Suominen
Creating Convenience

Annual Report 2007

Information for Shareholders

Financial information

Interim Report 1 January – 31 March, issued 23 April 2008
Interim Report 1 January – 30 June, issued 18 July 2008
Interim Report 1 January – 30 September, issued 22 October 2008

The Annual Report, Interim Reports, and other Stock Exchange Releases are published in Finnish and English. They are available on the Company's Internet pages at www.suominen.fi immediately after publication. The Internet pages also contain information on how to join the mailing list for Annual and Interim Reports. The English editions are translations of the Finnish originals, which will prevail in the event of any dispute.

The Annual General Meeting

The Annual General Meeting of Suominen Corporation will be held on Thursday 27 March 2008, at 2.00 p.m. in the Finlandia Hall's Elissa Hall, Mannerheimintie 13 e, Helsinki.

Shareholders who are entered in the Company's Register of Shareholders maintained by Finnish Central Securities Depository Ltd. on Monday 17 March 2008 are entitled to attend the Annual General Meeting. Notice of attendance at the Annual General Meeting is requested by 4 p.m. on Wednesday 19 March 2008, either in writing to Suominen Corporation, P.O. Box 380, FI-33101 Tampere, by e-mail at minna.lehtonen@suominen.fi, by telephone at +358 (0)10 214 3535 or by fax at +358 (0)10 214 3536.

Payment of the dividend

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

Contents

Welcome to Suominen World

Suominen Corporation serves customers in three core segments – wet wipes, nonwovens, and flexible packaging. Customers include major international brands, leading manufacturers of hygiene, personal care, and food products, and the retail sector.

Suominen is the third-largest wet wipes producer in Europe, with a focus on baby and personal care, and household cleaning applications. Suominen is also a leading European nonwovens producer, and supplies a range of roll goods for use in applications such as baby care, feminine hygiene, household cleaning, industrial and institutional use, and wound care. Suominen-produced flexible packaging solutions can be found in numerous food and hygiene products across Northern and Central Europe. Suominen is also a retail flexible packaging leader in Finland.

Production is based at plants in Finland, the Netherlands, Poland, and Sweden. Annual net sales stood at EUR 215.2 million in 2007, and the Group employed approximately 1,070 people.

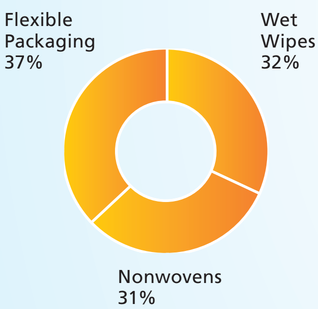
Highlights in 2007

- Sales increased by 6%, with the strongest growth seen in Nonwovens.
- Stairs to Top efficiency-enhancement programme had a positive impact of EUR 4 million.
- Major investments completed in 2007 will boost growth and efficiency.
- Efficiency-enhancement measures will take time to have an impact – new investments made to strengthen Suominen's capabilities.
- Raw material costs were high, and energy, logistics, and non-recurring costs also moved up.
- An impairment charge was made against goodwill because of market-related uncertainties.

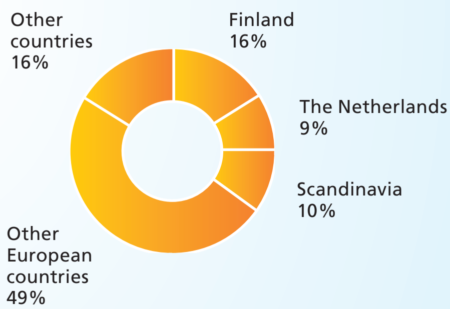
Key Figures for 2007

	2007	2006
Net sales, € million	215.2	202.6
Operating profit before goodwill amortisation, € million	1.7	1.2
Goodwill amortisation, € million	-8.4	
Operating profit, € million	-6.8	1.2
as % of net sales	-3.1	0.6
Profit for the period, € million	-10.1	-1.8
Earnings/share, €	-0.43	-0.08
Cash flow from operations/share, €	0.12	0.53
Return on invested capital (ROI), %	-4.5	0.9
Equity ratio, %	26.9	32.3
Personnel at the end of the year	1 041	1 048

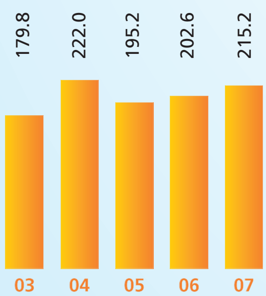
Net sales by business unit



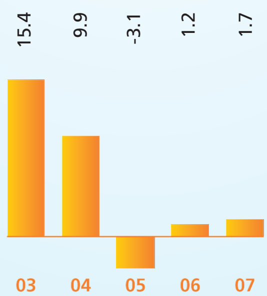
Net sales by market area



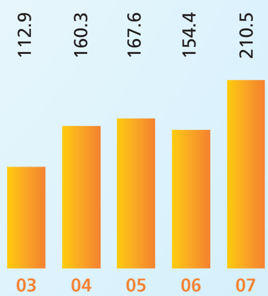
Net sales, € million



Operating profit before goodwill amortisation, € million



Gearing, %




We provide products and solutions that bring greater convenience to people's everyday lives.

Review by the President and CEO

We achieved strong organic growth of 6% in 2007 through close cooperation with our customers, and this will give us a good foundation for further positive growth into the future.

Although our operating profit improved, it was still short of our target. The continued steep rise in the cost of our main raw materials, together with other higher costs, made quite a significant dent in our result. We succeeded, as planned, in achieving the cost savings targeted in our Stairs to Top productivity-enhancement programme, but we did not deliver on our goal of improving operational efficiency in Wipes and Nonwovens. The market situation in Nonwovens continued to be a challenging one in 2007, and we were able to pass on only part of our increased costs to our product prices.

The uncertainty affecting our operating environment and the economy generally led us to book a significant impairment charge against our goodwill for 2007. The increase of risk in projected cash flows was accounted for through conservative valuation, but the write down does not affect our cash flow.

Continued work on building a sustainable future for Suominen

We invested in three main areas in 2007, aimed at strengthening our competitiveness and enhancing our potential to generate new product innovations.

By automating the despatch area of our Wet Wipes site in the Netherlands, we can now benefit from a more efficient flow of goods at the plant and pass this on to customers in the shape of better deliveries. Nonwovens in Finland invested in a new water treatment system that will enable the Nakkila plant to make use of a wider range of raw materials, improve its cost efficiency, and reduce its environmental footprint. The largest investments of the year took place in Poland, where we started up a new printing line and completed an extension of the plant's premises. This will help our planned expansion on the strongly growing markets of Eastern Central Europe.

We launched a major internal development programme at the beginning of 2007 aimed at making Suominen more focused on the need for continuous improvement and change generally. This 'getting things done' approach will call for redoubling our commitment to the importance of good performance, developing their skills further, and driving our success more determinedly.

This effort yielded its first fruits during the year, and gave new momentum to our product innovation. At the same time, the process highlighted shortcomings in some areas of human resources and process know-how – and we recruited a number of new people to accelerate our progress towards achieving the goals of the Stairs to Top programme.

Better performance through more efficiency

Our markets all show positive growth prospects. The increasing demand for hygiene is driving growth in wet wipes in particular. Today's consumers want convenient solutions that are easy and pleasant to use, and save them time as well. Flexible packaging is the fastest-growing area in the packaging area, thanks to the very clear added value that this technology can bring in protecting products and increasing their attractiveness on the shelf. Flexible packaging is also cost-efficient and convenient.

During 2008, our focus will be on securing a clear improvement in profitability, strong cash flow and capital structure. We have already strengthened the skills base of our units. And I believe that we have the capabilities and the drive to achieve considerable further savings and improve our operational efficiency significantly.

In line with our strategy, we will work with our customers to develop new products and solutions that address consumers' needs even more effectively. We will also give increased attention to how we develop our product portfolio, to ensure that we invest in areas where we believe we have the best potential to perform well over the long term.

Suominen's unique set of capabilities is particularly highlighted in the wet wipes area. Our core competencies cover every aspect of the product chain here. We have extensive know-how on the wiping properties of nonwovens and how these can be extended. Thanks to our in-house lotion production, we can enhance wiping performance; and with our packaging expertise, we can offer more convenient consumer alternatives. These capabilities enable us to act as a one-stop shop, both for

our existing partners and new customers. As a wipes expert, we can offer innovation and the ability to implement new concepts rapidly. Our desire to make more of our capabilities in this way has led us to create a new organisational structure and focus on our management process, product portfolio management, and value chain marketing in a new way. We worked on this approach during the autumn and launched it at the beginning of 2008.

The upward trend in the cost of raw materials and energy appears set to continue, and will require us to develop a very proactive pricing policy. I believe that, by continuing to develop our operations and improve our efficiency, we will be able to achieve better financial performance. We remain committed to our underlying strategy and to promoting the continued development of our personnel and expertise.

Sustainable development is becoming an increasingly important factor in all aspects of our business, which is why we have featured a number of examples in this Annual Report of how this is being reflected in our product development and our internal operations.

In conclusion, I would like to thank our partners, shareholders, and our employees for their contribution to our efforts to drive Suominen towards a more capable and more dynamic future as an expert partner for its customers.

Kalle Tanhuanpää

"In line with our strategy, we will work with our customers to develop new products and solutions that address consumers' needs even more effectively."

Our Core Purpose, Vision, and Strategy

A lot of emphasis was given in 2007 to crystallising the future direction of Suominen's businesses and the need for transforming the Company into a unique concept/product manager and proactive product innovator.

Core purpose

We provide products and solutions that bring greater convenience to people's everyday life.

Guiding principles

We are passionate about our business and getting things done.

- Partnership
- Trust
- Expertise

Strategy

- Long-term cooperation with key customers based on development-driven partnerships
- Continuous improvement of competitiveness and value chain efficiency
- Development and commercialisation of value-added products tailored to customer and market needs
- Leveraging Group synergies

Business propositions

Wet Wipes: Quick and efficient commercialisation of new and innovative products and solutions.
Nonwovens: Focussed expertise in tailor-made wiping material development and production.
Flexible Packaging: Proactive added value through creatively tailored solutions and a cost-efficient value chain.

Vision

We want to be our customers' preferred partner, providing innovative, value-added products and solutions.

These winning propositions in each business have been based on making more of Suominen's key capabilities and competencies in terms of its customer product offerings and operational management. A determined action plan will be needed to make these strategic objectives reality. This will focus on in-house processes covering innovation and new product management, selecting the best tools for continuous operational improvement, and securing the right management resources and skills.

Our strategy process is supported by our strong commitment to our core values and guiding principles – trust, expertise, and partnership with our customers, personnel, and stakeholders – together with our belief in the importance of a 'getting things done' attitude in everything we do.

The Suominen Advantage

Suominen's products bring greater convenience to many aspects of people's everyday lives.

Suominen aims to do this, and achieve long-term profitable growth, by being a preferred partner for its key customers and delivering innovative, value-added products and solutions. Suominen has targeted technological and operational excellence as central to its own success and that of its customers as well.

We are committed to:

- being passionate about our business and getting things done
- believing in partnership as the best way of innovating new products and processes and delivering long-term added value
- seeing trust, dialogue, and standing behind what we say as central to our future, and
- investing in and developing industry-leading expertise.

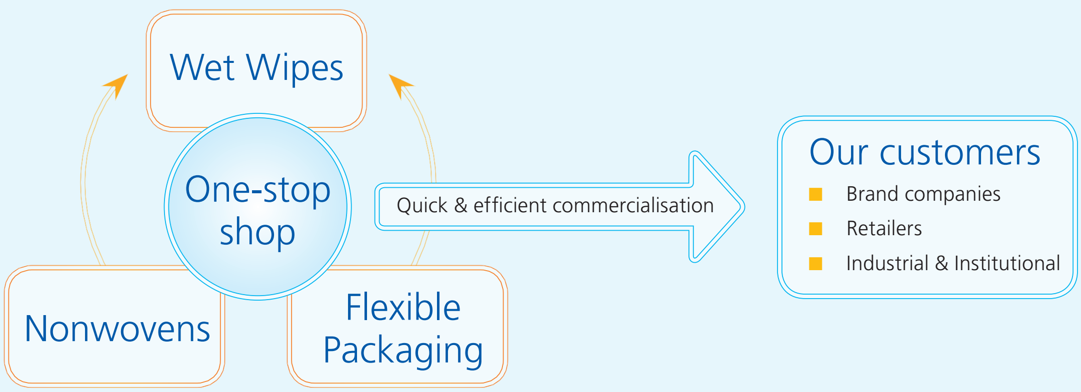
Unique mix of capabilities

Suominen's mix of capabilities is unique in the industry, we believe. Suominen's know-how extends from in-house fibre production, nonwovens, and innovative packaging concepts all the way to lotions and end-product integration – and means that we can offer a very broad range of solutions on a one-stop shop basis.

This 'Suominen advantage' is particularly clear in the wet wipes area, where we can offer everything from excellent cleaning efficiency and ease of use and the latest lotions and nonwovens to consumer-friendly packaging that is easy to open and close. In practical terms, this means that we can innovate wet wipe products for our customers much faster than they can using traditional sourcing approaches.

Wet Wipes winning proposition

Quick and efficient commercialisation of new and innovative products and solutions.



Capabilities such as these are ideal for brand owners that want to simplify their category management, extend their offering, and streamline their internal operations. They also have a lot to offer to retail brands as well, as Suominen can rapidly supply complete ready-to-go concepts and products that can simplify brand extension projects.

The future, we believe, is all about combining skills, synergies, and imagination like this – by making more of the entire value chain.

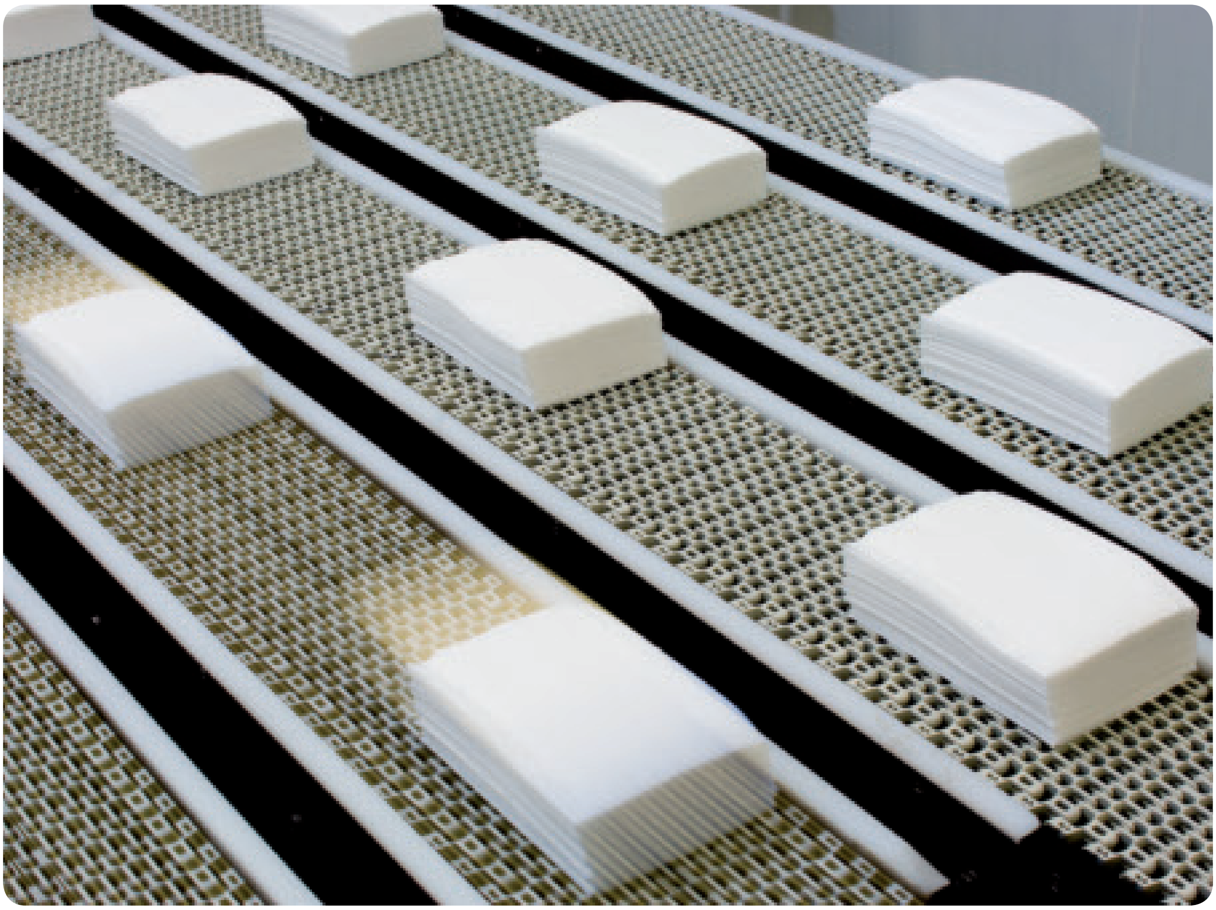
Keeping the Suominen promise

Suominen made good overall progress during 2007 on the umbrella programme of internal initiatives known as Stairs to Top, aimed at developing operations and improving efficiency on a rolling basis. Cost savings and performance enhancements totalled some EUR 4 million in 2007. Over the last two years the Company has recorded cost savings close to EUR 10 million. Progress on efficiency-enhancement measures has been slower.

The programme has focused on introducing a more performance-driven and continuous improvement-based business culture at all levels of the Suominen organisation, to drive operational excellence and profitable growth. Reducing costs and improving operational excellence are essential to building long-term competitiveness. Enhancing the Group's ability to anticipate future trends, innovate, and promote an entrepreneurial spirit among its people will create a solid platform for growth.

The first phase of efforts in the Stairs to Top programme is focused on addressing the challenge of cutting costs and improving cost efficiency in a number of areas, and enhancing functions such as logistics and purchasing. Work has also been done on strengthening capabilities, identifying best practices and key processes, and ensuring that success in one part of the business can be leveraged elsewhere. Continuous operational improvement is intended to help make Suominen more competitive as it moves into the future.

Suominen is looking to achieve accelerated growth in the future through a more proactive approach to its product range, and making more of Suominen's one-stop shop capabilities and the innovation and speed in terms of time to market that they offer, in the wiping area in particular.



How we aim to go on keeping the Suominen promise

The focus in 2008 will be on securing a clear improvement in profitability, strong cash flow and capital structure. Cost savings and enhanced operational efficiency should enable us to take a significant step forward towards achieving our long-term target of operating profit figure of 7%.

We also remain committed to developing our product portfolio to meet the needs of markets and segments that we expect to grow.

Making more effective use of our resources will be high on the agenda. As our capacity and machinery is in good shape, we do not expect to make any major investments in 2008. We will give more attention instead to our working capital.

Our markets are growing

Convenience – together with health, beauty, and wellness – continues to be a growing consumer trend, and one that Suominen is well-placed to help drive.

The consumer wipes market in both Europe and North America is worth over EUR 2 billion in retail sales value, according to a recent Pira study. Baby and household wipes account for some 40% of this figure, and personal care wipes for around 20%. The market for institutional and industrial wipes, which comprises general purpose and task specific wipes, is worth EUR 0.6 billion in both Europe and North America.

The market for consumer wipes has grown steadily ahead of underlying GDP in recent years. Growth in baby wipes has been in the order of 3-4% annually over the last five years, while that in personal care and household cleaning wipes has been around 8-9% in Europe and even higher in North America. Industrial wipes have been growing at some 7% in both markets.

