**35.0**	28.7
Total collaterals and commitments	60.4	52.3

Assets not recognised in the statement of financial position

Emission allowances, tons	2013	2012
Emission allowances received	**29 533**	54 632
Excess emission allowances from the previous period	**98 743**	89 088
Adjustments related to prior year's estimates	**-285**	-
Restored emission allowances	**-39 107**	-
Realised emissions	**-37 505**	-44 977
Emission allowances at 31 December	51 379	98 743

EUR million		
Fair value of emission allowances at 31 December	**0.2**	0.6

Emissions allowances were granted for the period from 2008 to 2012. The received emission allowances and the realised emissions for the year 2013 are estimates, which will be adjusted during the spring 2014, if necessary. Altia continues to operate within the emission trading system for the trading period 2013-2020.

30. Related party transactions

RELATED PARTY TRANSACTIONS

The parties are considered to be related if one party can control, use joint control or have significant influence over decision-making relating to the financial and business operations of another party. The relationships between the parent company of the Group and subsidiaries are presented in Note 31 Group Companies.

Related parties also include the Board of Directors, the CEO, the members of the Executive Management Team and their family members, as well as the State of Finland which owns 100% of the shares in Altia. Transactions with those organisations in which the ownership of the State of Finland is over 50% are treated as related party transactions. Transactions with other organisations are based on market prices.

Management remuneration include benefits to the CEO and to the members of the Executive Management Team. No monetary loans have been granted to the CEO or the members of the Board of Directors, nor any collaterals or commitments granted on their behalf.

The following transactions have taken place with related parties:
Number of companies included in related parties; customers 8 (14) and suppliers 11 (13).

a) Sales of goods and services

EUR million	2013	2012
Sales of goods		
Other companies considered related parties	**333.4**	360.8
Associated companies and joint ventures	**2.7**	2.5
Total	**336.1**	363.3

b) Purchases of goods and services

EUR million	2013	2012
Purchases of goods		
Other companies considered related parties	**6.2**	9.6
Associated companies and joint ventures	**0.0**	0.0
Purchases of services		
Other companies considered related parties	**2.0**	2.3
Associated companies and joint ventures	**4.1**	3.8
Total	12.3	15.7

c) Outstanding balances from sales and purchases of goods and services

EUR million	2013	2012
Sales of goods and services		
Other companies considered related parties	**10.5**	57.4
Associated companies and joint ventures	**0.2**	0.2
Purchases of goods and services		
Other companies considered related parties	**0.6**	0.2
Associated companies and joint ventures	**0.0**	0.0

Liabilities to and receivables from associated companies and joint ventures are presented in the related notes (Note 19. Trade receivables and other receivables (current) and Note 26. Trade payables and other payables).

d) Management remuneration

EUR million	2013	2012
Salaries and other short-term employee benefits (CEO of the parent company and his substitute)	**0.4**	0.3
Post-employment salaries and other benefits	**0.5**	-
Performance bonus and the bonuses from the long-term incentive plan	**0.2**	0.3
Total	**1.0**	0.7

CEO Antti Pankakoski was relieved from his duties at 21 November 2013.

Members and deputy members of the Board of Directors	**0.2**	0.2
Employee benefits of other members of the Executive Management Team		
Salaries and other short-term employee benefits	**1.6**	1.5

The retirement age of the CEO of the parent company is 63 years.
The expenses arisen from the voluntary pension plans amounted to EUR 0.1 (0.1) million.

31. *Group companies*

	Parent company's share of ownership (%)	Group's share of ownership (%)
SUBSIDIARIES		
A-Beverages Oy, Helsinki	100.00	100.00
Altia Eesti AS, Estonia	100.00	100.00
Altia Denmark A/S, Denmark	100.00	100.00
Altia Holding Sweden AB, Sweden	100.00	100.00
Altia Norway AS, Norway (former Altia Norway Services AS)	100.00	100.00
Altia Sweden AB, Sweden	-	100.00
Altia Sweden Services AB, Sweden	-	100.00
Alpha Beverages Oy, Helsinki (former SkyCellar Oy)	100.00	100.00
Best Buys International AS, Norway	100.00	100.00
BevCo AB, Sweden	-	100.00
Bibendum AB, Sweden	-	100.00
Bibendum AS, Norway	100.00	100.00
CS Holding 12 Oy, Helsinki	-	100.00
ExCellar Oy, Helsinki	100.00	100.00
Explorer AB, Sweden	-	100.00
Harald Zetterström oy/ab, Helsinki	100.00	100.00
Interbev AS, Norway	100.00	100.00
Kron AB, Sweden	-	100.00
Larsen SAS, France	100.00	100.00
Lord Calvert AB, Sweden	-	100.00
OP Anderson AB, Sweden	-	100.00
Philipson & Söderberg AB, Sweden	-	100.00
Prime Wines Oy, Helsinki	100.00	100.00
Premium Wines AS, Norway	100.00	100.00
Päronkonjak i Sverige AB, Sweden	-	100.00
SIA Altia Latvia, Latvia	100.00	100.00
Ström AS, Norway	100.00	100.00
Svenska Nubbar AB, Sweden	-	100.00
Oy Wennerco Ab, Espoo	-	100.00
The Xanté Company AB, Sweden	-	100.00
Vinuversum AB, Sweden (former Ölcompagniet i Sverige AB)	-	100.00
Winter Wines Nordic Ab, Sweden	-	100.00
ASSOCIATED COMPANIES AND JOINT VENTURES		
Roal Oy, Nurmijärvi	50.00	50.00
Palpa Lasi Oy, Helsinki	25.53	25.53

32. *Financial risk management*

FINANCIAL RISK MANAGEMENT PRINCIPLES

The aim of financial risk management is to ensure the Group's financial stability and availability of sufficient financing options in different market situations. In addition, the aim is to support the business operations to identify business-related financial risks and their management, and to hedge against material financial risks.

The Group is exposed to various market risks. Changes in these risks affect the company's assets, liabilities and anticipated transactions. The risks are caused by changes in interest rates, currencies and commodity market prices. Selected derivative instruments can be used to manage the risks resulting from these market risks. Altia mainly hedges against risks that impact the Group's cash flow, and, if deemed appropriate, also certain foreign currency denominated items in the statement of financial position. Derivatives are solely used to hedging against the above-mentioned risks. The principles of IAS 39 hedge accounting are applied to certain interest rate, foreign exchange as well as electricity derivatives. Financial risk management is executed as part of the Group's risk management, according to the Risk Management Principles approved by the Board of Directors. Altia's principles aiming towards financial, credit and operational continuity form the basis for financial risk management.

RISK MANAGEMENT PROCESS

Special process features related to financing are described below in connection with the descriptions of market, liquidity and credit risks. The financial risk exposure is regularly reported to the Audit Committee and Altia's Board of Directors. The most significant principle decisions concerning risk management are made by the company's Board of Directors.

As part of the financial risk management principles, Altia's Board has approved a list of financial instruments, in which the accepted instruments, their purpose and the person who decides on their use have been specified for different types of financial risks.

FINANCIAL RISK MANAGEMENT ORGANISATION

The Group management receives regular reports on financial matters. On a case-by-case basis, the Board of Directors processes all substantial financial matters, such as the Group's internal and external loan arrangements.

Tasks and responsibilities regarding Altia's financial operations and financial risk management are described in the financial risk management principles. The Group Treasury is responsible for the centralised financial operations and their management, securing financing, identifying risks and, if required, executing hedging transactions with external counterparties. The business units and subsidiaries are responsible for managing the risks associated with their own operations and forecasting cash flows.

Risk concentrations

Altia carefully analyses the financial risks and risk concentrations related to its operations. Risk concentrations identified as a result of this assessment are described in connection with the descriptions of market and credit risks.

MARKET RISK

Altia defines market risk as a risk where the fair values of financial instruments or future cash flows fluctuate as a result of changes in market prices. The most significant market risks for the Group are currency risk, interest rate risk and price risks.

1. CURRENCY RISK

Altia is exposed to currency risks resulting from export and import, intra-group trade across borders, as well as internal loans and investments in foreign subsidiaries. The objective of the Group's currency risk management is to limit the uncertainties associated with foreign exchange rates and their effect on the Group's profit, cash flows and statement of financial position.

Transaction risk

Transaction risk is caused by foreign currency denominated items in the statement of financial position and future cash flows: import, export and capital flows. Transaction risk management aims to hedge the Group's profit against the effects of changes in foreign exchange rates.

The objective is to hedge 60-80% of highly probable commercial cash flows. The average hedging ratio has remained at the target level. Hedging transactions are executed with forward exchange contracts or options during the following 12 months, predominantly following the pricing periods of customers. Altia may apply cash flow hedge accounting to foreign exchange derivatives. Hedge accounting has not been applied to foreign exchange options.

Intra-group loan arrangements are hedged at most by 100% and hedge accounting is not applied to these arrangements. Intercompany loans denominated in the Danish krones are also hedged.

In the table below, the Group's net currency position is presented by currency pairs: functional currency - transaction currency. The net currency risk has been taken into account in the table if the transaction currency is other than the company's functional currency. The currency risk between Euro and the Danish krone and the one between Euro and the Latvian lats are not separately reported or hedged against because of the fixed link between Euro and these currencies:

TABLE 1. The Group's net currency position at 31 December

EUR million The net currency position resulting from the financial instruments in accordance with IFRS 7	2013	2012
EUR–SEK	**0.3**	-7.0
EUR–NOK	**0.1**	0.2
EUR-USD	**3.1**	3.9
EUR-AUD	**1.3**	2.4
SEK-EUR	**9.3**	9.8
NOK–EUR	**0.8**	1.5
EUR-GBP	**1.1**	-0.6

EUR million The Group's net currency position at 31 December	2013	2012
EUR–SEK	**5.4**	**2.8**
EUR–NOK	**0.1**	**0.2**
EUR-USD	**0.2**	**-0.0**
EUR-AUD	**-0.1**	**-0.0**
SEK-EUR	**-0.4**	**-0.6**
NOK–EUR	**-0.4**	**-0.5**
EUR-GBP	**0.0**	**-0.6**

The currency position resulting from the financial instruments in accordance with IFRS 7 consists of trade receivables, trade payables, cash and cash equivalents, the Group's internal and external loans and derivative instruments. Forecasted commercial cash flows are also taken into account in the Group's net currency position and accounted for in amounts corresponding to those of the derivatives aligned to them.

Translation risk

Translation risk is mainly caused by the parent company's foreign currency denominated net investments in foreign subsidiaries, which cause a translation difference in equity in the Group's statement of financial position upon consolidation. The Group Treasury regularly analyses the translation risk and reports any material issues to the management. The most significant net investments are denominated in the Swedish, Norwegian and Danish krones. The translation risk has not been hedged.

