Suominen
Creating Convenience

2010
Financial Statements

Contents

Report by the Board of Directors

Suominen's net sales in 2010 declined by 3 per cent compared with the previous year and totalled EUR 173.4 million. Operating profit before non-recurring costs and a write-down of goodwill was EUR -3.8 million (7.3) and after these deductions EUR -10.8 million (6.7). The result after taxes was a loss of EUR 14.4 million (profit 0.9). The write-down of goodwill amounted to EUR 4.9 million and non-recurring costs arising from restructuring were EUR 2.2 million (0.6). In the face of an extremely tight competitive situation gross margins fell. The result also deteriorated as a consequence of lower production volumes and a rise in raw material prices.

During the financial year, Suominen raised its equity by issuing a rights offering of EUR 10 million and arranged refinancing by signing an agreement on a credit facility in the amount of EUR 44 million.

Earnings per share were EUR -0.34 (0.02). Cash flow from operations was EUR -0.06 per share. The Board of Directors proposes that no dividend be paid for the financial year 2010.

Group financial results

Suominen Corporation generated net sales of EUR 45.3 million (44.9) in the fourth quarter. Operating profit before non-recurring costs and a write-down of goodwill was EUR -1.6 million (0.6) and after these deductions EUR -8.6 million (0.6). Loss before taxes was EUR 10.3 million (0.4).

Net sales for the whole year totalled EUR 173.4 million (179.4). Operating loss was EUR 10.8 million (profit 6.7), loss before taxes EUR 15.7 million (profit 1.0) and loss after taxes EUR 14.4 million (profit 0.9). Net sales declined by 3 per cent compared to the previous year. The decline was due to lower production volumes.

The rise in raw material prices, which constitute Suominen's most significant costs, continued until the end of summer, but levelled off temporarily thereafter. However, some raw material prices resumed their upward trend at year end. During the year, the prices of plastic-based raw materials rose by 27–35 per cent. The rise in raw material prices had a considerable negative impact on the Group's result, the costs of materials and supplies increasing by 10 per cent on the comparison year. In the majority of current sales contracts sales prices are adjusted in line with rises in raw material costs, but to a significant extent the adjustments only take effect several months after the costs have risen. Operating expenses decreased. In early 2010, Flexibles stopped production of bags on the roll at the Tampere plant, and at the end of the year, measures were initiated to close down the Nastola plant. In the Netherlands, employee negotiations were started to reorganise operations and reduce personnel.

Further measures were taken to improve the efficiency of the use of assets. The amount of working capital remained at the previous year's level, despite the rise in unit prices. Investments were limited to measures that improve efficiency. Cash flow from operations was EUR 2.5 million (26.8).

Net sales and operating profit

Net sales

€ 1 000	**2010**	2009	Change %	2008
Wiping				
- Codi Wipes	**56 371**	64 479	-12.6	72 367
- Nonwovens	**59 084**	56 905	3.8	76 320
- Eliminations	**-7 296**	-7 888	-7.5	-10 166
Total	**108 159**	113 496	-4.7	138 521
Flexibles	**66 140**	66 894	-1.1	76 795
Non-allocated items	**-861**	-1 036		-711
Net sales, total	**173 438**	179 354	-3.3	214 605

	2010		2009		2008	
Operating profit	**€ 1 000**	**% of net sales**	€ 1 000	% of net sales	€ 1 000	% of net sales
Wiping	**-3 699**	**-3.4**	4 299	3.8	-2 266	-1.6
Flexibles	**-1 941**	**-2.9**	2 823	4.2	1 191	1.6
Non-allocated items	**-115**		-415		-480	
Operating profit before impairment losses	**-5 755**	**-3.3**	6 706	3.7	-1 555	-0.7
Impairment losses	**-5 069**				-2 490	
Operating profit	**-10 824**	**-6.2**	6 706	3.7	-4 045	-1.9

Cost-saving and operational enhancement programme

The Stairs to Top programme was continued. During the year under review, savings were generated in personnel and overhead expenses. Production efficiency per employee continued to improve, although the production volume targets were not met. The cost savings and efficiency-enhancement measures generated EUR 3 million (7). Sales programmes focused on strengthening established customer relationships.

Financing

The Group's interest-bearing net liabilities totalled EUR 57.9 million (59.1), including capital loans of EUR 6.0 million (8.0). Repayments of non-current loans were EUR 23.7 million, while the amount of draw-down on new non-current loans was EUR 8.0 million and on new current loans EUR 15.0 million. Net financial expenses were EUR 4.8 million (5.7) or 2.8 per cent (3.2) of net sales.

In June, Suominen issued a share offering of EUR 10 million giving existing shareholders a pre-emptive right to subscribe for the shares. The proceeds were used for strengthening the balance sheet and creating better conditions for structural changes in the company. The record date of the issue was 4 June and the final payment date was 30 June.

In December, Suominen made an agreement on a credit facility in the amount of EUR 44 million, which includes a three-year amortising loan and a revolving credit facility effective for two years. The credit terms were eased as regards covenants on debt service. On the other hand, the interest rate margin is performance-based, the agreement includes a minimum liquidity requirement and the security arrangements are more comprehensive. Suominen intends to reduce its net debt by selling, where possible, balance sheet items that are less important to the company's future operations. In the credit agreement, the first instalment of EUR 15 million is scheduled for June 2011.

The change in working capital in the cash flow statement was EUR -1.1 million (15.2). At year end, a total of EUR 14.0 million (10.5) in trade receivables was sold to the bank. The equity ratio was 27.9 per cent (29.9). When capital loans are included in shareholders' equity, the equity ratio was 32.9 per cent (36.4) and the ratio of liabilities to shareholders' equity 132.1 per cent (114.4). Cash flow from operations was EUR -0.06 per share (0.74).

Investments

The company's gross investments in production totalled EUR 6.2 million (4.5). Planned depreciation amounted to EUR 9.3 million (10.2). Codi Wipes accounted for EUR 0.6 million (1.0), Nonwovens for EUR 1.7 million (1.5) and Flexibles for EUR 3.8 million (2.0) of total investments. Flexibles invested in a new printing machine in Poland. Other Group investments were in efficiency-enhancement and maintenance.

Investments by business unit

€ million	**2010**	2009	2008
Codi Wipes	**0.6**	1.0	0.5
Nonwovens	**1.7**	1.5	1.5
Flexibles	**3.8**	2.0	1.9
Total	**6.2**	4.5	3.9
% of net sales	**3.6**	2.5	1.8

Invested capital

€ 1 000	**31 Dec. 2010**	31 Dec. 2009	31 Dec. 2008
Non-current assets	**75 052**	82 601	89 281
Current assets	**44 309**	40 229	54 538
Deferred tax liability	**-2 930**	-3 065	-3 684
Trade payables	**-11 982**	-11 552	-7 420
Accruals and deferred income	**-7 219**	-7 669	-8 078
Other non-interest bearing liabilities	**-2 662**	-2 994	-2 844
Total	**94 568**	97 550	121 793

Key figures

	2010	2009	2008
Return on invested capital, %	**-10.6**	6.4	-2.9
Return on equity, %	**-37.3**	2.4	-16.7
Equity ratio, %	**27.9**	29.9	24.6
Gearing, %	**174.0**	161.2	229.9
Earnings/share, €	**-0.34**	0.02	-0.31
Equity/share, €	**0.70**	1.01	1.50

Research and development

The Group's R&D is concentrated in the business units, and employed a total of 28 (40) people as of the end of the year. R&D expenditure totalled EUR 2.0 million (2.3), equivalent to 1.1 per cent (1.3) of net sales. Suominen invests in R&D to offer its customers ever-better materials and more functional solutions. The Group units have extensive test and pilot equipment.

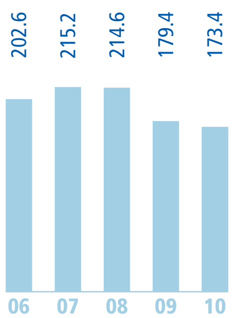
Segment results

In 2010, net sales of the Wiping business area totalled EUR 108.2 million, a decline of 5 per cent on the previous year. The business area's operating profit before non-recurring costs and a write-down of goodwill was EUR -2.7 million and after these deductions EUR -8.6 million. In December, the business area's management was changed, the President and CEO of Suominen Corporation taking over the responsibility for the business area in addition to his other duties.

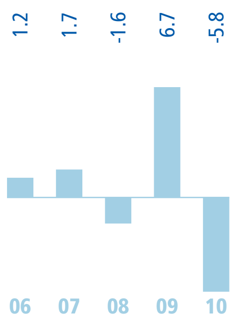
Net sales of Codi Wipes, at EUR 56.4 million, declined by 13 per cent on the previous year. The decline was due to a fall in sales prices at the beginning of the year and lower production volumes compared to the reference year. Sales declined in the baby wipes and moist toilet wipes segments, while sales of personal care wipes increased. In autumn, the unit launched several new products in collaboration with major customers. The unit's operating expenses decreased. In December, employee negotiations were started with a view to rationalising the organisation and reducing personnel by approximately 20 employees. An agreement was reached in January 2011. In the financial statements, a provision of EUR 1.0 million was recorded for lay-offs and other costs incurred due to rationalisation measures.

Net sales of Nonwovens increased by 4 per cent to EUR 59.1 million. Sales of thermobonded hygiene product material fell to less than half of the previous year's level. Volumes of hydroentangled nonwovens grew, and sales in the USA and Russia increased. Likewise, sales of health care materials increased. Prices of plastic raw materials and viscose rose by a clear margin during the year. Due to the tight competitive situation, it was extremely difficult to implement sales price increases. For customers having price escalators in their sales contracts, cost rises were passed on to sales prices with a delay of some months. Product development focused on launching new light-weight nonwovens. In spite of cost saving meas-

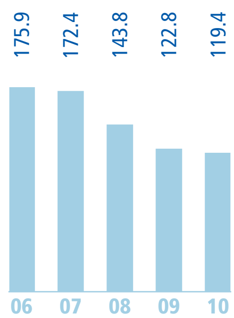
Net sales, € million



Operating profit before impairment losses, € million



Balance sheet total, € million



ures, the unit's costs rose as a result of increased energy, electricity and transportation costs. During the spring, a couple of short production lay-offs were implemented. The goodwill of the Nonwovens cash-generating unit, EUR 4.9 million, was written down in the company's 2010 financial statements.

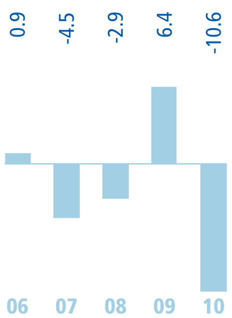
Net sales of the Flexibles business area totalled EUR 66.1 million (66.9), and operating profit was EUR -2.1 million (2.8), including non-recurring costs of EUR 1.2 million from operational reorganisation. Net sales declined by 1 per cent, mainly due to a fall-off in sales of retail carrier bags. The production of fruit and vegetable bags on the roll was terminated at the beginning of 2010. The sales figures for hygiene and food packaging as well as for security and system packaging remained on a level with the reference year. Sales of tissue and bakery packaging as well as labels increased. Regionally, sales developed positively in Russia in particular. Of new products, differentiating material solutions and thermo bags played a role in the increase of sales.

The costs of raw material used by Flexibles increased considerably, especially during the first half of the year, and it was not possible to transfer these increases to sales prices soon enough. For this reason, the proportion of raw materials of all costs rose clearly compared with the reference year. The business area's operating expenses fell due to the decision made in the previous year to transfer production from Sweden to Poland. In the autumn, a decision was made to end production at the Nastola plant and redistribute production between plants. The related transfers of machinery from Nastola to Poland and Tampere were started at the end of the year, though mainly scheduled for the first half of 2011. Following employee negotiations, 102 employment contracts were terminated at Finnish plants, while the headcount at the Polish plant will increase by 40 people as production volumes increase.

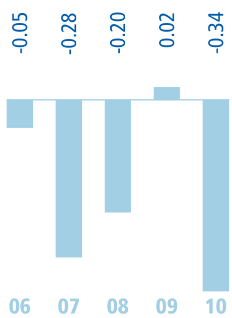
Quarterly results

€ 1 000	I/2010	II/2010	III/2010	IV/2010	I-IV/2010
Net sales					
Wiping					
- Codi Wipes	13 884	14 844	14 210	13 433	56 371
- Nonwovens	12 246	13 722	14 958	18 159	59 084
- eliminations	-1 667	-1 333	-1 734	-2 562	-7 296
Total	24 462	27 234	27 434	29 029	108 159
Flexibles	16 395	17 107	16 125	16 513	66 140
Non-allocated items	-241	-193	-200	-227	-861
Net sales, total	**40 616**	**44 148**	**43 359**	**45 315**	**173 438**
Operating profit					
Wiping	-142	-787	-1 136	-623	-2 689
% of net sales	-0.6	-2.9	-4.1	-2.1	-2.5
Flexibles	-135	873	-720	-1 017	-999
% of net sales	-0.8	5.1	-4.5	-6.2	-1.5
Non-allocated items	-48	-103	33	3	-115
Operating profit before non-recurring costs	-325	-17	-1 824	-1 637	-3 803
% of net sales	-0.8	0.0	-4.2	-3.6	-2.2
Non-recurring costs				-7 021	-7 021
Operating profit	-325	-17	-1 824	-8 658	-10 824
% of net sales	-0.8	0.0	-4.2	-19.1	-6.2
Net financial expenses	-1 138	-988	-1 028	-1 686	-4 840
Profit before income taxes	**-1 463**	**-1 005**	**-2 852**	**-10 344**	**-15 664**

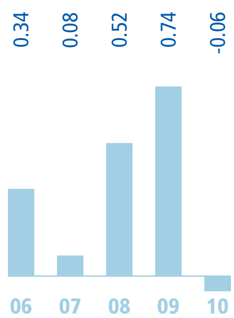
Return on invested capital (ROI), %



Earnings per share, €



Cash flow per share, €



Personnel

In 2010, Suominen employed an average of 901 people. At year end the number of employees stood at 890. Production in Sweden was terminated in the first quarter of 2010. The plant's production was transferred to Poland, resulting in a net personnel reduction of 20 people. In the autumn, a decision was made to close down the Nastola plant and transfer its production to Poland and Tampere. The measure will result in a personnel reduction of approximately 50 people in the business area. In December, employee negotiations were started in the Netherlands with a view to rationalising the operations and reducing personnel by approximately 20 employees. An agreement was reached in January 2011, and the personnel cuts involved are scheduled for the first months of the year. The company has complied with local legislation and accepted practices concerning lay-offs and notice periods.

In 2010, a total of EUR 29.3 million was paid in salaries and emoluments.

Group personnel on 31 December

	2010	2009	2008
Codi Wipes	**181**	219	226
Nonwovens	**171**	175	182
Flexibles	**526**	540	535
Group management and administration	**12**	11	11
Total	**890**	945	954
Average personnel	**901**	944	1 019
Salaries and bonuses, € 1 000	**29 293**	32 079	33 581

The aim of Suominen's personnel strategy is to support business development, and thereby, the employees' training and motivation and their commitment to the company's goals. The units have target-oriented programmes to improve employees' skills and their wellbeing at work.

Personnel key figures

	2010	2009	2008
Incentive bonuses, € 1 000	**689**	429	466
% of salaries and wages	**2.1**	1.3	1.4
Personnel covered by the incentive scheme, %	**97**	86	94
Sick absences, % of total number of working hours	**5.5**	5.3	6.1
Training costs, € 1 000	**190**	413	305

Environment

Suominen is committed to the principles of sustainable development of the International Chamber of Commerce (ICC). Environmental permits are required for operations in some of the Group's units. The units are responsible for environmental issues, but the environmental management systems are coordinated on a common basis throughout the Group. Of Suominen's units, Nonwovens is ISO 14001 certified.