Demand for wiping products is expected to continue growing faster than consumer consumption generally, with consumer wipe demand increasing by around 5% in both Europe and North America. The fastest growth is expected to be in the personal care area. Central and Eastern European markets are growing faster than mature markets.

Global brands account for most sales in both Europe and North America, followed by retailers' own labels. Task-specific wipes are growing in popularity, with clear potential for more products addressing the needs of an ageing population, a greater range in size of households, and environmental concerns.

The market for flexible packaging is continuing to grow, driven by the substitution of traditional packaging materials for a mix of cost and performance reasons. The European market for flexible packaging is estimated to be worth close to EUR 11 billion. Overall growth in Western Europe, in terms of both volume and value, is expected to be modest, at a couple of percent annually. Growth in the volume and value of the markets in Central and Eastern Europe, in contrast, are projected to be much stronger, at 5–7% annually.

Food applications will continue to dominate, although the use of flexible packaging for non-food applications, such as pharmaceuticals, household goods, cosmetics, and toiletries is expected to rise. Product innovation will become increasingly important in all application areas. Environmental concerns are also likely to become more important, emphasising the ongoing need for lighter-weight packaging and better recovery and recycling opportunities.

Stronger Capabilities

As part of its renewal programme aimed at enhancing its underlying capabilities and those of its people, Suominen launched a set of three guiding principles in spring 2007: partnership, trust, and expertise.

These were the outcome of an extensive management review of the inherent values and capabilities of the Suominen organisation and a desire to give them a new, more target-driven, more people-oriented dimension. The emphasis has been on changing ways of working and making a practical contribution.

The three guiding principles were rolled out at number of personnel meetings held across the Group during the year, and are being incorporated into the criteria used to evaluate people's performance, recruitment, and the introduction programme used with new personnel.

Motivated and enthusiastic personnel

We at Suominen highlight the importance of highly motivated, expert personnel in driving our success, and giving our people hands-on responsibility for their work and the tools to achieve their targets. Enthusiastic, committed teams form an integral part of our overall commitment to continuous improvement and performing at our best. We encourage people to think creatively, address challenges with an entrepreneurial mindset, and look for new ways of doing things.

As part of this, we paid increased attention to building target-based work into the remuneration structure in 2007, and launched an annual Suominen Success Stories Award.

This is designed to recognise and promote excellence in the Group's units and individual employees. The 2007 Award went to a team from Flexible Packaging that succeeded in extending our PET wrap-around labelling offering. The innovative approach shown by the team in question highlights the way of working that will contribute to a more successful Suominen in the future.

A new Group-level HR development function was also created in 2007 to develop key HR management processes together with business units and the Group's senior managers. This has already resulted in a number of new personnel being recruited to key positions to ensure that Suominen is better-placed to realise more of its potential, achieve its goals, and improve its operations on a continuous basis.

Partnership, trust, and expertise

Suominen's three guiding principles are closely interlinked and interdependent. True partnership, for example, can only be generated – and can only succeed – with the help of trust and expertise. This is as true internally as it is externally.

As part of the roll-out of these principles, employees contributed their own ideas on why they see these qualities as critical:

Partnership

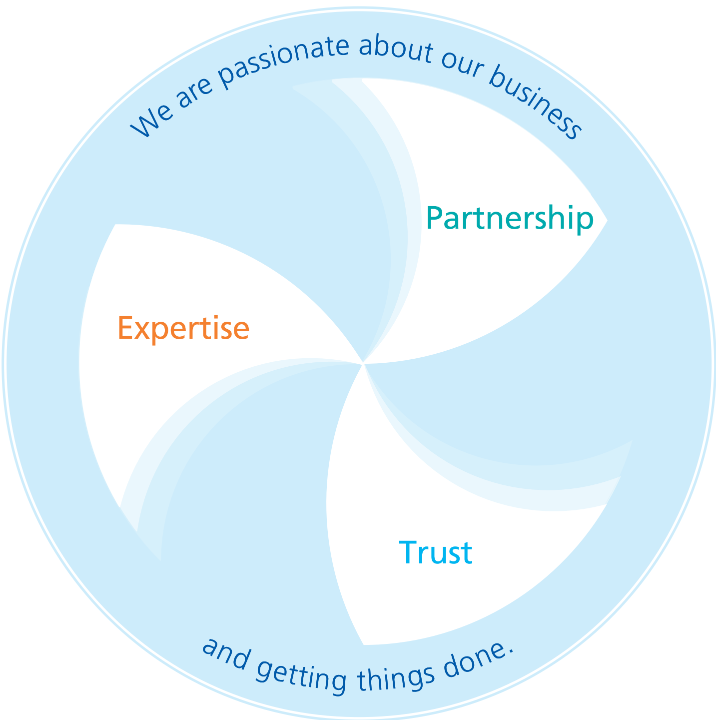
- "Partnership to me means being able to make one and one make three, instead of two. Learning from each other, helping each other, and stimulating each other." (Veenendaal)
- "Partnership means different units and different countries working together for common goals. It's not a question of this is my job and that's your's, it's more: this is our job and how can we do it as flexibly as possible all the way along the chain to the customer?" (Tampere)

Trust

- "Trust is one of those things that you can't buy, you have to earn it. When the customer chooses us, they expect us to be capable of delivering the quality, the service, and the product they expect. And if we don't live up to their expectations, we can destroy something that may have taken years to build up." (Norrköping)
- "Trust means that you can rely on somebody whatever the situation. When somebody promises you something, you can then rely on it happening." (Grodzisk Mazowiecki)

Expertise

- "Expertise is a combination of people's skills and people's knowledge, and it's something you can always develop. Nobody has the expertise to do everything, but together we can do more." (Nakkila)
- "Expertise for us means leveraging and sharing our know-how, valuing our skills, and being a professional. It's something that makes everyday life run more smoothly, and it encourages people to develop their skills and their capabilities. It's also about setting realistic goals and being willing to try out new ideas and approaches." (Nastola)



Guiding Wheel

The Guiding Wheel highlights Suominen's commitment to partnership, trust, and expertise as the key drivers that will enable it to achieve its strategic goals: long-term cooperation with key customers, an efficient value chain, profitable long-term growth, and leveraging the Group's unique synergies.

Working Together to Innovate

Our people are critical to making the innovation we can offer our customers a true added value. Whether it is delivering improved functionality and ease of use, adopting more advanced materials and processing techniques, or operating a more cost-efficient supply chain.

We work closely with our customers and their product development organisations to help them respond to the changing needs of consumers and the marketplace rapidly and flexibly – to deliver high-quality solutions that meet practical needs, qualify new products and processes, and provide support for production- and product-related issues.

Our development facilities and specialist personnel are concentrated in a research laboratory, which works with business-specific teams and key customer account people to ensure that we keep our finger on the pulse. Advanced pilot lines are available for manufacturing wet wipes and developing and testing fibres, nonwovens, wipes, and multilayer film materials. These are very valuable in enabling us to test out our latest ideas before moving up to full-scale production, and for getting to grips with customers' conversion-related issues.

All of Suominen's in-house expertise comes together in the wet wipes area, in terms of nonwovens, liquids, and packaging. We are keen to make more of this advantage, so that customers can come to us and let us provide them with a one-stop shop for the specific nonwoven, the specific lotion, and the specific product characteristic they are looking for, with their packaging of choice as well.

Development work in nonwovens concentrates on extending the product range for wipes, and developing techniques such as embossment to improve product effectiveness and offer greater variety. The newest addition to Nonwovens' product family, launched in 2007 – Biolace – is produced solely from renewable raw materials, and anticipates future consumer preferences for value-added products with a sustainable profile.

We make use of the latest in extrusion, printing, lamination, and converting technology to ensure that Suominen's flexible packaging solutions offer excellent performance and strength, usability, and premium visuals. This includes working with raw material and packaging machine suppliers, together with research institutes, on a regular basis.

Ole hyvä!

www.muovikassikiertoon.fi

Helping consumers recycle

Suominen Flexible Packaging launched an innovative recycling initiative in Finland in 2007 to encourage consumers to recycle one of the most widely used packaging products, the carrier bag. This was coordinated with Lassila & Tikanoja, an environmental management and property and plant support services company.

The project has established recycling points at shops and shopping centres in Greater Helsinki and elsewhere in southern Finland, alongside existing recycling facilities for returnable bottles and/or bottle banks. Plans are in hand to extend the initial network during 2008.

Bags deposited at these points are collected by Lassila & Tikanoja and delivered for sorting and regranulation before being returned to Suominen to make new carrier bags.

Plastic is ideal for recycling, and all the material used in the carrier bags produced by Suominen Flexible Packaging can be recycled or used in energy generation. Suominen offers a number of T-shirt retail carrier bags and garbage sacks produced from recycled materials.

Thinking more sustainably

Suominen is committed to sustainable development and minimising the environmental impact associated with its materials, processes, and way of working – in line with the ICC's Business Charter for Sustainable Development.

Suominen follows the three principles of reduce, reuse, and recycle in its approach to the environment. The Nonwovens unit has had an ISO 14001 certificate since year 2000.

Product and process development teams incorporate environmental and safety requirements into their work from the very start of projects, with the aim of creating high-quality products using raw materials, energy, and other resources as efficiently as possible. Airborne emissions are carefully monitored and VOC-emissions are treated with the help of advanced incinerator or ionisation units.

In the case of the Nakkila nonwovens plant, production waste is mixed with wood chips to generate heat for the plant's production lines and local homes in a recently commissioned unit in collaboration with Fortum, Finland's largest utility.

Focusing on quality

Quality management is implemented across the Suominen Group. Ambitious annual targets, together with training and safety at work programmes, are used to improve performance across all aspects of operations.

Both Wet Wipes and Nonwovens have been ISO 9001:2000 certified for many years. Suominen Flexible Packaging has integrated quality, environmental, and safety processes into a single operating system covering all its locations. All units follow the latest GMP (Good Manufacturing Practice) guidelines.

Joint development programmes and audits are used with suppliers and other partners to ensure an uninterrupted chain of high standards.

Wipes and Nonwovens

Wet Wipes

- Baby wipes
- Personal care wipes
- Household cleaning wipes
- Industrial and institutional wipes

Nonwovens

- For wet wipes for baby care, personal hygiene, facial care, and household cleaning
- For wet and dry industrial wipes
- For hygiene absorbent products
- For wound care
- Biolace product family produced solely from renewable raw materials

Suominen Wet Wipes supplies a number of market-leading consumer brands and major retailers, and is one of Europe's largest converters of nonwoven materials.

Wet Wipes uses a variety of manufacturing technologies and folding techniques, which are combined with strong in-house lotion expertise and extensive packaging options to offer a comprehensive range of products. The majority of products are produced to tight specifications from customers, who also benefit from Wet Wipes' advanced production lines, liquid compounding expertise, and the excellent logistics offered by its plant in the Netherlands.

Suominen Nonwovens, based in Finland, is one of Europe's leading producers of nonwovens and supplies a range of roll goods for processing into wipes, hygiene products, and health care products by customers or in-house use. Customers include some of the world's leading consumer brands, many of which Suominen has supplied for many years. Sales outside Europe mainly go to North America.

The biggest single advantage of the Fibrella range of binder-free, spunlaced nonwovens is that it can be tailored to the needs of virtually any wiping or cleaning application. Its textile-like feel, softness, and durability make it particularly suitable for baby and personal care wipes. Converters need significantly less Fibrella than conventional materials to achieve a similar level of performance very cost-effectively.

Novelin is a well-established thermobonded product and continues to be an excellent coverstock for a range of hygiene products.

Nonwovens' latest innovation – Biolace – offers a solution for customers wanting a nonwoven produced solely from natural renewable fibres.

The Wet Wipes and Nonwovens businesses employ some 470 people at their two locations.

2007 in focus

Net sales in the Wipes and Nonwovens business area totalled EUR 137.6 million, an increase of 8% on the EUR 126.9 million recorded in 2006. The business area's comparable underlying operating profit totalled EUR -0.4 million (-0.1). A one-time impairment charge against goodwill was booked totalling EUR -8.4 million, of which EUR 4.1 million was related to Wet Wipes and EUR 4.3 million to Nonwovens.

Wet Wipes recorded net sales of EUR 70.0 million in 2007, and it was on the level of the previous year. Gross investments totalled EUR 2.5 million (1.0).

Deliveries to major brands increased overall, although changes made by customers to their ranges over the summer resulted in a short-term drop in sales as old stock was drawn down. Sales to retailers were lower overall, and planned sales volumes were not achieved.

While productivity improved on 2006 as a result of higher line speeds and better yields as part of the Stairs to Top programme, the financial benefit was less than anticipated, mainly due to delays in planned actions. A new automated warehouse system, also part of the Stairs to Top programme, was commissioned in the autumn.

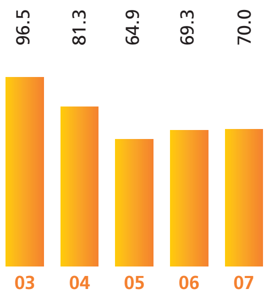
Nonwovens recorded net sales of EUR 77.0 million during the year, an increase of 14% on the EUR 67.3 million booked in 2006. Gross investments totalled EUR 1.9 million (1.1).

Increased sales of spunlaced material were the main factor in driving higher sales on the back of a strong order book; sales of thermobonded material remained essentially unchanged on 2006. Deliveries to the US were brisk and above 2006 levels, while sales in Europe were lower, although Europe regained sales momentum towards the end of the year.

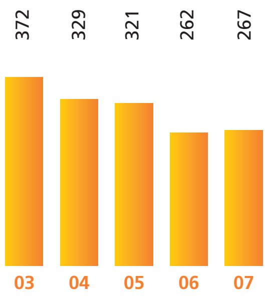
Significantly higher raw material prices were seen for both polymers and viscose, and it proved possible to pass on only part of these higher costs to sales prices, with the result that margins suffered during the first and fourth quarters in particular.

Wet Wipes

Net sales, € million
2003 pro forma

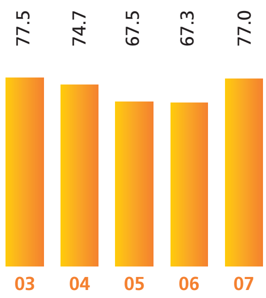


Average personnel

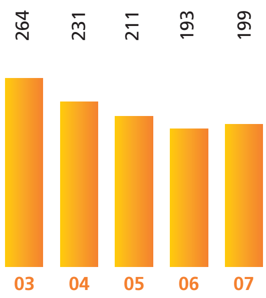


Nonwovens

Net sales, € million



Average personnel



Production-related efficiency was weaker than expected, and efficiency-enhancement measures were implemented more slowly than planned.

The first full year of the new power plant at Nakkila, fired on a combination of production waste and wood chips, mitigated the rise of energy costs. An investment project designed to improve operational efficiency, reduce water usage, and enhance water treatment there was completed on-time and on-budget at the end of the year.

Strategy and prospects for the future

The market for consumer wipes is projected to continue growing steadily. The market for wet wipes for baby care and toddlers is expected to grow faster than general consumption levels, but will be outpaced by growth in cosmetic and personal hygiene applications. The needs of an ageing population, a greater range in size of households, and environmental concerns all offer potential for new product innovation.

The downside of good demand for wet wipes has been that it has attracted a lot of new capacity, and this, together with price pressures, will remain a challenge.

Competition is also expected to remain tough in nonwovens, reflecting the situation in wet wipes. Growth will come from a combination of increased sales of existing products and product extensions. Wiping and hygiene applications are expected to grow ahead of general consumer demand, while wound care product prospects are likely to be flatter. The additional production capacity that has come onto the nonwovens market in the last few years will keep the market a challenging one.

Wet Wipes launched an operational development programme towards the end of 2007 aimed at making the business more customer- and consumer-driven. The skills base has already been strengthened, and the aim is to develop Suominen's own product offering and push the Suominen one-stop shop model ahead. A marketing and portfolio management function has been created to drive this development. Sale have also been reorganised. These measures should help grow sales volumes and improve profitability.

Nonwovens will address the ongoing need to improve production efficiency, enhance quality, and reduce wastage. The focus will be on offering a more advanced range of value-added materials for wiping applications, and new hygiene applications.

biolace®

BETTER WITH BIOLACE!

Suominen Nonwovens launched a new, more sustainable alternative with the announcement of Biolace in early 2007.

Biolace is produced solely from renewable raw materials and is 100% biodegradable and com-postable. Only chlorine-free pulp and viscose sourced from certified forests, together with Ingeo™, and cotton, are used in producing Biolace.

All Biolace products have a Oeko-Tex Standard 100 Class 1 certificate, and current grades offer smooth or hydroembossed surfaces and varying combinations of raw materials. Biolace has been designed from the outset to be ideal for a wide range of wipe applications, from baby and personal care to cleaning.

Leveraging Suominen's one-stop shop capability, Suominen Wet Wipes is developing new environmentally friendly lotions to make the most of Biolace in wiping products, containing ingredients produced from natural, renewable raw materials and meeting the requirements for Swan label certification and compliance with Oeko-Tex standards.

We are able to provide a wide range of natural concepts for the baby, cosmetics, and household markets. These are ideal for helping customers develop or extend their natural product lines and meet changing consumer expectations.

Flexible Packaging

- Food Packaging
  - Films and bags for baked goods, fresh food, frozen food, dry food, and liquids
  - Labels
- Hygiene Packaging
  - Film and bags for tissue products
  - Packaging for feminine care products and incontinence products
  - Films for wet and dry wipes
- Retail Packaging
  - Carrier bags
  - Bags on the roll
  - Minigrip bags
- System & Security Packaging
  - Security and tape bags
  - System packaging
  - Reclosable packaging

Suominen Flexible Packaging is a leading supplier of packaging for hygiene and food products in a number of regional markets in Northern and Eastern and Central Europe, and the leader in retail carrier bags in Finland – supplying major international brands and leading regional and local manufacturers and retail chains.

Quality materials and printing make Suominen's packaging – and customers' products – stand out on the shelf. Suominen's premium-quality reprographic and flexographic printing expertise, using up to 10 colours, guarantees attractive solutions. By focusing on customer-driven product development, Suominen is able to offer solutions meeting consumers' expectations in important areas such as ease of use, reclosability, and recyclability.

Priority is also given to ensuring that products are manufacturer-friendly as well, offering excellent performance in a wide range of machines, including the latest high-speed lines – to speed up production processes, minimise waste, and produce packaging with optimal durability, stiffness, strength, and sealing properties. Suominen has succeeded in downgauging film thicknesses, while still offering market-leading durability; and our laminated films are ideal where contents needs greater protection against mechanical wear and tear, and to seal in freshness.

Suominen's packaging expertise comes into its own in its security and system packaging solutions, in the shape of products like Amersafe security bags for storing and transporting money, document, and valuables. Reclosable Minigrip and Zipper bags have become Suominen classics among consumers, and are also popular among industrial customers.

Production is based in Finland, Poland, and Sweden, and the business employs some 600 people.

2007 in focus

Flexible Packaging recorded net sales of EUR 78.3 million in 2007, an increase of 3.0% on the EUR 76.0 million booked in 2006. Gross investments totalled EUR 6.9 million (2.1 million).

Increased net sales were driven by higher sales volumes, particularly in retail packaging and system & security

packaging. The latter product area continued to benefit from greater security concerns world-wide. Growth in hygiene and food packaging was more modest, although sales of wrap-around labels for PET bottles, started well. Sales in Eastern Europe and Russia increased substantially compared to 2006, thanks in part to the start-up of a new printing machine at the plant in Poland, the site's fourth, and the completion of the plant's most recent expansion project. The plant now has three times the capacity it had when it opened in 2000.