2. INTEREST RATE RISK

The objective of interest rate risk management is to minimise the impact of fluctuations arising from interest rate changes on the Group's profit. The company refinanced its non-current loans in December 2013. At 31 December 2013 the loans were divided as follows:

- In aggregate a EUR 60.6 million portion of the loan matures in April 2015. The interest rate on the loans is based on one-month market rates. A part of the loan is SEK denominated due to currency risk hedging purposes. Altia has hedged the Euro and SEK denominated interest payments to fixed interest rate by using interest rate derivatives. Cash flow hedge accounting principles are applied to the interest rate derivatives and the hedge effectiveness is tested quarterly. Hedging has been regarded as effective.

- The EUR 30 million portion of the loan matures in equal instalments during December 2014 – 2017. The interest rate on the loan has been fixed on three-month market rates. These interest payments are not hedged.

- The EUR 50 million portion of the loan matures in December 2018. The interest rate on the loan is based on three-month market rates. Altia has hedged the interest payments of the Euro denominated loans to fixed interest rate by using interest rate derivatives. Hedge accounting principles are applied to these interest rate derivatives. The hedges have been regarded as effective.

The maximum amount under Altia's domestic commercial paper program's is EUR 100 million. The nominal amount of the issued commercial papers amounted to EUR 44 million at 31 December 2013 (EUR 20.5 million at 31 December 2012). The interest rate risk has not been hedged.

Altia established a frame agreement for selling trade receivables in order to diversify and streamline its financial structure with competitive conditions. The program's maximum amount is EUR 70 million. The sold trade receivables are derecognised at the time of sale with no obligation to repurchase. The related costs are recognized in other financial expenses. The trade receivables are current receivables and there is no hedging in place for the related interest rate risk. The amount of the sold trade receivables was EUR 44 million at 31 December 2013.

Altia manages interest rate risk by optimising the interest flow and interest price risks, preparing regular sensitivity analyses and using financial instruments approved by Altia's Board of Directors.

3. PRICE RISK ASSOCIATED WITH COMMODITIES AND SHARE INVESTMENTS

Barley

In 2013, Altia used approximately 173 million kilos of Finnish barley to produce ethanol and starch. The availability of high-quality domestic starch barley is ensured with contract cultivation and cooperation with grain handling companies. The market price of barley fluctuates significantly year by year as a result of various factors that affect the Finnish barley supply and demand and is therefore considered a significant risk for Altia. The Group Treasury has together with the purchasing organisation analysed opportunities to hedge against barley price changes by using derivative instruments, but no sufficiently correlating hedging instruments have been found in the market so far.

Electricity

Strong increase in the market price of electricity is a significant risk for Altia. The risk is managed by following Altia's principles for electricity procurement. The procurement policy determines the hedging limits, within which the electricity price risk is hedged using derivatives mainly from Nasdaq OMX Oslo ASA derivatives markets. The hedging service for electricity procurement has been outsourced.

At the end of 2013, the hedging ratio for deliveries for the next 12 months was 79.2% (73.4% in 2012), in line with the set targets. In 2013, the average hedging ratio was 85%.

Cash flow hedge accounting in accordance with IAS 39 is applied to part of the hedges against electricity price risk, and hedge effectiveness is tested quarterly. The ineffective portion, EUR 20 thousand (EUR 150 thousand in 2012), is recognised within financial costs at the end of 2013.

Altia purchases its electricity straight from the Nord Pool Spot markets as a delivery tied to the spot price of the Finnish price area.

Shares

The company has no investments in shares of listed external companies.

4. SENSITIVITY TO MARKET RISKS

The following table describes the sensitivity of the Group's profit before taxes and equity to changes in electricity prices, foreign exchange rates and interest rates. When Altia applies hedge accounting, the sensitivity is directed at equity. When hedge accounting is not applied, the sensitivity is presented as a potential impact on profit or loss.

The sensitivity to foreign exchange rate changes is calculated from the net currency position resulting from financial instruments. The effect of increase in market rates on the Group's profit is determined from net interest expenses taking into account derivative contracts. The effect on equity is calculated taking into account the changes in the market values of interest rate swaps.

TABLE 2. Sensitivity analyses

EUR million Sensitivity of financial instruments to market risks (before taxes) in accordance with IFRS 7	2013 Income statement	2013 Equity	2012 Income statement	2012 Equity
+/-10% change in electricity price	**+/-0.3**	**+/-0.1**	+/-0.4	+/-0.1
+/-10% change in EUR/NOK exchange rate	**+/-0.1**		+/-0.1	
+/-10% change in EUR/SEK exchange rate	**+/-0.9**		+1.6/-1.8	
+/-10% change in EUR/USD exchange rate	**-/+0.2**		+/-0.4	
+/-10% change in EUR/AUD exchange rate	**-/+0.1**		+0.2/-0.3	
percentage point shift in interest rates	**-0.9**	**+1.5**	-0.6	+2.4

LIQUIDITY RISK

In order to manage the liquidity risk, Altia continuously maintains sufficient liquidity reserves, which at the end of 2013 comprised Group's overdraft facilities and a EUR 60 million revolving credit facility line. The revolving credit facility line matures in December 2018. More detailed information on the Group's external loans is provided in the interest rate risk section.

TABLE 3. Liquidity reserves

EUR million Cash and cash equivalents and unused committed credit limits	2013	2012
Cash and cash equivalents and other liquid assets	**76.1**	40.2
Overdraft facilities	**40.0**	30.0
Revolving credit facility	**60.0**	40.0
Total	**176.1**	110.2

TABLE 4. Maturities of financial liabilities

Maturities of financial liabilities 2013

EUR million Contractual payments on financial liabilities	Carrying value	CASH FLOWS 2014 Fixed rate	Variable rate	Re-payment	CASH FLOWS 2015 Fixed rate	Variable rate	Re-payment	CASH FLOWS 2016- Fixed rate	Variable rate	Re-payment
Non-derivative										
Loans from financial institutions	-149.1	-	-1.8	-7.5	-	-1.2	-68.1	-	-5.5	-65.0
Commercial papers	-44.0	-	-0.1	-44.0	-	-	-	-	-	-
Finance lease liabilities	-2.4	-	-	-0.5	-	-	-0.6	-	-	-1.3
Trade payables	-38.7	-	-	-38.7	-	-	-	-	-	-
Derivative										
Currency derivatives, hedge accounting										
Inflow	22.2	-	-	22.2	-	-	-	-	-	-
Outflow	-22.7	-	-	-22.7	-	-	-	-	-	-
Currency rate derivatives, non-hedge accounting										
Inflow	47.5	-	-	47.5	-	-	-	-	-	-
Outflow	-47.3	-	-	-47.3	-	-	-	-	-	-
Interest rate derivatives, hedge accounting	-3.3	-1.6	-	-	-0.7	-	-	-1.0	-	-
Commodity derivatives, hedge accounting	-0.9	-	-	-0.4	-	-	-0.3	-	-	-0.2
Total	-238.7	-1.6	-1.8	-91.4	-0.7	-1.2	-69.0	-1.0	-5.5	-66.5

Maturities of financial liabilities 2012

EUR million Contractual payments of financial liabilities	Carrying value	CASH FLOWS 2013 Fixed rate	Variable rate	Re-payment	CASH FLOWS 2014 Fixed rate	Variable rate	Re-payment	CASH FLOWS 2015- Fixed rate	Variable rate	Re-payment
Non-derivative										
Loans from financial institutions	-153.2	-	-1.7	-19.5	-	-1.5	-19.2	-	-0.4	-110.8
Commercial papers	-20.5	-	-0.0	-20.5	-	-	-	-	-	-
Finance lease liabilities	-2.7	-	-	-0.5	-	-	-0.6	-	-	-1.6
Trade payables	-36.9	-	-	-36.9	-	-	-	-	-	-
Derivative										
Currency derivatives, hedge accounting										
Inflow	26.4	-	-	26.4	-	-	-	-	-	-
Outflow	-26.7	-	-	-26.7	-	-	-	-	-	-
Currency derivatives, non-hedge accounting										
Inflow	81.1	-	-	81.1	-	-	-	-	-	-
Outflow	-81.3	-	-	-81.3	-	-	-	-	-	-
Interest rate derivatives, hedge accounting	-5.3	-1.7	-	-	-1.6	-	-	-2.0	-	-
Interest rate derivatives, non-hedge accounting	0.0	-0.0	-	-	-	-	-	-	-	-
Commodity derivatives, hedge accounting	-0.6	-	-	-0.2	-	-	-0.2	-	-	-0.2
Total	-219.6	-1.7	-1.7	-78.0	-1.6	-1.5	-20.0	-2.0	-0.4	-112.6

CREDIT RISK

The objective of Altia's credit risk management is to minimise the losses if one of the Group's counterparties fails to meet its obligations. The principles of credit risk management are described in the instructions for financial risk management.

Credit risks are caused by a counterparty not fulfilling its contractual payment obligations or the counterparty's credit rating changing in a manner that affects the market value of the financial instruments it has issued.

The maximum amount of credit risk is equal to the carrying amount of the Group's financial assets. No significant risk concentrations relate to trade receivables. The aim is to minimise credit risks by active credit control and by taking into account customers' credit rating when determining the payment term of invoices.

Capital management

The target of Altia's capital management is to secure an effective capital structure that offers the company a continuous access to the capital markets despite the volatility of the industry. Although Altia does not have a public rating, the company aims to obtain a capital structure comparable to that of other companies in the industry that have investment rating. The Board of Directors monitors the Group's capital structure regularly.

Altia monitors its capital based on gearing (the ratio of interest-bearing net liabilities to equity). Interest-bearing net liabilities consist of the loans less cash and cash equivalents and other liquidity assets. The current level of gearing is distinctly lower than the limit determined in the Group's loan terms.

During the business cycle, the company's net gearing is likely to fluctuate, and the goal is to retain a sufficiently strong capital structure to secure the Group's financing needs.

Gearing at 31 December 2013 and 31 December 2012 were as follows:

TABLE 5. Gearing

Gearing as of 31 December (EUR million)	2013	2012
Interest-bearing liabilities	**186.5**	171.8
Cash and cash equivalents and other liquid assets	**76.1**	40.2
Interest-bearing net liabilities	**110.4**	131.7
Total equity	**168.8**	196.9
Gearing 31 December	**65.4%**	66.9%

33. *Events after the reporting period*

At 8 January 2014, Søren Qvist was appointed as the Senior Vice President, Partner Brands to the Executive Management Team to replace Joacim Hultin.

Altia Plc's Board of Directors has appointed Pekka Tennilä as the new CEO of the company as of June 1st, 2014.