Environmental and safety requirements are incorporated into product and process development projects from the very start, with the aim of creating quality products that make as efficient use as possible of raw material inputs, energy, and other resources, such as packaging materials and transport services. The Group's main environmental impact is related to wastewater, solid mixed waste, and the use of printing inks and solvents. Nonwovens' power plant is fired on a mix of bio-fuel and by-product generated during nonwoven production. In 2010, a wastewater line constructed by the Nonwovens unit in collaboration with the municipalities in the Pori region was brought into use for piping wastewater to Pori for treatment. Recycled plastics are used in retail packaging products, where approximately half of the materials are recycled materials. VOC emissions generated during the printing of plastic film are incinerated.

Environmental figures

	2010	2009	2008
Treated wastewater, 1 000 m^3	**287**	289	311
Landfill waste, tonnes	**1 536**	1 719	1 813
Incinerated waste fibre, tonnes	**176**	361	300
Recycled plastic, tonnes	**3 115**	3 550	3 829
VOC emissions, tonnes	**236**	277	389

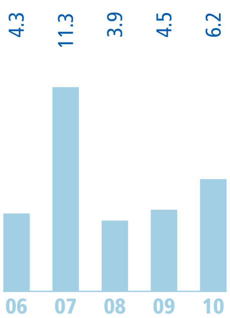
As a number of different chemicals are used in Suominen's production processes, plants need to address the risk of hazardous substances being released into the environment. This is accomplished with the help of an environmental risk management programme integrated into the quality and environmental systems used in production operations.

Suominen's overall environmental expenditure totalled EUR 1.1 million in 2010 (1.1), and environmental-related investments totalled EUR 0.5 million (0.9).

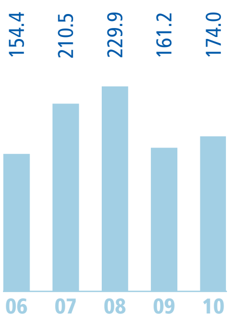
Business risks and uncertainties

Developments and changes in European consumer demand govern the demand for Suominen's products. Changes in the economic situation also play a role in affecting consumer behaviour, and there is a risk that consumers will alter their purchasing habits. The deterioration in the general economic situation has in fact affected purchasing habits in that consumers are increasingly buying more affordable products and the private label goods of retail chains.

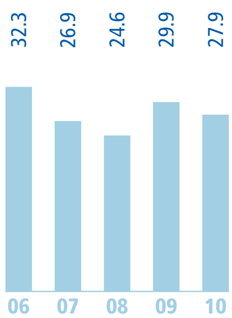
Investments, € million



Gearing, %



Equity ratio, %



Suominen's customer base is fairly narrow, which adds to the customer-specific risk. This may affect Suominen's business operations if customers' purchasing habits become more cautious as a result of a general fall in consumption, or if net sales are negative. The Group's ten largest customers currently account for 64 per cent of its net sales (63), long-term contracts being preferred in the case of the largest customers. The loss of one or more significant customer, a considerable reduction in the volume of key customers' purchases, or financial or business difficulties may have adverse effects on Suominen's business operations. Customer-related credit risks are managed in accordance with a risk policy approved by the Board of Directors. Credit limits are confirmed for customers on the basis of credit ratings and customer history. Suominen also uses export credit guarantees to cover the company against credit losses in export trade.

Plastic-based products suffer from a poor image in certain applications, which may increase the risk of lower demand for some products. However, it is difficult to find alternatives for the products in Suominen's range. New-technology products and imports from low-cost countries may reduce the competitiveness of Suominen's products. These risks are mitigated, however, by the quality requirements expected of many products, which existing cheaper offerings are incapable of meeting, and by the challenges associated with transport and distribution.

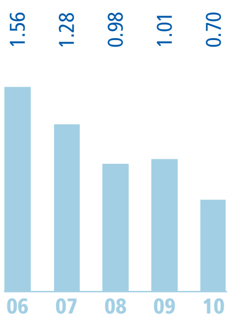
Suominen does not have any competitors with a fully similar product offering. However, the company has numerous regional, national or international competitors in its different product groups. Supply exceeds demand in most of the product groups. If Suominen Corporation is not able to compete with an attractive product offering, it may lose some of its market share, and the competition may lead to increased pricing pressure on the company's products.

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

Extended interruptions in supplies of Suominen's main raw materials could disrupt production and have a negative impact on the Group's overall business operations. As Suominen sources its raw materials from a number of major international suppliers, significant interruptions are unlikely. Annually the Group purchases considerable amounts of oil-based and wood-based raw materials, the value of which totalled approximately EUR 55 million in 2010. The prices of the oil-based raw materials used by Suominen are largely determined on the international commodities market, which makes it difficult to forecast how they will develop. Raw material price changes have a rapid effect on Suominen's financial performance, as stocks equal 2 to 4 weeks' consumption. Passing on price changes in these materials to the prices Suominen charges its contract customers takes between three to six months.

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

Equity/share, €



There could be a risk of Suominen's business operations being interrupted due to abrupt and unforeseen events, such as power outages or fire and water damage. Suominen Corporation may not be able to control these events through predictive actions, which could lead to interruptions in business. Managing damage risk forms part of the operational management of the Group's units. Risks of this type are insured in order to guarantee the continuity of operations. An insurance policy approved by the Board of Directors regulates the Group's insurance activities. An external insurance broker is used to identify and manage Suominen's insurance cover. The policies are normal property, loss of profit and liability insurance policies, taken out with reputable insurance companies.

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

The Group's financial risks are managed in accordance with a policy approved by the Board of Directors. Financial risks relate to the adequacy of funding, credit risks, and the market risks associated with financial instruments, divided into currency, interest rate, and commodity risks. In December, Suominen made an agreement on a credit facility in the amount of EUR 44 million, and the company will have to meet the repayment and other terms and conditions. The first instalment of EUR 15 million will fall due at the end of June 2011, which calls for good income from operations, streamlining the balance sheet or strengthened equity. Suominen has launched several initiatives in order to release capital, but in the general financial situation it is uncertain whether the initiatives can be carried out according to the required schedule. If Suominen is unable to pay the agreed instalment, the company will have to seek refinancing from the current financiers under potentially tighter terms and conditions. Suominen's credit arrangements include covenants that the company must meet. The covenants require the Group to have financial buffers worth a minimum of EUR 2 million. The Group's equity ratio must be 27 per cent, with capital loans included in equity. Should Suominen default on its obligations, the banks have the right to declare the loans due and payable and to renegotiate the terms. According to Suominen's estimates, this would lead at least to increased financing costs resulting from the banks' upfront fees and higher interest rate margins.

Goodwill is tested annually to determine whether there is any impairment. The test calculations require forecasts and actual cash flows may deviate from the forecast future discounted cash flows, as the long economic life-time of the company's non-current assets, changes in the estimated product prices, production costs, and in interest rates used in discounting may result in significant write-downs. Impairment test calculations are based on present estimates of future developments. The value in use of Codi Wipes exceeds the carrying amount by EUR 2.9 million. This goodwill value is based on the acquisition of Codi Wipes.

General Meetings of Shareholders and information on shares

General Meetings of Shareholders

The Annual General Meeting of Shareholders was held on 23 March 2010. The General Meeting decided that a dividend of EUR 0.02 would be paid for 2009.

The General Meeting approved the financial statements of the parent company and the Group for the financial year 1 January – 31 December 2009 and released the members of the Board of Directors and the

President and CEO from liability for the period. Heikki Bergholm, Kai Hannus, Suvi Hintsanen, Juhani Lassila, Mikko Maijala, and Heikki Mairinoja were elected to the Board of Directors. At its organising meeting, the Board elected Mikko Maijala as Chairman and Heikki Mairinoja as Deputy Chairman. PricewaterhouseCoopers Oy, Authorised Public Accountants, with Heikki Lassila, APA, as the principal auditor, were elected as auditors of Suominen Corporation.

An Extraordinary General Meeting of Shareholders was held on 1 June 2010. The General Meeting authorised the Board of Directors to decide on the issue of a maximum of 30,000,000 new shares in one or more share issues against payment.

Amendments to the Articles of Association

The Annual General Meeting of Shareholders held on 23 March 2010 adopted an amendment to the Articles of Association resulting from an amendment to the Limited Liability Companies Act, which entered into force on 31 December 2009. Article 11 of the company's Articles of Association was amended so as to stipulate that the invitation to the General Meeting of Shareholders shall be published no later than three weeks prior to the General Meeting, however, at least nine days before the General Meeting record date.

Share capital and share issue

On 1 January 2010, the registered number of issued shares of Suominen totalled 23,720,112 shares. The fully paid up share capital amounted to EUR 11,860,056.

Based on the authorisation given by the Extraordinary General Meeting held on 1 June 2010, the company's Board of Directors decided to raise the share capital through a share issue implemented from 9 to 23 June 2010. On 30 June 2010, the company announced that the final outcome of the rights offering showed that a total of 23,108,629 shares, representing 97.6 per cent of the total number of shares offered, had been subscribed for on the basis of subscription rights. The remaining 566,273 shares had been subscribed for without subscription rights. The subscription price was EUR 0.43 per share.

Trading in interim shares commenced on 24 June 2010. Shares subscribed for in the rights offering were registered with the Finnish Trade Register on 1 July 2010, after which they were combined with the company's existing shares. Trading in the new shares alongside the existing shares commenced on NASDAQ OMX Helsinki Ltd on 2 July 2010. The new shares include the right to dividends and other distributions as well as other shareholder rights as from the registration date of 1 July 2010.

Following the registration of 1 July 2010, the registered number of Suominen's issued shares totals 47,395,014 shares.

Share trading and price

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki before the share issue, from 1 January to 30 June 2010, was 2,575,585 shares, including the interim shares representing the offer shares subscribed for on the basis of the subscription rights. The trading price of the company's ordinary shares varied between EUR 1.41 and EUR 1.74 before the new rights issue (4 June 2010) and from EUR 0.74 to EUR 1.39 thereafter. The final trading price on 30 June was EUR 0.75. The trading price of the interim share varied between EUR 0.71 and EUR 0.75. The final trading price was EUR 0.73. The highest price for subscription rights on NASDAQ OMX Helsinki was EUR 0.50, and the lowest price was EUR 0.23. The final price was EUR 0.24. The total number of subscription rights traded was 2.1 million, with a total value of EUR 0.6 million.

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki after the share issue, from 1 July to 31 December 2010, was 3,501,425 shares. The trading price varied between EUR 0.48 and EUR 0.79. The final trading price was EUR 0.52, giving the company a market capitalisation of EUR 24,557,629 on 31 December 2010.

The company's own shares

On 1 January 2010, the company held 682 of its own shares, accounting for 0.0 per cent of the share capital and votes.

The 2009 Annual General Meeting of Shareholders authorised the Board of Directors to acquire a maximum of 200,000 of the company's own shares. This authorisation was still valid and the company acquired 76,405 of its own shares during the period from 1 January to 30 June 2010. The same General Meeting also granted an authorisation to convey the company's own shares, and the Board of Directors still had authorisation to convey 200,682 of these shares. Within the authorisation, the company has conveyed 31,877 of its own shares as emoluments to the Board of Directors in the period under review. The price of the conveyed shares was EUR 1.60 per share.

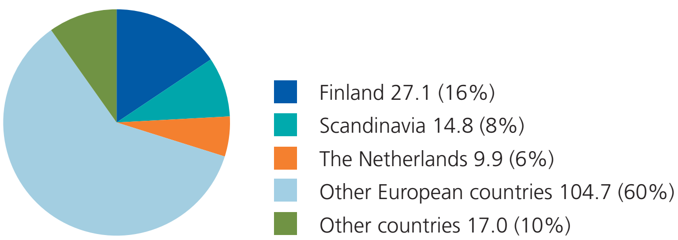
The Annual General Meeting of Shareholders held on 23 March 2010 authorised the Board of Directors to decide on the acquisition of a maximum of 200,000 of the company's own shares. The General Meeting also authorised the Board of Directors to decide on the conveyance of a maximum of 200,682 of the company's own shares. During the period under review, the Board of Directors has not exercised these authorities granted by the 2010 Annual General Meeting.

On 31 December 2010, Suominen Corporation held a total of 168,805 of its own shares, accounting for 0.36 per cent of the share capital and votes.

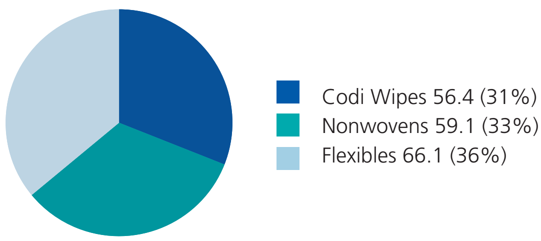
Stock options

Suominen has stock option plans 2006, 2007 and 2009. The Board of Directors has decided to amend the terms and conditions of the option plans so that an option holder has the right to the same proportion of shares in the company as before the rights offering. The subscription prices per share were also adjusted.

Net sales by market area, € million



Net sales by business unit, € million



The 2006A and 2006B stock options have expired. A total of 100,000 2006C stock options has been granted at the original subscription price of EUR 1.66. The new number of shares that can be subscribed under the stock option plan is 200,000, and the new subscription price is EUR 1.05. The subscription period for the 2006C stock options is from 2 May 2010 to 30 October 2011.

The 2007A stock options have expired. A total of 90,000 2007B stock options has been granted at the original subscription price of EUR 1.66. The new number of shares that can be subscribed under the stock option plan is 180,000, and the new subscription price is EUR 1.05. A total of 60,000 have been returned to the company, i.e. the option right holders still have 120,000 shares. The subscription period for the 2007B stock options is from 2 May 2010 to 30 October 2011.

A total of 150,000 2009A stock options has been granted at the original subscription price of EUR 1.46. The new number of shares that can be subscribed under the stock option plan is 300,000, and the new subscription price is EUR 0.95. A total of 50,000 of these have been returned to the company, i.e. the option right holders still have 250,000 shares. The subscription period for the 2009A stock options is from 2 May 2011 to 30 October 2012.

A total of 300,000 2009B stock options has been granted after the share issue at a subscription price of EUR 0.96. The number of shares that can be subscribed under the stock option plan is 300,000. The subscription period for the 2009B stock options is from 2 May 2012 to 30 October 2013.

While the registered number of Suominen's issued shares totals 47,395,014, the number of shares may rise to a maximum of 48,265,014 after stock option subscriptions.

Other authorisation for the Board of Directors

The Board of Directors still has authorisation to issue 300,000 more stock options in accordance with the 2009 stock option plan, which would entitle holders to subscribe for 300,000 Suominen shares. The validity of the authorisation to issue 6,325,098 new shares remaining from the authorisation granted by the Extraordinary General Meeting held on 1 June 2010 expired on 31 December 2010, after which the Board of Directors is not otherwise authorised to issue special rights entitling to shares, option rights and/or convertible bonds.

Outlook

The demand for Suominen's products is evaluated on the basis of customer contracts and use forecasts provided by customers. It is estimated that the demand for Suominen's products will remain stable in 2011, and no major change is anticipated in the net sales for 2011 over the 2010 level.

Suominen has initiated measures to raise product prices with the aim of improving sales margins. On the other hand, the prices of raw materials are still rising. Sales volumes and margins early in the year are not expected to change substantially from the level in autumn 2010. It is estimated that the result after taxes for the whole year 2011 will improve over 2010, but remain negative.