Operating profit totalled EUR 2.4 million (1.9 million), and was impacted by the significant increase in plastic raw materials that took place during the year. Although price increases were achieved, it proved impossible to pass on the entire effect of higher raw material costs.

Efficiency enhancement measures focused on improving the efficiency of printing and converting. Personnel numbers were reduced at the Swedish plant at the end of the year, without affecting the site's capacity.

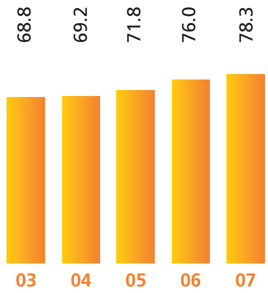
Strategy and prospects for the future

The use of flexible packaging looks set to remain the fastest-growing segment of the packaging business, with the largest regional growth projected in Eastern Central Europe and Russia. The focus is expected to be on the food sector, driven by demand for more prepacked vegetables, more single-portion ready meals, more easy-open solutions, and the general substitution of other types of packaging. High raw material costs are expected to remain an ongoing challenge during 2008.

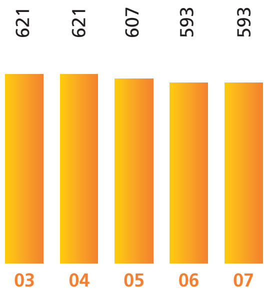
Suominen's strategic focus will be on extending its ability to develop innovative, customised solutions that offer added value for customers and a cost-efficient value chain for the company. Innovations will also be developed to secure and enhance margins in more established product segments. Work will continue on increasing line speeds, further improving product yield, and reducing unit costs; and also on optimising the supply chain and manufacturing resources linking the Finnish, Swedish, and Polish plants.

Flexible Packaging

Net sales, € million



Average personnel



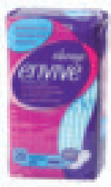
A new pleasant touch

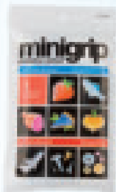
2007 saw Suominen Flexible Packaging developed a new laminated film with a distinctive surface for food and hygiene applications known as Amerfeel. Its matte surface offers an attractive natural look that gives products a new edge on the shelf.

The first customer to use Amerfeel was the Rosten Bakery in Finland, when it launched a new range of filled bun bread in the spring.

Rosten selected polypropylene for this application, but Amerfeel can also be produced in a range of other materials. Used in combination with other films, it can offer customers a number of new alternatives for packaging their products that can improve the freezability of products, for example, or control the breathability of film more precisely. Up to 10 colours can be used when printing, bringing further added value.

For maximum convenience, Amerfeel is produced both as ready-to-use bags or film.





Corporate Governance

Suominen Corporation is a Finnish listed company and observes the Finnish Companies Act, other regulations covering listed companies, and the requirements of its own Articles of Association in its decision-making and administration. Suominen's system of administration and supervision complies with the Corporate Governance recommendation issued by the OMX Nordic Exchange in Helsinki, the Central Chamber of Commerce, and the Confederation of Finnish Industry and Employees that came into force as of 1 July 2004.

Business organisation

Suominen Corporation has two main business areas: Wipes and Nonwovens, and Flexible Packaging, of which the former is divided into two business units: Wet Wipes and Nonwovens. Financially accountable vice presidents report to the Company's President and CEO. Financial management provides support for all areas of operation.

General Meetings of Shareholders

Suominen Corporation's highest decision-making authority is exercised by the Company's shareholders at General Meetings of Shareholders. These meetings decide on matters specified in the Companies Act, such as the acceptance of the Company's financial statements and the payment of dividends, releasing the members of the Board of Directors and the President and CEO from liability, the election of members of the Board of Directors and Auditors and the compensation they are paid, and amendments to the Articles of Association. An Annual General Meeting is held annually on a date determined by the Board of Directors before the end of April. Annual General Meetings address matters specified as coming within their authority in the Articles of Association and other proposals put before them. Extraordinary General Meetings are convened when necessary to consider specific proposals put before them for consideration. General Meetings of Shareholders are convened by the Board of Directors.

Each Suominen Corporation share entitles its holder to one vote. Under the Articles of Association, no shareholder may cast more than one fifth of the total number of votes represented at the General Meeting of Shareholders. The Company is not aware of any shareholder agreements concerning the use of voting rights or restrictions related to the conveyance of its shares.

Shareholders shall be invited to General Meetings through an invitation, accompanied by an agenda of the meeting, published in a daily newspaper in the Company's domicile specified by the Board of Directors. The Board of Directors' proposals to a General Meeting and the invitation shall also be announced in a stock exchange release.

The members of the Board of Directors, the President and CEO, and the candidates nominated for Board membership shall attend General Meetings, unless they can provide good reason for their absence.

Board of Directors

In accordance with the Articles of Association, Suominen Corporation's Board of Directors shall comprise a minimum of three members and a maximum of seven. Members are elected by the Annual General Meeting. Their term of office shall expire on conclusion of the first Annual General Meeting following their election. A person aged 70 years or older cannot be elected to the Board of Directors. The Board elects a Chairman and a Deputy Chairman from among its members.

Suominen Corporation's Annual General Meeting, held on 29 March 2007, elected Heikki Bergholm, Kai Hannus, Pekka Laaksonen, Juhani Lassila, Mikko Maijala, and Heikki Mairinoja to the Board of Directors. A more detailed description of Board members can be found on page 21 of the Annual Report.

The Board of Directors has evaluated the independence of its members in accordance with Section 18 of the Finnish corporate governance recommendation and established that all its members are independent of the Company and significant shareholders.

Charter of the Board of Directors

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

The duties of the Board include:

- deciding on the Company's corporate structure and organisation
- nominating and dismissing the President and CEO
- deciding on the salaries, bonuses, and other benefits paid to the President and CEO and his immediate subordinates
- deciding on the Company's salary and incentive system
- considering and approving annual accounts, annual reports, financial statement releases, and interim reports
- monitoring and supervising the Group's performance and ensuring the effectiveness of its management

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

In view of the number of members of the Board and its meeting schedule, it has not been considered appropriate to divide the Board's operations between separate audit, nomination, and compensation committees.

Meeting practice

In accordance with its advance schedule, the Board of Directors meets at least eight times a year. Where appropriate, meetings can be held in the form of teleconferences. The Board of Directors convenes under the direction of the Chairman or, if the Chairman is unable to attend, the Deputy Chairman. Items of business are generally presented by the President and CEO. Minutes are taken by the CFO. The Board convened eleven times in 2007, of which two meetings were held in the Group's business units. The average attendance rate at meetings was 97%.

Self-evaluation

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

President and CEO

The President and CEO of Suominen Corporation is appointed by the Board of Directors, and is responsible for day-to-day operations in accordance with the Companies Act and guidelines and instructions provided by the Board of Directors.

Corporate Executive Team

Suominen Corporation's Executive Team, appointed by the Board of Directors, supports the President and CEO in developing the Company's strategy, considering major operational matters or matters of principle, and ensuring an adequate flow of information across the Group. The Corporate Executive Team comprises, the President and CEO as Chairman, and the Vice Presidents and General Managers of the Flexible Packaging and Nonwovens businesses, and the Vice President and CFO.

Salaries and emoluments

Board of Directors

The Annual General Meeting determines the emoluments paid to the members of Suominen Corporation's Board of Directors in advance, for one year at a time. The Chairman of the Board is paid EUR 30,000, the Deputy Chairman EUR 22,500, and members EUR 18,750. A total of 40% of these sums are paid in the form of Company shares.

The members of the Board do not come within the scope of the Company's stock option programme or incentive scheme, and are not provided with a pension by the Company.

President and CEO and other executives

The Board of Directors determines the salary, bonuses, and other benefits paid to the President and CEO, which totalled EUR 437 thousand in 2007.

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

Separate emoluments are not paid to the members of the Boards of Directors of the Company's subsidiaries. The Board of Directors determines the salaries, bonuses, and other benefits paid to the Corporate Executive Team serving under the President and CEO.

The Company provides key personnel with an incentive scheme based on the performance of the Company's units and its consolidated performance and the success of the Company's efficiency-enhancement and new business development initiatives (Stairs to Top programme). The Board of Directors approves the basic fundamentals of the incentive scheme. The President and CEO has been granted a stock option plan that will provide him with 200,000 stock options entitling him to subscribe under clearly specified terms to an equivalent number of Company shares. The members of the Corporate Executive Team have also been granted a stock option plan that will provide them with 65,000 stock options entitling them to subscribe under clearly specified terms to an equivalent number of Company shares.

Auditing

PricewaterhouseCoopers Oy, Authorised Public Accountants, with Heikki Lassila, APA, as Principal Auditor, act as Suominen Corporation's auditors.

The auditors and the President and CEO agree an audit plan annually that takes account of the fact that Suominen does not have an internal audit organisation of its own. Internal audit findings are reported to the President and CEO and the relevant management concerned.

The fees paid to PricewaterhouseCoopers for the statutory auditing of the Group companies totalled EUR 101 thousand in 2007. The fees paid to the auditing company and companies belonging to the same group for non-audit services totalled EUR 14 thousand.

Internal control and risk management

The financial development of the Company is monitored monthly using an operative reporting system covering the entire Group. Sales reports are prepared, as applicable, on a daily, weekly, and monthly basis. In addition to numerical data, result and balance sheet reporting covers budgets, forecasts, and investment reports.

The duties of Suominen's controller function also include an internal audit dimension as part of the support provided to the Company's businesses.

The Company has insurance, financing, credit, and electricity supply policies confirmed by the Board of Directors.

Guidelines for insiders

Suominen Group observes the guidelines contained in the Finnish Securities Market Act concerning the declaration of insider holdings, the maintenance of an insider register and a Company-specific insider register, the guidelines on insiders issued by the OMX Nordic Exchange in Helsinki, and the Company's own insider guidelines.

The members of the Board of Directors, the President and CEO, and the Principal Auditor are included in the Company's public insider register maintained as part of the SIRE Service by the Finnish Central Securities Depository

The Company also maintains a register of Company-specific, non-public insiders. Permanent insiders listed here include the members of the Corporate Executive Team and certain financial administration personnel. A project-specific insider register is maintained covering major or otherwise important projects. The Vice President and CFO is responsible for insider issues.

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

The shareholdings of the Company's public insiders are presented via the NetSire Service, which can be accessed via the Company's Internet site.

Board of Directors

Mikko Maijala, b. 1945

Licentiate of Technology
Member of the Board since 2005,
Deputy Chairman 2005, Chairman since 2006
Chairman of the Board of Chemec Ltd
Managing Director of Roquette Nordica Ltd
Holds 1,053,478 Suominen Corporation shares
Has a controlling power in Maijala Investment Oy, which holds 76,100 Suominen Corporation shares

Pekka Laaksonen, b. 1956

M.Sc. (Econ.)
Member of the Board since 2001,
Deputy Chairman since 2006
CEO of Valio Ltd
Holds 55,174 Suominen Corporation shares

Heikki Bergholm, b. 1956

M.Sc. (Eng.)
Member of the Board since 2001,
Chairman 2001 – 2002
Chairman of the Board of Componenta Corporation and Lakan Betoni Oy
Member of the Board of Forchem Oy and MB Funds Ltd
Holds 1,724,310 Suominen Corporation shares

Kai Hannus, b. 1945

Licentiate of Technology
Member of the Board since 2006
Member of the Board of Chemical Industry Federation of Finland
Chairman of the Scientific Advisory Board of Chemical Industry Federation of Finland
Holds 4,233 Suominen Corporation shares

Juhani Lassila, b. 1962

M.Sc. (Econ.)
Member of the Board since 2005
Managing Director of Agros Corporation
Chairman of the Board of Evald and Hilda Nissi Foundation
Deputy Chairman of Lassila & Tikanoja plc
Member of the Board of Comptel Corporation
Holds 26,296 Suominen Corporation shares
Has a controlling power in Evald and Hilda Nissi Foundation, which holds 2,138,490 Suominen Corporation shares

Heikki Mairinoja, b. 1947

M.Sc. (Eng.), B.Sc. (Econ.)
Member of the Board since 2001
Member of the Board of EM Group Oy, Ensto Ltd. and Lindström Invest Oy
Holds 19,620 Suominen Corporation shares
Has a controlling power in Monaccio Oy, which holds 2,550 Suominen Corporation shares

President and CEO

Kalle Tanhuanpää, b. 1952

B.Sc. (Econ.)
President and CEO of Suominen Corporation since 2006
Member of the Board of Harjavalta Oy
Holds 30,000 Suominen Corporation shares

Auditors

PricewaterhouseCoopers Oy

Authorised Public Accountants
Principal Auditor Heikki Lassila, APA

Corporate Executive Team

Kalle Tanhuanpää, b. 1952

B.Sc. (Econ.)
President and CEO
Joined Suominen Corporation in 2006
Holds 30,000 Suominen Corporation shares

Arto Kiiskinen, b. 1953

M.Sc. (Econ.)
Vice President and CFO
Joined Suominen Corporation in 2001
Holds 13,169 Suominen Corporation shares

Petri Rolig, b. 1963

M.Sc. (Eng.)
Vice President
General Manager of the Flexible Packaging business area
Joined a Suominen company in 2006
Holds 5,000 Suominen Corporation shares

Sakari Santa-Paavola, b. 1958

Vice President
General Manager of the Nonwovens business unit
Joined a Suominen company in 1983
Holds 7,900 Suominen Corporation shares

Share Capital and Shareholders

Share capital

The registered share capital of Suominen Corporation totals EUR 11,860,056 and the number of issued shares 23,720,112. Shares have a book counter value of EUR 0.50 and no nominal value. Suominen Corporation shares are quoted on the OMX Nordic Exchange in Helsinki in the Small Cap segment under 'Consumer Staples'. The trading code is SUY1V and the ISIN code is FI0009010862.

Each Suominen Corporation share carries one (1) vote at the General Meeting of Shareholders. Under the Articles of Association, no shareholder may cast more than one fifth (1/5) of the total number of votes represented at the General Meeting of Shareholders. Shares afford equal rights to the distribution of the Company's assets.

In order to participate at the General Meeting of Shareholders, a shareholder must inform the Company by the date mentioned on the invitation at the latest.

Redemption obligation

The Articles of Association contain a clause stating that a shareholder whose holding of all shares of the Company, or the votes afforded by the shares, reaches or exceeds 33 1/3 or 50 per cent, has an obligation upon request by other shareholders to redeem their shares in accordance with the procedure stipulated in the Articles of Association.

Share trading

A total of 8,765,455 Suominen Corporation shares were traded on the OMX Nordic Exchange in Helsinki between January and December 2007, equivalent to 37.0% of shares included in the Company's share capital. The trading price varied between EUR 2.01 and EUR 3.79. The share closed the year at EUR 2.07, giving the Company a market capitalisation of EUR 49,025,401.83 as of the end of the year.

The Company's own shares

On 1 January 2007, the Company held 51,121 of its own shares, with an acquisition value of EUR 3.19 per share.

The Annual General Meeting of Shareholders held on 29 March 2007 authorised the Board of Directors to decide on the acquisition of a maximum of 1,186,000 of the Company's own shares. The authorisation will be valid for 18 months after the decision of the General Meeting. The repurchased shares will be used as payment in business acquisitions or other arrangements in the Company's business, to finance investments, to implement incentive programmes, will be held by the Company, or otherwise be conveyed or cancelled. The Company's own shares will be repurchased otherwise than in proportion to the holdings of shareholders by using non-restricted equity through public trading on the Helsinki Stock Exchange at the market price prevailing at the time of acquisition.

The General Meeting also authorised the Board of Directors to decide on the conveyance of a maximum of 1,237,000 of the Company's own shares. The authorisation will be valid for 18 months after the end of the General Meeting. Under the authorisation, the Company has conveyed 14,778 of its own shares as emoluments to the Board of Directors between 1 January and 31 December 2007 at EUR 3.45 per share.

The Board of Directors has not exercised its authorities to buy the Company's own shares. On 31 December 2007, Suominen Corporation held a total of 36,343 of its own shares, accounting for 0.0% of the share capital and votes.

Stock options 2006 and 2007

Under the 2006 stock option plan, a maximum of 300,000 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 with an equivalent book value of EUR 0.50. In 2007, the Board of Directors decided to issue 100,000 stock options according to the 2006B stock option plan. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007, or EUR 3.44. The subscription period for the 2006B stock options is from 2 May 2009 to 30 October 2010.

Under the 2007 stock option plan, a maximum of 200,000 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 with an equivalent book value of EUR 0.50. The Board of Directors decided to issue 80,000 stock options according to the 2007A stock option plan. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007, or EUR 3.44. The subscription period for the 2007A stock options is from 2 May 2009 to 30 October 2010. A total of 15,000 stock options included in the 2007A stock option issue have been returned to the Company based on the terms of the plan.

As the registered number of Suominen's issued shares totals 23,720,112, the number of shares may rise to a maximum of 24,220,112 after stock option subscriptions.

Other authorisation granted to the Board of Directors

The Board of Directors is not currently authorised to issue shares, convertible bonds, or bonds with warrants.

Notifications of changes in holdings

On 2 May 2007, Sampo Life Insurance Company reported that its holding in the share capital and voting rights of Suominen Corporation had decreased to 3.04%.

Policy regarding dividend payment

According to the financial targets established by the Board of Directors, the size of the dividend will be raised ensuring the sound growth of the Company.

Shares held by the management

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, 5,130,251 shares on 31 December 2007. These shares entitle holders to 21.7% of voting rights.