Key ratios of the group

EUR million	2013	2012	2011
Net sales	**475.8**	483.3	519.0
Operating profit	**0.7**	29.3	35.0
(% of net sales)	**0.1**	6.1	6.7
Operating profit excluding non-recurring items	**17.4**	26.7	31.5
(% of net sales)	**3.7**	5.5	6.1
Net financial items	**-5.9**	-5.7	-5.5
(% of net sales)	**-1.2**	-1.2	-1.1
Profit (loss) before taxes	**-3.8**	24.6	31.1
(% of net sales)	**-0.8**	5.1	6.0
Profit (loss) for the period	**-3.1**	20.7	21.3
(% of net sales)	**-0.6**	4.3	4.1
Profit for the period excluding non-recurring items	**13.6**	18.0	17.9
(% of net sales)	**2.9**	3.7	3.4
Cash and cash equivalents and other liquid assets	**76.1**	40.2	70.5
Total assets	**577.7**	594.4	586.8
Equity	**168.8**	196.9	190.9
Non-controlling interest	**-**	0.0	0.6
Deferred tax liability	**21.3**	24.9	22.3
Interest-bearing liabilities	**186.5**	171.8	169.4
Non-interest-bearing liabilities (incl. deferred tax liability)	**222.3**	225.6	226.6
Invested capital	**355.2**	368.6	360.2
Return on equity, %	**-1.6**	10.8	11.6
Return on invested capital, %	**0.9**	7.7	8.4
Equity ratio, %	**29.2**	33.2	32.5
Gearing, %	**65.4**	66.9	51.8
Net cash flow from operating activities	**84.5**	0.7	38.5
Number of personnel, on average	**1,074**	1,108	1,178
Earnings/share, €	**-0.09**	0.58	0.59
Equity/share, €	**4.69**	5.47	5.29
Dividend/share	**-**	0.20	0.20
Number of shares	**35,985,003**	35,985,003	35,985,003

Altia signed a frame agreement for trade receivables sales during the reporting period. At the end of the period the impact of sold receivables on cash flow was EUR 44.0 million, which has an impact on the key ratios of the period.

Formulas for calculation of key ratios

Cash and cash equivalents	=		Cash at hand and in bank + financial securities
Invested capital	=		Total assets - non-interest-bearing liabilities - deferred tax liability - obligatory provisions
Return on equity, % (ROE)	=	100 x	Profit/loss for the period / (Equity + non-controlling interests) average for 12 months
Return on invested capital, % (ROI)	=	100 x	Profit/loss for the period + financial expenses / (Equity + non-controlling interests + interest-bearing liabilities) average for 12 months
Equity ratio, %	=	100 x	Equity + non-controlling interests / Total assets - advances received
Gearing, %	=	100 x	Initerest-bearing liabilities - cash and cash equivalents and other liquid assets / Equity + non-controlling interests
Earnings / share	=		Profit/loss for the period - non-controlling interests / Share-issue adjusted number of shares (average for period)
Equity / share	=		Equity attributable to shareholders of the parent / Share-issue adjusted number of shares (at the end of period)
Dividend / share	=		Dividend for period / Share-issue adjusted number of shares (average for period)

_*Parent company financial statements*

Parent company's income statement (FAS)

EUR million	NOTE	1 Jan 2013–31 Dec 2013	1 Jan 2012–31 Dec 2012
NET SALES	**2)**	**206.7**	202.8
Increase (+) / decrease (–) in inventories of finished goods and work in progress		**3.6**	6.2
Other operating income	**3)**	**27.0**	23.2
Materials and services	**4)**		
Raw materials, consumables and goods			
Purchases during the period		**164.0**	161.8
Change in inventories		**-8.7**	9.1
External services		**0.8**	-1.6
Total materials and services		**156.1**	154.3
Personnel expenses	**5)**		
Wages and salaries		**24.5**	25.6
Indirect employee expenses	**5)**		
Pension expenses		**4.4**	-5.7
Other indirect employee expenses		**1.3**	-1.5
Total personnel expenses		**30.3**	32.8
Depreciation, amortisation and impairment losses	**6)**		
Depreciation and amortisation according to plan		**9.9**	12.2
Impairment loss on non-current assets		**5.4**	-
Total depreciation, amortisation and impairment losses		**15.2**	12.2
Other operating expenses	**7)**	**36.1**	31.2
OPERATING PROFIT (LOSS)		-0.5	1.6
Financial income and expenses	**8)**		
Income from participating interests		**0.7**	0.9
Other interest and financial income			
From Group companies		**1.9**	2.3
From others than Group companies		**10.3**	8.3
Interest and other financial expenses			
To Group companies (–)		**-2.9**	-3.9
To others than Group companies (–)		**-13.5**	-10.5
Total financial income and expenses		**-3.6**	-2.9
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS, APPROPRIATIONS AND TAXES		-4.1	-1.3
Appropriations			
Depreciation difference increase (–) /decrease (+)	**9)**	**1.2**	0.9
Income taxes	**10)**		
Deferred taxes (–)		**0.6**	-
Other direct taxes (–)		**-0.0**	0.0
LOSS FOR THE PERIOD		-2.3	-0.4

Parent company's balance sheet (FAS)

EUR million	NOTE	31 Dec 2013	31 Dec 2012
ASSETS			
NON-CURRENT ASSETS	**11)**		
Intangible assets			
Intangible rights		**9.4**	10.9
Other long-term expenditure		**1.0**	2.1
Prepayments		**0.9**	0.4
		11.4	13.4
Tangible assets			
Land and water areas		**2.5**	2.5
Buildings and structures		**23.4**	23.0
Machinery and equipment		**19.6**	22.1
Other tangible assets		**0.5**	0.5
Prepayments and assets under construction		**8.7**	2.6
		54.8	50.7
Investments			
Holdings in Group companies		**213.0**	203.6
Participating interests		**8.0**	8.0
Other shares and investments		**0.8**	0.8
		221.9	212.5
TOTAL NON-CURRENT ASSETS		**288.0**	276.5
CURRENT ASSETS			
Inventories	**12)**		
Materials and supplies		**18.9**	26.9
Work in progress		**21.1**	14.7
Finished goods		**6.6**	9.3
		46.6	51.0
Non-current receivables	**13)**		
Receivables from Group companies		**57.1**	56.5
Deferred tax assets		**1.4**	1.3
Other receivables		**0.8**	0.8
		59.3	58.7
Current receivables	**14)**		
Trade receivables		**23.3**	70.2
Receivables from Group companies		**25.6**	16.7
Receivables from participating interest undertakings		**0.2**	0.2
Accrued income and prepaid expenses		**2.2**	4.1
		51.3	91.2
Financial securities			
Other shares and investments		**-**	0.8
Cash at hand and in banks		**71.8**	37.0
TOTAL CURRENT ASSETS		**228.9**	238.6
TOTAL ASSETS		**517.0**	515.1

Parent company's balance sheet (FAS)

EUR million	NOTE	31 Dec 2013	31 Dec 2012
EQUITY AND LIABILITIES			
EQUITY	**15)**		
Share capital		**60.5**	60.5
Other reserves			
Hedging reserve		**-3.1**	-4.1
Retained earnings		**93.1**	100.7
Profit (loss) for the period		**-2.3**	-0.4
TOTAL EQUITY		**148.2**	156.7
APPROPRIATIONS	**16)**		
Depreciation difference		**16.4**	17.6
LIABILITIES			
Non-current	**17)**		
Loans from financial institutions		**133.1**	130.1
Liabilities to Group companies		**15.5**	38.9
		148.7	168.9
Current			
Loans from financial institutions		**7.5**	19.2
Commercial papers		**44.0**	20.5
Trade payables		**12.1**	13.1
Liabilities to Group companies	**18)**	**79.5**	56.8
Other liabilities		**44.4**	43.4
Accrued expenses and deferred income	**19)**	**16.2**	18.9
		203.6	171.9
TOTAL LIABILITIES		**352.3**	340.9
TOTAL EQUITY AND LIABILITIES		**517.0**	515.1

Parent company's statement of cash flows (FAS)

EUR million	1 Jan 2013–31 Dec 2013	1 Jan 2012–31 Dec 2012
CASH FLOW FROM OPERATING ACTIVITIES:		
Proceeds from sales	**253.0**	203.4
Proceeds from other operating income	**14.5**	22.9
Payments for other operating expenses (–)	**-183.7**	-229.5
Cash flow from operating activities before financial items and taxes	**83.8**	-3.2
Interests paid and payments for other financial expenses	**-17.8**	-12.0
Interests received from operating activities (–)	**10.8**	8.7
Income taxes paid (–)	**0.7**	-3.4
Cash flow before extraordinary items	**77.5**	-9.9
CASH FLOW FROM OPERATING ACTIVITIES	77.5	-9.9
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisitions of tangible and intangible assets (–)	**-12.0**	-7.0
Proceeds from sale of tangible and intangible assets	**0.1**	0.3
Acquisitions of other investments (–)	**-7.4**	-19.1
Increase of loan receivables	**-32.0**	-
Repayment of loan receivables	**-**	0.2
Proceeds from sale of other investments	**2.7**	5.8
Dividends received	**0.7**	1.0
CASH FLOW FROM INVESTING ACTIVITIES	-47.9	-18.7
CASH FLOW FROM FINANCING ACTIVITIES:		
Acquisitions of non-controlling interests (–)	**-**	1.0
Proceeds from commercial paper program	**23.5**	20.5
Proceeds from current borrowings	**28.5**	0.2
Repayment of current borrowings (–)	**-19.2**	-9.1
Proceeds from non-current borrowings	**133.0**	20.9
Repayment of non-current borrowings (–)	**-153.3**	-25.9
Paid dividends and other profit distribution (–)	**-7.2**	-7.2
Received or granted group contribution	**-**	1.6
CASH FLOW FROM FINANCING ACTIVITIES	5.3	1.9
CHANGE IN CASH AND CASH EQUIVALENTS, INCREASE (+) / DECREASE (–)	**34.8**	-26.7
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**37.0**	63.7
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**71.8**	37.0

Altia signed a frame agreement for trade receivables sales during the reporting period. At the end of the reporting period the impact of the sold trade receivables on cash flow amounted to EUR 38.6 million.

Notes to the parent company's financial statements

1. Accounting policies for the parent company's financial statements

The financial statements of the parent company are prepared in accordance with the Finnish accounting legislation. Altia Group's financial statements are prepared following the International Financial Reporting Standards (IFRS), and the parent company follows the Group's accounting policies when possible. Accounting policies that differ from the Group's accounting policies are presented below. Otherwise the Group's accounting policies are applied.

Pension plans

The pension plans of the parent company are arranged through pension insurance companies. Pension expenses are accrued to correspond to the performance-based salaries in the financial statements.

Cash Pool

The Group has applied the so called cash pool arrangement, which enables efficient management of the parent company's and subsidiaries' cash and cash equivalents.

Leases

All lease payments are recognised as rental expenses.

Valuation of financial instuments

Financial instuments are measured at fair value. The fair values of the financial instuments are determined by using the market prices on the closing date of the reporting period.

Hedge accounting

The company applies hedge accounting when the change in fair value is recognised in the hedging reserve under equity.

Research and development expenditure

is recognised as an annual expense as incurred.

Financial securities

Fair value changes of available-for-sale financial assets and quoted shares are recognised in the parent company.