Proposal by the Board of Directors

The parent company's distributable assets as of the end of 2010 totalled EUR 7,965,886.79 of which the loss for the year was EUR 10,917,305.73.

The Board of Directors will propose at the Annual General Meeting to be held on 30 March 2011 that these funds be distributed as follows:

No dividend be paid for the financial year, EUR	0.00
Leaving on the retained earnings account, EUR	7,965,886.79

Consolidated Balance Sheet

31 December € 1 000	note	2010	2009
Assets			
Non-current assets			
Goodwill	3,24	18 498	23 404
Intangible assets	3,24	776	795
Tangible non-current assets	4,24	53 873	57 044
Available-for-sale financial assets	7	212	212
Held-to-maturity investments		354	225
Deferred tax assets	8	1 339	921
Non-current assets, total		75 052	82 601
Current assets			
Inventories	9	24 373	22 598
Trade receivables	10	10 817	11 514
Income tax receivables		200	112
Other receivables	11	5 666	4 416
Cash and cash equivalents	12	3 253	1 589
Current assets, total		44 309	40 229
Assets, total		119 361	122 830
Shareholders´ equity and liabilities			
Equity attributable to owners of the parent			
Share capital	13	11 860	11 860
Share premium account	13	24 681	24 681
Invested non-restricted equity fund	13	9 708	
Fair value and other reserves	13	665	-402
Translation differences	13	515	-117
Other shareholders´ equity	13	-14 143	667
Shareholders´ equity, total		33 286	36 689
Liabilities			
Non-current liabilities			
Deferred tax liabilities	8	2 930	3 065
Provisions	15	280	280
Capital loans	14	4 000	6 000
Interest-bearing liabilities	14,19	33 137	39 733
Pension liabilities	14,19	2 686	3 657
Non-current liabilities, total		43 033	52 735
Current liabilities			
Interest-bearing liabilities	14,19	19 459	9 471
Capital loans	14	2 000	2 000
Income tax payables	26		39
Trade payables and other liabilities	16,17	21 583	21 896
Current liabilities, total		43 042	33 406
Liabilities, total		86 075	86 141
Shareholders´ equity and liabilities, total		119 361	122 830

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

Consolidated Statement of Income

1 January – 31 December

€ 1 000	note	2010	2009
Net sales	2	173 438	179 354
Cost of goods sold		-165 277	-158 969
Gross profit		8 161	20 385
Other operating income	22	859	530
Sales and marketing expenses		-3 927	-3 715
Research and development		-1 951	-2 297
Administration expenses		-6 333	-7 144
Other operating expenses	22	-2 564	-1 053
Operating profit before impairment losses		-5 755	6 706
Impairment losses	24	-5 069	
Operating profit / loss		-10 824	6 706
Financial income	25	11	46
Financial expenses	25	-4 851	-5 747
Profit/loss before income taxes		-15 664	1 005
Income taxes	26	1 302	-145
Profit/loss for the period		-14 362	860

Profit for the period is attributable to the equity holders of the company.

Earnings per share attributable to the equity holders of the company			
- earnings per share before impairment losses on goodwill, €	27	-0.22	0.02
- earnings per share, €	27	-0.34	0.02

There are no dilutive effects on earnings per share.

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

Consolidated Statement of Comprehensive Income

1 January – 31 December

€ 1 000	note	2010	2009
Profit / loss for the period		-14 362	860
Other comprehensive income			
Total exchange difference on foreign operations	13	**854**	335
Fair value changes of cash flow hedges	13	**1 661**	48
Fair value changes of available-for-sale assets	13		73
Other reclassifications		**-2**	-9
Income tax on other comprehensive income	13	**-654**	-119
Total other comprehensive income		**1 859**	328
Total comprehensive income for the period		-12 503	1 188

Statement of Changes in Shareholders´ Equity

€ 1 000	Share capital	Share premium account	Invested non-restricted equity fund	Own shares	Translation differences	Fair value reserves	Retained earnings	Total
Total equity at 1 Jan. 2010	**11 860**	**24 681**	**0**	**- 1**	**- 117**	**- 401**	**667**	**36 689**
Profit / loss for the period							-14 362	-14 362
Other comprehensive income					632	1 229	- 2	1 859
Share-based payments							29	29
Share issue			9 708					9 708
Dividend							-474	- 474
Repurchase of own shares				-213				- 213
Conveyance of own shares				51			-1	50
Total equity at 31 Dec. 2010	**11 860**	**24 681**	**9 708**	**-163**	**515**	**828**	**-14 143**	**33 286**
Total equity at 1 Jan. 2009	11 860	24 681		- 50	- 365	- 490	- 246	35 390
Profit / loss for the period							860	860
Other comprehensive income					248	89	- 9	328
Share-based payments							68	68
Dividend								
Repurchase of own shares								
Conveyance of own shares				49			-6	43
Total equity at 31 Dec. 2009	11 860	24 681		-1	-117	-401	667	36 689

Consolidated Cash Flow Statement

1 January - 31 December € 1 000	note	2010	2009
Operations			
Profit/loss for the period		-14 362	860
Adjustments on profit/loss for the period	28	17 614	16 213
Cash flow before change in working capital		3 252	17 073
Increase/decrease in current non-interest-bearing receivables		-84	9 377
Increase/decrease in inventories		-1 777	1 377
Increase/decrease in current non-interest-bearing liabilities		807	4 480
Cash flow before financial income/expenses and taxes		2 198	32 307
Interest expenses		-4 637	-5 309
Interest income		11	46
Direct taxes paid		-31	-251
Cash flow from operations		-2 459	26 793
Investments			
Investments in tangible and intangible assets		-5 966	-4 373
Proceeds from sale of tangible and intangible assets		751	388
Cash flow from investments		-5 215	-3 985
Financing			
Non-current loans drawn		8 000	35 192
Repayments of non-current loans		-23 731	-58 722
Repayments of capital loans		-2 000	-2 000
Change in commercial papers		988	
Change in current loans		17 000	
Share issue		9 708	
Repurchase and conveyance of own shares		-163	44
Dividends paid		-474	
Cash flow from financing		9 328	-25 486
Change in cash and cash equivalents		1 654	-2 678
Cash and cash equivalents 1 Jan.		1 589	4 243
Unrealised exchange rate differences		10	24
Change in cash and cash equivalents		1 654	-2 678
Cash and cash equivalents 31 Dec.		3 253	1 589

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

Notes to the Consolidated Financial Statements

1. Principles for preparing consolidated financial statements

Basic information

Suominen Corporation is a public company domiciled in Tampere, Finland (Vestonkatu 24, FI-33580 Tampere) that manufactures wet wipes, nonwovens, and flexible packaging for consumer goods companies and retail chains. Suominen's consolidated financial statements are prepared in compliance with the International Financial Reporting Standards (IFRS) applicable within the EU, and according to effective IAS- and IFRS -standards and SIC- and IFRIC –interpretations at 31 December 2008.

These consolidated financial statements were approved for publication by the Board of Directors on 11 February 2011.

New and amended standards and interpretations effective during the financial year

The amendments and interpretations of IFRS standards which came into effect in 2010 had no essential impact on the consolidated financial statements.

Application of new and amended IFRS standards and IFRIC interpretations

The IASB has published the following standards and interpretations whose application will be mandatory in 2011 or later. The group has not early adopted these standards, but will adopt them in later periods.

The following standards and interpretations will be adopted by the group in 2011:

- IFRS 7 (amendment) Financial instruments: Financial statement disclosures. The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment is not expected to have an impact on the Group´s financial statements.
- IAS 1 (amendment) Presentation of financial statements – statement of changes in equity. Clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is not expected to have an impact on the Group´s financial statements.
- IAS 27 (amendment) Consolidated and separate financial statements. Clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2009, or earlier when IAS 27 is applied earlier. The amendment is not expected to have an impact on the Group´s financial statements.
- IAS 34 (amendment) Interim financial reporting Interim financial reporting. The change provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:the circumstances likely to affect fair values of financial instruments and their classification; transfers of financial instruments between different levels of the fair value hierarchy; changes in classification of financial assets; and changes in contingent liabilities and assets. Management is assessing the impact of these changes on the financial statements of the group
- IFRS 9 Financial Assets – Classification and Measurement. The standard represents the first milestone in the IASB's planned replacement of IAS 39. It addresses classification and measurement of financial assets. The next steps involve reconsideration and re-exposure of the classification and measurement requirements for financial liabilities, impairment testing methods for financial assets, and development of enhanced guidance on hedge accounting. Management is currently assessing the impact of the standard on the financial statements of the group. The standard will probably have impacts on accounting for financial assets in the group.
- IFRS 9 Financial Liabilities – Classification and Measurement. The second part of IFRS 9 was published in October 2010. It complements previously issued IFRS 9, 'Financial instruments' to include guidance on financial liabilities. The accounting and presentation for financial liabilities shall remain the same except for those financial liabilities for which fair value option is applied. The Group will probably adopt the standard in its 2013 financial statements. However, the standard is still subject to EU endorsement. The standard is not expected to have an impact on the consolidated financial statements.
- IFRS 7 (amendment) Disclosures - Transfers of financial assets. The amendment adds disclosure re-quirements related to risk exposures derived from transferred assets. Additional disclosures, where financial assets have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset, are required. The amendment can increase the disclosures in the notes to financial statements in the future. The Group will adopt the standard in its 2012 financial statements. However, the standard is still subject to EU endorsement. Management is currently assessing the impact of the standard on the financial statements of the group.
- IAS 12 (Amendment) Income taxes. Currently IAS 12 requires an entity to estimate, which part of the carrying value of an item measured at fair value is recovered through use (for example, rental income) and which part through sale (capital gain). The amendment introduces a rebuttable presumption that certain assets measured at fair value are recovered entirely by sale. Presumption applies to deferred tax arising from investment properties, property, plant and equipment or intangible assets that are measured using the fair value model or revaluation model. The Group will adopt the standard in its 2012 financial statements. However, the standard is still subject to EU endorsement. Management is assessing the impact of these changes on the financial statements of the group.

Consolidation principles

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

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

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

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

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

Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Segment reporting follows the same accounting principles as consolidated financial reporting. The costs and revenues as well as assets and liabilities of the segments are allocated on a consistent basis. All inter-segment sales are based on market prices, and they are eliminated on consolidation.

Foreign currency translation

The consolidated financial statements are presented in euros, as this is the operating and reporting currency used by the Parent Company. The income statements of Group companies outside Finland have been translated into euros at the average rate for the financial year, and the balance sheets at the reference rate quoted by the European Central Bank on the day the books were closed. Translation differences arising from the elimination of the shareholders' equities of foreign subsidiaries are included in the consolidated equity. Translation differences arising from loans to subsidiaries regarded as capital investments are treated in a similar manner to the translation differences for subsidiaries' equity.

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

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

Intangible assets

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net assets of the acquired company. Goodwill from acquisitions made prior to the transition to IFRS has been calculated at the time of transition using Finnish Accounting Standards. In line with the IFRS 3 standard, the goodwill arising from the acquisition of Codi International BV has not been depreciated since 31 December 2003.

Goodwill has been allocated to cash generating units, and the carrying amount is tested annually for impairment at the balance sheet date. If the present value of the future cash flow of a business is expected to be less than the carrying amount of the cash-generating unit, the impairment loss is recognised in the statement of income.

Other intangible assets

Other intangible assets include patents and software licences, and are entered in the balance sheet at the original acquisition cost and depreciated using planned straight-line depreciation on the basis of their probable economic life.

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

The depreciation periods used for intangible assets are as follows:

Intangible rights	3 – 10 years
Other long-term expenses	5 – 10 years

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

Tangible non-current assets

Tangible non-current assets consist mainly of land areas, buildings, structures, machinery, and equipment; and are primarily entered in the balance sheet at their direct acquisition cost less planned depreciation and impairment. Interest expenses during construction projects are not capitalised. If a fixed asset consists of several items with different economic lives, the items concerned are treated separately.

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

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

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

Buildings and structures	10 – 40 years
Machinery and equipment	4 – 15 years
Other tangible assets	3 – 5 years

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

Gains and losses from the sale and disposal of fixed assets are recognised as other operating income or expenses.

Impairment losses

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

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

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

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

Research and development

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

Leasing contracts – group as a tenant

Leasing contracts in which the risks and benefits associated with the assets are mainly transferred to the Company are classified according to the IAS 17 standard as financial leases. Property acquired under finance lease is depreciated and recognised as a non-current asset, and finance cost for finance leasing is recognised as an interest-bearing liability. The payments associated with operating leases are expensed in rentals of equal size over the lease term.

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

Financial assets

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges as Suominen has derivatives for currency hedging. Assets in this category are classified as current assets.

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other operative income and expense' in the period in which they arise. Changes in the fair value of available-for-sale instruments are recognised directly in equity. When an available-for-sale instrument is sold or impaired, any cumulative change in the fair value in equity is removed from equity and recognised in the income statement as 'other operative income and expenses'. Interest on available-for-sale instruments, calculated by using the effective interest method, is recognised in the income statement under financial items.

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

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Suominen designates derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other operating income and expenses'. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'financial expenses'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other operative income and expenses'. Accordingly, the gain or loss related to the ineffective portion of electricity derivatives is recognised in the income statement as a correction to electricity expenses.

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

Derivative instruments at fair value through profit or loss

There are derivatives that do not meet the criteria for hedge accounting. Changes in the fair value of such derivatives are recognised in the income statement as part of the item 'other operating income and expenses'

Revenue recognition

Revenue comprises the fair value of the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

Sale of goods and services

Revenue from the sale of goods and services is recognised when the entity has transferred the significant risks and rewards of ownership of the goods to the buyer. In general the recognition is done when the goods are delivered in accordance with contractual terms. Revenue from rent is recognized evenly during the term ot tenancy Revenue from services is recognised during the financial year when the service has been done.

Dividends and interest income

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

Inventory

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

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

Obsolete items contained in inventories are written down.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognized in the income statement as other operating expenses.

Cash at bank and in hand

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

Shareholders' equity, dividend, and Company shares

The dividend proposed by the Board of Directors is not entered in the accounts, and dividends are only booked following the resolution taken by the General Meeting of Shareholders.

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

Earnings per share

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

Share-based payments

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

Pension schemes

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

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

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

Actuarial gains and losses and changes in them in excess of the greater of 10 per cent of the value of plan assets or 10 per cent of the defined benefit obligation are recorded directly in equity over the expected average remaining service lives of the employees concerned.

Since 2007 Suominen has had only defined contribution plans as a pension scheme.

Financial liabilities

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities depending on whether they mature within 12 months of the closing of the books.

In accordance with the Finnish Companies Act, capital loans are loans that are prioritised only after other unsecured loans. Interest and instalment payments on capital loans will be made only if the non restricted equity and the amount of capital loans exceed the amount of loss from the previous financial year. Capital loans are classified as liabilities and they are stated at amortised cost. Interest on these loans is recognised as interest expense in the income statement.

Provisions and conditional liabilities

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

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

Changes in provisions are recognised in the income statement.

Income taxes

The group's income taxes include income taxes of Group companies based on taxable profit for the financial period, together with tax adjustments for previous periods and the change of deferred income taxes.

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are calculated using the tax rate in force or which has been enacted by the balance sheet date and is expected to apply for the following years. Deferred tax liability is not provided on goodwill.

Discontinued business operations

Gains and losses from the disposal of business operations are presented separately net of taxes in the statement of income.

Government grants

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

Other operating income and expenses

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

Losses from the sales of assets, other expenses not associated with normal operations, losses on the ineffective portion of cash flow hedging and net losses on currency derivatives, are booked as other operating expenses. Expenses due to reorganising arrangements are also recognised as other operative expenses.