Members of the Board of Directors	Shares on 31 December 2007	Shares on 1 January 2007
Mikko Maijala, Chairman of the Board	1 053 478	1 050 000
Maijala Investment Oy	76 100	76 100
Pekka Laaksonen, Deputy Chairman of the Board	55 174	52 566
Heikki Bergholm, Member of the Board	1 724 310	1 722 137
Kai Hannus, Member of the Board	4 233	2 060
Juhani Lassila, Member of the Board	26 296	24 123
Evald and Hilda Nissi Foundation	2 138 490	2 138 490
Heikki Mairinoja, Member of the Board	19 620	17 447
Monaccio Oy	2 550	2 550

Members of the Corporate Executive Team	Shares on 31 December 2007	Shares on 1 January 2007
Kalle Tanhuanpää, President and CEO	30 000	20 000
Arto Kiiskinen, Vice President, CFO	13 169	13 169
Petri Rolig, Vice President, General Manager	5 000	5 000
Sakari Santa-Paavola, Vice President, General Manager	7 900	900

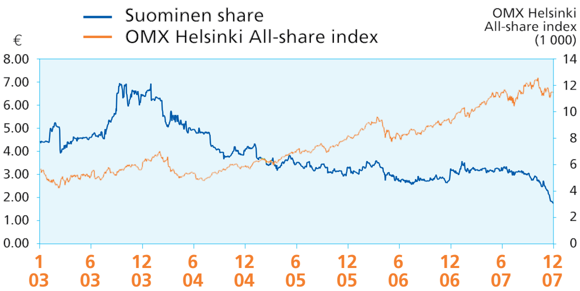
Shareholders by category

	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
Companies	170	7.0	2 418 123	10.2
Financial institutions and insurance companies	11	0.6	2 161 018	9.1
Public institutions	9	0.4	4 279 981	18.0
Non-profit organisations	38	1.6	2 796 860	11.8
Individuals	2 196	90.1	10 250 571	43.2
Foreign shareholders	9	0.4	658 270	2.8
	2 433	100.0	22 564 823	95.1
Shares registered in a nominee's name			1 098 678	4.6
Shares held by the Company			36 343	0.2
Shares not transferred to the book-entry system			20 268	0.1
Total			**23 720 112**	**100.0**

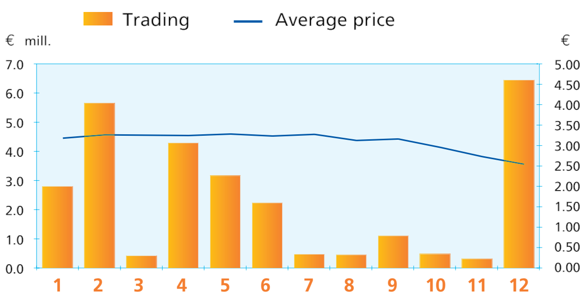
Distribution of share ownership

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
1-100	275	11.3	17 079	0.1
101-500	751	30.9	233 307	1.0
501-1 000	480	19.7	393 238	1.7
1 001-5 000	654	26.9	1 585 944	6.7
5 001-10 000	132	5.4	951 516	4.0
10 001-50 000	103	4.2	2 192 213	9.2
50 001-100 000	11	0.5	813 057	3.4
100 001-500 000	17	0.7	4 382 102	18.4
over 500 000	10	0.4	11 996 367	50.6
	2 433	100.0	22 564 823	95.1
Shares registered in a nominee's name			1 098 678	4.6
Shares held by the Company			36 343	0.2
Shares not transferred to the book-entry system			20 268	0.1
Total			**23 720 112**	**100.0**

Adjusted share price development, 2003–2007



Trading and average share price monthly, 2007



Largest shareholders on 31 December 2007

	Shareholder	Number of shares	Percentage of shares and voting power
1.	Evald and Hilda Nissi Foundation	2 138 490	9.0
2.	Ilmarinen Mutual Pension Insurance Company	1 911 552	8.1
3.	Heikki Bergholm	1 724 310	7.3
4.	Tapiola Mutual Pension Insurance Company	1 283 850	5.4
5.	Mikko Maijala	1 053 478	4.4
6.	Juhani Maijala	1 041 360	4.4
7.	Varma Mutual Pension Insurance Company	982 500	4.1
8.	Eeva Maijala	725 627	3.1
9.	Sampo Life Insurance Company Ltd	600 000	2.5
10.	Veikko Laine Oy	535 200	2.3
11.	Evli Bank Plc	439 946	1.9
12.	OP-Suomi Arvo	389 800	1.6
13.	Argonius Oy	355 050	1.5
14.	Arvo Finland Value Mutual Fund	350 745	1.5
15.	Jorma Takanen	319 900	1.4
16.	Aktia Capital Mutual Fund	317 550	1.3
17.	Nordea Nordic Small Cap Mutual Fund	311 017	1.3
18.	Samfundet Folkhälsan i Svenska Finland rf	300 000	1.3
19.	Oy Etra Invest Ab	290 000	1.2
20.	Celeres Pension Mutual Fund	278 000	1.2

All information concerning the Company's shares is based on the book-entry securities register on 31 December 2007.

Investor relations

Suominen Corporation's investor relations are the responsibility of President and CEO Kalle Tanhuanpää. Investor communications are the responsibility of Vice President and CFO Arto Kiiskinen.

Statements regarding corporate finances and performance are issued exclusively by the Board of Directors and the President and CEO. No appointments will be arranged for investors with Company representatives, nor will any comments on financial performance be issued during the silent period observed between the end of a financial period and the disclosure of the results for that period.

The financial performance of the Company is monitored and assessed by at least the analysts listed below:

eQ Bank Ltd.	Robert Liljequist	tel. +358 (0)9 6817 8654
Qlitnir Bank Ltd	Kim Gorschelnik	tel. +358 (0)9 6134 6234
OKO Bank plc	Mikael Nummela	tel. +358 (0)10 252 4414

Suominen Corporation is not responsible for analysts' comments or forecasts.

Summary of Stock Exchange Releases in 2007

February

12 February	Financial statement release 1 January – 31 December 2006
12 February	Notice of Annual General Meeting of Shareholders

March

16 March	Annual Report and annual summary 2006 published
29 March	Decisions of the Annual General Meeting

April

25 April	Interim report 1 January – 31 March 2007
25 April	Conveyance of own shares

May

3 May	Notification of change in holdings in accordance with section 9, chapter 2 of the Securities Markets Act

July

23 July	Interim report 1 January – 30 June 2007

October

24 October	Interim report 1 January – 30 September 2007

December

5 December	Correction to Suominen's outlook
12 December	Financial information and AGM in 2008

All Suominen Corporation's stock exchange releases can be consulted at www.suominen.fi.

The information in the releases listed above might be outdated.

Report by the Board of Directors

Suominen recorded an improved comparable operating profit for 2007 compared to 2006, but still booked a loss. An impairment charge against goodwill of EUR 8.4 million was recorded as a one-off item with no impact on cash flow, resulting in a loss after taxes of EUR 10.1 million. Profit performance was negatively impacted throughout the year by a steady increase in raw material prices, equivalent to approximately EUR 3 million. Other costs, particularly oil-related ones, also rose. Although sales prices were increased, it proved impossible to pass on all additional costs. The ongoing operational enhancement programme had an approximately EUR 4 million positive impact on performance, although not all the programme's targets were achieved.

Suominen Corporation generated net sales of EUR 215.2 million in 2007 up 6% on the figure for 2006. Loss before taxes and after goodwill amortisation was EUR 10.7 million (-2.7). Earnings per share without one-time write down was EUR -0.07 (-0.08).

Suominen intends continuing its efforts to cut costs and improve operational efficiency.

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

Financial results

Suominen Corporation's net sales for the fourth quarter totalled EUR 54.1 million (54.2) and were on the level of the previous year. Operating profit before goodwill amortisation was EUR -0.6 million (0.8), profit before taxes EUR -10.1 million (-0.3) and profit after taxes EUR -9.7 million (-0.1).

Net sales for the year as a whole totalled EUR 215.2 million (202.6), an increase of 6% on the previous year. Operating profit before goodwill amortisation was EUR 1.7 million (1.2) and after goodwill amortisation EUR -6.8 million. Profit before taxes was EUR -10.7 million (-2.7) and profit after taxes EUR -10.1 million (-1.8).

Sales volumes increased in all units, with the largest increase seen in Nonwovens. The steady increase in raw material prices accelerated towards the end of the year, and had an approximately EUR 3 million negative impact on performance. Price rises based on contractual raw material clauses had a delayed impact. As price rises continued throughout the year, it proved possible to compensate for only part of the total cost increases incurred. A change in the sales mix and sliding prices for long-term contracts reduced average sales prices. Unit prices for energy, freight, and labour all rose. Thanks to the Group's cost-saving and operational enhancement programme, operational costs remained at 2006 levels. The operational enhancement programme progressed slower than planned in Wipes and Nonwovens, and the business failed to achieve its targets for operational efficiency.

Cost-savings and operational enhancement programmes

Suominen currently has a Stairs to Top programme extending over a number of years under way designed to improve the Company's competitiveness and profitability. This covers both operational development and continuous improvement, as well an updated customer offering. This cost-saving and operational enhancement programme had an approximately EUR 4 million positive impact on the result for 2007, and an approximately EUR 10 million positive impact over the last two years. The cost savings included in the programme were achieved in 2007, but operational improvement targets are taking longer to achieve.

The primary benefit of the investments made in 2007 has been to improve operational capabilities and Suominen's potential to develop new products. The investments in question were commissioned towards the end of the year. Investments over the last two years have focused, in particular, on strengthening the Group's expertise and recruiting key resources from outside the Company. These investments, together with the focus on developing the skills base, will give Suominen the opportunity to aim for larger savings of EUR 7 million through its ongoing cost-savings and operational enhancement programme. Savings will account for around half of this and will cover all cost areas. The aim in operational enhancement will be to increase yields, boost machine speeds, reduce changeover times, and accelerate capital turnover.

Financing

Interest-bearing liabilities totalled EUR 99.1 million, or EUR 9.8 million more than at the beginning of the year. Liabilities include capital loans of EUR 2 million. Net financial expenses were EUR 3.9 million (3.9) or 1.8% (1.9) of net sales. A total of EUR 7.3 million was tied up in working capital in the cash flow statement mainly due to increase in net sales and inventories. The equity ratio was 26.9% (32.3), and the gearing ratio (ratio of interest-bearing net liabilities to shareholders' equity) was 210.5% (154.4). Cash flow from operations was EUR 0.12 per share (0.53).

Investments

The Company's gross investments in production totalled EUR 11.3 million (4.3). Planned depreciation amounted to EUR 13.9 million (14.6) and goodwill amortisation to EUR 8.4 million. Wet Wipes accounted for EUR 2.5 million

(1.0), Nonwovens EUR 1.9 million (1.2) and Flexible Packaging EUR 6.9 million (2.1) of total investments. The largest investments in 2007 were the expansion of Flexible Packaging's operations in Poland, the automation of warehouse handling at Wet Wipes, and the modernisation of the water treatment system at Nonwovens.

Research and development

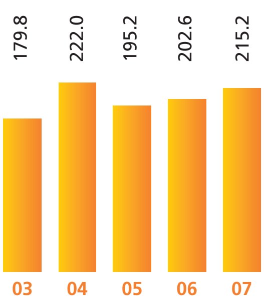
R&D is concentrated in the Group's business units, and employed a total of 27 people as of the end of the year. R&D expenditure totalled EUR 2.1 million (2.6), equivalent to 1.0% (1.3) of net sales. Suominen invests in R&D to offer its customers better materials and more innovative solutions. Group units all have access to the extensive test and pilot equipment at Nakkila. Product development in 2007 focused on new products for wet wipes customers and developing new in-house product concepts, extending the application area for wiping products used in baby care, developing reclosable packaging for bakery and hygiene products, and developing bioproducts.

Net sales and operating profit

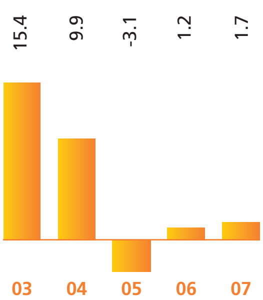
Net sales € 1 000	2007	2006	Change %	2005
Wipes and Nonwovens				
- Wet Wipes	**70 032**	69 299	1.1	64 911
- Nonwovens	**76 970**	67 296	14.4	67 476
- eliminations	**-9 413**	-9 687		-8 947
Total	**137 589**	126 908	8.4	123 440
Flexible Packaging	**78 269**	75 987	3.0	71 837
Consolidation items and eliminations	**-613**	-268		-116
Net sales, continuing operations, total	**215 245**	202 627	6.2	195 161

Operating profit	2007		2006		2005	
	€ 1 000	% of net sales	€ 1 000	% of net sales	€ 1 000	% of net sales
Wipes and Nonwovens	**-359**	**-0.3**	-149	-0.1	-3 452	-2.8
Flexible Packaging	**2 407**	**3.1**	1 958	2.6	72	0.1
Consolidation items and eliminations	**-395**		-619		249	
Profit before goodwill amortisation	**1 653**	**0.8**	1 190	0.6	-3 131	-1.6
Goodwill amortisation	**-8 430**					
Operating profit from continuing operations	**-6 777**	**-3.1**	1 190	0.6	-3 131	-1.6

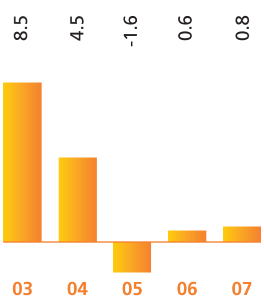
Net sales, € million



Operating profit before goodwill amortisation, € million



Operating profit before goodwill amortisation,%



Segment results

During the period under review, net sales of the Wipes and Nonwovens business area totalled EUR 137.6 million, an increase of 8% on the corresponding period in 2006. Sales of Nonwovens increased substantially thanks to strong demand. Internal deliveries rose significantly during the fourth quarter, and were at 2006 levels for the year as a whole. The comparable underlying operating profit of Wipes and Nonwovens totalled EUR -0.4 million (-0.1 million). A one-time impairment charge against goodwill was booked totalling EUR 8.4 million, of which EUR 4.1 million related to Wet Wipes and EUR 4.3 to Nonwovens.

Net sales of Wet Wipes totalled EUR 70.0 million (69.3). Sales volumes rose, particularly during the fourth quarter thanks to sales to brand customers. Customers' product changes during the summer slowed sales during the second and third quarters, after which sales volumes rose again. Sales to retail chains were lower than in 2006, and planned sales volumes were not achieved. The operational efficiency of machine lines improved compared to 2006, but manning levels were planned for a higher level of output. The investment to automate warehouse handling functions was completed as planned. Renewal of the unit operations to become more customer- and consumer-driven was launched. By streamlining the service offering and developing innovative product concepts in-house, the aim is to seek higher sales and improved profitability. Additional resources were committed to developing new business and innovations. Sales responsibilities were also shifted to a single director.

Net sales of Nonwovens increased by 14% to EUR 77.0 million thanks to increased sales of hydroentangled material. Deliveries to the US market were high during the first part of the year, and those to Europe correspondingly lower. Deliveries reverted to a European focus towards the end of the year. Sales of thermobonded nonwovens remained at 2006 levels. Average sales prices rose slightly,

Investments by business unit

€ million	2007	2006	2005
Wet Wipes	**2.5**	1.0	2.3
Nonwovens	**1.9**	1.2	2.6
Flexible Packaging	**6.9**	2.1	2.8
Total	**11.3**	4.3	7.7
% of net sales	**5.2**	2.1	4.0

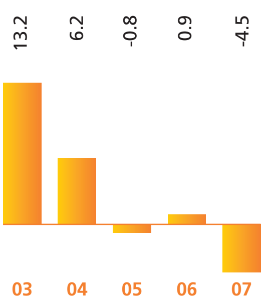
Invested capital

€ 1 000	31 December 2007	31 December 2006
Non-current assets	**102 129**	114 055
Current assets	**70 291**	61 801
Deferred tax liability	**-5 848**	-6 768
Pension liabilities		-314
Trade payables	**-12 507**	-12 935
Accruals and deferred income	**-5 933**	-6 754
Other non-interest bearing liabilities	**-2 706**	-3 007
Total	**145 426**	146 078

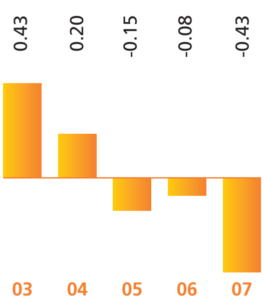
Key figures

	2007	2006	2005
Return on invested capital, %	**-4.5**	0.9	-0.8
Return on equity, %	**-18.8**	-3.1	-6.2
Equity ratio, %	**26.9**	32.3	31.2
Gearing, %	**210.5**	154.4	167.6
Earnings/share, €	**-0.43**	-0.08	-0.15
Equity/share, €	**1.96**	2.40	2.44

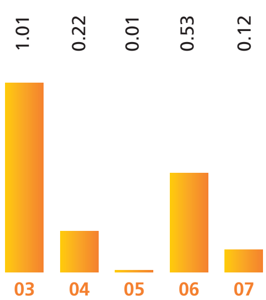
Return on invested capital (ROI), %



Earnings/share, €



Cash flow from operations/share, €



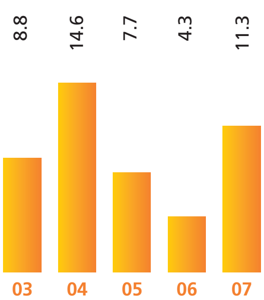
but failed to compensate for the rise in raw material costs. Prices of both oil-based raw materials and viscose rose appreciably through the year. Operational efficiency suffered from production-related problems, and measures taken to improve performance in this area did not have time to make an impact during the year. A reorganisation of the production management team was completed by the end of the year. The new heating plant has reduced energy costs. An investment to improve efficiency and process water treatment was launched at the end of the year.

Net sales of Flexible Packaging totalled EUR 78.3 million, an increase of 3% on the previous year. The business area's operating profit totalled EUR 2.4 million (2.0). The growth in net sales was driven by higher sales volumes. This was most evident in retail packaging and system & security packaging. Growth was also seen in food packaging, while

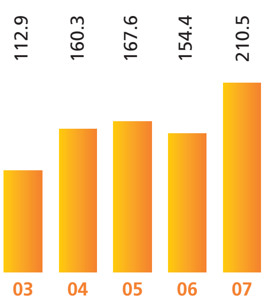
Quarterly results

€ 1 000	I/2007	II/2007	III/2007	IV/2007	I-IV/2007
Net sales					
Wipes and Nonwovens					
- Wet Wipes	17 997	15 485	17 774	18 776	70 032
- Nonwovens	17 901	19 119	21 370	18 580	76 970
- eliminations	-1 354	-2 137	-2 643	-3 280	-9 413
Total	34 544	32 467	36 501	34 076	137 589
Flexible Packaging	19 865	18 833	19 408	20 163	78 269
Consolidation items and eliminations	-110	-127	-208	-168	-613
Net sales, total	**54 299**	**51 173**	**55 701**	**54 071**	**215 245**
Operating profit					
Wipes and Nonwovens	587	-721	559	-784	-359
% of net sales	1.7	-2.2	1.5	-2.3	-0.3
Flexible Packaging	952	1 169	52	234	2 407
% of net sales	4.8	6.2	0.3	1.2	3.1
Consolidation items and eliminations	-289	6	-66	-46	-395
Operating profit before goodwill amortisation	1 250	454	545	-596	1 653
% of net sales	2.3	0.9	1.0	-1.1	0.8
Goodwill amortisation				-8 430	-8 430
Operating profit	1 250	454	545	-9 026	-6 777
% of net sales	2.3	0.9	1.0	-16.7	-3.1
Net financial expenses	-939	-897	-1 046	-1 036	-3 918
Profit before income taxes	**311**	**-443**	**-501**	**-10 062**	**-10 695**

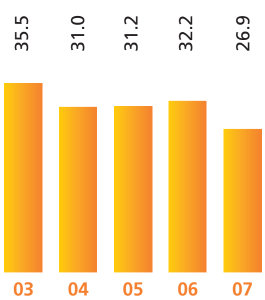
Investments, € million



Gearing, %



Equity ratio, %



hygiene packaging remained at 2006 levels. Sales of wrap-around labels for food packaging rose. Flexible Packaging's overall sales in Eastern Europe and Russia continued to increase. The prices of oil-based raw materials increased by 16% over the year. As a result of delays in passing on cost increases to sales prices, it proved possible to include only part of these higher costs in sales prices. The new printing machine at the plant in Poland was started up on-time, and the expansion of the plant there completed. Operational enhancement efforts have been concentrated on improving printing and converting. A reduction in personnel at the plant in Sweden was implemented at the end of the year. Production management was reorganised at the turn of the year.

Organisation and personnel

Changes in Group organisation and management

Pekka Rautala, Vice President and General Manager of the Wet Wipes business unit, resigned and left Suominen on 15 October 2007. His duties will be carried out by the President and CEO of Suominen Corporation until further notice.

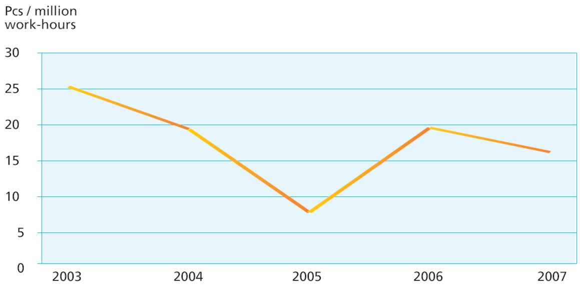
Marko Laaksonen was appointed to Group's HR Manager on 15 June 2007.