Sale of trade receivables

Altia Plc commenced a sales program for trade receivables during the reporting period. The sold receivables are derecognised when the receivable has been sold and the price for it has been received. The related costs are recognized in other financial expenses.

Foreign exchange derivatives

The external foreign exchange transactions are performed centrally by the parent company which executes internal foreign exchange transactions with the Group companies.

Non-current liabilities

Interest expense accruals and entries in respect of the principals when applying the effective interest rate method in the consolidated financial statements are adjusted to comply with the Finnish accounting legislation.

Extraordinary items

Material items unrelated to business operations are recognised in extraordinary items.

Income taxes

The Group's accounting policies are applied to income taxes whenever possible according to the Finnish Accounting Standards.

Foreign currency denominated items

Foreign currency denominated receivables and liabilities are translated to Finnish currency at the average rates of the closing date of the reporting period.

2. Net sales

Net sales by business areas

EUR million	2013	2012
Altia Brands (former, Brands)	**80.6**	97.5
Industrial services	**112.2**	102.4
Other	**14.0**	2.9
Total	206.7	202.8

Net sales by geographic areas

EUR million	2013	2012
Finland	**181.7**	181.5
Europe	**25.0**	21.2
Rest of the world	**0.0**	0.0
Total	206.7	202.8

3. Other operating income

EUR million	2013	2012
Rental income	**4.3**	4.6
Income from energy sales	**3.5**	4.0
Proceeds from disposal of tangible assets	**2.7**	0.3
Service income	**10.3**	9.6
Other income	**6.2**	4.7
Total	27.0	23.2

4. *Materials and services*

EUR million	2013	2012
Raw materials, consumables and goods		
Purchases during the period	**164.0**	161.8
Change in inventories	**-8.7**	-9.1
External services	**0.8**	1.6
Total	156.1	154.3

5. *Notes related to personnel*

EUR million	2013	2012
The average number of personnel during the reporting period		
Workers	**236**	269
Clerical employees	**226**	235
Total	462	504
Wages, salaries and pension expenses in the reporting period		
Wages and salaries	**24.5**	25.6
Pension expenses	**4.4**	5.7
Other indirect employee expenses	**1.3**	1.5
Total	30.3	32.8
Fringe benefits (taxable value)	**0.9**	1.1
Management remuneration		
CEO and the subsitute	**1.0**	0.7
Board members	**0.2**	0.2

CEO Antti Pankakoski was relieved of his duties at 21 November 2013.

Pension commitments of the Board and CEO

The retirement age of the CEO of the company is 63 years.

6. *Depreciation, amortisation and impairment losses*

EUR million	2013	2012
Depreciation and amortisation according to plan	**9.9**	12.2
Impairment loss on non-current assets	**5.4**	-
Total	15.2	12.2

7. *Other operating expenses*

EUR million	2013	2012
Loss on sale of tangible assets	**0.0**	0.2
Rental expenses	**3.6**	3.3
Marketing expenses	**4.7**	5.0
Energy expenses	**9.3**	7.1
Travel and representation expenses	**1.4**	1.5
Maintenance expenses	**5.4**	5.0
IT expenses	**5.0**	4.3
Other expenses	**6.8**	4.7
Total	36.1	31.2
Auditor’s fees		
Audit fees	**0.1**	0.1
Tax consultation	**0.1**	0.1
Other fees	**0.4**	0.4
Total	0.5	0.5

8. *Financial income and expenses*

EUR million	2013	2012
Dividend income		
From participating interest undertakings	**0.7**	0.9
From others	**0.1**	0.1
Total dividend income	0.7	1.0
Interest income		
From Group companies	**1.9**	2.3
From others	**1.7**	2.8
Total interest income	3.6	5.1
Other financial income		
From others	**8.6**	5.3
Total financial income	12.9	11.5
Interest expenses		
To Group companies	**1.4**	2.0
To others	**4.7**	5.7
Total interest expenses	6.2	7.7
Other financial expenses		
To Group companies	**1.5**	1.9
To others	**8.8**	4.8
Total other financial expenses	10.3	6.7
Total financial expenses	16.5	14.4
Total financial income and expenses	-3.6	-2.9

The following items are included in financial items of the income statement from fair value hedges:

Other financial income		
Fair value changes of derivatives	-	0.1
Other financial expenses		
Fair value changes of derivatives	**0.5**	0.5

9. *Appropriations*

EUR million	2013	2012
Difference between depreciations according to plan and depreciations made in taxation		
Intangible rights	**-0.0**	-0.0
Other long-term expenditure	**1.0**	0.0
Buildings and structures	**-0.3**	0.2
Machinery and equipment	**0.5**	0.7
Other tangible assets	**0.0**	-0.0
Total	1.2	0.9

10. *Income taxes*

EUR million	2013	2012
Income taxes from previous periods	**-0.0**	-
Change in deferred tax assets	**0.6**	-
Total	0.6	-

Environmental expenses

The company's environmental expenses did not have a significant impact on the profit for the period and on the financial position.

11. *Specification of non-current assets*

EUR million	2013	2012
INTANGIBLE ASSETS		
Intangible rights		
Acquistion cost at 1 January	**18.3**	17.7
Additions	**0.2**	0.5
Disposals	**-0.0**	-0.0
Transfers between items	**0.2**	0.1
Acquistion cost at 31 December	**18.6**	18.3
Accumulated amortisation at 1 January	**-7.4**	-5.6
Accumulated amortisation on disposals and transfers	**0.0**	0.0
Amortisation for the period	**-1.8**	-1.8
Accumulated amortisation at 31 December	**-9.2**	-7.4
Carrying amount at 31 December	9.4	10.9
Goodwill		
Acquistion cost at 1 January	**17.6**	17.6
Acquistion cost at 31 December	**17.6**	17.6
Accumulated amortisation at 1 January	**-17.6**	-15.8
Amortisation for the period	**-**	-1.8
Accumulated amortisation at 31 December	**-17.6**	-17.6
Carrying amount at 31 December	-	-
Other long-term expenditure		
Acquistion cost at 1 January	**10.7**	10.7
Additions	**0.1**	0.0
Acquistion cost at 31 December	**10.8**	10.7
Accumulated amortisation at 1 January	**-8.6**	-6.9
Amortisation for the period	**-1.2**	-1.7
Accumulated amortisation at 31 December	**-9.8**	-8.6
Carrying amount at 31 December	1.0	2.1
Prepayments in intangible assets		
Acquistion cost at 1 January	**0.4**	0.2
Additions	**0.8**	0.3
Transfers between items	**-0.3**	-0.1
Carrying amount at 31 December	0.9	0.4

EUR million	2013	2012
TANGIBLE ASSETS		
Land and water areas		
Acquistion cost at 1 January	**2.5**	2.5
Disposals	**-0.0**	-0.0
Carrying amount at 31 December	2.5	2.5
Buildings and structures		
Acquistion cost at 1 January	**88.4**	85.7
Additions	**2.8**	2.3
Transfers between items	**1.4**	0.5
Disposals	**-3.6**	-
Acquistion cost at 31 December	**89.0**	88.4
Accumulated depreciation at 1 January	**-65.3**	-63.0
Accumulated depreciation on disposals and transfers	**3.3**	-
Depreciation for the period	**-3.6**	-2.4
Accumulated depreciation at 31 December	**-65.6**	-65.3
Carrying amount at 31 December	23.4	23.0
Machinery and equipment		
Acquistion cost at 1 January	**123.4**	120.9
Additions	**1.1**	3.4
Disposals	**-0.3**	-2.5
Transfers between items	**1.2**	1.6
Acquistion cost at 31 December	**125.4**	123.4
Accumulated depreciation at 1 January	**-101.3**	-98.7
Accumulated depreciation on disposals and transfers	**0.1**	2.1
Depreciation for the period	**-4.5**	-4.6
Accumulated depreciation at 31 December	**-105.7**	-101.3
Carrying amount at 31 December	19.6	22.1
Other tangible assets		
Acquistion cost at 1 January	**0.5**	0.5
Acquistion cost at 31 December	**0.5**	0.5
Carrying amount at 31 December	0.5	0.5
Prepayments and assets under construction		
Acquistion cost at 1 January	**2.6**	2.3
Additions	**8.7**	2.4
Transfers between items	**-2.6**	-2.1
Carrying amount at 31 December	8.7	2.6
Acquistion cost of machinery and equipment at 31 December	**17.5**	19.7

EUR million	2013	2012
INVESTMENTS		
Holdings in Group companies		
Acquistion cost at 1 January	**315.5**	317.6
Additions	**14.8**	18.9
Disposals	**-**	-21.0
Acquistion cost at 31 December	**330.3**	315.5
Accumulated impairment at 1 January	**-111.9**	-124.1
Accumulated impairment on disposals	**-5.4**	12.2
Accumulated impairment at 31 December	**-117.2**	-111.9
Carrying amount at 31 December	213.0	203.6
Participating interests		
Acquistion cost at 1 January	**8.0**	8.0
Additions	**-**	0.0
Carrying amount at 31 December	8.0	8.0
Other shares and investments		
Acquistion cost at 1 January	**0.8**	0.6
Additions	**-**	0.3
Disposals	**-0.0**	-
Carrying amount at 31 December	0.8	0.8

12. *Inventory*

There is no significant difference between the repurchase price and cost of inventories.

13. *Non-current receivables*

EUR million	2013	2012
Receivables from Group companies		
Loan receivables	**57.1**	56.5
Deferred tax assets		
Recognized in hedging reserve	**0.8**	1.3
Confirmed tax losses	**0.6**	-
	1.4	1.3
Other receivables		
Capital loan receivable	**0.8**	0.8
Total non-current receivables	59.3	58.7

14. *Current receivables*

Receivables from Group companies		
Trade receivables	**6.0**	2.4
Cash Pool receivables	**5.7**	7.4
Loan receivables	**6.4**	2.4
Other receivables	**7.2**	3.8
Derivatives	**0.2**	0.7
Accrued income and prepaid expenses	**0.1**	0.0
Total	25.6	16.7
Receivables from participating interest undertakings		
Trade receivables	**0.2**	0.2
Total	0.2	0.2
Receivables from others		
Trade receivables *)	**23.3**	70.2
Accrued income and prepaid expenses	**2.2**	4.1
Total	25.5	74.3
Total current receivables	51.3	91.2
Significant items in accrued income and prepaid expenses:		
Accrued transaction costs	-	0.9
Derivatives	**0.2**	0.3
Others	**2.0**	2.9
Total	**2.2**	4.1

*) Does not include the sold trade receivables. EUR 38.6 million at 31 December 2013.