Financial income and expenses

The following income, expense, gain, and loss items will be reported as 'financial income and expenses' in annual closing:
- gains and losses on financial assets at fair value through profit or loss, on available-for-sale financial assets, on held-to-maturity investments, on loans and receivables and on financial liabilities stated at amortised cost ,
- interest income and expenses on financial assets and liabilities,
- income and expenses on provisions , and
- amount of impairment losses on each category of financial assets.

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

Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

1) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The realised cash flows can differ from estimated discounted cash flows, as the financial utilisation time is long and the estimated sales prices, production costs, and the changes in discount rate used in the calculations can lead to substantial recognition of impairment losses. The sensitivity of these calculations is described in note 3.

2) Value of tangible assets

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

3) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues on the basis of estimates related to whether additional taxes will be due. The Group makes judgements over the accounting principles concerning tax assets when preparing the annual accounts. The management evaluates the probability of subsidiaries to generate taxable income against unused tax losses or unused tax credits.

If the final tax outcome is different from the amounts that were initially recorded, such differences will affect the current tax receivables and deferred tax assets as well as current tax liabilities and deferred tax liabilities for the periods the differences are realized. The sensitivity of tax calculation can be measured as an effect of actual final taxable result deviating by 10 per cent from the management's estimates. Decrease in the income tax receivables would be EUR 275 thousand if the difference is unfavourable and increase in the income tax receivables EUR 275 thousand if the difference is favourable.

2. Segment information

In Suominen Corporation's segment reporting business area segments are based on the operating organisation and reporting structure. Products manufactured by one business area segment are of the same risk and profitability level and different from those manufactured by other segments.

The assets and liabilities of business areas include only assets and liabilities directly connected to the business of the segment, including goodwill.

Non-allocated items in income statement include expenses that are not divided to segments. Non-allocated assets include corporation´s administration items, loans and other receivables and shares. Non-allocated liabilities include corporation´s administration items, loans from financial institutions and investors and taxes.

Geographical segments are based on different business environments and the risks and profitability in them. Net sales of geographical segments are reported according to the location of customers and assets according to the location of the assets. Goodwill is allocated to Finland.

Segment reporting follows the same accounting principles as consolidated financial reporting. Business transactions between segments are based on market prices and eliminated at consolidation.

Business area segments 2010

€ 1 000	Wiping	Flexibles	Non-allocated items	Eliminations	Total
Net sales					
- Net sales total	115 439	91 487	1 384		208 310
- Internal sales	-7 296	-24 553		-2 246	-34 094
- Exchange rate differences	16	-794		1	-777
External sales total	108 159	66 140	1 384	-2 245	173 438
Operating profit before impairment losses	-3 699	-1 941	-110	-4	-5 755
Impairment losses	-4 906	-163			-5 069
Operating profit	-8 605	-2 104	-110	-4	-10 824
Assets, goodwill excluded	49 152	45 950	110 315	-104 555	100 863
Goodwill	18 498				18 498
Total assets	67 650	45 950	110 315	-104 555	119 361
Liabilities	11 620	10 048	87 917	-23 511	86 075
Gross investments	2 278	3 788	124		6 190
Depreciation	6 117	3 181	24		9 322
Impairment losses	4 906	163			5 069
Average personnel (adjusted as full-time)	369	525	7		901

Business area segments 2009

€ 1 000	Wiping	Flexibles	Non-allocated items	Eliminations	Total
Net sales					
- Net sales total	121 374	82 988	1 380		205 742
- Internal sales	-7 888	-15 510		-2 415	-25 813
- Exchange rate differences	10	-584		-1	-575
External sales total	113 496	66 894	1 380	-2 416	179 354
Operating profit	4 299	2 823	-405	-10	6 706
Assets, goodwill excluded	55 587	44 462	109 986	-110 608	99 427
Goodwill	23 404				23 404
Total assets	78 991	44 462	109 986	-110 608	122 830
Liabilities	13 349	10 039	85 637	-22 885	86 141
Gross investments	2 447	2 059	1		4 507
Depreciation	6 784	3 349	24		10 158
Average personnel (adjusted as full-time)	392	545	7		944

Geographical segments

Net sales by the location of external customers

€ 1 000	**2010**	2009
Finland	**27 053**	29 883
Scandinavia	**14 821**	15 843
The Netherlands	**9 915**	12 004
Other Europe	**104 651**	106 220
Other countries	**16 998**	15 404
Total	**173 438**	179 354

Assets including goodwill by the location of the assets

€ 1 000	**2010**	2009
Finland	**73 830**	74 493
Scandinavia	**4 322**	5 513
The Netherlands	**19 458**	23 264
Other Europe	**21 751**	19 560
Total	**119 361**	122 830

Gross investments by country

€ 1 000	**2010**	2009
Finland	**3 746**	3 111
Scandinavia	**8**	56
The Netherlands	**602**	991
Other Europe	**1 834**	349
Total	**6 190**	4 507

3. Intangible assets

2010 € 1 000	Intangible rights	Goodwill	Other capitalised expenditure	Pre-payments	**Total 2010**
Acquisition cost 1 Jan.	1 282	23 404	1 119	85	**25 890**
Translation difference	1		51		**52**
Other changes	941			1	**942**
Transfers between items	129			-129	**0**
Decrease/sale			-401		**-401**
Impairment losses		-4 906			**-4 906**
Writedown	-5				**-5**
Increase	13		8	156	**177**
Acquisition cost 31 Dec.	**2 361**	**18 498**	**777**	**113**	**21 749**
Accumulated depreciation 1 Jan.	-919	0	-772	0	**-1 691**
Translation difference	-1		-51		**-52**
Other changes	-941				**-941**
Accumulated depreciation on decrease and transfers	5		399		**404**
Depreciation for the financial year	-116		-79		**-195**
Accumulated depreciation 31 Dec.	**-1 972**	**0**	**-503**	**0**	**-2 475**
Book value 31 Dec.	**389**	**18 498**	**274**	**113**	**19 274**

2009 € 1 000	Intangible rights	Goodwill	Other capitalised expenditure	Pre-payments	Total 2009
Acquisition cost 1 Jan.	1 224	23 404	1 098		25 726
Translation difference			21		21
Transfers between items	37			-37	0
Increase	21			122	143
Acquisition cost 31 Dec.	1 282	23 404	1 119	85	25 890
Accumulated depreciation 1 Jan.	-796	0	-671	0	-1 467
Translation difference	-1		-20		-21
Depreciation for the financial year	-122		-81		-203
Accumulated depreciation 31 Dec.	-919	0	-772	0	-1 691
Book value 31 Dec.	363	23 404	347	85	24 199

Following the principle of allocating goodwill to cash-generating units, EUR 22,797 thousand of the goodwill generated by the acquisition of Codi International BV in 2003 has been allocated to Codi Wipes and EUR 11,398 thousand to Nonwovens. In past years, an impairment charge against goodwill has been booked, in an amount of EUR 4,139 thousand for Codi Wipes and EUR 6,491 thousand for Nonwovens. At the end of the year, the value of goodwill EUR 4,907 thousand for Nonwovens was written down. The remaining value of goodwill for Codi Wipes was EUR 18,497 thousand. The recoverable amount for the business was determined as the value in use in impairment testing. Projected cash flows are based on actual performance and five-year forecasts based on business strategy. The main assumptions underlying these forecasts were revised at the balance sheet date. Cash flow in the residual period beyond the five-year forecasted period was extrapolated using the growth rates for the relevant business areas. The key assumptions regarding the values in use are linked to the sales trend prevailing in the cash-generating units, cost and investment levels, and the discount rate used.

The annual growth rate for Codi Wipes during the period covered by the forecast has been estimated at 3 per cent. In 2010 the net sales declined as a result of drop in sale prices and partly because of lower sales volumes. The unit plans to grow together with its key customers and with the help of new applications. Operations will be rationalized further by reducing number of personnel and optimizing the factory space needed. Amount needed for replacement investments is balanced to the amount of planned depreciations so that existing production capacity can be maintained at present level. The amount of investments needed for replacing the existing capacity is estimated using conservative judgments in comparison to other companies in the branch.

The rate used in discounting has been derived by using targeted capital structure of the cash generating units at the time of impairment test. Net gearing, or ratio of net debt to equity, is 110 per cent. Cost of capital has been calculated as a weighted average cost before taxes for equity and debt and taking into the consideration the risk-free rate, and the risk margins of equity and debt respectively. Discounting rates in the impairment tests have increased from last year because of rises in the risk margins have overweighed the fall in the risk-free 10-year bond rates.

The critical assumptions in the test calculations are as follows:

	Codi Wipes 2010	2009
Rate of discounting	**10.8%**	10.0%
Growth of Net sales 2011–15 (2010–14)	**3.0% p.a.**	3.0% p.a.
Annual growth rate in the residual period	**0.5% p.a**	0.5% p.a
Operating profit in the residual period %	**6.2%**	6.8%
Replacement investments / Net sales	**3.5%**	3.4%

Impairment testing is based on present estimates of future developments. The value in use applied for Codi Wipes exceeded the carrying amount by EUR 2.9 million. The uncertainty in measuring the values in use for cash-generating units was captured by analyzing variations in the amount or timing of cash flows. The element of uncertainty and risk has been accounted for in the residual growth figure that is 1 to 2 percent points lower than expected growth and taking into consideration the testing errors of past impairment tests.

Risk analysis has taken into account of the possibility of adverse changes in the general assumptions underlying the calculations used. Margins in the calculation assumptions to lower the value in use to be same as the carrying amount are as follows:

	Codi Wipes 2010	2009
Rate of discouning	**1.0%**	0.5%
Operating profit in the residual period-0.7%	**-0.7%**	-0.6%
Growth of Net sales 2011–15	**-0.8%**	-1.0%
Growth of residual	**-1.4%**	-0.8%
Replacement investments / Net sales	**0.9%**	0.5%

A potential consumption-based inflation could raise interest rates but also lead to a more favourable trend in sales as consumer demand increases. A 1 per cent annual increase in residual growth figure of the cash-generating units would in such a situation be offset by a rise in the discount rate by 0.7 per cent for the value in use to be unchanged.

4. Tangible assets

2010 € 1 000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	**Total 2010**
Acquisition cost 1 Jan.	1 349	61 757	142 344	206	2 792	**208 448**
Translation difference	22	220	1 282		7	**1 531**
Fully depreciated			-107			**-107**
Increase		138	800		4 946	**5 884**
Decrease/sale	-8	-182	-8 086			**-8 276**
Writedown			-1 505			**-1 505**
Other changes		704	61 228	330	119	**62 381**
Transfers between items		556	4 744		-5 300	**0**
Impairment losses			-163			**-163**
Acquisition cost 31 Dec.	**1 363**	**63 193**	**200 537**	**536**	**2 564**	**268 193**
Accumulated depreciation 1 Jan.	0	-39 724	-111 576	-104	0	**-151 404**
Translation difference		-36	-868			**-904**
Other changes		-692	-61 064	-330		**-62 086**
Fully depreciated			107			**107**
Accumulated depreciation on decrease and transfers		94	9 000			**9 094**
Depreciation for the financial year		-2 254	-6 849	-24		**-9 127**
Accumulated depreciation 31 Dec.	**0**	**-42 612**	**-171 250**	**-458**	**0**	**-214 320**
Book value 31 Dec.	**1 363**	**20 581**	**29 287**	**78**	**2 564**	**53 873**
Balance sheet value of machinery and equipment in production			**27 023**			

2009 € 1 000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total 2009
Acquisition cost 1 Jan.	1 341	61 452	142 275	218	1 903	207 189
Translation difference	8	79	483		12	582
Increase		75	306		3 930	4 311
Decrease/sale			-2 047	- 39		-2 086
Writedown			-1 554		- 1	-1 555
Other changes			- 20		27	7
Transfers between items		151	2 901	27	-3 079	0
Acquisition cost 31 Dec.	1 349	61 757	142 344	206	2 792	208 448
Accumulated depreciation 1 Jan.		-37 441	-106 970	- 117		-144 528
Translation difference		- 20	- 380			- 400
Accumulated depreciation on decrease and transfers			3 440	39		3 479
Depreciation for the financial year		-2 263	-7 578	- 26		-9 867
Impairment losses			- 88			- 88
Accumulated depreciation 31 Dec.	0	-39 724	-111 576	- 104	0	-151 404
Book value 31 Dec.	1 349	22 033	30 768	102	2 792	57 044
Balance sheet value of machinery and equipment in production			28 461			

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

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

5. Group companies

	Percentage of total numberof shares and voting power
Codi International BV, Veenendaal, The Netherlands	100.0
Suominen Nonwovens Ltd., Nakkila, Finland	100.0
Suominen Flexible Packaging Ltd., Tampere, Finland	100.0
Suominen Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
Flexmer Ltd., Tampere, Finland	100.0
Owned through subsidiaries:	
Suominen Flexible Packaging AB, Norrköping, Sweden	100.0
ZAO Suominen, St. Petersburg, Russia	100.0
Suominen Ikamer Ltd., Tampere, Finland	100.0

6. Financial assets by category determined by IAS 39

On 31 December 2010 the book value of non-current and current financial assets were total EUR 16,824 thousand (2008: EUR 15,104 thousand).

Classes by instruments nature

2010 € 1 000	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Derivatives held for hedge accounting	Book value	Fair value	note
Available-for-sale financial assets				212		212	212	7
Held-to-maturity investments		354				354	354	
Trade receivables			10 817			10 817	10 817	10
Derivatives held for hedge accounting					1 106	1 106	1 106	20
Other receivables			1 082			1 082	1 082	11
Cash and cash equivalents			3 253			3 253	3 253	12
Total	**0**	**354**	**15 152**	**212**		**16 824**	**16 824**	

Classes by instruments nature

2009 € 1 000	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Derivatives held for hedge accounting	Book value	Fair value	note
Available-for-sale financial assets				212		212	212	7
Held-to-maturity investments		225				225	225	
Trade receivables			11 514			11 514	11 514	10
Other receivables			1 564			1 564	1 564	11
Cash and cash equivalents			1 589			1 589	1 589	12
Total	0	225	14 667	212	0	15 104	15 104	

Principles in estimating fair value for financial assets

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

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

7. Available-for-sale financial assets

Available-for-sale financial assets include listed and unlisted shares and loan receivables.

Changes in the fair value in 2009 were related to loan receivable derived from discontinued business operations. These permanent changes in the fair value were recognised in income statement under financial items.

€ 1 000	**2010**	2009
Book value 1 Jan.	**212**	627
Changes in the fair value		-415
Book value 31 Dec.	**212**	212

8. Deferred taxes

€ 1 000	2010	2009
Deferred tax assets		
Recognised in equity		
Fair valuation of derivative financial instruments		140
Translation differences		139
Recognised in income statement		
Tangible assets	29	29
Unused tax losses	1 129	535
Other temporary differences	181	78
Total deferred tax assets	1 339	921
Deferred tax liabilities		
Recognised in equity		
Fair valuation of derivative financial instruments	296	
Translation differences	25	
Tulokseen kirjatut		
Tangible assets	2 532	2 735
Inventories		226
Other temporary differences	77	104
Total deferred tax liabilities	2 930	3 065
Net deferred tax liabilities	1 591	2 144

Deferred income tax recognised in equity during the year

€ 1 000	2010	2009
Cash flow hedges	-432	-12
Changes in the fair value of the available-for-sale financial assets		-19
Translation differences	-222	-87
Total	-654	-118

Deferred tax assets refer to the confirmed tax losses that can probably be used in future years against taxable income generated in the same country. During the financial year the Group recognised new tax losses totalling EUR 2,285 thousand euros based on period´s taxable income.