The Corporate Executive Team comprises, the President and CEO, and the Vice Presidents and General Managers of the Flexible Packaging and Nonwovens businesses, and the Vice President and CFO.

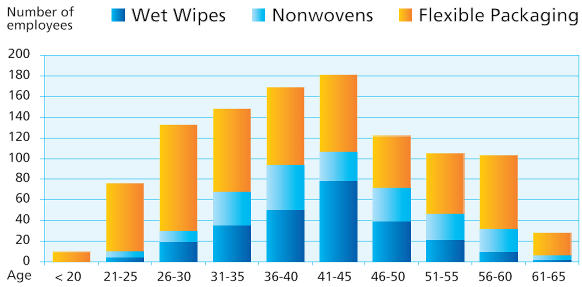
Personnel

HR management and personnel play an important part in customer satisfaction performance and achieving long-term financial targets. The Group has increased the use of goal-oriented and teamwork tools across the Suominen organisation to achieve a more target- and future-driven mindset.

Lost time injuries (>1 day)
Frequency 2003–2007



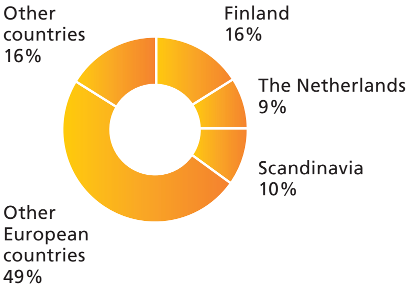
Age structure on 31 December 2007



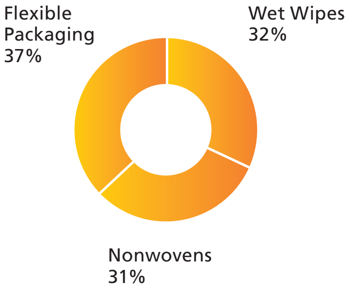
Group personnel on 31 December

	2007	2006	2005
Wet Wipes	**256**	280	287
Nonwovens	**198**	187	202
Flexible Packaging	**576**	569	604
Group Management and administration	**11**	12	10
Total	**1 041**	1 048	1 103
Average personnel, continuing operations	1 070	1 058	1 150
Salaries and bonuses, € 1 000	42 230	41 471	44 756

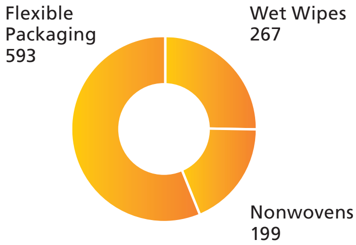
Net sales
by market area, 2007



Net sales
by business unit, 2007



Average personnel, 2007



The goal of Suominen's HR strategy is to develop the expertise of the Group's specialist and management staff in particular, increase employees' commitment to the Company, and promote their capabilities and overall workplace satisfaction. Workplace surveys and follow-ups are part of this development work. A common approach was followed in Nonwovens and Flexible Packaging in performance and development discussions, which covered some 27% of personnel in these areas. The Group spent a total of EUR 532 thousand (excluding salary costs related to the time in question) on training provided by outside companies (326).

Incentive bonuses, based primarily on operational performance, are paid to personnel to promote employee commitment and motivation. These accounted for some 1.3% of salaries and wages in 2007 (1.2% in 2006), or EUR 533 thousand (491). Some 45% of personnel (37) are covered by this system of incentive bonuses.

Work on promoting occupational safety continued in 2007, with the overall aim of achieving zero accidents at work through unit-specific safety development programmes. Lost time injuries accounted for 5.5% of the total number of hours worked in 2007 (6.1% in 2006).

The remaining employment contracts related to Flexible Packaging's Kauhava plant, which was closed at the end of 2006, ended in January 2007. Statutory employee consultation negotiations at the Norrköping plant in Sweden resulted in nine redundancies. Suominen has observed all relevant local legislation and redundancy procedures in reducing its manpower.

Environment

Suominen is committed to complying with the principles contained in the International Chamber of Commerce's (ICC) Business Charter for Sustainable Development. Environmental permits are required for operations in some of the Group's units. All units are responsible for permit-related issues and environmental policy generally. The relevant mechanisms and management systems are coordinated on a common basis throughout the Group, however. The environment is prioritised at unit level from employee induction and training onwards.

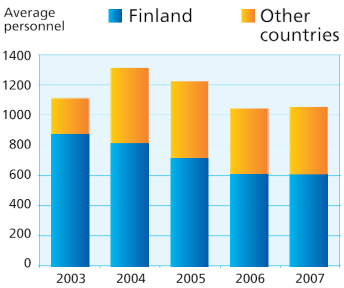
Suominen's overall aim is to minimise the Group's impact on the environment as efficiently as possibly, in terms both of financial and production performance. Continuous development efforts are focused on the environment, and environmental issues are highlighted in areas such as product development, which aims to achieve the most efficient use of materials possible and enhance recyclability and the development of environmentally friendly products.

Nonwovens unit is environmentally certified to the ISO 14001 standard. 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. VOC emissions generated during printing at plants in Poland, and Tampere and Nastola in Finland are incinerated, and ionised in Sweden. Flexible Packaging uses recycled plastics in its retail packaging products, where over 40% is recycled material.

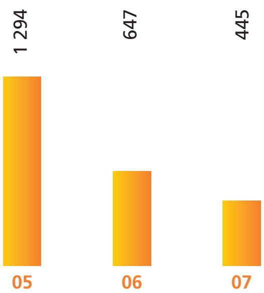
As a number of different chemicals are used in Suominen's production processes, plants need to address the risk of hazardous substances entering the environment, which they do through an environmental risk management programme integrated with the quality and environmental systems used in production operations. R&D, for its part, is responsible for ensuring that due attention is given to the environmental impact of all new products and services that are developed.

Suominen's overall environmental expenditure totalled EUR 1.2 million in 2007 (1.3), and environmental-related investments totalled EUR 2.4 million (0.8). The most important environmental investment was the modernisation of the water system at Nonwovens' plant, which will reduce the volume of waste water significantly.

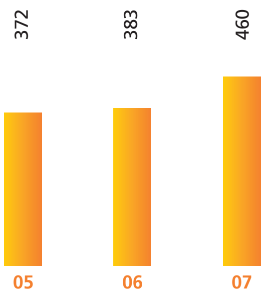
Personnel, 2003–2007



VOC emissions, tonnes



Treated waste water, 1 000 m³



Business risks and uncertainties

Developments and changes in European consumer demand play a key part in determining demand for Suominen's products. Consumers are expected to continue to value products that offer greater ease and convenience in people's everyday lives. A more responsible approach to environmental issues is also shaping consumer behaviour, in addition to convenience. Plastics-based products impose a burden on the environment, which could increase the risk of demand declining for some products.

Some consolidation has taken place among Suominen's customers in recent years; and the Group believes that it will benefit from this development, although a narrower customer base will increase customer-specific risks. The Group's 10 largest customers currently account for 63% (58) of Suominen's net sales. Customer-related credit risks are managed in accordance with a risk policy approved by the Board of Directors. Credit limits for individual customers are confirmed, based on credit ratings and customer history. Insurance cover includes receivables that do not meet credit requirements.

New-technology products and imports from low-cost countries could reduce the competitiveness of Suominen's products. These risks are mitigated, however, by the quality requirements expected of many products and which existing cheaper offerings are incapable of meeting, and by the challenges associated with transport and distribution over longer distances typical of these cheaper products.

Extended interruptions in supplies of the main raw materials used by Suominen could disrupt production and have a negative impact on the Group's overall operations. As Suominen sources its raw materials from a number of major international suppliers, significant interruptions are unlikely. 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. Suominen currently spends around EUR 45 million annually on purchases of oil-based raw materials. Passing on price changes in these materials to the prices Suominen charges its contract customer takes between three to six months.

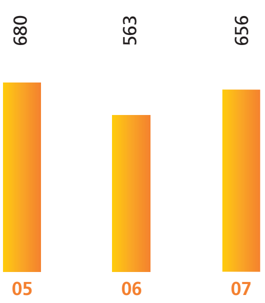
Suominen aims to protect its business against product liability risks through the use of systematic quality assurance processes and product liability insurance. R&D is responsible for ensuring the underlying safety of the Group's products during both their development and production. Ongoing quality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

Managing damage risk forms part of the operational management of the Group's units. Risks of this type are covered by the Group's indemnity insurance to guarantee continuity of operations. An insurance policy approved by the Board of Directors regulates insurance practise across the Group, and an external insurance broker is used to identify and manage Suominen's insurance cover. Policies taken out with reputable insurance companies provide property, loss of profit, and liability cover.

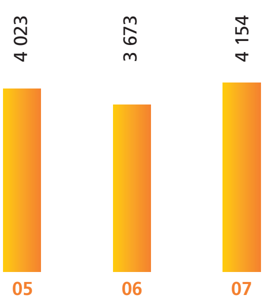
The Group's financial risks are managed in accordance with a policy approved by the Board of Directors. Financial risks relate to the adequacy of funding, credit risks, and the market risks associated with financial instruments, divided into currency, interest, and commodity risks. The principles observed in risk management are detailed in note 27 of the notes to the consolidated financial statements.

The central assumptions and sensitivity of the calculations associated with testing the Group's business value are described in note 9 of the notes to the consolidated financial statements.

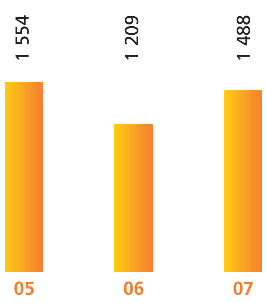
Energy consumption, TJ



Recycled plastic, tonnes



Burned waste fibre, tonnes



General Meetings of Shareholders and information on shares

General Meetings of Shareholders

The Annual General meeting of Shareholders held on 29 March 2007 elected Heikki Bergholm, Kai Hannus, Pekka Laaksonen, Juhani Lassila, Mikko Maijala and Heikki Mairinoja to the Board of Directors. Mikko Maijala has served as Chairman and Pekka Laaksonen as Deputy Chairman of the Board.

PricewaterhouseCoopers Oy, Authorised Public Accountants, with Heikki Lassila, APA, as the principal auditor, were elected as auditors of Suominen Corporation.

The Annual General Meeting decided that a dividend of EUR 0.06 per share be paid for 2006.

Share trading and price

The registered number of issued shares of Suominen totals 23,720,112 shares or EUR 11,860,056. There were no changes in share capital during the period under review. The number of Suominen Corporation's shares traded on the OMX Nordic Exchange in Helsinki from 1 January to 31 December 2007 was 8,765,455 shares or 37.0% of the shares included in the Company's share capital. The trading price varied from EUR 2.01 to EUR 3.79. The final trading price was EUR 2.07, giving the Company a market capitalisation of EUR 49,025,401.83 on 31 December 2007.

The Company's own shares

On 1 January 2007, the Company held 51,121 of its own shares, with an acquisition value of EUR 3.19 per share.

The Annual General Meeting of Shareholders held on 29 March 2007 authorised the Board of Directors to decide on the acquisition of a maximum of 1,186,000 of the Company's own shares. The authorisation will be valid for 18 months after the decision of the General Meeting. The repurchased shares will be used as payment in business acquisitions or other arrangements in the Company's business, to finance investments, to implement incentive programmes, will be held by the Company, or will be otherwise conveyed or cancelled. The Company's own shares will be repurchased otherwise than in proportion to the holdings of the shareholders by using non-restricted equity through public trading on the Helsinki Stock Exchange at the market price prevailing at the time of acquisition.

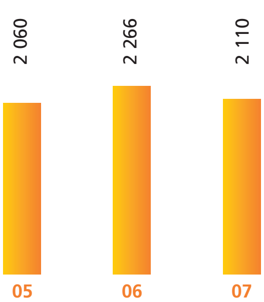
The General Meeting also authorised the Board of Directors to decide on the conveyance of a maximum of 1,237,000 of the Company's own shares. The authorisation will be valid for 18 months after the end of the General Meeting. Within the authorisation the Company has conveyed 14,778 of its own shares as emoluments to the Board of Directors in the period under review. The price of the conveyed shares was EUR 3.45 per share.

During the period under review, the Board of Directors did not exercise its authorities to buy the Company's own shares. On 31 December 2007, Suominen Corporation held a total of 36,343 of its own shares, accounting for 0.0% of the share capital and votes.

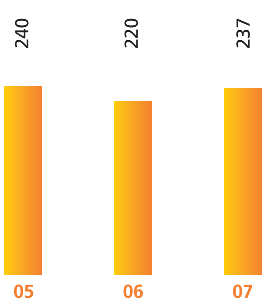
Stock options 2006 and 2007

Under stock option plan 2006, a maximum of 300,000 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 with an equivalent book value of EUR 0.50. According to the 2006B stock option plan a total of 100,000 stock options has been issued in 2007. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007 or EUR 3.44. The subscription period for the 2006B stock options is from 2 May 2009 to 30 October 2010.

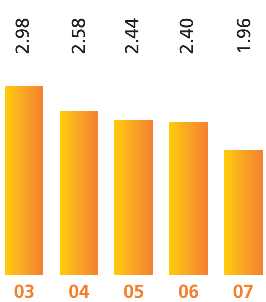
Landfill waste, tonnes



Problem-waste, tonnes



Equity/share, €



Under stock option plan 2007, a maximum of 200,000 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 with an equivalent book value of EUR 0.50. According to the 2007A stock option plan a total of 65,000 stock options has been issued. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007 or EUR 3.44. The subscription period for the 2007A stock options is from 2 May 2009 to 30 October 2010.

As the registered number of Suominen's issued shares totals 23,720,112, the number of shares may rise to a maximum of 24,220,112 after stock option subscriptions.

Other Board authorisations

The Board of Directors has no current authorisation to issue shares or to launch a convertible bond or a bond with warrants.

Notifications of changes in holdings

On 2 May 2007, Sampo Life Insurance Company reported that its holding in the share capital and voting rights of Suominen Corporation had decreased to 3.04%.

Capital loans

Suominen Corporation's capital loans total EUR 2 million, and the remaining payments on the principle and interest payments will fall due on 30 June 2008. The interest on the loans in question is 5%. Repayment of the loan and payment of interest is dependent on distributable equity; and payment can only be made after other liabilities have been met.

Outlook

Consumption of the main products produced by Suominen is expected to grow faster than general consumption on the Company's geographical markets.

The focus of Suominen's operations in 2008 will be on securing a clear improvement in profitability, strong cash flow and capital structure. Investments already made, together with investments in know-how, will help improve efficiency. The ongoing cost-saving and efficiency-enhancement programme is expected to improve Suominen's competitiveness. The prices of the main raw materials used by Suominen have continued to increase this year, and they are expected to remain high for at least the first part of the year. Energy prices are also expected to remain high.

Underlying operating profit is expected to improve on 2007 although no major changes are expected in the level of net sales. Beginning of the year, however, is anticipated to be challenging.

Events after the reporting period

Flexible Packaging has started employee negotiations on 3 March 2008 at Tampere and Nastola plants. Possible headcount reduction is approximately 50 persons.

In March 2008 Suominen Corporation issued a bond of EUR 10 million directed to Finnish institutional investors. The bond is a five-year capital loan that will be repaid in five equal instalments, and the coupon is 11.5 %. As other debts take priority over the loan, it will serve to strengthen the Group's capital structure.

Consolidated Statement of Income

1 January – 31 December

€ 1 000	Note	2007	%	2006	%
Net sales	2	**215 245**	100.0	202 627	100.0
Cost of goods sold		**-202 738**	-94.2	-189 522	-93.5
Gross profit		**12 507**	5.8	13 105	6.5
Other operating income	3	**1 438**	0.7	724	0.4
Sales and marketing expenses		**-3 643**	-1.7	-3 567	-1.8
Research and development		**-2 121**	-1.0	-2 009	-1.0
Administration expenses		**-6 300**	-2.9	-6 292	-3.1
Other operating expenses	3	**-228**	-0.1	-771	-0.4
Operating profit before impairment losses on goodwill		**1 653**	0.8	1 190	0.6
Impairment losses on goodwill		**-8 430**	-3.9		
Operating profit		**-6 777**	-3.1	1 190	0.6
Interest and other financial income	6	**110**	0.1	42	0.0
Interest and other financial expenses	6	**-4 032**	-1.9	-4 066	-2.0
Fair value gains and losses	6	**4**	0.0	97	0.1
Profit before income taxes		**-10 695**	-5.0	-2 737	-1.4
Income taxes	7	**564**	0.3	954	0.5
Profit/loss for the period		**-10 131**	-4.7	-1 783	-0.9
Earnings per share before impairment losses on goodwill, €	8	**-0.07**		-0.08	
Earnings per share, €	8	**-0.43**		-0.08	

There are no dilutive effects on earning per share.

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

Consolidated Balance Sheet

31 December

€ 1 000	Note	2007	2006
Assets			
Non-current assets			
Goodwill	9, 5	**25 604**	34 195
Intangible assets	9, 5	**942**	944
Tangible non-current assets	10, 5	**74 083**	77 168
Available-for-sale financial assets	13	**712**	766
Held-to-maturity investments		**100**	100
Deferred tax asset	14	**688**	882
Non-current assets, total		**102 129**	114 055
Current assets			
Inventories	16	**30 765**	27 840
Trade receivables	17	**28 718**	25 583
Income tax receivables		**841**	918
Other current receivables	18	**8 873**	6 240
Cash at bank and in hand	19	**1 094**	1 220
Current assets, total		**70 291**	61 801
Assets, total		**172 420**	175 856
Shareholders´ equity and liabilities			
Shareholders´ equity			
Share capital	20	**11 860**	11 860
Share premium account	20	**24 681**	24 681
Fair value and other reserves	20	**1 661**	1 185
Translation differences	20	**1 202**	738
Other shareholders´ equity	20	**6 903**	18 279
Shareholders´ equity, total		**46 307**	56 743
Liabilities			
Non-current liabilities			
Deferred tax liabilities	14	**5 848**	6 768
Pension liabilities	15		314
Provisions	24		85
Capital loans	21,22,23		2 000
Interest-bearing liabilities	21,23,29	**62 186**	63 133
Other non-current liabilities			13
Non-current liabilities, total		**68 034**	72 313
Current liabilities			
Interest-bearing liabilities	21,23,29	**34 933**	22 202
Provisions	24	**100**	115
Capital loans	21,22,23	**2 000**	2 000
Income tax payables	7		67
Trade payables and other current liabilities	25,26	**21 046**	22 416
Current liabilities, total		**58 079**	46 800
Current liabilities, total		**126 113**	119 113
Shareholders´ equity and liabilities, total		**172 420**	175 856

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

Consolidated Cash Flow Statement

1 January – 31 December

€ 1 000	Note	2007	2006
Operations			
Profit/loss for the period		-10 131	-1 783
Adjustments on profit/loss for the period	33	24 832	17 828
Cash flow before change in working capital		14 701	16 045
Increase/decrease in current non-interest-bearing receivables		-4 335	-4 324
Increase/decrease in inventories		-2 925	2 374
Increase/decrease in current non-interest-bearing liabilities		-1	3 829
Cash flow before financial income/expenses and taxes		7 440	17 924
Interest expenses		-4 045	-4 913
Interest income		145	77
Direct taxes paid		-791	-605
Cash flow from operations		2 749	12 483
Investments			
Investments in tangible and intangible assets		-12 898	-3 135
Proceeds from sale of tangible and intangible assets		1 634	667
Cash flow from investments		-11 264	-2 468
Financing			
Non-current loans drawn		18 371	5 000
Repayments of non-current loans		-12 042	-10 792
Change in capital loans		-2 000	-2 000
Change in commercial papers		9 934	-10 014
Change in current loans		-5 000	8 000
Exchange differences in loans		522	
Repurchase of own shares			-157
Dividends paid		-1 420	
Cash flow from financing		8 365	-9 963
Change in cash and cash equivalents		-150	52
Cash and cash equivalents 1 Jan.		1 220	1 166
Unrealised exchange rate differences		24	2
Change in cash and cash equivalents		-150	52
Cash and cash equivalents 31 Dec.		1 094	1 220

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

Consolidated Statement of Recognised Income and Expense

1 January – 31 December

€ 1 000	Note	**2007**	2006
Foreign currency translation difference for foreign operations	20	**253**	240
Cash flow hedges			
Hedge result deferred in equity	20	**172**	141
Transferred from equity to statement of income	20	**403**	1 080
Defined benefit plan actuarial gains (+) and losses (-)	15	**-65**	-99
Curtailment of defined benefit plan arrangements	15	**-1 777**	
Income tax on income and expense recognised directly in equity	14	**64**	-547
Income and expense recognised directly in equity		-950	815
Profit/loss for the period		-10 131	-1 783
Total recognised income and expense for the period		-11 081	-968

According to the IAS 1.96 standard, the income and expense recognised in equity are stated in the consolidated statement of income. The statement of changes in shareholders´ equity in note 20 of the notes to the consolidated financial statements reconciles the changes in share capital, reserves, and retained earnings during the financial year.