DISCLOSURES ON FAIR VALUES (FINANCIAL SECURITIES)

	Fair value 31 Dec 2013	Changes in the fair value recognised in the income statement	Changes in the fair value recognised in fair value reserve
Financial securities			
Publicly quoted shares	**-**	**0.8**	**-**
Total	-	0.8	-
Derivative instruments			
Interest rate derivatives	**-3.4**	**-**	**-3.4**
Foreign exchange derivatives	**-0.2**	**0.1**	**-0.2**
Commodity derivatives	**-0.9**	**-0.6**	**-0.2**
Total	-4.4	-0.5	-3.9

	Fair value 31 Dec 2012	Changes in the fair value recognised in the income statement	Changes in the fair value recognised in fair value reserve
Financial securities			
Publicly quoted shares	0.8	0.1	-
Total	0.8	0.1	-
Derivative instruments			
Interest rate derivatives	-5.4	-0.0	-5.3
Foreign exchange derivatives	-0.1	0.1	-
Commodity derivatives	-0.6	-0.5	-0.1
Total	-6.0	-0.4	-5.4

15. *Equity*

EUR million	2013	2012
Restricted equity		
Share capital at 1 January	**60.5**	60.5
Share capital at 31 December	**60.5**	60.5
Hedging reserve at 1 January	**-4.1**	-2.6
Disposals	**1.0**	-1.5
Hedging reserve at 31 December	**-3.1**	-4.1
Total restricted equity	**57.4**	**56.4**
Unrestricted equity		
Retained earnings at 1 January	**100.3**	107.9
Distribution of dividends	**-7.2**	-7.2
Loss for the period	**-2.3**	-0.4
Total unrestricted equity	**90.9**	**100.3**
Total equity	**148.2**	**156.7**

Distributable unrestricted equity

Calculation of distributable equity

	31 Dec 2013	31 Dec 2012
Retained earnings	**100.3**	107.9
Distribution of dividends	**-7.2**	-7.2
Loss for the period	**-2.3**	-0.4
Total distributable unrestricted equity	**90.9**	100.3

Distribution of the company's share capital:

A series shares pcs	**35,960,000**	35,960,000
L series shares pcs	**25,003**	25,003

L share series are currently held by the company.

16. *Appropriations*

EUR million	2013	2012
The company's appropriations consist of accrued depreciation difference.		
Intangible rights	**1 .4**	1.4
Other long-term expenditure	**0 .2**	1.1
Buildings and structures	**5 .6**	5.3
Machinery and equipment	**9 .6**	10.1
Other tangible assets	**-0 .4**	-0.4
Total	**16.4**	**17.6**

17. *Liabilities*

EUR million	2013	2012
Non-current		
Loans from financial institutions	**133.1**	130.1
Liabilities to Group companies	**15.5**	38.9
Total	**148.7**	**168.9**

18. *Liabilities to Group companies*

EUR million	2013	2012
Trade payables	**1.1**	1.6
Cash Pool liabilities	**74.0**	54.7
Other liabilities to Group companies	**3.5**	-
Derivative instruments	**0.1**	0.3
Other accrued expenses	**0.8**	0.2
Total	**79.5**	**56.8**

19. *Accrued expenses (and deferred income)*

EUR million	2013	2012
Significant items under accrued expenses:		
Holiday pay and other wages and salaries	**5.1**	5.5
Contract discount	**0.7**	0.6
Procurement expenses and other accrued expenses	**4.9**	4.5
Supplementary pension liability	**0.7**	1.6
Derivative instruments	**4.7**	6.8
Total	**16.2**	**18.9**

20. *Collaterals and commitments*

EUR million	2013	2012
Collaterals given on behalf of the Group companies		
Mortgages	**18.5**	18.5
Guarantees	**6.9**	5.0
Total collaterals	**25.4**	**23.5**
Commitments and other contingencies		
Operating and finance lease obligations		
Not later than one year	**0.6**	0.6
Later than one year	**0.4**	0.6
Total	**1.0**	**1.1**
Lease obligations		
Not later than one year	**1.6**	1.6
Later than one year	**3.3**	4.9
Total	**4.9**	**6.5**
Other obligations		
Not later than one year	**6.6**	3.1
Later than one year	-	2.7
Total	**6.6**	**5.7**
Total commitments	**12.5**	**13.4**
Total collaterals and commitments	**38.0**	**36.9**

EUR million	2013	2012
Derivative contracts		
Electricity derivatives		
Fair value	**-0.9**	-0.6
Nominal value	**4.9**	5.0
Amount (TWh)	**0.1**	0.1
Group's external forward exchange contracts		
Fair value	**-0.2**	-0.5
Nominal value	**69.4**	115.8
Group's internal forward exchange contracts		
Fair value	**0.1**	0.5
Nominal value	**16.5**	39.0
Interest rate derivatives		
Fair value	**-3.4**	-5.4
Nominal value	**173.8**	179.0

Emission allowances (tons)	2013	2012
Emission allowances received	**29,533**	54,632
Excess emission allowances from the previous year	**98,743**	89,088
Adjustments related to prior year's estimates	**-285**	-
Delivered emission allowances	**-39,107**	-
Realised emissions	**-37,505**	-44,977
Emission allowances at 31 December	**51,379**	**98,743**
Fair value of the remaining emission allowances	**0.2**	0.6

Emissions allowances have been granted for the period from 2008 to 2012. The received emission allowances and the realised emission of the year 2013 are estimates which will be adjusted during spring 2014 if necessary. Altia continues to operate within the emission trading system for the trading period 2013-2020.

_Board of Directors' proposal for the distribution of profits

According to the balance sheet at 31 December 2013, Altia Plc's distributable earnings amount to EUR 90,857,576 including loss for the period of EUR 2,285,129.

The Board of Directors proposes not to pay dividends for the financial year 2013.

Signatures to the Board of Directors' Report and to the financial statements

Helsinki, 12 March 2014

Matti Tikkakoski
Chairman

Mikael Aro   Catarina Fagerholm   Minna Huhtaniska

Annikka Hurme   Jarmo Kilpelä   Sanna Suvanto-Harsaae

Hannu Tuominen
Substitute for the CEO

_Auditor's report

To the Annual General Meeting of Altia Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Altia Plc for the year ended 31 December, 2013. The financial statements comprise the consolidated statement of financial position, 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 MANAGING DIRECTOR

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or 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.

OTHER OPINIONS

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, March 12, 2014
KPMG Oy Ab

Jari Härmälä
Authorized Public Accountant

_Corporate Governance

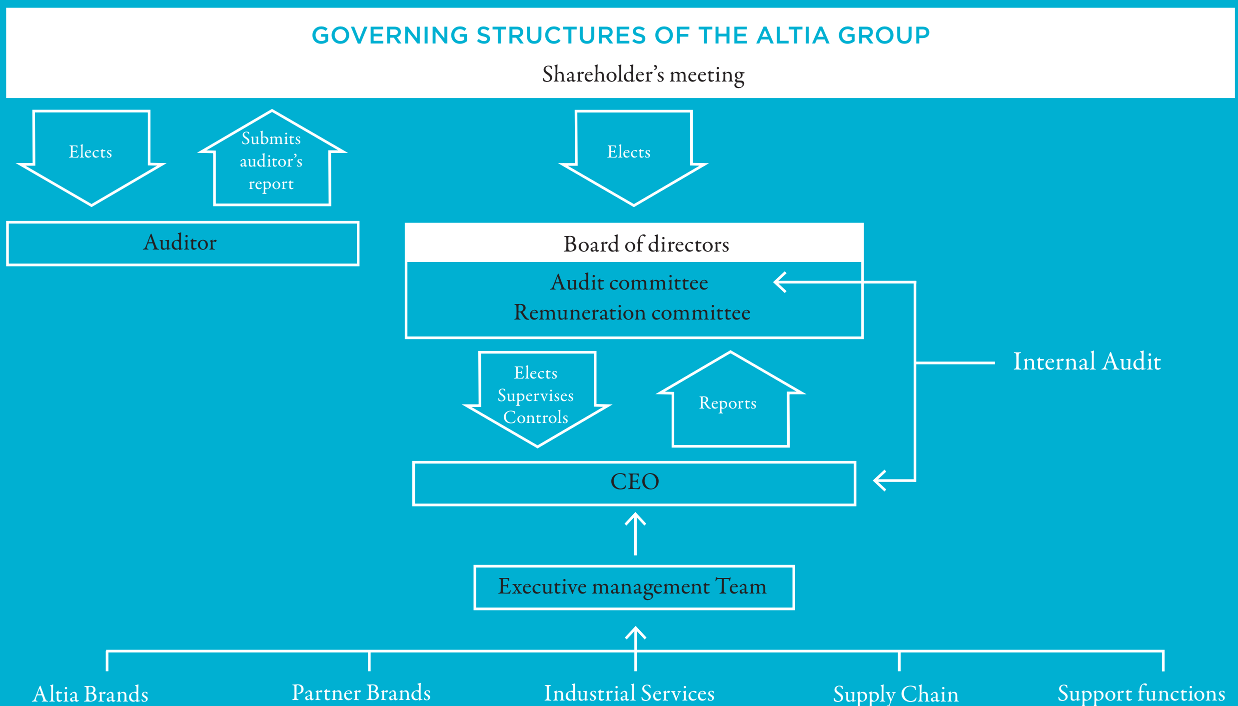
The responsibilities of the Board of Directors and the CEO for overseeing the administration and management of the company are mainly based on the Finnish Companies Act. Altia Plc complies with the Finnish Corporate Governance Code 2010. The following pages present Altia's Corporate Governance Statement 2013, which accords with the recommendations of the Finnish Corporate Governance Code, information on board and management remuneration and details concerning the members of the Board of Directors and the Group Executive Management Team

_Corporate governance statement *2013*

This Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the Finnish Corporate Governance Code. This Statement is not part of the Report of the Board of Directors. Altia Plc (hereinafter "Altia" or the "company") complies with the provisions of its Articles of Association and the Finnish Companies Act. Altia also complies with the provisions and principles of the government resolution of 3 November 2011 on state ownership policy, and the statement by the cabinet committee on economic policy of 13 August 2012 regarding the remuneration of executive management and key individuals. Altia is fully owned by the State of Finland. The Ownership Steering Department in the Prime Minister's Office is responsible for ownership steering and oversight of the company. Altia's head office is located in Helsinki, Finland.

In accordance with the government resolution of 3 November 2011 on state ownership policy, Altia complies with the Finnish Corporate Governance Code 2010, as applicable.

Deviations from the Corporate Governance Code are based on the facts that the company has one owner, the company's shares are not listed and the company has no share-based compensation or incentive schemes. The company deviates from the following recommendations of the Corporate Governance Code: Recommendation 1 (information on general meetings to shareholders), Recommendation 3 (attendance of the board of directors, managing director and auditor at a general meeting), Recommendation 4 (attendance of a prospective director at a general meeting), Recommendation 11 (informing the shareholders of director candidates), Recommendation 51 (the company's insider administra-



tion), and Recommendation 55 (disclosing information on the company website due to the above-mentioned deviations). The information required by the Finnish Corporate Governance Code is, with the above exceptions, also available on the company's website www.altiacorporation.com. An unofficial English translation of the Finnish Corporate Governance Code 2010 is available at www.cgfinland.fi.