Deferred tax assets are recognised based on the estimated realisation of the related tax benefit though future taxable income.

At the balance sheet date Group had total EUR 6.4 million confirmed tax losses, which were not recognised as deferred tax assets. It is estimated that Suominen is not capable in loss balancing until several years, which causes significant uncertainty in balancing tax losses. Tax losses concerned will get old in 2020.

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

9. Inventories

€ 1 000	2010	2009
Raw materials and consumables	9 769	8 976
Work in progress	3 152	2 889
Finished products and goods	11 452	10 733
Total inventories	24 373	22 598

The value at cost of inventories totals EUR 25,092 thousand (EUR 23,355 thousand).

The figure has been reduced by EUR 719 thousand to cover obsolete stock (EUR 757 thousand).

10. Trade receivables

Trade receivables according to age:

€ 1 000	2010	2009
Undue	7 660	8 468
Overdue		
under 5 days	222	874
5 - 30 days	1 301	945
31 - 120 days	1 495	1 001
over 120 days	139	226
	3 156	3 046
Total trade receivables	10 817	11 514

Booked credit losses on trade receivables were EUR 31 thousand (2009: EUR 58 thousand)

Trade receivables according to currency:

€ 1 000	2010	2009
EUR	7 555	8 777
SEK	986	696
PLN	477	648
RUB	1 397	724
NOK	107	293
USD	164	
Other currencies	131	376
Total	10 817	11 514

In the end of previous financial year Suominen introduced a program on sales of receivables. According to this program group companies sell their receivables with irrevocable rights to the bank. At the date of balance sheet the total of EUR 14.0 million of trade receivables (EUR 10.5 million) was sold to the bank.

11. Other receivables

€ 1 000	2010	2009
Other receivables		
Fair values of derivatives	**1 106**	
Indirect taxes	**1 626**	1 478
Other	**440**	175
Total other receivables	3 172	1 653
Accrued income and prepaid expenses		
Social security and healthcare	**106**	101
Statutory and other insurances	**10**	89
Discounts	**1 082**	1 564
Loan arrangements	**447**	408
Other	**849**	601
Total accrued income and prepaid expenses	2 494	2 763
Total other current receivables	5 666	4 416

12. Cash and cash equivalents

€ 1 000	2010	2009
Total cash and cash equivalents	3 253	1 589

Total cash and cash equivalents in balance sheet is the same as in cash flow statement.

13. Share capital

Share capital	Number of shares	Registered share capital, €	Share premium account, €	Invested non-restricted equity fund, €	Own shares, €	Total, €
31 Dec 2009	23 720 112	11 860 056	24 680 588		-448	36 540 196
Share issue	23 674 902			9 708 433		9 708 433
Conveyance of own shares					50 057	50 057
Repurchase of own shares					-212 973	-212 973
31 Dec 2010	**47 395 014**	**11 860 056**	**24 680 588**	**9 708 433**	**- 163 365**	**46 085 712**

The registered number of issued shares of Suominen totals 47,395,014 shares and EUR 11,860,056. Maximum share capital is 20 000 000 euros. Share has no nominal value. Suominen Corporation shares are listed on NASDAQ OMX Helsinki Ltd. All issued shares are fully paid up.

The Members of the Board of Directors and the President and CEO of Suominen Corporation owned a total of 6,166,089 shares (2009: 2,931,077 shares) as of 31 December 2010. These shares represented 13.0% (December 2009: 12.4%) of the total number of shares and votes.

Stock options

In connection with the share issue in June Board decided to correct stock option terms in the way that enables option holders to subscribe the same share of the Company as before share issue.. Subscription prices are corrected as described below.

Option	Exchange ratio	Subscription price per share before share issue	Subscription price per share after share issue	Subscription period	Number of shares to be subscribed before share issue	Number of shares to be subscribed after share issue	End of vesting period
2007A	1:1	3.44	1.94	2.5.2009 - 30.10.2010			2.5.2009
2006C	1:1	1.66	1.05	2.5.2010 - 30.10.2011	100 000	200 000	2.5.2010
2007B	1:1	1.66	1.05	2.5.2010 - 30.10.2011	60 000	120 000	2.5.2010
2009A	1:1	1.46	0.95	2.5.2011 - 30.10.2012	125 000	250 000	2.5.2011
2009B	1:1	1.49	0.96	2.5.2012 - 30.10.2013	150 000	300 000	2.5.2012
					435 000	870 000	

	2010 Average subscription price € / share	Options (pcs)	2009 Average subscription price € / share	Options (pcs)
In the beginning of financial year	1.95	425 000	2.27	290 000
Share issue effect on options to be subscribed	0.44	425 000		
Granted new options, serie 2009A			1.46	150 000
Granted new options, serie 2009B	0.96	300 000		
Granted new options, serie 2007A	1.94	-170 000		
Returned options, serie 2007B	1.05	-60 000		
Returned options, serie 2009A	0.95	-50 000		
Returned options, serie 2007A			3.44	-15 000
At the end of financial year	0.99	870 000	1.95	425 000

During the financial year stock options, serie 2007A, were expired. No options were commenced.

Stock option plan	2007A	2006C	2007B	2009A	2009B
Fair value at grant date	0.92	0.47	0.47	0.17	0.21
Grant date	7.6.2007	12.6.2008	12.6.2008	16.6.2009	2.12.2010
Share price at grant date	3.44	1.66	1.66	1.46	1.49
Share price adjusted to share issue	1.94	1.05	1.05	0.95	0.96
Number of outstanding options on 31 December		200 000	120 000	250 000	300 000
Expected volatility (%)	30%	32%	32%	30%	38%
Expected vesting period at grant date (years)	3.4	3.4	3.4	3.4	3.4
Risk-free interest rate (%)	0.90%	1.30%	1.30%	1.50%	1.70%

Option rights

Under the 2006 stock option plan, a maximum of 600,000 stock options shall be issued to the President and CEO of Suominen Corporation as specified by the Board of Directors. Each stock option entitles its holder to subscribe for one Suominen Corporation's share. Of the stock options 200,000 have been marked with the symbol 2006A, 200,000 with the symbol 2006B, and 200,000 with the symbol 2006C. Stock options marked with the symbol 2006A have expired and stock options marked with the symbol 2006B have been returned to the company.

Under the 2007 stock option plan, a maximum of 400,000 stock options shall be issued to the Executive Team of Suominen Corporation as specified by the Board of Directors. Each stock option entitles its holder to subscribe for one Suominen Corporation's share. Of the stock options 200,000 have been marked with the symbol 2007A and 200,000 with the symbol 2007B. During the financial year, stock options marked with the symbol 2007A have expired, and a total of 60,000 stock options marked with the symbol 2007B have been returned to the company.

Under the 2009 stock option plan, a maximum of 900,000 stock options shall be issued to the President and CEO and to the members of the Corporate Executive Team as specified by the Board of Directors. Each stock option entitles its holder to subscribe for one Suominen Corporation's share. Of the stock options 300,000 have been marked with the symbol 2009A, 300,000 with the symbol 2009B, and 300,000 with the symbol 2009C. According to the 2009A stock option plan a total of 300,000 stock options has been issued in 2009. The share subscription price for the stock options is the trade volume-weighted average price of the company share on NASDAQ OMX Helsinki Ltd. in May 2009 adjusted to share issue, EUR 0.95. The subscription period for the 2009A stock options is from 2 May 2011 to 30 October 2012. According to the 2009B stock option plan a total of 300,000 stock options has been issued in 2010. The share subscription price for the stock options is the trade volume-weighted average price of the company share on NASDAQ OMX Helsinki Ltd. in May 2010 adjusted to share issue, EUR 0.96. The share subscription rights for the 2009C option rights will be determined in 2011.

As the registered number of Suominen's issued shares totals 47,395,014, the number of shares may rise to a maximum of 48,245,014 subscriptions after stock option.

The fair values of the stock options and shares granted to the President and CEO will be booked to the statement of income as expenses during the period in question, in accordance with IFRS 2 Share-based payment. A total of EUR 29,000 of share-based expenses was booked to the statement of income in 2010 (EUR 68,000 in 2009). The fair values are measured using a binomial model (Cox-Ross-Rubinstein variation).

Stock option terms and conditions

The stock options entitle the holder to subscribe Suominen Corporation shares at the subscription price and over a period determined in the terms and conditions of the stock option plan. The exchange ratio for all stock options is 1:1. Those stock options whose share subscription period has not commenced and which have not yet been vested may not be transferred to a third party. Should a participant cease to be employed by Suominen for any reason other than retirement or death, such a person shall without delay offer to the Company, free of charge, those options whose share subscription period has not commenced. After the subscription period, the subscription rights shall expire with no value. The entitlement to dividends of the shares subscribed for pursuant to the option rights, together with other shareholder rights, shall commence once the increase in share capital has been entered in the trade register. The share subscription periods and prices are presented in the table above. The subscription prices will, as per the dividend record date, be reduced by the amount of dividend. The subscription price shall, however, always be at least the book counter value of the shares. Pursuant to stock options outstanding on 31 December 2010, a maximum of 870,000 new shares may be subscribed for, which is 1.8 per cent of the current number of shares and votes. As a result of these subscriptions, the share capital may increase by a maximum of EUR 217,500. On 31 December 2010, a subsidiary held 130,000 options of which subscription price is with serie 2006C options 1.05 euros, with serie 2007B options 1.05 euros, with serie 2009A options 0.95 euros and with the serie 2009B 0.96 euros.

The portion of the shares that may be subscribed for pursuant to these options is 0.3 per cent of the current number of shares. As a result of these subscriptions, the share capital may increase by a maximum of EUR 32,500.

Fair value reserve

Changes in the fair value of the available-for-sale financial assets and derivative instruments included in cash flow hedging according to the IAS 39 standard are included in the fair value reserve.

€ 1 000	2010 Cash flow hedges	Total	2009 Cash flow hedges	Total
Fair value reserve at 1 Jan.	-401	-401	-490	-490
Cash flow hedges deferred in equity	1 661	1 661	48	48
Changes in the fair value removed from equity into the income statement		0	73	73
Total	1 260	1 260	-369	-369
Deferred taxes	-432	-432	-31	-31
Fair value reserve at 31 Dec.	828	828	-401	-401

Other reserves

Translation differences

Translation differences are the exchange rate differences arising from the elimination of the acquisition costs of the Group's non-euro companies.

14. Financial liabilities

On 31 December 2010 the book value of non-current and current financial liabilities were total EUR 73,265 thousand (2009: EUR 72,981 thousand).

€ 1 000	2010 Book value	Fair value	2009 Book value	Fair value	note
Non-current					
Loans from financial institutions	33 137	31 780	39 733	39 276	21
Pension loans	2 686	2 367	3 657	3 203	21
Capital loans	4 000	3 405	6 000	4 975	21
Total	39 823	37 552	49 390	47 454	
Current *)					
Repayment of non-current liabilities					
Loans from financial institutions	17 500	18 450	8 500	8 485	21
Pension loans	971	947	971	949	21
Capital loans	2 000	1 962	2 000	1 965	21
Commercial papers	988	988			
Derivatives held for hedge accounting			568	568	20.21
Trade payables	11 982	11 982	11 552	11 552	16.17
Total	33 442	34 330	23 591	23 519	
Total	73 265	71 882	72 981	70 973	

*) In the balance sheet under current liabilities.

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

Principles in estimating fair value for financial liabilities

Loans

Fair values for fixed-interest bearing liabilities have been calculated by discounting future cash flows at the appropriate interest rate prevailing on the closing date (3.0 – 10.0 per cent). Pension loans and capital loans have fixed interest rates, while loans from financial institutions have floating interest rates. Fair value for the loans with floating interest rate is the same as book value.

Derivative financial instruments

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

Trade payables

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

€ 1 000		Loans from financial institutions	Pension loans	Capital loans
Repayments	2011	29 456	971	2 000
	2012	7 418	971	2 000
	2013	13 500	571	2 000
	2014	500	571	
	2015	500	571	
	2016-	250		

Capital loan 1/2008

Suominen Corporation issued a EUR 10 million Capital Loan in the Finnish book-entry system. The loan will be repaid in five equal installments annually starting 14th of March 2009. The principal may be repaid and interest paid only in so far as the sum total of the unrestricted equity and all of the capital loans of the Suominen Corporation at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements (Capital Restraint). The principal and interest are subordinate to all other debts in the liquidation and bankruptcy of the company. The loan is unsecured.

The loan carries an interest coupon of 11.5 per cent. If the issuer is not capable of paying principal or interest either in part or in total because of the Capital Restraint the unpaid amount remains as debt of the company and has an overdue interest rate of 2 per cent over the loan rate. The issuer shall pay the overdue principal, interest rate and overdue rate as soon as it is possible according to the Capital Restraint.

The holder of bearer bond in the book-entry system is entitled to demand that the loan principal and accrued interest will be paid if half of the shareholder's equity has been acquired directly or indirectly by a person or company (or a group of persons or companies acting together) or if such a person or company or such persons or companies get the right to nominate majority of the members of the Board of Directors of the issuer.

15. Provisions

€ 1 000	2010	2009
Provisions 1 Jan.	280	
Increase in provisions		280
Provisions 31 Dec.	280	280

Provisions include a reserve booked in 2009 on the estimated future losses of a rental guarantee obligation of a discontinued business. During the financial year no changes were recognised.

16. Trade payables

Trade payables according to currency

€ 1 000	2010	2009
EUR	10 185	10 988
PLN	1 284	556
SEK	75	
USD	429	
Other currencies	9	8
Total	11 982	11 552

17. Other liabilities

€ 1 000	2010	2009
Trade payables	11 982	11 552
Other liabilities		
Fair values of derivatives		568
Indirect taxes	150	25
Payroll	714	665
Other liabilities	1 518	1 417
Total other liabilities	2 382	2 675
Accrued expenses		
Interest	839	925
Discounts	400	461
Payroll an social security	4 003	5 662
Other accrued expenses	1 977	621
Total accrued expenses	7 219	7 669
Total trade payables and other current liabilities	21 583	21 896

18. Financing and financial risk management

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

Different financial instruments are used in risk management. Financial instruments used in hedging are exposed to changes in market prices, the solvency of counterparts or the liquidity of instruments.

Responsibilities and authorities in Suominen Corporation's risk management are defined in the Group's financial policy approved and confirmed yearly by the Board of Directors. The President and CEO approves all major funding operations and the main principles to be followed when hedging financial risks. The CFO is responsible for ensuring that the policy is observed throughout the Group, and for individual financial operations concerning funding, managing liquidity and financial risks. The Group's financial administration is responsible for all contracts entered into concerning funding, market money investments, and managing exchange rate and interest rate risks. It also negotiates the financial agreements and handles the financial transactions between financial institutions and the Group companies. Business units are responsible for providing the Group with the information necessary to identify and manage the risks concerned.

Market risk

a) Foreign exchange risk

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

Foreign exchange risks comprise the transaction risks arising from cash flows from operations and the translation risks resulting from the currency value change of balance sheet items denominated in foreign currencies. Most of the Group's exports are denominated in euros. The foreign exchange transaction position comprises of already known and estimated cash flows for the next 12 months. The main currencies are Swedish crowns, Polish zlotys, US dollars and Russian roubles. The transaction risks in Swedish crowns and Russian roubles arises from currency denominated sales. Polish zloty risk arises from local production costs and USD risk from raw material purchases. The translation risk is caused by a change in the value of investments in subsidiaries denominated in SEK and PLN. The hedged foreign exchange position for a 12-month period should vary between 3 and 9 months under Company policy.