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.

Suominen Corporation adopted IFRS 7 standard, Financial Instruments during 2007. Suominen has also adopted the amendment of IAS 1 - concerning the presentation of financial statements. These amendments require additional notes on equity and capital.

The following amendments and interpretations of IFRS standards came into effect in 2007:
- IFRIC 8: application of IFRS 2
- IFRIC 10: Interim Financial Reporting and Impairment.

The above changes and interpretations have not had a substantive impact on Suominen's financial statements.

Suominen has not adopted new amendments and interpretations on IFRIC 7 and IFRIC 9 in 2007. Other interpretations published by the IFRIC have not had an impact on the consolidated financial statements.

The Parent Company prepares its financial statements in accordance with Finnish accounting standards (FAS).

These consolidated financial statements were approved for publication by the Board of Directors on 11 February 2008.

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.

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 Cod 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 long-term expenses include planning costs, which 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	5 – 10 years
Software licences	3 – 5 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. 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

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.

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. Following the sale of Inka's business operations, the Group does not have any financial leases on its balance sheet.

Financial assets and liabilities

Financial assets are classified on the basis of the intended use to be made of them, and are recognised on settlement date. Transaction costs are included in the initial book value of the financial assets concerned when the item is not recognised at fair value through profit or loss.

Available-for-sale financial assets

The valuation of publicly quoted securities held as available-for-sale financial assets is based on fair value, equivalent to the market price on the balance sheet date. Assets bonds are recognised at fair value by discounting the expected cash flows to the present value using the effective interest rate on the balance sheet date. Changes in fair value are recognised in equity until the asset is sold or otherwise disposed of. At disposal of an asset the changes in fair value recognised in equity are included in the profit or loss. Impairment tests are made when there exsists objective indication of impairment. Definite impairment losses on assets are recognised in profit or loss. Unlisted equity securities are recognised at acquisition cost, as fair values cannot be measured reliably.

Available-for-sale financial assets are included in the balance sheet on the settlement date which is the date Suominen gains access to the cash flow resulting from the asset, and removed from the balance sheet when such funds are no longer available to the Company.

As of the closing date, Suominen held only non-current available-for-sale financial assets.

Held-to-maturity investments

Held-to-maturity investments are measured at amortised cost. Gains and losses from held-to-maturity investments are booked in financial income and expenses when the investment is recognised in the balance sheet, when they are impaired or when the acquisition cost is amortised.

Held-to-maturity investments are recognised in the balance sheet on the settlement date which is the date Suominen gains access to the cash flow resulting from the investment, and removed from the balance sheet when such funds are no longer available to the Company.

As of the closing date, Suominen held only non-current held-to-maturity investments.

Trade receivables and other receivables

Trade and other receivables are valued at cost. If there is objective evidence that a receivable cannot be collected according to the terms of the original contract, a credit loss is recorded. Credit losses are expensed in the statement of income as other operating expenses.

Trade receivables are included in the balance sheet when the revenue is recognised. Other receivables are included in the balance sheet when Suominen gains access to the relevant cash flow. Trade receivables and other receivables are removed from the balance sheet when Suominen receives payment equivalent to the receivable or when Suominen is no longer entitled to the relevant cash flow.

As of the closing date, Suominen held only current trade receivables and other receivables.

Cash at bank and in hand

Cash at bank and in hand includes cash and cash equivalents and other short-term investments. They are carried at fair value through profit or loss.

Liabilities

Interest-bearing debts are classified as originated loans and are recognised at amortised costs. Interest and significant transaction costs are charged to the income statement over the term of the loan, using the effective interest method. The interest rate risk of a proportion of debts is hedged under the cash flow hedge accounting rules.

Interest-bearing debts are included in non-current or current interest-bearing liabilities, depending on whether they mature within 12 months of the closing of the books or later.

Financial derivatives

Suominen's risk management policy gives guidelines to the use of financial derivatives. Derivative instruments are booked at fair value based on their market price on the closing date. The fair value of all derivative contracts is recorded in the balance sheet as other current receivables and liabilities.

The Company applies IAS 39 cash flow hedge accounting in respect of specified interest swap agreements used to fix the interest rate of floating rate loans. Cash flow hedge accounting is also applied to a predetermined part of the Company's electricity purchases to eliminate price fluctuations over a given period. Hedges must be effective both prospectively and retrospectively. The effectiveness of hedge accounting is documented at the hedge inception and on an ongoing basis.

Changes in the fair value of an outstanding derivative contracts qualifying for hedge accounting are recorded in the fair value reserve in equity. When a hedge instrument expires either in part or in full, interest income or expenses is booked in interest income or expenses in the income statement, and the settlement gains or losses of electricity derivatives as adjustments to electricity costs. Changes in the fair value of derivatives that do not qualify for hedge accounting and settlements for electricity derivatives are recognised directly in profit or loss.

The Group does not apply IAS 39 hedge accounting in the hedging of foreign exchange risk. Outstanding forward currency contracts are valued at fair value. Changes in fair value and settlement result of forward contracts booked immediately in other operating income and expenses.

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.

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.

Capital loans that are subordinated to other loans under the Finnish Companies Act are entered in the balance sheet as interest-bearing liabilities, and interest expenses are booked as financial expenses.

Revenue recognition

Sales revenue is recognised in the statement of income when risks and rewards connected with the ownership of goods sold are transferred to the buyer, in normal cases being the date of delivery.

Indirect sales taxes, discounts given, and foreign exchange differences from sales are deducted from sales revenue when calculating net sales. Sales freight costs and other sales and delivery costs are treated appropriately, as either cost of goods sold or sales expenses. Credit losses are included in other operating expenses.

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 and the members of the Executive Team 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. 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 the changes in them are recorded directly in equity in accordance with IAS 19.93A standard.

Provisions

Provisions comprise expenditure for which the Group has present legal or constructive obligation, but which remains unrealised and the amount of which can be reliably estimated. Provisions are recognised in the balance sheet provided that the exact amount and timing of the future expenditure is uncertain. Otherwise, the expenditure is included in the accrued expenses. Changes in provisions are entered under the expenses in question in the statement of income.

A restructuring provision is booked only when a detailed and a fully compliant plan has been prepared for it and the implementation of the plan has been started or notification of it has been made to those whom the arrangement concerns.

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 and subsidies

Government or other grants are recognised in the statement of income in the same periods in which the expenses they are intended to offset. Grants relating to investments are deducted from the acquisition costs.

Other operating income and expenses

Gains from the sales of assets, net gains on currency derivatives, 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, and net losses on currency derivatives, are booked as other operating expenses.

Critical judgements in applying accounting policies and key sources of estimation uncertainty

Impairment of assets

When goodwill, other intangible assets, and tangible assets are tested for impairment, management is required to estimate future discounted cash flows that are expected to result from the use of the assets and their eventual disposal. Actual cash flows could vary from the estimated discounted future cash flows, as the long useful lives of the Company's assets, changes in estimated future sales prices of products, changes in production costs, and changes in the discount rate used could lead to significant impairment charges. The key assumptions used in testing goodwill and the sensitivity of calculations to changes in related factors are outlined in Note 9 to the Financial Statements.

Employee benefits

Several statistical and other actuarial assumptions are used in calculating the expense and liability related to pension benefit plans. These factors include assumptions about the discount rate, expected return on plan assets, changes in future compensation, and withdrawal turnover Statistical estimates may differ significantly from actual results, due to changing market and economic conditions, changes in service period of plan participants. The changes in actuarial assumptions are recognised in equity and not in the statement of income, which could have a significant impact on the Group's profit or loss.

Taxes

The Group reviews at each balance sheet date especially the carrying amount of deferred tax assets. The Group considers whether it is probable that the subsidiaries will have sufficient taxable profits against which the unused tax losses or unused tax credits can be utilised. The factors used in these estimates may differ from actual outcome, which could result in significant valuation allowance of deferred tax assets recognised in the income statement.

New standards and interpretations

The IASB has published the following standards, amendments, and interpretations that Suominen will not apply prior to their official introduction.

Standard or interpretation	Comes into force on
IFRIC 11, IFRS 2 Group and treasury share transactions	1 March 2007 (1 January 2008)
IFRS 8 Operating Segments reporting, replaces IAS 14	1 January 2009
IAS 1 (Revised) Presentation of Financial Statements	1 January 2009
Amendment to IAS 23 Borrowing costs	1 January 2009
IFRIC 13, Customer Loyalty Programmes	1 January 2009

The standards and amendments due to come into force in 2008 are not expected to have a substantive impact on Suominen's financial statements. IFRIC 12 Service Concession Agreements and IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Feeding do not affect Suominen.

2. Segment information

Business areas are the primary segments 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. The goodwill allocated to the assets is also included.

Geographical segments are the secondary segments in segment reporting. 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 made using market prices and eliminated at consolidation.

Business area segments, 2007

€ 1 000	Wipes and Nonwovens	Flexible Packaging	Consolidation and eliminations	Total
Net sales				
- Wet Wipes	70 032			
- Nonwovens	76 970			
Eliminations	-9 413			
Total net sales	**137 589**	**78 269**	**-613**	**215 245**
Operating profit before impairment losses on goodwill	**-359**	**2 407**	**-395**	**1 653**
Impairment losses on goodwill	-8 430			-8 430
Operating profit	**-8 789**	**2 407**	**-395**	**-6 777**
Assets, goodwill excluded	82 691	59 744	4 381	146 816
Goodwill	25 604			25 604
Total assets	**108 295**	**59 744**	**4 381**	**172 420**
Liabilities	**12 884**	**9 896**	**103 333**	**126 113**
Gross investments	**4 379**	**6 852**	**35**	**11 266**
Depreciation	**8 407**	**5 481**	**46**	**13 934**
Impairment losses	**8 430**			**8 430**
Average personnel (adjusted as full-time)	**466**	**593**	**11**	**1 070**

Business area segments, 2006

€ 1 000	Wipes and Nonwovens	Flexible Packaging	Consolidation and eliminations	Total
Net sales				
- Wet Wipes	69 299			
- Nonwovens	67 296			
Eliminations	-9 687			
Total net sales	126 908	75 987	-268	202 627
Operating profit	-149	1 958	-619	1 190
Assets, goodwill excluded	82 520	55 127	4 014	141 661
Goodwill	34 195			34 195
Total assets	116 715	55 127	4 014	175 856
Liabilities	13 943	11 228	93 942	119 113
Gross investments	2 150	2 122	65	4 337
Depreciation	8 768	5 790	53	14 611
Impairment losses		83		83
Average personnel (adjusted as full-time)	455	593	10	1 058

Geographical segments

Net sales by the location of external customers

€ 1 000	2007	2006
Finland	34 139	33 208
Scandinavia	22 032	21 539
The Netherlands	19 022	24 066
Other Europe	104 539	98 703
Other countries	35 513	25 111
Total	215 245	202 627

Assets including goodwill by the location of the assets

€ 1 000	2007	2006
Finland	106 168	113 673
Scandinavia	6 769	6 949
The Netherlands	36 574	37 070
Other Europe	22 909	18 173
Total	172 420	175 865

Gross investments by country

€ 1 000	2007	2006
Finland	3 651	2 271
Scandinavia	40	147
The Netherlands	2 457	966
Other Europe	5 118	953
Total	11 266	4 337

3. Other operating income and expenses

€ 1 000	2007	2006
Other operating income		
Profit from sale of fixed assets	435	136
Indemnities	269	31
Rents	21	19
Recovery of bad debts	24	76
Net profit from currency derivatives	506	111
Other	183	351
Total	1 438	724
Other operating expenses		
Losses on sale and write-down of fixed assets	12	86
Damage expenses and contributions	33	21
Bad debts	48	154
Derivatives excluded from hedge accounting	10	272
Other	125	238
Total	228	771

4. Personnel expenses

€ 1 000	2007	2006
Salaries and other compensations	34 407	33 156
Share-based payments	80	19
Pension expenditure		
Defined benefit plans	789	685
Change in deferred pension liability	-314	-27
Defined contribution plans	3 429	3 177
Other payroll connected expenses	3 839	4 461
Total	42 230	41 471
Average number of personnel	1 070	1 058

Details on employee benefits paid to management are specified in note 34 of the notes to the consolidated financial statements.

5. Depreciation, amortisation, and impairment charges

€ 1 000	2007	2006
By function		
Procurement and production	13 484	14 114
Sales and marketing	38	55
Research and development	233	271
Administration	179	254
Impairment losses on goodwill	8 430	
Total	22 364	14 694
By asset group		
Buildings and constructions	3 335	3 373
Machinery and equipment	10 357	11 041
Other tangible assets	38	73
Impairment losses on goodwill	8 430	
Other intangible assets	204	207
Total	22 364	14 694

6. Financial income and expenses

€ 1 000	2007	2006
Interest income	110	36
Dividend income		6
Interest expense	-4 035	-3 942
Impaiment losses on available-for-sale financial assets		-112
Exchange rate differences (net)	24	-2
Other financial expenses	-21	-10
Other financial expenses, total	3	-124
Total	-3 922	-4 024
Derivatives excluded from hedge accounting	4	97
Gains and losses on derivatives, total	4	97

Foreign exchange gains and losses recognised in the statement of income

€ 1 000	2007	2006
Net sales	-683	-518
Cost of goods sold	581	134
Financial income and expenses	24	-2
Foreign exchange gains and losses, total	-78	-386

7. Income taxes

€ 1 000	2007	2006
Income taxes for financial year	-68	-378
Income taxes from previous years	-25	45
Deferred taxes	657	1 287
Income taxes total	564	954
Profit before taxes	-10 695	-2 738
Impairment losses on goodwill	8 430	
Total	-2 265	-2 738
Tax calculated at the domestic corporate tax rate of 26 %	589	712
Effect of different tax rates in foreign subsidiaries	4	40
Expenses not deductible for tax purposes	-21	-16
Other temporary differences	-8	-28
Other items		31
Effect of changed tax rate*		215
Tax charge total	564	954

*In the Netherlands, the tax rate was reduced from 29.6% to 25.5% in 2006.

8. Earnings per share

€ 1 000	2007	2006
Profit for the period	-10 131	-1 783
Shares in thousands		
Average weighted number of shares	23 679	23 709
Earnings per share before impairment losses on goodwill, €	-0.07	-0.08
Earnings per share, €	-0.43	-0.08

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.

9. Intangible assets

2007 € 1 000	Intangible rights	Goodwill	Other capitalised expenditure	Pre-payments	Total 2007
Acquisition cost 1 Jan.	961	34 855	818	0	36 634
Translation difference	2		-17		-15
Fully depreciated	-157				-157
Transfers between items	67			-45	22
Decrease/sale		-161			-161
Writedown		-8 430			-8 430
Increase	102		6	71	179
Acquisition cost 31 Dec.	975	26 264	807	26	28 072
Accumulated depreciation 1 Jan.	-623	-660	-212	0	-1 495
Translation difference			15		15
Fully depreciated	157				157
Depreciation for the financial year	-110		-93		-203
Accumulated depreciation 31 Dec.	-576	-660	-290	0	-1 526
Book value 31 Dec. 2007	399	25 604	517	26	26 546

Impairment charge of EUR 8,430 thousand has been booked against goodwill on 31 Dec. 2007. Goodwill has not been depreciated since 1 Jan. 2004.

2006 € 1 000	Intangible rights	Goodwill	Other capitalised expenditure	Pre-payments	Total 2006
Acquisition cost 1 Jan.	1 113	34 855	790	26	36 784
Translation difference	-5		14		9
Fully depreciated	-65				-65
Transfers between items	57			-57	0
Decrease/sale	-3				-3
Writedown	-219				-219
Increase	83		14	31	128
Acquisition cost 31 Dec.	961	34 855	818	0	36 634
Accumulated depreciation 1 Jan.	-800	-660	-107	0	-1 567
Translation difference	5		-13		-8
Fully depreciated	65				65
Accumulated depreciation on transfers	221				221
Depreciation for the financial year	-114		-92		-206
Accumulated depreciation 31 Dec.	-623	-660	-212	0	-1 495
Book value 31 Dec. 2006	338	34 195	606	0	35 139

Following the principle of allocating goodwill to cash-generating units, EUR 22,797 thousand of the goodwill generated by the aqcuisition of Codi International BV in 2003 has been allocated to Wet Wipes and EUR 11,398 thousand to Nonwovens. A one-time impairment charge against goodwill was booked in 2007 totalling EUR 8,430 thousand, of which EUR 4,139 thousand related to Wet Wipes and EUR 4,291 thousand to Nonwovvens. 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 as part of the closing. 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 levels, and the discount rate used.

The annual growth rate for Wet Wipes during the period covered by the forecast has been estimated at 6% (8%), based on predicted ongoing market growth above that of the overall market, new delivery contracts, and sales growth in new geographical areas. Cost savings already made in the unit and improvements in operational efficiency are expected to continue to enhance the unit's profitability. The annual growth rate for Nonwovens has been estimated at 1% (5%), based on developments in the nonwovens sector generally and increased intra-group deliveries. Annual growth of 0.5% (Wet Wipes 0.5%, Nonwovens 0%) has been assumed for the residual period in both business units. Pre-tax discount rates of 9.1% (9.3%) and 9.1% (8.9%) have been used for Wet Wipes and Nonwovens respectively. Business profitability used in determining residual value has been based on the long-term performance of the sector, in the form of an operating profit of 5% (6%) for Wet Wipes and 6% (9%) for Nonwovens.

Impairment testing calculations are based on present estimates of future developments. The uncertainty in measuring the values in use for cash-generating units was captured by analysing variations in the amount and timing of cash flows. The element of uncertainty and risk has been accounted for through a downward adjustment in the strategy figures, using residual growth that is 1 to 2% 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. Rise in the discount rate by 1% would lower the value in use by two million euros in both cash generating units. The decline in the growth rate by 0.5% of the residual period would similarly lower the value in use for the units by three million euros. 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% annual increase in demand would in such a situation be offset by a rise in the discount rate by 0.6% for the value in use and the carrying amount to be equal.