Altia prepares its consolidated financial statements in accordance with the IFRS reporting standards. The Report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and the guidelines and statements of the Accounting Board. The auditor's report covers the Report of the Board of Directors, the consolidated financial statements, including the parent company's financial statements.

GOVERNING BODIES

The management of the company is the responsibility of the General Meeting of Shareholders, the Board of Directors and the CEO. Their duties are mainly laid down in the Finnish Companies Act. The management and administration of the company are also based on the decisions of the General Meeting of Shareholders and the company.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the ultimate decision-making authority of the company. At the General Meeting of Shareholders, the shareholder exercises its powers in accordance with the Companies Act and the Articles of Association. The General Meeting of Shareholders decides on matters that under the Companies Act and the Articles of Association are within its purview. A General Meeting of Shareholders is convened by the Board of Directors. Pursuant to the Articles of Association, the Annual General Meeting is held annually within six months from the end of the previous financial year on a date determined by the Board of Directors. An Extraordinary Meeting of Shareholders may be convened in the manner provided for in the Companies Act. Matters on which the Annual General Meeting decides include the adoption of the financial statements, the distribution of profits, discharging liable parties from liability, and the election of the chairman, vice chairman and other members of the Board of Directors, and the auditor, as well as their remuneration. Decisions to amend the Articles of Association are also taken by a General Meeting of Shareholders.

THE BOARD OF DIRECTORS

The Board of Directors is responsible for the administration of the company and the appropriate organization of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances. The Board of Directors makes decisions on the strategy, investments, organization and financial affairs of the company. The Board of Directors also ensures that good corporate governance is complied with throughout the Altia Group. The Board of Directors has approved the Corporate Governance principles of the Altia Group.

The members of the Board of Directors are elected by the General Meeting of Shareholders. According to the Articles of Association, the Board of Directors consists of no less than one and no more than five members in addition to the chairman and vice chairman. The General Meeting of Shareholders elects the chairman, the vice chairman and the other members of the Board of Directors for a term expiring at the end of the next Annual General Meeting following their election. Persons aged 68 and above may not be elected to the Board of Directors. The biographical details of the members of the Board of Directors are presented on the company's website.

The Board of Directors have adopted the charter of the Board of Directors, which sets fort the procedures and working principles of the Board of Directors, as well as the most important tasks and issues considered by the Board of Directors. Accordingly, the Board of Directors' responsibilities include approving the company's strategy, financial targets, budgets, major investments and risk management principles. The Board appoints and dismisses the company's CEO. The Board of Directors considers and decides on all significant matters concerning the operations of the Altia Group and the business areas. The Board of Directors has also approved the charters of the Audit Committee and Compensation Committee. The Board of Directors convenes in accordance with a timetable agreed in advance and also as required. In addition to making decisions, the Board of Directors also receives during its meetings current information on the operations, finances and risks of the Group. Board meetings are also attended by the CEO, the CFO and the General Counsel (who acts as secretary to the Board). Members of the Executive Management Team attend Board meetings at the invitation of the Board of Directors. Minutes are kept of all meetings.

THE BOARD OF DIRECTORS 2013-2014

The Annual General Meeting of Altia held on 18 April 2013 confirmed that the Board of Directors of Altia shall have seven members and elected the following persons as members of the Board of Directors:

- Mr Matti Tikkakoski, chairman, b. 1953, B.Sc (Econ.)
- Mrs Catarina Fagerholm, vice chairman, b. 1963, M.Sc. (Econ.), CEO
- Mr Mikael Aro, b. 1965, eMBA, CEO
- Mrs Minna Huhtaniska, b .1974, Master of Laws (LL.M.), M.Sc. (Econ.), General Counsel
- Mrs Annikka Hurme, b. 1964, M.Sc. (Food Sciences), director
- Mr Jarmo Kilpelä, b. 1957, M.Sc. (Econ.), Senior Financial Counsellor
- Mrs Sanna Suvanto-Haarsae, b. 1966, B.Sc. (Business Administration)

The Board of Directors of Altia convened fourteen times in 2013, of which one meeting was held per capsulam. The average attendance rate of the members of the Board of Directors was 96.94%.

The Board of Directors has conducted a self-assessment of its activities and working practices during 2013.

All members of the Board of Directors are independent of the company. Board member Jarmo Kilpelä holds an office with the Ownership Steering Department of the Prime Minister's Office. All other members of the Board of Directors are independent of the shareholder of the company.

BOARD COMMITTEES

The Board of Directors of Altia has two board committees, the audit committee and the remuneration committee. The Committees do not have independent decision-making powers in relation to matters falling within the competence of the Board of Directors. The Committees are preparatory bodies that assist the board by preparing and submitting proposals to the Board of Directors on matters within their purview. Minutes are kept of Committee meetings. The Board of Directors has approved the charters of the Committees. The Committees report to the Board of Directors at regular intervals.

In its constitutive meeting, the Board of Directors appoints annually, from among its members, the members and chairman of the Audit Committee and the Remuneration Committee. In addition to the Audit Committee and Remuneration Committee, the Board of Directors may appoint ad hoc committees for preparing specific matters. Such committees do not have Board-approved rules of procedure and the Board of Directors do not release information on their term, composition, the number of meetings or the members' attendance rates.

AUDIT COMMITTEE

It is the responsibility of the Audit Committee to assist the Board of Directors by reviewing and preparing matters relating to the financial reporting and control of the company and submitting proposals to the Board of Directors on such matters. The Audit Committee's duties include monitoring the financial affairs and financial reporting of the company, monitoring the process for the reporting of the financial statements; reviewing the interim reports and financial statements and present them for approval by the Board of Directors; monitor the audit proper of the financial statements and consolidated financial statements; and monitor the effectiveness of internal controls, internal audit and risk management systems. In addition, the duties of Audit Committee include preparatory work on the decision on electing the auditor; the evaluation of the independence of the auditor, particularly the provision of related services to the company, and carrying out other tasks assigned to it by the Board of Directors. The Audit Committee consists of at least three members.

In 2013, the Audit Committee convened eight times and the attendance rate of the Committee members' was 95.83%.

As of 19 April 2013, the Chairman of the Audit Committee is Mrs Catarina Fagerholm and the other members are Mrs Minna Huhtaniska and Mr Matti Tikkakoski.

REMUNERATION COMMITTEE

The Remuneration Committee assists the Board of Directors by reviewing and preparing management and personnel remuneration policies and issues related to management appointments, and making proposals on such matters to the Board of Directors. The Committee's responsibilities include reviewing, evaluating and making proposals on the remuneration structure and incentive schemes of management and the personnel of the Altia Group; monitoring the effectiveness of these systems to ensure that incentive schemes of the management promote achievement of the company's short term and long term goals and are based on personal performance; reviewing and preparing other matters relating to the remuneration of management and personnel, and submitting proposals on these to the Board; and considering and preparing appointments of top management to be decided by the Board. In addition, based on the proposal of the CEO, the Remuneration Committee proposes to the Board of Directors the appointment of members of the Executive Management Team and their remuneration, and evaluates the performance of the CEO and the members of the Executive Management Team and proposes to the Board of Director their annual remuneration (including bonuses) and other incentives. The Remuneration Committee has at least three members.

In 2013, the Remuneration Committee convened five times and the attendance rate of the Committee's members was 100%.

As of 19 April 2013, the Chairman of the Remuneration Committee is Mr. Matti Tikkakoski and the other members are Mr Mikael Aro and Mr Jarmo Kilpelä.

CHIEF EXECUTIVE OFFICER

The Board of Directors of Altia appoints and dismisses the Chief Executive Officer (CEO), and decides on the terms of the CEO's employment. The terms and conditions of the CEO's employment are specified in a written service contract. The CEO of the company is responsible for managing, supervising and controlling the business operations of the company. The CEO is responsible for the day to day executive management of the company in accordance with the instructions and orders given by the Board of Directors. In addition, the CEO also ensures that the accounts of the company comply with Finnish law and that its financial affairs have been arranged in a reliable manner. The CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors. The CEO prepares issues for decision by the Board of Directors, develops the company in line with the targets agreed upon with the Board and ensures proper implementation of the decisions of the Board of Directors. The CEO is also responsible for ensuring that the company operates in compliance with agreed rules and laws and regulations. The CEO is not a member of the Board of Directors, but attends the meetings of the Board of Directors and has the right to speak at the meeting, unless the Board of Directors decides otherwise with regard to a particular subject matter.

On 21 November 2013 the Board of Directors relieved Mr. Antti Pankakoski from his duties as CEO of Altia. The Board of Directors appointed Mr Hannu Tuominen, Senior Vice President, member of the Executive Management Team, as Interim CEO of Altia.

EXECUTIVE MANAGEMENT TEAM

The Executive Management Team of the Altia Group consist, in addition to the CEO of Altia as chairman, of the Senior Vice Presidents of Altia Brands, Partner Brands, Human Resources and Industrial Services and Supply Chain as well as the Chief Financial Officer (CFO) and General Counsel, who all report to the CEO.

The Executive Management Team meets regularly to address matters concerning the entire Group. The Group Management Team is not a decision-making body. It assists the CEO in the implementation of Group strategy and in operational management. The Executive Management Team is responsible for managing the company's core business operations as a whole, which requires planning of various development processes, Group principles and Group practices, as well as monitoring the development of financial matters and Group business plans. The Executive Management Team convenes monthly and minutes are kept of all meetings.

In 2013, the Executive Management Team of Altia consisted of the following members:

- Mr Antti Pankakoski, CEO (until 21 November 2013)
- Mr Hannu Tuominen, SVP Industrial Services and Supply Chain (Interim CEO as of 21 November 2013)
- Mr Michael Bech-Jansen, SVP Altia Brands (as of 26 November 2013)
- Mr Thomas Heinonen, General Counsel (as of 1 September 2013)
- Mrs Sanna Hokkanen, SVP Human Resources
- Mr Joacim Hultin, SVP Partner Brands
- Mr Matti Piri, CFO (as of 1 October 2013)
- Mr Tomi Tanninen, CFO (until 31 August 2013)

Mr Søren Qvist was appointed SVP Partner Brands and member of the Executive Management Team as of 8 January 2014.

CONTROL

INTERNAL AUDIT

Altia does not have its own separate internal audit organization. Altia meets its internal audit requirements by assigning audit tasks to a firm of authorized public accountants.

Internal audit monitors and evaluates the operation of processes as well as the appropriateness of internal controls and the financial administration of the company in an independent manner. It reports its observations to the CEO, the auditor and Audit Committee. The subjects of the internal audit and the audit plan are decided annually by the Audit Committee. Internal audit is implemented in accordance with the charter of the internal audit approved by the Board of Directors.

EXTERNAL AUDIT

According to the Articles of Association, the company has one to two auditors elected by the General Meeting of Shareholders. The auditor must be an authorized public accountant or firm of authorized public accountants. The auditor is elected annually by the Annual General Meeting for a term that expires at the end of the next Annual General Meeting following the election.