Common derivative contracts are used in hedging, as their pricing can be verified on the market. Suominen Corporation does not adopt IAS 39 hedge accounting in currency hedging. Changes in market values of currency hedging instruments are recognised in the statement of income.

Transaction position at 31 December:

€ 1 000	Transaction position 2010 12 months cash flow	Currency hedges	Transaction position 2009 12 months cashflow	Currency hedges
SEK	4 463	-2 454	4 434	-2 908
USD	-4 146	1 272	-2 831	965
PLN	-4 482	1 500	-6 805	1 041
NOK	2 023	-679	1 098	
RUB	1 542	-392	1 251	-695
Muut	2 537		3 687	
Total nominal value	19 193	5 226	20 106	4 219

The transaction position includes receivables in foreign currencies total of EUR 3,129 thousand (EUR 2,737 thousand) and payables total of EUR 1,787 thousand (EUR 556 thousand).

Correspondingly the translation position is as follows:

€ 1 000	Translation position 2010 Capital investments in foreign subsidiaries	Translation position 2009 Capital investments in foreign subsidiaries
SEK	1 955	2 381
PLN	11 704	10 912
Total	13 659	13 293

Capital investments in foreign subsidiaries include both cash contributions in equity and loans that can be associated as equity. The Group does not have Equity Hedge program for hedging translation position.

As required by IFRS7, the table below summarizes the sensitivity of financial instruments on currency risk at the date of the balance sheet. Financial items include currency forwards, currency investments, short-term and long-term currency receivables and short-term and long-term currency payables. Sensitivities in currency rates of the balance sheet date are estimated on the basis of the actual volatility of the currencies over the past 12 months at a probability confidence level of 10 per cent.

Exchange rate sensitivity

€ 1 000	2010 Currency change %	Impact on profit after taxes	Impact on equity	2010 Currency change %	Impact on profit after taxes	Impact on equity
SEK	9	103		-9	-103	
USD	15	-112		-15	112	
PLN	14	-72		-14	72	
NOK	9	38		-9	-38	
RUB	22	-163		-22	163	
Total		**-206**			**206**	

€ 1 000	2009 Currency change %	Impact on profit after taxes	Impact on equity	2009 Currency change %	Impact on profit after taxes	Impact on equity
SEK	16	264		-16	-264	
USD	17	-131		-17	131	
PLN	14	-184		-22	184	
NOK	13	-28		13	28	
RUB	17	-4		17	4	
Total		**277**			**-277**	

The management assesses the hedging effectiveness by combining the estimated net cash flow in foreign exchange to the effect of the hedging instruments. The net impact caused by the weakening of currency rates as described above on annual profit after taxes is estimated to be EUR +/- 0.5 million (+/-0.1) as follows.

€ 1 000	Currency strenghtens / weakens %	Impact on 12 months currency cash flow	Impact on currency derivatives	Net impact (after taxes)
SEK	9	+- 405	-+ 300	+- 105
USD	15	-+ 627	+- 267	-+ 360
PLN	14	-+ 692	+- 293	-+ 399
NOK	9	+- 172	-+ 83	+- 89
RUB	22	+- 175	-+ 64	+- 111
Total		**-+ 566**	**+- 112**	**-+ 454**

Correspondingly, the estimated changes in currencies over next 12 months would cause -/+ EUR 402 thousand translation difference in the balance sheet compared to calculations with yearend fx-rates.

b) Interest rate risk

The Group's interest rate risks are linked to general increases in interest rates and the associated increases in interest costs. In an ideal world, it would be possible to compensate for increases in interest rates through stronger business resulting from an improved business climate. Demand for the Company's end products is primarily dependent on overall demand for consumer goods in the hygiene and food sectors, both sectors that are subject to relatively little cyclicality. As the business is capital-intensive and the economic lifetime of production equipment is long, the use of fixed interest rates in the Company's loan portfolio is to be recommended. However, lower interest costs can be achieved over the long term with short-term interest rates. The interest rate risk associated with the Company's loan portfolio is diversified to ensure that the portfolio comprises both floating and fixed interest rates spread over a range of interest periods. The Company's Board of Directors has determined the interest rate structure of the loan portfolio and the range in which it can vary. The average interest duration can vary between 12 and 36 months. As of the end of 2010, it was 12 months (14).

The amount of the Group's loans with floating interest rate at the end of the year is EUR 48.9 million (45.0). The nominal value of interest rate swaps, hedging the cash flow of interest payments, is EUR 13.8 million (25.8). In the interest rate swaps, the Suominen Corporation pays approximately 2.8 per cent fixed interest (3.5) and receives 1.2 per cent floating rate (0.8).

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

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

Interest rate sensitivity

2010 € 1 000	Change of interest %	Impact on profit after taxes	Impact on equity	Change of interest %	Impact on profit after taxes	Impact on equity
Net liabilities	+0.5 %	-181		-0.5%	181	
Interest rate swaps	+0.5 %	53	62	-0.5%	-53	-69
Total		**-128**			**128**	

2009 € 1 000	Change of interest %	Impact on profit after taxes	Impact on equity	Change of interest %	Impact on profit after taxesn	Impact on equity
Net liabilities	+0.5 %	-166		-0.5%	166	
Interest rate swaps	+0.5 %	98	124	-0.5%	-98	-124
Total		-69			69	

Impact on profit is the result of a change in the interest cash flows. In addition, a change in the value of swap agreements qualifying as cash flow hedges is recorded as an adjustment in the fair value reserve in equity. Cash flows of interest hedging instruments are expected to realise during years 2011 – 2012.

Electricity price risk

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

The Group's electricity price risk exposure is reviewed on a rolling basis in three-year periods. Exposure at the end of 2010 was hedged by establishing that fixed-price electricity will account for 70 per cent (26) of projected usage in 2011, 13 per cent (12) in 2012, and 0 per cent (0) in 2013. Price hedging is done with OTC contracts. According these contracts Suominen pays on average EUR 43.11/MWh (45.35).

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

The price sensitivity of electricity derivatives has been estimated on the basis of the volatility of monthly average prices of the past 12 months so that the probability of price changes compared to the year-end price is +/-10 per cent.

2010 Price change € / MWh	Impact on profit after taxes	Impact on equity	2009 Price change € / MWh	Impact on profit after taxes	Impact on equity
+19	**0**	**1 321**	5	1	131
-19	**-7**	**-1 313**	-5	-1	-131

The above estimation covers only the impact of changes in the market values of electricity derivatives.

Credit risks

The Group's most significant individual credit risks relate to trade receivables from international companies with high credit ratings. The biggest ten trade receivables account for 30 per cent of all trade receivables. The credit risk policy approved by the Board of Directors governs the principles to be followed when granting credit to customers and the responsibilities of the organisation in this area. Credit is granted to customers after a credit approval process has been completed. In addition, the Group has limited credit risk insurance cover for designated customers. The credit situation of customers is reported at least once a month to the persons responsible for sales. During the financial year, credit losses recorded through profit and loss totalled EUR 31 thousand (58 thousand). The trade receivables are grouped according to how old they are in note 10 to the consolidated financial statements. The maximum amount of credit losses from trade receivables, EUR 10.8 million, is close to nominal value, because the company does not insure its sale receivables or get guarantees other than in cases export guarantees are available.

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

Liquidity risk

The Group aims to maintain adequate financing buffers at all times to be able to meet its short-term commitments. The Company's estimated cash flow from operations, liquid assets, unused loan facilities and committed undrawn facility agreements shall cover projected financing needs for the next 12 months. In the final month of the year the Group concluded a refinancing arrangement of EUR 44 million with a tenor of 3 years and a specified minimum liquidity covenant of EUR 2 million. In the agreement the first loan amortization of EUR 15 million is in June 2011 and the intention of the company is to meet this obligation by sale of property and eventual refinancing.

Refinancing risk is managed by diversifying across financial sources and institutions. In addition, loan maturities are also diversified. The average maturity of drawn loans in accordance with committed facility agreements was 2.0 years (2.0) at year-end. The Company has commercial paper programmes totalling EUR 40 million, of which 1 million was in use at the year end.

The maturity of loans and derivatives is presented in the following table. The value of loans and hedging instruments are discounted but others are undiscounted as they have short maturities. Table includes both interest payments and repayments of capital.

2010 € 1 000	Balance sheet value / limit	Cash flow	Under 6 months	6-12 months	1-2 years	2-4 years	over 4 years
Financial assets							
Trade receivables	10 817	10 817	10 817				
Other receivables	1 648	1 648	1 648				
Bank receivables	3 253	3 253	3 253				
Derivatives, hedge accounting	1 106	1 106	1 106				
Total	16 824	16 824	16 824	0	0	0	0
Financial liabilities							
Trade payables	11 982	-11 982	-11 982				
Loans from financial institutions	36 750	-44 449	-15 950	-3 545	-8 076	-16 072	-805
Pension loans	3 657	-4 193	-523	-562	-1 148	-1 400	-560
Capital loans	6 000	-6 283	-1 962		-2 284	-2 038	
Loan facilities, over 6 months							
Amount drawn	13 888	-15 832	-10 117	-969	-1 262	-3 485	
Loan facilities, under 6 months							
Amount drawn							
Commercial papers	988	-987	-987				
Total	73 265	-83 725	-41 522	-5 076	-12 768	-22 994	-1 365
Total value of loan facilities							
Loan facilities, over 6 months	14 000			1 000	3 000	10 000	
Loan facilities, under 6 months							
Total	14 000	0	0	1 000	3 000	10 000	0
Derivative contracts							
Currency forwards	-138						
Cash flow, receivable		4	4				
Cash flow, payable		-141	-141				
Interest rate derivatives							
Hedge accounting	-143	-143	-83	-34	-26		
Nafta derivatives							
Cash flow, receivable							
Electricity derivatives							
Hedge accounting	1 249	1 249	1 163		86		

2009 € 1 000	Balance sheet value / limit	Cash flow	Under 6 months	6-12 months	1-2 years	2-4 years	over 4 years
Financial assets							
Trade receivables	11 514	11 514	11 514				
Other receivables	2 001	2 001	2 001				
Bank receivables	1 589	1 589	1 589				
Total	15 104	15 104	15 104	0	0	0	0
Financial liabilities							
Trade payables	11 552	-11 552	-11 552				
Derivatives, hedge accounting	568	-568	-568				
Loans from financial institutions	35 250	-35 268	-4 741	-4 624	-8 824	-16 046	-1 033
Pension loans	4 629	-4 724	-587	-564	-1 065	-1 536	-972
Capital loans	8 000	-9 023	-2 870		-2 426	-3 727	
Loan facilities, over 6 months							
Amount drawn	12 982	-12 918	-213	-104	-9 848	-2 754	
Loan facilities, under 6 months							
Amount drawn							
Commercial papers							
Total	72 980	-74 053	-20 531	-5 291	-22 163	-24 063	-2 005
Total value of loan facilities							
Loan facilities, over 6 months	28 500			15 000	10 500	3 000	
Loan facilities, under 6 months	600			600			
Total	29 100	0	0	15 600	10 500	3 000	0
Derivative contracts							
Currency forwards	-27						
Cash flow, receivable		20	20				
Cash flow, payable		-47	-47				
Interest rate derivatives							
Hedge accounting	-448	-431	-285	-136	-27	17	
Nafta derivatives							
Cash flow, receivable	48	48	48				
Electricity derivatives							
Hedge accounting	-120	-120	-136	5	12		

19. Capital management

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

The Board of Directors monitors the capital structure as regards the equity ratio and gearing. The target level published for gearing is 120 per cent. In the calculation of these key figures, capital loans, over which senior debts take priority, are included in the shareholders' equity. The capital structure can be influenced by dividend policy, share issues and the use of capital loans. The Group has announced its objective to increase dividend yield, however, thereby simultaneously ensuring the Company's healthy development. If necessary, the Group can buy its own shares, issue new shares or decide to sell assets or parts of businesses to reduce liabilities. Suominen issued a share rights offering of EUR 10 million in June to strengthen the company's balance sheet and improve the conditions of capital management.

The Group's equity ratio (capital loans included in the shareholder's equity) was 32.9 per cent (36.4) at year-end, and it's gearing (capital loans included in the shareholder's equity) was 132.2 per cent (114.4). The Group has utilized sale of receivables program releasing capital employed in the balance sheet. At the year-end the amount of sold receivables was EUR 14.0 million (10.5). The company aims at improving the balance sheet by selling non-core or underperforming assets. In the factory of Nastola operations come to an end during 2011 and the site will be free for sale.

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

€ million	**2010**	2009
Interest bearing liabilities	**61.3**	60.9
-Capital loans	**-6.0**	-8.0
Interest bearing receivables	**-0.1**	-0.1
Financial assets	**-3.3**	-1.6
(A) Net liabilities	**51.9**	51.2
(B) Shareholder's equity	**33.3**	36.7
(C) Capital loans	**6.0**	8.0
(D) Balance sheet total –advance payments	**119.4**	122.8
Gearing, A/(B+C)	**132.2%**	114.4%
Equity ratio, (B+C)/D	**32.9%**	36.4%

In funding of the group the EUR 44 million credit arrangement concluded in the end of the year of 2010 has a key role. The time horizon of banking markets has become shorter and therefore in the loan facility of Suominen the term-loan of EUR 34 million has a final maturity of 3 years and the roll-over credit facility is for 2 years. The loan covenants include a minimum liquidity of EUR 2 million in form of liquidity buffers and a minimum equity ratio of 27 per cent, capital loans included in equity. EBITDA of the group shall be at least EUR 7 million for 12 months of 2011. The debt service ratio covenant, which is the ratio of senior net debt to EBITDA, will again be effective in 30 March 2012 and then the ratio has to be less than 3.6. The covenants in the facility agreement also limit investments, business acquisitions, dividends, and amount of net liabilities of the Group. Dividends can be paid according to the terms and conditions of the agreement provided that the ratio of senior net debt to EBITDA after the payments is under 3.3.

Unfavourable adverse changes in the business of Suominen have quickest effect on the required liquidity buffer since the level of debt is regulated. Default in the terms and conditions entitle lenders to use acceleration clauses. Cross default clauses apply for indebtedness in execs of EUR 1.5 million giving the right of other lenders to declare their loans due and payable prior maturity.

Suominen plans to cover the amortization needs, including the EUR 15 million amount in June, by sale of business operations and assets. Several promising sale efforts are underway at the balance sheet date. The company anticipates also being able to refinance part of the amortizations should the sale of assets cover only part of the obligations or in case the timing would be postponed. The possibilities of refinancing are anticipated to be good in case the net debt level of the group decline substantially. However, a potential refinancing arrangement may mean tighter loan conditions.