10. Tangible assets

2007 € 1 000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total 2007
Acquisition cost 1 Jan.	1 653	56 898	119 232	173	1 840	**179 796**
Translation difference	48	315	393		50	**806**
Fully depreciated		-539	-6 859	-2		**-7 400**
Increase		2 461	2 856		5 770	**11 087**
Decrease/sale	-256	-956	-352	-36		**-1 600**
Writedown					-120	**-120**
Transfers between items		1 858	3 670	12	-5 562	**-22**
Acquisition cost 31 Dec.	**1 445**	**60 037**	**118 940**	**147**	**1 978**	**182 547**
Accumulated depreciation 1 Jan.	0	-29 742	-72 804	0	0	**-102 546**
Translation difference		-51	-136			**-187**
Fully depreciated		539	6 859	2		**7 400**
Accumulated depreciation on decrease and transfers		301	298			**599**
Depreciation for the financial year		-3 335	-10 357	-38		**-13 730**
Accumulated depreciation 31 Dec.	**0**	**-32 288**	**-76 140**	**-36**	**0**	**-108 464**
Book value 31 Dec. 2007	**1 445**	**27 749**	**42 800**	**111**	**1 978**	**74 083**
Balance sheet value of machinery and equipment in production			**39 947**			

2006 € 1 000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total 2007
Acquisition cost 1 Jan.	1 647	57 430	129 396	368	5 108	193 949
Translation difference	6	36	259	20	6	327
Fully depreciated		-866	-11 810	-4		-12 680
Increase		48	528		3 537	4 113
Decrease/sale		-68	-4 151	-232	-17	-4 468
Writedown		-3	-1 436		-6	-1 445
Transfers between items		321	6 446	21	-6 788	0
Acquisition cost 31 Dec.	1 653	56 898	119 232	173	1 840	179 796
Accumulated depreciation 1 Jan.	0	-27 380	-78 297	-143	0	-105 820
Translation difference		-6	-130	-20		-156
Fully depreciated		866	11 810	4		12 680
Accumulated depreciation on decrease and transfers		70	4 854	232		5 156
Depreciation for the financial year		-3 291	-11 041	-73		-14 405
Impairment losses		-83				-83
Accumulated depreciation 31 Dec.	0	-29 824	-72 804	0	0	-102 628
Book value 31 Dec. 2006	1 653	27 074	46 428	173	1 840	77 168
Balance sheet value of machinery and equipment in production			43 391			

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.

11. Group companies

	Percentage of total number of 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 Sverige AB, Norrköping, Sweden	100.0
Suominen Ikamer Ltd., Tampere, Finland	100.0

12. Financial assets

Financial intstruments which are to be recognised as financial assets (IFRS 7 and IAS 39) are classified into instruments measured at amortized cost or at fair value according to instruments nature. Due to nature of company´s business activities, financial assets have been booked mostly in loans and receivables. On 31 December 2007 the book value of non-current and current financial assets were total EUR 31,360 thousand (EUR 28,287 thousand).

2007		Classes by instruments nature				
€ 1 000	Book value on balance sheet items	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Note
Available-for-sale financial assets	712				712	13
Held-to-maturity investments	100		100			
Trade receivables	28 718			28 718		17
Other current receivables	1 830			1 830		18
Total	**31 360**	**0**	**100**	**30 548**	**712**	

2006		Classes by instruments nature				
€ 1 000	Book value on balance sheet items	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Note
Available-for-sale financial assets	766				766	13
Held-to-maturity investments	100		100			
Trade receivables	25 583			25 583		17
Other current receivables	1 838			1 838		18
Total	28 287	0	100	27 421	766	

13. Available-for-sale financial assets

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

€ 1 000	2007	2006
Book value 1 Jan.	766	878
Disposals	-54	
Impairment charges		-112
Book value 31 Dec.	**712**	766

14. Deferred taxes

€ 1 000	2007	2006
Deferred tax assets by types of temporary differences		
Employee benefits		80
Reorganisation reserve	26	52
Unused tax losses	662	694
Other temporary differences		56
Total	**688**	882
Deferred tax liabilities		
Tangible assets	4 926	5 644
Inventories	262	339
Fair valuation of derivative financial instruments	625	477
Translation differences in equity	-136	262
Other temporary differences	171	46
Total	**5 848**	6 768
Net deferred tax liabilities	**5 160**	5 886

Deferred income tax recognised in equity during the year

€ 1 000	2007	2006
Cash flow hedges	-147	-320
Translation differences	211	-262
Pension liabilities		35
Total	**64**	-547

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. The Group had tax losses totalling EUR 2,302 thousand (EUR 2,947 thousand) on the closing date. A total of EUR 271 thousand of these losses will expire during the next five years. Deferred tax assets are recognised based on the estimated realisation of the related tax benefit though future taxable income.

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

15. Employee benefits

The pension schemes of the companies in Suominen Corporation are classified either as defined contribution plans or defined benefit plans. Contributions to defined contribution plans are expensed during the period to which the contribution relates. The Group has a defined contribution plan in the Netherlands, which is changed into payment based system during the financial period 2007. Before this change the present value of the pension obligations of defined benefit schemes was determined using the projected unit credit method, and plan assets were determined at fair value on the closing date. The pension liability was determined as the present value of future pension payments calculated using the interest rates of government securities or equivalent securities for discount rate purposes. Actuarial gains and losses, together with changes in them, were booked to equity in accordance with IAS 19.93A.

€ 1 000	2007	2006
Reconciliation of assets and liabilities recognised in the balance sheet		
Present values of obligations		
Unfunded obligations		
Funded obligations	12 492	11 569
Fair value of plan assets	-12 256	-11 255
Curtailment	-235	
Net liability in balance sheet	0	314
Plan assets		
Debt instruments	12 256	11 255
Curtailment	-12 256	
Plan assets total	0	11 255

€ 1 000	2007	2006
Expenses recognised in the statement of income		
Current service cost *	654	575
Interest cost	394	497
Curtailment	-235	
Expected return on plan assets	-388	-495
Other costs	50	81
Total expenses recognised in the statement of income	475	658
Expenses allocated by function		
Procurement and production	475	658

* Current service cost of employer

Present value of obligations 1 Jan.		
Unfunded obligations		
Funded obligations	11 569	11 614
Interest cost	394	497
Current service cost	882	907
Paid benefits	-177	-195
Actuarial gains (-) and losses (+) from the obligation	-1 254	-1 254
Curtailment	-11 414	
Present value of obligations 31 Dec.	0	11 569

€ 1 000	2007	2006
Present value of assets 1 Jan.	11 255	11 273
Expected return on plan assets	388	495
Received payments	1 030	1 011
Other payments	-50	-81
Paid benefits	-177	-195
Unrecognised actuarial gains (+) and losses (-)	-1 248	-1 248
Curtailment	-11 198	
Present value of assets 31 Dec.	0	11 255

The actual return on plan assets was EUR 388 thousand in 2007 and EUR 495 thousand in 2006.

Actuarial gains and losses recognised in equity

€ 1 000	2007	2006
Accumulated amount 1 Jan.	1 842	1 941
Change during year	-65	-99
Curtailment	-1 777	
Accumulated amount 31 Dec.	0	1 842

Principal actuarial assumptions

At 31 Dec.	2007	2006
Discount rate (%)	4.25	4.25
Expected rates of return on plan assets (%)	4.25	4.25
Expected rates of salary increase (%)	1.50	1.50
Expected rates of pension increase (%)	1.50	1.50
Expected average remaining working life (years)	7.93	7.93

16. Inventories

€ 1 000	2007	2006
Raw materials and consumables	12 349	10 380
Work in progress	3 965	4 742
Finished products and goods	14 451	12 718
Total inventories	30 765	27 840

The value at cost of inventories totals EUR 31,248 thousand (EUR 28,468 thousand). The figure has been reduced by EUR 483 thousand to cover obsolete stock (EUR 628 thousand).

17. Trade receivables

Trade receivables according to age:

€ 1 000	2007	2006
Undue	**22 930**	20 569
Overdue		
under 5 days	**1 698**	1 246
5 –30 days	**2 060**	2 592
31–120 days	**1 498**	839
over 120 days	**532**	337
	5 788	5 014
Total trade receivables	**28 718**	25 583

Booked credit losses on trade receivables were EUR 48 thousand (EUR 112 thousand).

Trade receivables according to currency:

€ 1 000	2007	2006
EUR	**26 143**	21 930
SEK	**83**	107
PLN	**1 436**	1 872
RUB	**542**	377
NOK	**140**	42
USD	**344**	1 247
Other currencies	**30**	8
Total	**28 718**	25 583

18. Other current receivables

€ 1 000	2007	2006
Other receivables		
Fair values of derivatives	**2 401**	1 867
Indirect taxes	**2 369**	1 288
Other	**345**	40
Total other receivables	**5 115**	3 195
Accrued income and prepaid expenses		
Social security and healthcare	**217**	143
Discounts	**1 830**	1 838
Other	**1 711**	1 064
Total accrued income and prepaid expenses	**3 758**	3 045
Total other current receivables	**8 873**	6 240

19. Cash and cash equivalents

€ 1 000	2007	2006
Total cash and cash equivalents	**1 094**	1 220

20. Share capital

Share capital	Number of shares	Registered share capital, €	Share premium account, €	Own shares, €	Total, €
31 Dec. 2006	23 720 112	11 860 056	24 680 588	-163 159	36 377 485
Repurchase of own shares				47 587	47 587
31 Dec. 2007	**23 720 112**	**11 860 056**	**24 680 588**	**-115 572**	**36 425 072**

Suominen's total number of shares is 23,720,112 (December 2006: 23,720,112). Shares have a book counter value of EUR 0.50 per share. 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 2,913,111 shares (2006: 2,888,333 shares) as of 31 December 2007. These shares represented 12.3% (December 2006: 12.2%) of the total number of shares and votes.

Stock options

Option	Exchange ratio	Subscription price €/share	Subscription period	Number of shares to be subscribed 31 Dec. 2007	End of vesting period
2006A	1:1	3.40	2 May 2008 – 30 Oct. 2009	100 000	2 May 2008
2006B	1:1	3.44	2 May 2009 – 30 Oct. 2010	100 000	2 May 2009
2007A	1:1	3.44	2 May 2009 – 30 Oct. 2010	65 000	2 May 2009

	2007 Average subscription price €/share	Options, pcs	2006 Average subscription price €/share	Options, pcs
In the beginning of the financial year	3.34	100 000		
Granted new options	3.44	180 000	3.34	100 000
Returned options	3.44	-15 000		
At the end of the financial year	3.40	265 000	3.34	100 000

During the financial year no stock options were commenced neither expired.

Stock option plan	2006A	2006B	2007A
Fair value at grant date (€)	0.67	0.92	0.92
Grant date	22 June 2006	7 June 2007	7 June 2007
Share price at grant date (€)	3.09	3.44	3.44
Number of outstanding options on 31 December 2006	100 000	100 000	65 000
Expected volatility (%)	25%	30%	30%
Expected vesting period at grant date (years)	3.4	3.4	3.4
Risk-free interest rate (%)	3.65%	4.44%	4.44%

Option rights

The Annual General Meeting held on 20 March 2006 approved the proposal by the Board of Directors to grant stock options to Suominen Corporation's new President and CEO. A maximum of 300,000 stock options can be granted in the manner specified by the Board of Directors, entitling the holder to subscribe to a maximum of 300,000 Suominen Corporation shares. The exchange ratio for all stock options is 1:1. The programme is divided into three series, A, B, and C.

On 7 June 2007 the Board of Directors decided to issue 100,000 stock options according to the 2006B stock option plan. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007 or EUR 3.44. The subscription period for the 2006B stock options is from 2 May 2009 to 30 October 2010.

The Annual General Meeting held on 29 March 2007 approved the proposal by the Board of Directors to grant stock options to the Executive Team of Suominen Corporation. A maximum of 200,000 stock options can be granted in the manner specified by the Board of Directors, entitling the holder to subscribe to a maximum of 200,000 Suominen Corporation shares. The exchange ratio for all stock options is 1:1. The programme is divided into three series, A, and B.

On 7 June 2007 The Board of Directors decided to issue 80,000 stock options according to the 2007A stock option plan. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007 or EUR 3.44. The subscription period for the 2007A stock options is from 2 May 2009 to 30 October 2010.

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 80,000 of share-based expenses was booked to the statement of income in 2007 (EUR 19,000 in 2006). 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 2007, a maximum of 265,000 new shares may be subscribed for, which is 1.2% of the current number of shares and votes. As a result of these subscriptions, the share capital may increase by a maximum of EUR 150,000. On 31 December 2007, a subsidiary held 200,000 options that have not yet been vested,and 35,000 options of which subscription price is 3.44 euros. The portion of the shares that may be subscribed for pursuant to these options is 0.8% of the current number of shares. As a result of these subscriptions, the share capital may increase by a maximum of EUR 117,500.

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.

	2007		2006	
€ 1 000	Cash flow hedges	Total	Cash flow hedges	Total
Fair value reserve at 1 Jan.	1 348	1 348	447	447
Cash flow hedges deferred in equity	575	575	1 221	1 221
Total	1 923	1 923	1 668	1 668
Deferred taxes	-147	-147	-320	-320
Fair value reserve at 31 Dec.	1 776	1 776	1 348	1 348

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.

Statement of changes in shareholders´ equity

€ 1 000	Share capital	Share premium account	Own shares	Translation differences	Fair value reserves	Actuarial gains and losses	Retained earnings	Total
Total equity at 31 Dec. 2004 (reported)	**11 860**	**24 681**	**-154**	**485**	**-442**		**22 042**	**58 472**
Effect of restatement						2 726	-99	2 627
Total equity at 1 Jan. 2005 (restated)	**11 860**	**24 681**	**-154**	**485**	**-442**	**2 726**	**21 943**	**61 099**
Net income recognised directly in equity				275	889	-1 290		-126
Effect of restatement							32	32
Net income for the period (reported)							-3 151	-3 151
Total recognised income and expense for the period	**0**	**0**	**0**	**275**	**889**	**-1 290**	**-3 119**	**-3 245**
Business transactions with shareholders								
Conveyance of own shares			75					75
Total equity at 31 Dec. 2005 (restated)	**11 860**	**24 681**	**-79**	**760**	**447**	**1 436**	**18 824**	**57 929**
Net income recognised directly in equity				-22	901	-64		815
Share-based payments							19	19
Other changes							-131	-131
Net income for the period							-1 783	-1 783
Total recognised income and expense for the period	**0**	**0**	**0**	**-22**	**901**	**-64**	**-1 895**	**-1 080**
Business transactions with shareholders								
Acquired own shares			-157					-157
Conveyance of own shares			73				-22	51
Total equity at 31 Dec. 2006	**11 860**	**24 681**	**-163**	**738**	**1 348**	**1 372**	**16 907**	**56 743**
Net income recognised directly in equity				464	428	-1 842		-950
Share-based payments							80	80
Other changes						470	1 463	1 933
Net income for the period							-10 131	-10 131
Total recognised income and expense for the period	**0**	**0**	**0**	**464**	**428**	**-1 372**	**-8 588**	**-9 068**
Business transactions with shareholders								
Dividend							-1 419	-1 419
Conveyance of own shares			48				3	51
Total equity at 31 Dec. 2007	**11 860**	**24 681**	**-115**	**1 202**	**1 776**	**0**	**6 903**	**46 307**

21. Financial liabilities

Financial instruments which are to be recognised as financial liabilities according to IFRS 7 and IAS 39 are classified into instruments measured at amortized cost or at fair value according to instruments nature. Due to nature of Company´s business activities, financial liabilities have been booked at amortised cost. On 31 December 2007 the book value of non-current and current financial liabilities were total EUR 111,626 thousand (EUR 102,283 thousand).

2007

€ 1 000	Book value on balance sheet items	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Note
		Classes by instruments nature		
Non-current liabilities				
Interest-bearing liabilities	62 186		62 186	23
Current liabilities				
Capital loans	2 000		2 000	22
Interest-bearing liabilities	34 933		34 933	23
Trade payables	12 507		12 507	25
Total	**111 626**	**0**	**111 626**	

2006

€ 1 000	Book value on balance sheet items	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Note
		Classes by instruments nature		
Non-current liabilities				
Capital loans	2 000		2 000	22
Interest-bearing liabilities	63 133		63 133	23
Other non-current liabilities	13		13	
Current liabilities				
Capital loans	2 000		2 000	22
Interest-bearing liabilities	22 202		22 202	23
Trade payables	12 935		12 935	25
Total	102 283	0	102 283	

22. Capital loans

Suominen has two capital loans with a total value of EUR 2 million. Loans drawn in October 2003 had an original value of EUR 10 million, and are being repaid in five equal instalments annually beginning on 30 June 2004. Amortisation or repayment will only be made if the restricted equity and other non-distributable items in the balance sheets adopted by the Corporation and the Group for the previous financial year are fully covered. Repayment or an outstanding instalment will be deferred to future financial years on the due dates agreed in the loan agreement until the loans have been fully paid.

The interest payable is fixed at 5.0% p.a. Interest may be paid on the loans only when the amount can be distributed as profit in accordance with the balance sheets adopted for the Corporation and the Group for the previous financial year. If this condition is not met, the interest payable will be deferred to future financial years on the due dates agreed in the loan agreement.

The Corporation has not provided any collateral security for the capital loans.

23. Interest-bearing liabilities

€ 1 000	2007 Book value	Fair value	2006 Book value	Fair value
Current*				
Repayment of non-current liabilities				
Loans from financial institutions	**15 692**	**16 857**	10 793	11 019
Pension loans	**905**	**991**	905	1 034
Capital loans	**2 000**	**2 047**	2 000	2 141
Current loans	**3 000**	**3 001**	8 000	8 000
Commercial papers	**15 336**	**15 349**	5 402	5 402
Total	**36 933**	**38 245**	27 100	27 596
Non-current				
Loans from financial institutions	**60 586**	**58 301**	57 731	57 491
Pension loans	**1 600**	**1 565**	2 504	2 423
Capital loans			2 000	1 933
Total	**62 186**	**59 866**	62 235	61 847
Total non-current interest-bearing liabilities	**99 119**	**98 111**	89 335	89 443

*In the balance sheet under current liabilities.

Interest-bearing liabilities are other than liabilities held for trading and derivative liabilities according to the definitions in the IAS 39 standard, and are valued at amortised cost. Fair values for these liabilities have been calculated by discounting future cash flows at the appropriate interest rate prevailing on the closing date (4.40–6.29%). The weighted average borrowing rate of non-current loans on the balance sheet date was 4.22% (4.00%). Pension loans and capital loans have fixed interest rates, while loans from financial institutions have foating interest rates.

Non-current loan agreements include financial coventant on the equity ratio and other normal terms that restrict granting guarantees, major acquisitions, or the disposal of present business. Any breach of these covenants would entitle the lenders to callin loans immediatedly provided that the amount exceeda EUR 3 million. No such breaches took place during the financial year.

€ 1 000	Loans from financial institutions	Pension loans	Capital loans
Repayments			
2008	18 692	905	2 000
2009	33 051	400	
2010	15 050	400	
2011	6 647	400	
2012	4 088	400	
2013–	1 750		

24. Provisions

€ 1 000	2007	2006
Provisions 1 Jan.	**200**	400
Provisions used during the year	**-100**	-200
Provisions 31 Dec.	**100**	200
Non-current		85
Current	**100**	115

Provisions are rent commitments for the real estate in Turku.