The task of the auditor is to audit the consolidated financial statements, the financial statements of the parent company, the accounting of the Group and the parent company and the administration of the parent company. The company's auditor submits the auditors' report to the shareholders in connection with the annual financial statements, as required by law, and submits regular reports on its observations to the Audit Committee of the Board of Directors. KPMG Oy AB, a firm of authorized public accountants, is Altia's auditor, with Jari Härmälä, APA, as the principal auditor. The fees for the audit proper paid to KPMG in 2013 totaled EUR 257,000. In addition, EUR 502,000 was paid for other consultation provided to Group companies.

RISK MANAGEMENT AND INTERNAL SUPERVISION SYSTEMS CONNECTED WITH FINANCIAL REPORTING

INTERNAL SUPERVISION SYSTEMS CONNECTED WITH FINANCIAL REPORTING

Supervisory measures are instructions and guidelines that help to ensure the proper management of all functions. The measures cover all Group levels and functions and information systems play an important role in them. Information systems are of vital importance for effective internal supervision as many of the supervisory measures rely on information technology. The performance of the Group is monitored in the Executive Management Team with monthly reports as well as in the monthly operational reviews of the business segments. The financial situation of the Group is also monitored in the meetings of the Board of Directors. The Audit Committee and the Board of Directors examine the interim reports and financial statements before their approval publication. Monitoring of the monthly reports also ensures the effectiveness of the internal supervision. Each business area must ensure effective supervision of its own operations as part of Group-level internal supervision. The business areas and the Group Finance organization are responsible for the evaluation of the processes covering financial reporting. The evaluations must contain balances and analyses, which are compared with budgets, assessments and various economic indicators.

RISK MANAGEMENT

Risk management consists of actions that aim to identify and assess significant external and internal uncertainties which could threaten the implementation of the strategy as well as accomplishment of the objectives. The most significant uncertainties in Altia Group's operations are related to the price development of raw materials, especially barley. Financial risks comprise currency risk, interest risk, liquidity risk and credit risk. These risks are hedged against in accordance with the principles defined in the Group Risk Management Policy. A more detailed presentation of the Group's material risks and risk management principles is included in the notes to the consolidated financial statements in section Financial Risk Management.

The development of a comprehensive risk management system for risks related to strategy, operations, financing and hazards was continued in 2013. The goal is especially to integrate operations management and risk management, risk management training and creation of risk management indicators. Special emphasis is put on preventive actions and their development. Preparations have been made for acting in crisis situation and for crisis communication.

Altia's business areas are responsible for the risks involved in their operations, for preventing damages caused by the risks or for hedging against the risks. Risk management in Altia Group is part of the everyday operations as well as the operative planning and management process, which is led by the Group's finance function under the CFO. As part of the reporting and planning process, risk management identifies risks of the business areas, which are assessed based on their impact and likelihood. The key risks are described and analyzed in detail. Furthermore, measures to manage the risks as well as tasks and responsibilities associated with the risks are determined. The aim is to minimize or transfer identified risks where possible.

Treasury is responsible for the insurance programs covering the whole Group. The scope of the insurances is assessed, among others, in the context of risk analysis.

_Remuneration statement

Altia is fully owned by the State of Finland. Altia complies, with some exceptions, with the Finnish Corporate Governance Code as provided by the Government Resolution on State Ownership Policy given on 3 November 2011. This Remuneration Statement is published in accordance with Recommendation 47 of the Finnish Corporate Governance Code 2010.

Altia Plc complies with the guidelines by the state owner of 8 September 2009 on management remuneration and pension benefits, and the statement by the cabinet committee on economic policy of 13 August 2012 regarding the remuneration of executive management and key individuals.

I. REMUNERATION AND OTHER BENEFITS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE DECISION-MAKING PROCESS

The Annual General Meeting decides annually on the remuneration payable to members of the Board of Directors for their term of office.

The Annual General Meeting of Altia held on 18 April 2013 decided that the chairman of the board of Directors shall receive a monthly fee of 2,750 euros, the vice chairman a monthly fee of 1,800 euros and the other members of the Board of Directors a monthly fee of 1,450 euros. The monthly fee is paid to members of the Board of Directors who are not employed by the company. The Annual General Meeting also approved an attendance fee of 600 euros per meeting for meetings of the Board of Directors and its committees.

The members of the Board of Directors are not included in the company's incentive schemes. The company has not granted any loans to members of the Board of Directors, nor given guarantees on their behalf. The total fees and other benefits to the paid to the members of the Board of Directors in 2013 are presented next page:

Altia Plc Board of Directors 2013 – attendance rates and fees (in euros):

	BOARD OF DIRECTORS	REMUNERATION COMMITTEE	AUDIT COMMITTEE	Monthly fees total	Attendance fees total	Fees total
	Attendance	Attendance	Attendance			
CHAIRMAN						
Matti Tikkakoski	14/14	5/5	8/8	33,000	15,600	48,600
VICE CHAIRMAN						
Catarina Fagerholm	14/14		8/8	21,600	12,600	34,200
MEMBERS						
Mikael Aro	13/14	5/5		17,400	10,200	27,600
Ainomaija Haarla (1.1–18.4.)	3/3		3/3	5,800	3,600	9,400
Annikka Hurme	13/14			17,400	7,200	24,600
Minna Huhtaniska	14/14		4/5	17,400	10,800	28,200
Jarmo Kilpelä	14/14	5/5		17,400	10,800	28,200
Sanna Suvanto-Harsaae (18.4.–31.12.)	10/11			12,221	5,400	17,621
	96.94%	100%	95.83%			218,421

II. ALTIA'S INCENTIVE SCHEMES, MAIN PRINCIPLES OF REMUNERATION AND DECISION-MAKING PROCESS

DECISION-MAKING PROCESS AND MAIN PRINCIPLES OF REMUNERATION

Altia's Board of Directors decides annually on Altia's principles of remuneration, the basis and targets for performance bonuses as well as their maximum amounts. The Board of Directors also evaluates annually the performance of the CEO and the members of the Executive Management Team, as well as decides on the total remuneration of the CEO and the members of the Executive Management Team, taking into account the recommendations of the Remuneration Committee.

The Remuneration Committee, which is established by the Board of Directors, has the duty to assist the Board of Directors by reviewing and preparing management and personnel remuneration policies and issues related to management appointments, and make proposals on such matters to the Board of Directors. The Committee's responsibilities include reviewing, evaluating and making proposals on the remuneration structure and incentive schemes of management and the personnel of the Altia Group; monitoring the effectiveness of these systems to ensure that incentive schemes of the management promote achievement of the company's short term and long term goals and are based on personal performance.

INCENTIVE SCHEMES

ANNUAL BONUS

Altia's entire personnel are part of an annual performance bonus program. The performance bonus is paid annually, or more frequently as a sales bonus or production bonus. The purpose of the performance bonus is to support the implementation of Altia's strategy and reward the personnel for good performance and Altia's financial success.

The potential annual bonus is based on budgeted operational targets of the Group or the business unit in question and personal targets. The maximum annual bonus is from 5 % to 35 % of the individual's annual earnings depending on the individual's organizational position and job. In addition to the personal achievements, a precondition for the payment of the annual bonus payment is that a predetermined EBIT-target of the Altia Group is achieved. The maximum annual bonus opportunity for the members of the Executive Management Team is 35% and for the CEO 40% of the annual salary. Detailed information about the scheme is available on the company's website www.altiacorporation.com.

Based on the result for 2012, annual performance bonuses of EUR 1.8 (4.9) million, including social expenses, were paid in 2013. The production bonuses totalling EUR 0.4 (0.4) million, including social expenses, were included in the result for the period.

Workers are part of a production bonus system. Production bonuses are based on set targets for each production unit. The production bonuses are paid irrespective of the Group's result.

LONG-TERM INCENTIVE SCHEME 2009-2011

The purpose of Altia's long term incentive scheme 2009 – 2011 was to support the company's strategy, to reward for implementing the strategy and to commit key personnel to the company. The earnings were determined based on achieved financial Group level targets. 29 persons were included in the incentive scheme. The scheme was executed in accordance with the guidelines by the state owner of 8 September 2009 on management remuneration and pension benefits. The maximum reward from each of the three one year earnings period was, depending on the individual's position, 80 to 100 percent of the total fixed gross annual salary accumulated during the earning period. Detailed information about the scheme is available on the company's website www.altiacorporation.com.

The bonuses related to the long-term incentive scheme 2009-2011 were paid according to the terms of the incentive scheme during 2012 and 2013. The bonuses totalled EUR 3.7 million, of which EUR 1.8 million, including social expenses, was paid in 2013. The bonuses for paid in 2012 amounted to EUR 1.8 million, including social expenses.

EARNING PERIOD	**EARNING CRITERIA**	TARGET GROUP	DATE OF PAYMENT	PAID IN APR. 2012 AND APR. 2013	**TOTAL AMOUNT**
2009 - 2011	Operating profit, ROCE and the Group's economic value added, EVA	CEO	50% in April 2012 and 50% in April 2013	169,483 (without social costs)	338,966
2009 - 2011	Operating profit, ROCE and the Group's economic value added, EVA	Executive Management Team	50% in April 2012 and 50% in April 2013	360,870 (without social costs)	721,740
2009 - 2011	Operating profit, ROCE and the Group's economic value added, EVA	Other key persons of the Group	50% in April 2012 and 50% in April 2013	921,924 (without social costs)	1,843,848

LONG-TERM INCENTIVE SCHEME 2012 – 2014

The Board of Directors of Altia decided on 20 June 2012 on a new long-term incentive plan for 2012-2014. The purpose of the new long time incentive scheme is to support the company's strategy, reward for implementing the strategy and to commit key personnel to the company. The Board of Directors decides annually on the earnings criteria and the persons included in the incentive scheme. 25 persons were included in the incentive scheme in 2013. The scheme has been executed in accordance with the guidelines by the state owner of 8 September 2009 on management remuneration and pension benefits.

The maximum earning for the earning period, depending on the individual's position, is 80 to 100 percent of the total fixed gross annual salary of the earning period. Alexander Corporate Finance Oy served as company's adviser in relation to the incentive scheme. Detailed information about the scheme is available on the company's website www.altiacorporation.com. Possible bonuses for the long-term incentive scheme 2012 - 2014 are paid in three instalments during 2015 - 2017.

Altia has no share-based incentive scheme or option scheme. The members of the Board of Directors or management have not received any options or other share-based rights as remuneration.

III. FINANCIAL BENEFITS OF THE CEO AND THE EXECUTIVE MANAGEMENT TEAM

The remuneration of the CEO and other members of the Group Executive Team consists of a fixed base salary, fringe benefits, an annual performance bonus and a long term incentive scheme. The remuneration commits management to develop the company and its financial success in the long term. The development stage and strategy of the company are considered when determining the principles for remuneration.