20. Values of derivative financial instruments

Instrument € 1 000	2010 Nominal value	Fair value total	Positive fair value	Negative fair value	2009 Nominal value	Fair value total	Positive fair value	Negative fair value	note
Currency derivatives									
Held for trading	5 172	-138	4	-142	5 637	-27	20	-47	21
Interest rate derivatives									
Held for hedge accounting	13 833	-143		-143	25 833	-448	14	-462	21
Held for trading									
Electricity derivatives									
Held for hedge accounting	2 638	1 249	1 249		1 292	-120	17	-136	21
Held for trading									
Nafta derivatives									
Held for hedge accounting									
Held for trading					435	48	48		
Electricity derivatives, MWh	70 140				28 488				

21. Fair value measurement hierarchy

€ 1 000	Level 1	Level 2	Level 3
Derivatives measured at fair value			
Currency derivatives		-138	
Interest rate derivatives		-143	
Electricity derivatives		1 249	
Total		**968**	

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

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

The fair value for financial instruments that are not traded in an active market is determined by using valuation techniques.These valuation techniques maximise the use of observable market data where it is applicable and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

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

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

22. Other operating income and expenses

€ 1 000	2010	2009
Other operating income		
Profit from sale of fixed assets	384	147
Indemnities	74	41
Rents	43	37
Recovery of bad debts	3	1
Net profit from currency derivatives	89	12
Other	266	292
Total	859	530
Other operating expenses		
Losses on sale and write-down of fixed assets	41	7
Damage expenses and contributions	24	1
Bad debts	31	58
Expenses on reorganising arrangements:		
- Severance payments	1 725	235
- Other expenses	227	275
Derivatives excluded from hedge accounting	348	308
Other	168	169
Total	2 564	1 053

In 2010 Suominen booked provisions for the costs of reorganization in Codi Wipes and in Flexibles business areas.

A provision on Flexibles reorganization costs is accounted for the costs of closing down the manufacturing operations in Nastola and transferring production to other Flexibles´ business units in 2011. The restructuring measures cause the number of personnel to decline by 100 persons. Additional costs are a result of transferring manufacturing operations.

A provision booked in Codi Wipes is connected to reorganising arrangements, which cause the number of personnel to decline by 19 persons.

A similar provision booked in 2009 on reorganization costs was accounted for the costs of closing down the manufacturing operations in Sweden and transferring production to Poland, which took place in Flexibles business area in 2010. The restructuring measures caused the number of personnel to decline by 20 persons. Other costs were a result of terminating manufacturing agreements.

As a result of reorganising arrangements, it has been agreed in compliance with local cooperation procedure to reduce personnel, which will cause the Company to pay compensations for dismissal without duty to work.

23. Personnel expenses

€ 1 000	2010	2009
Salaries and other compensations	29 264	32 011
Share-based payments	29	68
Pension expenditure		
Defined contribution plans	4 058	4 279
Other payroll connected expenses	3 728	3 261
Total	37 079	39 619
Average number of personnel	901	944

Details on employee benefits paid to management are specified in note 32. Related party disclosure.

24. Depreciation, amortisation, and impairment losses

€ 1 000	2010	2009
By function		
Procurement and production	9 055	9 854
Sales and marketing	12	19
Research and development	123	147
Administration	132	138
Impairment losses	5 069	
Total	14 391	10 158
By asset group		
Buildings and constructions	2 254	2 263
Machinery and equipment	7 012	7 666
Other tangible assets	24	26
Impairment losses on goodwill	4 906	
Other intangible assets	195	203
Total	14 391	10 158

25. Financial income and expenses

€ 1 000	2010	2009
Interest income on financial assets recognised at fair value through profit of loss	11	46
Financial income	11	46
Interest expenses on loans valued at amortised cost	-3 191	-3 998
Exchange rate differences (net)	-359	-531
Expenses on sales of receivables	-149	-128
Impairment losses on available-for-sale financial assets		-488
Other financial expenses	-1 152	-602
Financial expenses	-4 851	-5 747
Financial income and expenses, total	-4 840	-5 701

Foreign exchange gains and losses recognised in the statement of income

€ 1 000	2010	2009
Net sales	-777	-575
Cost of goods sold	603	624
Financial income and expenses	-359	-531
Foreign exchange gains and losses, total	-533	-482

26. Income taxes

€ 1 000	2010	2009
Income taxes for financial year	88	-875
Income taxes from previous years	1	1
Deferred taxes	1 213	729
Income taxes total	1 302	-145
Profit before taxes	-15 664	1 005
Tax calculated at the domestic corporate tax rate of 26 %	4 073	-261
Not deductible impairment losses on goodwill	-1 276	
Effect of different tax rates in foreign subsidiaries	-14	155
Expenses not deductible for tax purposes	-29	-56
Not recognised deferred tax assets on period´s taxable losses	-1 679	
Other temporary differences	226	17
Tax charge total	1 302	-145

27. Earnings per share

€ 1 000	2010	2009
Profit for the period	-14 362	860
Shares in thousands		
Average weighted number of shares	41 866	36 275
Earnings per share attributable to the equity holders of the Company		
- earnings per share, €	-0.34	0.02
- earnings per share before share issue, €		0.04

Suominen’s stock option plan does not have a dilutive effect on earnings per share. Options have a dilutive effect only when the exercise price is lower than the market price of the share.

28. Adjustments on cash flow statement

Adjustments on operations cash flow 1. Jan. - 31. Dec.

€ 1 000	2010	2009
Adjustments on profit/loss for the period		
Income taxes	-1 302	145
Financial income and expenses	4 840	5 701
Depreciation	9 322	10 158
Impairment losses	5 069	
Gains and losses on sales of fixed assets	-344	-139
Change in provisions		280
Other adjustments	29	68
Total	17 614	16 213

29. Lease commitments

€ 1 000	2010	2009
Operating leases, real estates		
Minimum lease payments		
Not later than 1 year	2 787	2 923
Later than 1 year and not later than 5 years	6 914	8 758
Later than 5 years	3 701	3 855
Total	13 402	15 536

Nonwoven’s long-term contract covering the purchase of process heat from a nearby heating plant is treated as an operating lease, because a major portion of the energy is sold to third parties.

	2010	2009
Operating leases, machinery and equipment		
Falling due in 1 year	977	1 018
Falling due in between 1 year and subsequent 5 years	1 708	1 825
Total	2 685	2 843

30. Contingent liabilities

€ 1 000	2010	2009
Secured loans		
Loans from financial institutions	49 607	46 679
Total	49 607	46 679
Nominal values of mortgages		
Real estate mortgages	24 045	24 045
Business mortgages	60 069	50 000
Pledged subsidiary shares	82 982	
Total	167 096	74 045
Other contingent liabilities		
Guarantees on behalf of third parties	1 995	1 752
Total	1 995	1 752

Guarantees are connected to facility finance lease of discontinued business and to loan for company founded for waste water disposal.

31. Environmental costs

€ 1 000	2010	2009
In the statement of income		
Cost of goods sold	1 101	1 062
- including depreciation	175	151
In the balance sheet		
Tangible assets	512	893

32. Related party transactions

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

€ 1 000	2010	2009
Employee benefits paid to the members of the Board of Directors, the President and CEO, and the members of the Executive Team		
Salaries and other short-term employee benefits	1 104	835
Share-based payments	29	68
Total	1 133	903
Salaries and other short-term employee benefits paid to the members of the Board of Directors, and the President and CEO		
Mikko Maijala, Chairman	30	30
Heikki Mairinoja, Deputy Chairman of the Board	23	23
Suvi Hintsanen	19	
Juhani Lassila	19	19
Kai Hannus	19	19
Heikki Bergholm	19	19
Petri Rolig, President and CEO	377	276
Total	506	386

The members of the Board of Directors, the President and CEO, and the members of the Executive Team have no pension arrangements with Suominen. Board members are not included in stock option plans.

The President and CEO has received 200,000 Suominen Corporation 2006C stock options, 150,000 Suominen Corporation 2009A and 100,000 Suominen Corporation 2009B stock options, and the members of Executive Team 120,000 Suominen Corporation 2007B, 100,000 Suominen Corporation 2009A and 200,000 Suominen Corporation 2009B stock options under a stock option plan detailed in note 13 of the notes to the consolidated financial statements.

A written contract has been made with the President and CEO, under which he shall have a six-month period of notice. Should the Company terminate the contract, additional compensation corresponding to 12 months' salary shall also be paid.

Shares held by management on 31 December 2010

The members of the Company's Board of Directors and the President and CEO owned, either directly or via a company or organisation in which they held controlling power, 10,621,335 shares on 31 December 2010. These shares entitle holders to 22.5 per cent of voting rights.

Insiders subject to the declaration requirement	Shares
Mikko Maijala, Chairman of the Board	2 263 335
Maijala Investment Oy	158 990
Heikki Mairinoja, Deputy Chairman of the Board	88 192
Monaccio Oy	9 900
Heikki Bergholm, Member of the Board	3 603 448
Kai Hannus, Member of the Board	46 194
Suvi Hintsanen, Member of the Board	9 376
Juhani Lassila, Member of the Board	89 920
Evald ja Hilda Nissin Foundation	4 276 980
Petri Rolig, President and CEO	75 000
Heikki Lassila, Principal Auditor	
Total	10 621 335
Members of the Corporate Executive Team	
Petri Rolig, President and CEO	75 000
Arto Kiiskinen, Vice President and CFO	26 338
Mikko Pellinen, Vice President and General Manager	
Juha Jokinen, General Manager	
Erik van Deursen, General Manager	
Total	101 338

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

€ 1 000	2010	2009
Loans received from related parties		
Suominen capital loan 1/2008	660	880
Interests paid to related parties	101	127

Loan is unsecured. Loan terms are described in note 14.

Parent Company Statement of Income

1 January - 31 December

€ 1 000	note	2010	2009
Net sales		1 384	1 380
Cost of goods sold			
Gross profit		1 384	1 380
Other operating income	2	145	204
Administration expenses		-1 657	-1 968
Other operating expenses	2		-31
Operating profit before depreciation on tangible assets		-128	-415
Depreciation on tangible assets		-8 306	
Operating profit		-8 434	-415
Financial income	6	800	1 111
Financial expenses	6	-4 016	-5 181
Profit before income taxes		-11 650	-4 485
Group contributions		731	3 019
Profit before depreciation difference and income taxes		-10 919	-1 466
Change in depreciation difference		2	
Income taxes	7		
Profit/loss for the period		-10 917	-1 466

Parent Company Balance Sheet

31 December € 1 000	note	2010	2009
Assets			
Non-current assets			
Intangible assets	5, 8	164	57
Tangible non-current assets	5, 9	32	39
Shares and participations			
Participations in Group companies	10	80 429	88 735
Other shares and participations	10	9	9
Loans receivable			
Loans receivable from Group companies		10 452	13 729
Loans receivable from others			
Non-current assets, total		91 086	102 569
Current assets			
Other current receivables	11	10 364	4 039
Cash at bank and in hand		2 801	1 017
Current assets, total		13 165	5 056
Assets, total		104 251	107 625
Shareholders´ equity and liabilities			
Shareholders´ equity			
Share capital	13	11 860	11 860
Share premium account	12	24 681	24 681
Other shareholders´ equity	12	7 966	9 811
Shareholders´ equity, total		44 507	46 352
Appropriations			
Accumulated depreciation difference		3	5
Compulsory provisions	15	280	280
Liabilities			
Non-current liabilities			
Capital loans	14	4 000	6 000
Interest-bearing liabilities	14	32 334	38 800
Non-current liabilities, total		36 334	44 800
Current liabilities			
Capital loans	14	2 000	2 000
Interest-bearing liabilities			
Loans from financial institutions	14	19 459	9 471
Loans from Group companies	14		3 053
Trade payables and other current liabilities	16	1 668	1 664
Current liabilities, total		23 127	16 188
Liabilities, total		59 461	60 988
Shareholders´ equity and liabilities, total		104 251	107 625

Parent Company Cash Flow Statement

1 January – 31 December

€ 1 000	note	2010	2009
Operations			
Profit/loss for the period		-10 917	-1 466
Adjustments on profit/loss for the period	18	10 813	1 064
Cash flow before change in working capital		-104	-402
Increase/decrease in current non-interest-bearing receivables		1 932	1 283
Increase/decrease in current non-interest-bearing liabilities		30	-97
Cash flow before financial income/expenses and taxes		1 858	784
Interest expenses paid and received		-3 216	-3 471
Direct taxes paid			-29
Cash flow from operations		-1 358	-2 716
Investments			
Investments in tangible and intangible assets		-124	-1
Change in non-current loan receivable		3 276	19 655
Change in current loan receivable		-8 222	2 000
Cash flow from investments		-5 070	21 654
Financing			
Repurchase of own shares		-163	
Share issue		9 708	
Change in non-current loans		-6 466	-21 953
Change in capital loans		-2 000	-2 000
Change in current loans		9 988	-495
Dividends paid		-475	
Other financial items		-2 380	2 543
Cash flow from financing		8 212	-21 905
Change in cash and cash equivalents		1 784	-2 967
Cash and cash equivalents 1 Jan.		1 017	3 984
Change in cash and cash equivalents		1 784	-2 967
Cash and cash equivalents 31 Dec.		2 801	1 017

Notes to the Financial Statements of the Parent Company

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

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

Fixed assets

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

The depreciation periods are:

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

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

Net sales

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

Pension costs

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

Items denominated in foreign currencies

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

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

Valuation of financial derivatives and hedge accounting

Derivatives are evaluated in the notes to the financial statements in the mark-to-market value on the day the books are closed. Changes in mark-to-market value of derivatives are immediately recognised in statement of income as financial income and expenses. Gains and losses on the matured forward contracts hedging sales income and purchases are entered as in other operating income and expenses.

When any interest rate or electricity derivative matures, the interest income or expense of interest rate derivatives is recognised in profit or loss as financial income and expenses, and the clearing gain or loss of electricity derivatives is recognised in profit or loss as adjustment to electricity purchases.

Shares and participations

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

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

Income taxes

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

2. Other operating income and expenses

€ 1 000	2010	2009
Other operating income		
Return from insurance reserves		178
Return from bad debts	46	
Income from dividends	40	
Profit from currency derivatives	59	12
Other		14
Total	145	204
Other operating expenses		
Losses from currency derivatives		31
Total	0	31

3. Personnel expenses

€ 1 000	2010	2009
Salaries and other compensations	812	996
Pension expenditure		
Defined contribution plans	99	91
Other payroll connected expenses	25	23
Total	936	1 110
Salaries and bonuses paid to management		
Members of the Boards of Directors, and President and CEO	506	386

The President and CEO of the Company has statutory pension insurance.

Average number of personnel	7	7

4. Fees paid to auditors

€ 1 000	2010	2009
Statutory audit	38	34
Other services	65	11
Total	103	45

5. Depreciations and impairment charges

€ 1 000	2010	2009
By function		
Administration	24	24
Impairment losses	8 306	
Total	8 330	24
By asset group		
Machinery and equipment	9	9
Other intangible assets	15	15
Impairment losses	8 306	
Total	8 330	24

6. Financial income and expenses

€ 1 000	2010	2009
Interest income	705	1 111
Interest expense	-4 016	-4 311
Impairmet losses on loan receivables		-488
Exchange rate differences (net)	95	-382
Total	-3 216	-4 070

7. Income taxes

€ 1 000	2010	2009
Income taxes for the financial year		
Income taxes total	0	0

8. Intangible assets

€ 1 000	Intangible rights	Advance payments and work in progress	Total 2010	Total 2009
Acquisition cost 1 Jan.	202		202	201
Increase	2	120	122	1
Writedown	-5		-5	
Other changes	8		8	
Transfers between items	7	-7	0	
Acquisition cost 31 Dec.	214	113	327	202
Accumulated depreciation 1 Jan.	-145		-145	-130
Depreciation for the financial year	-15		-15	-15
Accumulated depreciation on decrease and transfers	5		5	
Other changes	-8		-8	
Accumulated depreciation 31 Dec.	-163		-163	-145
Book value 31 Dec.	51	113	164	57

9. Tangible assets

€ 1 000	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total 2010	Total 2009
Acquisition cost 1 Jan.	224	16		240	240
Increase			2	2	
Other changes	2			2	
Acquisition cost 31 Dec.	226	16	2	244	240
Accumulated depreciation 1 Jan.	-201			-201	-192
Depreciation for the financial year	-9			-9	
Other changes	-2			-2	-9
Accumulated depreciation 31 Dec.	-212			-212	-201
Book value 31 Dec.	14	16	2	32	39

10. Shares and participations

€ 1 000	Participations in Group companies	Other shares	**Total 2010**	Total 2009
Acquisition cost 1 Jan.	88 735	9	**88 744**	88 744
Impairment losses	-8 306		**-8 306**	
Acquisition cost 31 Dec.	**80 429**	9	**80 438**	88 744
Book value 31 Dec.	**80 429**	9	**80 438**	88 744

Group companies	Percentage of total number of shares and voting power
Codi International BV, Veenendaal, Netherlands	100.0
Suominen Kuitukankaat Ltd., Nakkila	100.0
Suominen Joustopakkaukset Ltd., Tampere	100.0
Suominen Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
Flexmer Ltd., Tampere	100.0
Owned through subsidiaries:	
Suominen Flexible Packaging AB, Norrköping, Sweden	100.0
ZAO Suominen, St. Petersburg, Russia	100.0
Suominen Ikamer Ltd., Tampere	100.0

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

11. Other current receivables

€ 1 000	**2010**	2009
Other receivables	**16**	40
Accrued income and prepaid expenses		
Social security and healthcare	**1**	1
Statutory insurances	**2**	
Tax receivables		29
Loan provisions and arrangement fees	**447**	401
Other	**78**	
Accrued income and prepaid expenses, total	**528**	431
Receivables from Group companies		
Loan receivables	**8 223**	
Other receivables	**1 597**	3 568
Total	**9 820**	3 568
Other current receivables, total	**10 364**	4 039

12. Shareholders´ equity

€ 1 000	**2010**	2009
Share capital 1 Jan. and 31 Dec.	**11 860**	11 860
Share premium account 1 Jan. and 31 Dec.	**24 681**	24 681
Reserve for own shares 1 Jan.	**0**	- 51
Increase	**-213**	
Decrease		51
Other changes	**50**	
Reserve for own shares 31 Dec.	**-163**	0
Invested non-restricted equity fund 1. Jan.	**0**	0
Increase	**9 708**	
Invested non-restricted equity fund 31. Dec	**9 708**	0
Retained earnings 1 Jan.	**9 811**	11 284
Dividends paid	**-475**	
Transfer to reserve for own shares	**1**	- 7
Retained earnings 31 Dec.	**9 337**	11 277
Profit for the financial year	**-10 917**	-1 466
Shareholders´ equity 31 Dec.	**44 506**	46 352

€ 1 000	2010	2009
Distributable assets		
Retained earnings 1 Jan.	9 337	11 277
Invested non-restricted equity fund	9 708	
Own shares	-163	
Non-restricted equity 31 Dec.	18 882	11 277
Profit for the financial year	-10 917	-1 466
Distributable assets	7 965	9 811

13. Share capital

See note 13 in notes to the consolidated financial statements.

14. Interest-bearing liabilities

€ 1 000	2010	2009
Current *)		
Repayment of capital loans	2 000	2 000
Repayment of non-current liabilities		
Loans from financial institutions	17 500	8 500
Pension loans	971	971
Repayment of non-current liabilities	18 471	9 471
Current loans		
Loans from Group companies		3 053
Commercial papers	988	
Total current interest-bearing liabilities	21 459	14 524

€ 1 000	2010	2009
Non-current		
Capital loans	4 000	6 000
Loans from financial institutions	29 250	34 750
Pension loans	2 686	3 657
Loans from Group companies	398	393
Total non-current interest-bearing liabilities	36 334	44 800
Interest-bearing liabilities, total	57 793	59 324

*) In the balance sheet under current liabilities.

Repayments

€ 1 000	2011	2012	2013	2014	2015	2016-
Repayments of non-current loans in future						
Loans from financial institutions	17 500	4 500	23 500	500	500	250
Pension loans	971	971	571	571	571	
Capital loans	2 000	2 000	2 000			
Commercial papers	988					
Total	20 471	7 471	26 071	1 071	1 071	250

15. Provisions

Compulsory provision against estimated financial losses on rental liability of discontinued business operation.

€ 1 000	2010	2009
Provisions 1 Jan.	280	0
Increase in provisions		280
Provisions 31 Dec.	280	280

16. Trade payables and other current liabilities

€ 1 000	2010	2009
Trade payables	700	412
Other current liabilities	26	64
Accrued expenses		
Interest	814	899
Payroll and social security	120	270
Other accrued expenses	6	17
Accrued expenses, total	940	1 186
Liabilities to Group companies		
Other liabilities	2	2
Trade payables and other current liabilities, total	1 668	1 664

17. Contingent liabilities

€ 1 000	2010	2009
Guarantees		
Guarantees for loans		
Guarantees on behalf of Group companies	3 887	4 892
Other contingent liabilities		
Guarantees on behalf of Group companies	5 283	5 575
Guarantees on behalf of third parties	1 995	1 752
Total	11 165	12 219
Nominal values of mortgages		
Business mortgages	3 000	3 000
Pledged subsidiary shares	80 429	
Total	83 429	3 000
Rent liabilities		
Falling due next year	26	23
Total	26	23
Operating leases		
Falling due next year	37	36
Falling due in subsequent years	37	54
Total	74	90

18. Adjustments on cash flow statement

Adjustments on operations cash flow

1 January – 31 December

€ 1 000	2010	2009
Adjustments on profit/loss for the period		
Change in depreciation difference	-2	
Group contributions	-731	-3 019
Financial income and expenses	3 216	4 070
Depreciation	24	24
Depreciation on tangible assets (intragroup shares)	8 306	
Other adjustments		-11
Total	10 813	1 064

Signing of the Financial Statements

Proposal of the Board of Directors for the distribution of profit

The Board of Directors proposes to the Annual General Meeting to be held on 30 March 2011 for the distribution of profit as follows:

Parent Company profit for 1 January – 31 December 2010	€ -10,917,305.73
Retained earnings according to the Parent Company balance sheet	€ 9,338,124.64
Invested non-restricted equity fund	€ 9,708,432.51
Own shares	€ -163,364.63
Total	€ 7,965,886.79
Board proposes that no dividend is paid for the financial year	€ 0.00
Leaving on the non-restricted equity	€ 7,965,886.79

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

Helsinki, 10 February 2011

Mikko Maijala Chairman	Heikki Mairinoja	Heikki Bergholm	Kai Hannus
Suvi Hintsanen	Juhani Lassila	Petri Rolig President and CEO	

The Auditor´s Note

Our auditor´s report has been issued today.

Helsinki, 17 February 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Suominen Yhtymä Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Suominen Yhtymä Oyj for the year ended 31 December, 2010. The financial statements comprise the consolidated statement of financial position, income statement, 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 whether they have violated the Limited Liability Companies Act or the articles of association of the company.

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

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

Opinion on the Consolidated Financial Statements

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

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

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

Helsinki, 17 February 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Share capital and shareholders

Distribution of share ownership on 31 December 2010

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
1 - 100	203	7.8%	11 880	0.0%
101 - 500	539	20.7%	163 752	0.3%
501 - 1 000	444	17.1%	353 944	0.7%
1 001 - 5 000	919	35.4%	2 209 405	4.7%
5 001 - 10 000	222	8.5%	1 674 080	3.5%
10 001 - 50 000	210	8.1%	4 078 803	8.6%
50 001 - 100 000	31	1.2%	2 190 669	4.6%
100 001 - 500 000	18	0.7%	4 461 267	9.4%
Over 500 000	13	0.5%	32 062 141	67.6%
	2 599	100.0%	47 205 941	99.6%
Shares held by the Company			168 805	0.4%
Shares not transferred to the book-entry system			20 268	0.0%
Total	**2 599**		**47 395 014**	**100.0%**
out of which shares registered in a nominee´s name	4		52 022	0.1%

Shareholders by category on 31 December 2010

	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
Companies	154	5.9%	13 564 428	28.6%
Financial institutions and insurance companies	1	0.0%	14 435	0.0%
Public institutions	4	0.2%	6 416 004	13.5%
Non-profit organisations	32	1.2%	5 094 456	10.7%
Individuals	2 395	92.3%	21 819 155	46.0%
Foreign shareholders	9	0.3%	245 441	0.5%
	2 595	100.0%	47 153 919	99.5%
Shares registered in a nominee´s name	4		52 022	0.1%
Shares held by the Company			168 805	0.4%
Shares not transferred to the book-entry system			20 268	0.0%
Total	**2 599**		**47 395 014**	**100.0%**

The largest shareholders on 31 December 2010

Shareholder	Number of shares	Percentage of shares and voting power
1. Oy Etra Invest Ab	8 223 320	17.4%
2. Evald and Hilda Nissi Foundation	4 276 980	9.1%
3. Ilmarinen Mutual Pension Insurance Company	3 823 104	8.1%
4. Heikki Bergholm	3 603 448	7.6%
5. Tapiola Mutual Pension Insurance Company	2 567 700	5.4%
6. Mikko Maijala	2 263 335	4.8%
7. Juhani Maijala	2 175 631	4.6%
8. Eeva Maijala	1 515 995	3.2%
9. Veikko Laine Oy	1 110 400	2.4%
10. Argonius Oy	710 100	1.5%
11. Harald Relander	660 000	1.4%
12. Sijoitusrahasto Taaleritehdas Arvo Markka Osake	572 426	1.2%
13. Jorma Takanen	559 702	1.2%
14. Oy Fincorp Ab	411 504	0.9%
15. Finnfoam Oy	400 000	0.8%
16. Jarkko Takanen	381 080	0.8%
17. Markku Oksanen	317 500	0.7%
18. Samfundet Folkhälsan i Svenska Finland rf	300 000	0.6%
19. Matti Kavetvuo	300 000	0.6%
20. Liikesivistysrahaston Kannatusyhdistys ry	269 220	0.6%

Key figures

Adjusted key figures per share

	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006
Earnings/share (EPS) before impairment losses, €	**-0.22**	0.02	-0.20	-0.07	-0.08
Earnings/share (EPS) from continuing operations, €	**-0.34**	0.02	-0.31	-0.43	-0.08
Earnings/share (EPS) from continuing and discontinued operations, €	**-0.34**	0.02	-0.20	-0.28	-0.05
Earnings/share (EPS) from continuing and discontinued operations before share issue, €		0.04	-0.31	-0.43	-0.08
Cash flow from operations/share, €	**-0.06**	0.74	0.52	0.08	0.34
Cash flow from operations/share before share issue, €		1.13	0.80	0.12	0.53
Equity/share, €	**0.70**	1.01	0.98	1.28	1.56
Equity/share before share issue, €		1.55	1.50	1.96	2.40
Dividend/share, €		0.02			0.06
Dividend/earnings, %		84.4			-122.0
Dividend/earnings before share issue, %		55.2			-79.6
Dividend/cash flow from operations, %		2.7			17.4
Dividend/cash flow from operations before share issue, %		1.8			11.4
Dividend yield, %		1.3			2.0
P/E ratio from continuing operations	**-1.52**	67.1	-3.3	-7.4	-60.4
P/E ratio from continuing operations before share issue		43.8	-2.2	-4.8	-39.5
Share price					
lowest, €	**0.48**	0.65	0.60	2.01	2.80
highest, €	**1.74**	1.93	2.25	3.79	3.85
average, €	**0.79**	1.27	1.50	3.21	3.32
at year end, €	**0.52**	1.59	0.66	2.07	2.97
Market capitalisation on 31 Dec., € million	**24.6**	37.7	15.6	49.0	70.3
Number of shares *					
average during the year	**41 865 760**	23 707 065	23 699 569	23 679 266	23 709 255
at year end	**47 395 014**	23 719 430	23 665 055	23 683 769	23 668 991
adjusted with share issue (factor 1.53)		36 271 809	36 260 341	36 229 277	36 275 160
Number of shares traded as	**6 639 579**	3 306 822	4 251 828	8 765 455	7 000 722
percentage of the average during the year	**15.9**	13.9	17.9	37.0	29.5
percentage of the average during the year, adjusted with share issue		9.1	11.7	24.2	19.3

No dividends were recognised during the financial year

* Number of shares in comparison years 2009, 2008, 2007 and 2006 is the number of shares held outside the Company.

Key figures on financial performance

	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006
Net sales, € million	**173.4**	179.4	214.6	215.2	202.6
Export and international operations, € million	**146.4**	149.5	179.7	181.1	169.5
as % of net sales	**84.4**	83.3	83.7	84.2	86.9
Operating profit before impairment losses, € million	**-5.8**	6.7	-1.6	1.7	1.2
as % of net sales	**-3.3**	3.7	-0.7	0.8	0.6
Operating profit, € million	**-10.8**	6.7	-4.0	-6.8	1.2
as % of net sales	**-6.2**	3.7	-1.9	-3.1	0.6
Profit before taxes, € million	**-15.7**	1.0	-8.8	-10.7	-2.7
as % of net sales	**-9.0**	0.6	-4.1	-5.0	-1.4
Profit from continuing operations, € million	**-14.4**	0.9	-7.2	-10.1	-1.8
as % of net sales	**-8.3**	0.5	-3.4	-4.7	-0.9
Profit for the financial year, € million	**-14.4**	0.9	-7.2	-10.1	-1.8
as % of net sales	**-8.3**	0.5	-3.4	-4.7	-0.9
Cash flow from operations, € million	**-2.5**	26.8	18.9	2.7	12.5
Balance sheet total, € million	**119.4**	122.8	143.8	172.4	175.9
Return on equity (ROE), %	**-37.3**	2.4	-16.7	-18.8	-3.1
Return on invested capital (ROI), %	**-10.6**	6.4	-2.9	-4.5	0.9
Equity ratio, %	**27.9**	29.9	24.6	26.9	32.3
Equity ratio, %, capital loans in equity	**32.9**	36.4	31.6	28.0	34.5
Gearing, %	**174.0**	161.2	229.9	210.5	154.4
Gearing, %, capital loans in equity	**132.1**	114.4	157.2	197.7	137.7
Gross investments, € million	**6.2**	4.5	3.9	11.3	4.3
as % of net sales	**3.6**	2.5	1.8	5.2	2.1
Expenditure on R&D, € million	**2.0**	2.3	2.2	2.1	2.0
as % of net sales	**1.1**	1.3	1.0	1.0	1.0
Average personnel	**901**	944	1 019	1 070	1 058

Calculation of the key figures

Earnings/share	Profit before income taxes - income taxes / Adjusted number of shares of the group (average)
Cash flow from operations/share	Cash flow from operations as in the cash flow statement / Adjusted number of shares of the group (average)
Equity/share	Shareholders' equity / Adjusted number of shares of the group at year end
Dividend/share	Dividend/share for the financial year / Adjustment coefficient for share issues after the financial year
Dividend/earnings, %	Dividend/share x 100 / Earnings/share
Dividend/cash flow from operations, %	Dividend/share x 100 / Cash flow from operations/share
Dividend yield, %	Dividend/share x 100 / Adjusted share price at year end
P/E ratio	Adjusted share price at year end / Earnings/share
Market capitalisation	Number of shares of the group at year end x adjusted share price at year end
Return on equity (ROE), %	(Profit before income taxes - income taxes) x 100 / Shareholders' equity (quarterly average)
Return on invested capital (ROI), %	(Profit before income taxes + profit from discontinued operations + interest and other financial expenses) x 100 / (Balance sheet total - non-interest bearing liabilities) (quarterly average)
Equity ratio, %	Shareholders' equity x 100 / Balance sheet total - advances received
Gearing, %	(Interest-bearing liabilities - interest-bearing receivables - cash at bank and in hand) x 100 / Shareholders' equity

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