FINANCIAL BENEFITS OF THE CEO IN 2013

The salary and other remuneration, including fringe benefits, paid in 2013 to the CEO Antti Pankakoski, amounted to a total of 526,246 euros as follows:

- fixed base salary of 336,289 euros
- fringe benefits of 16,527 euros;
- 2012 annual bonus 3,938 euros; and
- long term incentive scheme 2009 – 2011 bonus 169,483 euros

Based on the long term incentive scheme 2009 – 2011, the CEO has earned in total 338,966 euros, which has been paid in two equal installments of 169,483 euros in 2012 and 2013.

The CEO has a supplementary defined benefit pension insurance, which includes a life insurance for death, paid by the employer with an annual fee of 119,358 euros for 2013. The retirement age of the CEO is 63 years.

CEO Antti Pankakoski was released from his duties on 21 November 2013. He has a six month period of notice. In accordance with his service contract, Mr. Pankakoski will in 2014 be paid a severance payment corresponding to twelve months salary, in addition to the salary for the term of notice.

FINANCIAL BENEFITS OF THE EXECUTIVE MANAGEMENT TEAM IN 2013

The salary and other remuneration, including fringe benefits, paid in 2013 to the Executive Management Team amounted to a total of 1,552,655 euros, as follows:

- fixed base salary and fringe benefits 1,159,554 euros
- 2012 annual bonuses 32,231 euros; and
- long term incentive scheme 2009 – 2011 bonuses 368,870 euros

Based on the long term incentive scheme 2009 – 2011, the Executive Management Team has earned in total 721,740 euros, which has been paid in two equal installments of 360,870 euros in 2012 and 2013.

The members of the Executive Management Team have a supplementary defined benefit pension insurance paid by the employer with total annual fees of 9,205 euros for 2013. The retirement age of the members of the Executive Management Team is 63 years.

The members of the Executive Management Team have a six month period of notice. If the employment contract is terminated by Altia, the Executive Management Team member is entitled to a severance payment corresponding to six months salary, in addition to the salary for the term of notice.

_Board of Directors

1. Minna Huhtaniska

B. 1974, MASTER OF LAWS (LL.M.), M.SC, (ECON.)

Valmet Automotive Oy,
General Counsel
Independent of the company and the shareholder,
Member of the Board of Altia since 2012, Member of the Audit Committee

Main work experience:
Fazer Group, SVP Legal Affairs (2008-2013)

2. Sanna Suvanto-Harsaae

B. 1966, B.SC. (BUSINESS ADMINISTRATION)

Independent of the company and the shareholder,
Member of the Board of Altia since April 18th, 2013
Babysam AS,
Chairman of the Board
Best Friend AB,
Chairman of the Board
CCS Healthcare AB,
Member of the Board
Clas Ohlson AB,
Member of the Board
Paulig Oy, Member of the Board
SAS AB, Member of the Board
Sunset Boulevard AS,
Chairman of the Board
Upplands Motor AB,
Member of the Board
Vital Pet Food AS,
Chairman of the Board

3. Annikka Hurme

B. 1964, M.SC. (FOOD SCIENCES)

Valio Oy, Director, Cheese, Butter and Powders
Independent of the company and the shareholder,
Member of the Board of Altia since 2010

Main work experience:
Valio Oy, Director, Nordic Sales and Distribution (2010-2012)
Valio Oy, Director, Perishable Goods and Domestic Sales and Marketing (2007-2010)
Valio Oy, Director, Marketing (2000-2007)

4. Matti Tikkakoski

B. 1953, B.SC (ECON.)

Independent of the company and the shareholder,
Member of the Board of Altia since 2011,
Chairman of the Board, Chairman of the Remuneration Committee,
Member of the Audit Committee
Finnprotein Oy,
Chairman of the Board
Leipurin Oy,
Member of the Board
Plastiroll Oy,
Member of the Board

Main work experience:
President and CEO, Atria Oyj (2006 – 2010)
Executive Vice President,
År-Carton Group AB (2003-2005)
Different management positions in Huhtamäki Oyj (1980-2002)

5.

Mikael Aro

B. 1965, EMBA

VR Group, CEO
Independent of the company and the shareholder,
Member of the Board of Altia since 2010, Member of the Remuneration Committee
Nordic Cinema Group, Chairman of the Board
Confederation of Finnish Industries, Member of the Board
The Finnish National Theater, Member of the Board
Service Sector Employes PALTA, Member of the Board
Varma Mutual Pension Insurance Company, Member of the Board
Finnish-Russian Chamber of Commerce, Member of the Board
East Office of Finnish Industries, Member of the Board

Main work experience:
Carlsberg Breweries AS, Senior Vice President, Northern Europe (2007-2009)
Oy Sinebrychoff Ab, CEO (2005-2007)
Oy Sinebrychoff Ab, Commercial Director (2003-2005)

6.

Jarmo Kilpelä

B. 1957, M.SC. (ECON.)

Senior Financial Counsellor, Prime Minister's Office, Ownership Steering Department, Independent of the company, Member of the Board of Altia since 2011, Member of the Remuneration Committee
Governia Oy, Chairman of the Board
VR-Group Ltd, Member of the Board

Main work experience:
Senior Financial Counsellor, Ministry of Finance (1996-2007)
Head of Administration and Finance, Government Guarantee Fund (1993-1996) Analyst, Bank of Finland (1992-1993) Head of Department, Deputy Director of Department, Corporate Analyst, Skopbank of Finland Plc. (1981-1992)

7.

Catarina Fagerholm

B. 1963, M.SC. (ECON.)

Instru optiikka Oy, CEO
Independent of the company and the shareholder,
Member of the Board of Altia since 2008
Vice Chairman of the Board since 2010
Chairman of the Audit Committee
Atasun Optik, Turkey, Member of the Board
Federation of Finnish Commerce, Member of the Board

Main work experience:
Bosch and Siemens Home Appliances Oy, CEO (1998-2005)
AEG Household Appliances, Country Director of Finland, Russia, Estonia, Latvia and Lithuania (1996-1998)

Ainomaija Haarla

S. B. 1953, D.SC. (TECH.), MBA

Independent of the company and the shareholder, Member of the Board of Altia and Member of the Audit Committee until April 18th, 2013
Korona Invest Oy, Chairman of the Board
Korona Invest II Oy, Chairman of the Board
ProConsilium Ltd, Chairman of the Board

Main work experience:
CEO, ProConsilium Ltd (2007-2009)
Executive management positions, United Paper Mills Ltd and UPM-Kymmene Corp. (1979-1999 and 2001-2007), in Finland and abroad (in Germany 2002-2005)
Marketing Director, Metso Corp. (1999-2000)

_Executive Management Team on February 1, 2014

1. Thomas Heinonen

B. 1970, MASTER OF LAWS

General Counsel (2012-)

Main work experience:
Main work experience:
General Counsel, Oriola-KD Corporation (2009-2012)
Senior Legal Counsel, Oriola-KD Corporation (2008-2009)
Legal Counsel, Oriola-KD Corporation (2006-2008)
Legal Counsel, Uponor Corporation (2003-2006)
Legal Counsel, Orion Pharma (1998-2003)
Associate Lawyer, Merilampi Marttila & Laitasalo (1997-1998)

2. Matti Piri

B. 1969, M. SC. IN BUSINESS MANAGEMENT

CFO (October 2013-)

Main work experience:
VP Finance & Control, Neste Oil Oyj (2011-2013)
Acting CFO, Neste Oil Oyj (9/2012-5/2013)
Finance Director, Austria (2010-2011), Czech/Slovakia (2007-2009) and Hungary (2005-2007), MARS Inc.
Project Manager, South Central Europe, MARS Inc. (2004-2005)
Financial Controller, Romania, MARS Inc. (2003-2004)
Financial Planning Manager, Effemex Europe (2001-2003)
Business Planning Manager, Finland/Baltics, Effemex Europe (1996-1999)
Financial Analyst, Finland/Baltics, Effemex Europe (1994-1996)

3. Michael Bech-Jansen

B. 1972, M.SC. IN ECONOMICS AND BUSINESS ADMINISTRATION

SVP, Altia Brands (November 2013-)

Main work experience:
Independent Senior Consultant and Advisor (2012-2013)
Marketing Director, Global Travel Retail, British American Tobacco International (Switzerland) (2010 – 2012)
International Senior Brand Manager, International Brand Group, British American Tobacco Ltd (UK) (2009 – 2010)
General Manager, British American Tobacco Sweden AB (2008 – 2009)
Managing Director, House of Prince AB Sweden (2008)
Managing Director, Scandinavian Tobacco s.r.o., Czech Republic (2007)
Marketing Manager, House of Prince AB Sweden (2004 – 2006)
Marketing Manager, House of Prince A/S Denmark (2003 – 2004)
Brand Manager, House of Prince AB Sweden (2000 – 2003)
Sales and Marketing Trainee, House of Prince A/S Denmark (1998 – 2000)

4.

Sanna Hokkanen
B. 1974, M.SC. IN BEHAVIOURAL SCIENCE

Senior Vice President, HR (2011-)

Main work experience:
HR Director, Fujitsu Oy (2008-2010)
Senior HR Manager, Nokia Oyj (2004-2008)
HRD Manager, Nokia Oyj (2001-2004)
HR Director, Done Oyj (2000-2001)
HR Specialist, Nokia Oyj (1997-2000)

5.

Søren Qvist
B. 1965, DBE, BUSINESS MANAGEMENT

Senior Vice President, Partner Brands (January 2014-)

Main work experience:
Director, Open Markets, Altia Plc (2009-2014)
Senior Vice President, Denmark & Baltic's, Altia Plc (2008-2009)
Commercial Director (2007-2008) and Managing Director, Altia Denmark A/S (2008)
Commercial Director (2001-2003), Director (2003-2005) and Division Director, Valora Trade Beverages A/S
Commercial Manager, TOMS Danmark A/S (2001-2004)
National Sales Manager (1999-2000) and Key Account Manager (2000), Valora Trade Confectionery A/S
Key Account Manager (1992-1997) and National Key Account Manager (1997-1999), Tuborg Danmark A/S
Sales Coordinator (1991-1992), Brdr. C.& M. Brünner A/S
Purchase assistant (1989-1990) and Purchaser (1990-1991), Dagrofa A/S

6.

Hannu Tuominen
B. 1958, M.SC. (ENG.)

Interim CEO
Senior Vice President, Industrial Services and Supply Chain (2009-)

Main work experience:
Senior Vice President, Industrial Services and Production, Altia Oyj (2008-2009)
Division Director, Vaisala Oyj (1994-2007)
Production Director, Vaisala Oyj (1992-1994)
Production Director, Fiskars Power Systems Oyj, (1990-1992)
Product Marketing Manager, Fiskars Power Systems Oyj, (1988-1990)
Business Controller, Fiskars Power Systems Oyj, (1986-1988)

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2013

FINANCIAL
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ALTIA

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