25. Trade payables

Trade payables according to currency:

€ 1 000	2007	2006
EUR	**11 601**	12 454
PLN	**782**	677
SEK	**2**	
USD	**119**	-197
Other currencies	**3**	1
Total	**12 507**	12 935

26. Other current liabilities

€ 1 000	2007	2006
Trade payables	**12 507**	12 935
Other current liabilities		
Prepayments		100
Other current liabilities	**2 606**	2 629
Total other current liabilities	**2 606**	2 729
Accrued expenses		
Interest	**401**	401
Discounts	**11**	21
Payroll an social security	**3 546**	4 953
Other accrued expenses	**1 975**	1 377
Total accrued expenses	**5 933**	6 752
Total trade payables and other current liabilities	**21 046**	22 416

27. Financing and financial risk management

Hedging against financial risks is part of Suominen Corporation's business. Financial instruments used in hedging are receptive to changes in market prices, the solvency of counterparts or the liquidity of instruments. Market risk in the Suominen Corporation includes foreign exchange risk, interest 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.

Responsibilities

Suominen Corporation's Board of Directors is responsible for approving the Group's financing policy and any changes made to it. 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 aim of the Company's foreign exchange risk management is 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 translation of balance sheet items denominated in foreign currencies. Most of the Group's exports are denominated in euros. The Group's transaction position is composed mainly of Swedish crowns and US dollars. Foreign exchange items in the balance sheet are mainly in Swedish crowns and Polish zlotys. The open, unhedged foreign exchange position for a 12-month period must not exceed 10% of net sales under Company policy.

Common derivative contracts are used in hedging, as their pricing can be verified on the market. The 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 2007 12 month cash flow	Cash flow hedging with currency forwards	Transaction position 2006 12 month cash flow	Cash flow hedging with currency forwards
SEK	10 117	-6 461	8 370	-5 199
USD	5 377	-2 038	7 010	-2 278
PLN	-790		-3 385	
Other	4 179	-2 226	4 441	-2 274
Total	18 883	-10 725	16 436	-9 751

Correspondingly the translation position is as follows:

€ 1 000	Translation position 2007 Capital investments in foreign subsidiaries	Short-term assets	Short-term liabilities	Translation position 2006 Capital investments in foreign subsidiaries	Short-term assets	Short-term liabilities
SEK	4 888	83	2	4 748	107	
USD		1 304	119		1 640	-197
PLN	9 770	1 436	782	7 385	1 872	678
Other		712	4		427	1
Total	14 658	3 535	907	12 133	4 046	482

The table below summarizes the sensitivity of financial instruments on market risk at the date of the balance sheet. Price sensitivity is estimated on the basis of the actual volatility of the currencies over the past 12 months at a probability confidence level of +/-10% of the exchange rate of the balance sheet date.

	2007			2007		
€ 1 000	Currency weakens, %	Impact on profit after taxes	Impact on equity	Currency strengthens, %	Impact on profit after taxes	Impact on equity
SEK	6	286	-217	6	-286	217
USD	8	52		8	-53	
PLN	7	-34	-465	7	34	465
Total		**304**	**-682**		**-305**	**682**

	2006			2006		
€ 1 000	Currency weakens, %	Impact on profit after taxes	Impact on equity	Currency strengthens, %	Impact on profit after taxes	Impact on equity
SEK	6	226	-211	6	-226	211
USD	8	25		8	-25	
PLN	7	-62	-383	7	62	383
Total		189	-594		-189	594

The estimation above is limited only to financial instruments in different currencies (currency forwards, foreign currency investments, short and long term assets and short and long term liabilities). Together with the forecasted 12 months' net cash flows in different currencies, the net impact caused by weakening of currency rates on annual profit after taxes is EUR -0.1 million.

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 18 and 36 months. As of the end of 2007, it was 19 months (24 months).

The amount of the Group's loans with floating interest rate at the end of the year is EUR 89.6 million (75.9). The nominal value of interest rate swaps, hedging the cash flow of interest payments, is EUR 65.7 (60.6). In the interest rate swaps, the Suominen Corporation pays approximately 3.5% fixed interest and receives 4.8% floating rate. 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 % 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 varies from +/-2.5% (short-term rates) to +/-17% (long-term rates). A shift in the interest rate curve of 0.5 % would have affected the interest costs of the company loans and interest rate swaps during a period of 12 months as follows.

	2007			2007		
€ 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	-186		-0.5	186	
Interest rate swaps	+0.5	134	435	-0.5	-134	-440
Total		**-52**	**435**		**52**	**-440**

	2006			2006		
€ 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	-155		-0.5	155	
Interest rate swaps	+0.5	118	511	-0.5	-118	-519
Total		-37	511		37	-519

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.

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 2007 was hedged by establishing that fixed-price electricity will account for 66% (79%) of projected usage in 2008, 51% (66%) in 2009, and 9% (39%) in 2010. Price hedging is done with OTC contracts. According these contracts Suominen pays on average EUR 39.90 / kWh (34.58).

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. Change in value of ineffective hedges, EUR 34 thousand (38), has been recorded in cost of goods sold.

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%.

The below estimation covers only the impact of changes in the market values of electricity derivatives. When the forecasted 12 months' electricity procurement in 2008 is added to the estimation, the net impact caused by an increase in the price of electricity by EUR 14/MWh on annual profit after taxes is EUR -0.3 million and on equity EUR 0.5 million.

2007			2006		
Price change, €/MWh	Impact on profit after tax, € 1 000	Impact on equity, € 1 000	Price change, €/MWh	Impact on profit after tax, € 1 000	Impact on equity, € 1 000
14	613	542	14	611	1 035
-14	-613	-542	-14	-611	-1 035

Credit risks

The Group's most significant individual credit risks relate to trade receivables from international companies with high credit ratings. The trade receivables from the ten biggest customers account for 35 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 48,000 (EUR 112,000). The trade receivables are grouped according to how old they are under note 17 of the notes to the consolidated financial statements..

The Board of Directors has approved a counterparty 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 counterparty 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 needs 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. The liquidity position, which includes liquid assets, short-term market investments and unused committed loan facilities minus drawn short-term credits, stood at EUR 22.1 million (EUR 29.9 million) at year-end.

Refinancing risk is managed by diversifying across financial sources and institutions. In addition, loan maturities are also diversified. The average maturity of loans and utilised committed credit facilities was 2.1 (3.0) years at year-end. The Company has commercial paper programmes totalling EUR 40 million, and commercial papers valued at EUR 15.4 million (EUR 5.4 million) were outstanding at year-end.

The maturity of loans and derivatives is presented in the following table. The figures are undiscounted and include both interest payments and repayments of capital.

2007

€ 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	28 718	28 718	28 718				
Other receivables	2 642	2 642	2 642				
Bank receivables	1 094	1 094	1 094				
Total	**32 454**	**32 454**	**32 454**	**0**	**0**	**0**	**0**

2007

€ 1 000	Balance sheet value/limit	Cash flow	Under 6 months	6-12 months	1-2 years	2-4 years	Over 4 years
Financial liabilities							
Trade payables	12 507	-12 507	-12 507				
Loans from financial institutions	58 904	-64 977	-8 006	-10 483	-21 887	-21 426	-3 175
Pension loans	2 505	-2 767	-508	-498	-467	-881	-413
Capital loans	2 000	-2 102	-2 102				
Loan facilities, over 6 months							
Amount drawn	20 374	-22 193	-13 511	-226	-3 285	-2 063	-3 108
Loan facilities, under 6 months							
Amount drawn							
Commercial papers	15 336	-15 500	-15 500				
Total	**111 626**	**-120 046**	**-52 134**	**-11 207**	**-25 639**	**-24 370**	**-6 696**
Total value of loan facilities							
Loan facilities, over 6 months	44 000			6 000	28 000	7 000	3 000
Loan facilities, under 6 months	10 600		10 600				
Total	**54 600**		**10 600**	**6 000**	**28 000**	**7 000**	**3 000**
Derivative contracts							
Currency derivatives	69						
Cash flow, receivable		10 812	10 812				
Cash flow, payable		-10 743	-10 743				
Interest rate derivatives	1 067						
Hedge accounting	1 067	2 239	559	493	744	443	1
Commodity derivatives							
Hedge accounting	1 337	1 337	952	347	38		

2006

€ 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	25 583	25 583	25 583				
Other receivables	2 704	2 704	2 704				
Bank receivables	1 220	1 220	1 220				
Total	29 507	29 507	29 507	0	0	0	0
Financial liabilities							
Trade payables	12 935	-12 935	-12 935				
Loans from financial institutions	52 729	-58 477	-1 891	-8 269	-14 746	-31 079	-2 492
Pension loans	3 409	-3 841	-556	-518	-1 006	-1 348	-413
Capital loans	4 000	-4 305	-2 203		-2 102		
Loan facilities, over 6 months							
Amount drawn	23 795	-25 885	-8 349	-3 264	-563	-13 709	
Loan facilities, under 6 months							
Amount drawn							
Commercial papers	5 402	-5 500	-5 500				
Total	102 270	-110 943	-31 434	-12 051	-18 417	-46 136	-2 905
Total value of loan facilities							
Loan facilities, over 6 months	53 000			23 000		30 000	
Loan facilities, under 6 months	6 000		6 000				
Total	59 000		6 000	23 000	0	30 000	0
Derivative contracts							
Currency derivatives	-5						
Cash inflow		9 748	9 748				
Cash outflow		-9 753	-9 753				
Interest rate derivatives	1 075						
Hedge accounting	1 082	769	150	149	255	215	
Trading	-7	-24	-12	-12			
Commodity derivatives							
Hedge accounting	781	781	10	399	393	-21	
Trading	10	10	10				

In funding, the principles below are observed in handling relations with banks, in the choice of financial instruments, in loan maturities, in the management of refinancing risks, and in the issuance of securities and covenants. The aim is to handle financing so that the confidence of financial institutions towards the corporation remains on a high level. Co-operation with banks is based on long-term bank relations. The Board of Directors approves credit lines, the main terms of credit agreements, and security arrangements. In funding, the banks used should have good credit ratings. To ensure the independence of the company from its sources of financing, the proportion of one single financial institution should remain at a reasonable level of the total funding. The share of the biggest financial institution of total obligations is 40% (31).

The funding of the company is based on negative pledge as a main rule. New charges can be given e.g. to special financial institutions. Main terms and conditions including covenants have been harmonised. Agreements include covenant on financial standing of the group as a minimum ratio of equity to consolidated assets in which part of the group goodwill has been deducted and capital loans are included in equity. Default in the terms and conditions entitle lenders to use accelaration clauses. Cross default clauses are applicable for indebtedness in excess of EUR 3 million becoming payable prior to its specified maturity meaning that also other lenders have possibillity to use accelaration clauses. At the balance sheet date margin to the limit of the coventant of financial standing in the amount of goodwill was EUR 4 million and in the amount of equity and capital loans was EUR 2 million.

28. Capital management

The Group's capital management aims to support business and ensure good conditions for it by means of solid 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%. 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 business to reduce liabilities.

The Group's equity ratio (capital loans included in the shareholders' equity) was 28% (35%) at year-end, and its gearing (capital loans included in the shareholders' equity) was 198% (138%). Due to an impairment charge against goodwill recorded in the financial statements in 2007, the target levels of capital management were not met. For this reason, since the closing of the accounts, the Company has been preparing a programme to improve the efficiency of the use of assets, to keep investments at a low level and to use the released funds for reducing liabilities.

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

€ million	**2007**	2006
Interest bearing liabilities	**99.1**	89.3
Interest bearing receivables	**0.5**	0.5
Cash at bank and in hand	**1.1**	1.2
(A) Net liabilities	**97.5**	87.6
(B) Shareholder´s equity	**46.3**	56.7
(C) Capital loans	**2.0**	4.0
(D) Balance sheet total – advance payments	**172.4**	175.8
Gearing, A/(B+C)	**197.7%**	137.7%
Equity ratio, (B+C)/D	**28.0%**	34.5%

29. Values of derivative financial instruments

	2007				**2006**			
Instrument € 1 000	Nominal value	Fair value total	Positive fair value	Negative fair value	Nominal value	Fair value total	Positive fair value	Negative fair value
Currency derivatives								
Held for trading	10 724	69	88	-19	9 750	-5	23	-28
Interest rate derivatives								
Held for hedge accounting	65 667	1 123	1 128	-5	55 633	1 098	1 098	
Held for trading					5 000	-10		-10
Electricity derivatives								
Held for hedge accounting	4 683	1 337	1 337		5 353	781	902	-121
Held for trading					285	-2	10	-12

30. Lease commitments

€ 1 000	2007	2006
Operating leases, real estates		
Minimum lease payments		
Not later than 1 year	3 154	3 226
Later than 1 year and not later than 5 years	10 063	9 490
Later than 5 years	7 497	8 969
Total	20 714	21 685

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.

Operating leases, machinery and equipment		
Falling due next year	932	966
Falling due in subsequent years	1 789	1 671
Total	2 721	2 637

31. Contingent liabilities

€ 1 000	2007	2006
Secured loans		
Loans from financial institutions	5 374	5 810
Total	5 374	5 810
Nominal values of mortgages		
Real estate mortgages	5 045	5 045
Business mortgages	1 177	1 177
Total	6 222	6 222
Other contingent liabilities		
Guarantees on behalf of third parties	1 557	1 642
Total	1 557	1 642

Guarantees on behalf of third parties secure the financial lease arrangement of discontinued operations. The Group has given no other pledges, mortgages, or guarantees on behalf of any other third parties.

32. Environmental costs

€ 1 000	2007	2006
In the statement of income		
Cost of goods sold	1 152	1 253
- including depreciation	169	194
In the balance sheet		
Tangible assets	2 421	784

33. Adjustments on cash flow statement

Adjustments on operations cash flow 1.1. – 31.12.

€ 1 000	2007	2006
Adjustments on profit/loss for the period		
Income taxes	-564	-954
Financial income and expenses	3 918	3 927
Depreciation	13 934	14 611
Impairment losses	8 430	83
Unrealized exchange rate differences	-102	384
Gains and losses on sales of fixed assets	-495	-26
Change in provisions	-100	-200
Change in pension liabilities	-314	-27
Other adjustments	125	30
Total	24 832	17 828

34. 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	2007	2006
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	1 199	1 181
Share-based payments	80	19
Total	1 279	1 200

Salaries and other short-term employee benefits paid to the members of the Board of Directors, and the President and CEO		
Mikko Maijala, Chairman (since 20 March 2006)	30	30
Pekka Laaksonen	23	23
Juhani Lassila	19	19
Heikki Mairinoja	19	19
Kai Hannus	19	19
Heikki Bergholm, Member of the Board, President and CEO (until 4 May 2006)	19	112
Kalle Tanhuanpää, President and CEO (since 4 May 2006)	437	267
Total	566	488

The members of the Board of Directors, the President and CEO, and the members of the Executive Team have no pension arrangements with Suominen.

The members of the Board of Directors are not included in stock option plans.

The President and CEO has received 200,000 Suominen Corporation 2006A and 2006B stock options and the members of the Executive Team have received 65,000 Suominen Corporation 2007A stock options under stock option plans detailed in note 20 of the notes to the consolidated financial statements.

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

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

Parent Company Statement of Income

1 January – 31 December

€ 1 000	Note	2007	%	2006	%
Net sales		**1 692**	100.0	1 556	100.0
Cost of goods sold		**-25**	-1.5	-84	-5.4
Gross profit		**1 667**	98.5	1 472	94.6
Other operating income	2	**121**	7.2	297	19.1
Administration expenses		**-2 033**	-120.2	-2 091	-134.4
Other operating expenses	2	**-13**	-0.8	-57	-3.7
Operating profit before impairment losses on tangible assets		**-258**	-15.2	-379	-24.4
Impairment losses on tangible assets		**-8 904**	-526.2		
Operating profit		**-9 162**	-541.5	-379	-24.4
Financial income	5	**1 903**	112.5	1 725	110.9
Financial expenses	5	**-3 629**	-214.5	-3 779	-242.9
Profit before income taxes		**-10 888**	-643.5	-2 433	-156.4
Group contributions		**2 189**	129.4	2 635	169.3
Profit before depreciation difference and income taxes		**-8 699**	-514.1	202	13.0
Change in depreciation difference				4	0.3
Income taxes	6	**-28**	-1.7	43	2.8
Profit/loss for the period		**-8 727**	-515.8	249	16.0

Parent Company Balance Sheet

31 December

€ 1 000	Note	2007	2006
Assets			
Non-current assets			
Intangible assets	4, 7	**41**	40
Tangible non-current assets	4, 8	**93**	105
Shares and participations			
Participations in Group companies	9	**90 574**	99 639
Other shares and participations	9	**21**	21
Loans receivable			
Loans receivable from Group companies		**39 633**	35 932
Loans receivable from others		**488**	488
Non-current assets, total		**130 850**	136 225
Current assets			
Other current receivables	10	**11 132**	6 714
Cash at bank and in hand		**354**	498
Current assets, total		**11 486**	7 213
Assets, total		**142 336**	143 438
Shareholders´ equity and liabilities			
Shareholders´ equity			
Share capital	11	**11 860**	11 860
Share premium account	11	**24 681**	24 681
Retained earnings	11	**12 766**	22 861
Shareholders´ equity, total		**49 307**	59 402
Appropriations			
Accumulated depreciation difference		**10**	10
Compulsory provisions	14	**100**	200
Liabilities			
Non-current liabilities			
Capital loans	13		2 000
Interest-bearing liabilities	13	**55 216**	56 676
Non-current liabilities, total		**55 216**	58 676
Current liabilities			
Capital loans	13	**2 000**	2 000
Interest-bearing liabilities			
Loans from financial institutions	13	**33 803**	22 202
Loans from Group companies	13	**895**	3
Trade payables and other current liabilities	15	**1 005**	945
Current liabilities, total		**37 703**	25 150
Liabilities, total		**92 919**	85 826
Shareholders´ equity and liabilities, total		**142 336**	143 438

Parent Company Cash Flow Statement

1 January – 31 December

€ 1 000	2007	2006
Operations		
Profit/loss for the period	-8 727	249
Adjustments on profit/loss for the period:	8 403	-750
Cash flow before change in working capital	- 324	- 501
Increase/decrease in current non-interest-bearing receivables	164	-2 189
Increase/decrease in current non-interest-bearing liabilities	78	-548
Cash flow before financial income/expenses and taxes	- 82	-3 238
Interest expenses paid and received	-1 657	-2 022
Direct taxes paid	-719	-18
Cash flow from operations	-2 458	-5 278
Investments		
Investments in tangible and intangible assets	-35	-76
Proceeds from sale of tangible and intangible assets	174	42
Change in non-current loan receivable	-3 701	13 284
Change in current loan receivable	-3 966	220
Cash flow from investments	-7 528	13 470
Financing		
Acquisition of own shares		-157
Change in non-current loans	5 207	-5 214
Change in capital loans	-2 000	-2 000
Change in current loans	4 934	-3 759
Dividends paid	-1 420	
Other financial items	3 121	2 635
Cash flow from financing	9 842	-8 495
Change in cash and cash equivalents	- 144	- 303
Cash and cash equivalents 1 Jan.	498	801
Unrealised exchange rate differences		
Change in cash and cash equivalents	-144	-303
Cash and cash equivalents 31 Dec.	354	498

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	2007	2006
Other operating income		
Profit from sales of fixed assets	12	11
Profit from sales of shares		
Net profit from currency derivatives		
Other	109	286
Total	121	297
Other operating expenses		
Losses on sales and writedown of fixed assets		6
Credit losses		50
Other operating expenses	13	1
Total	13	57

3. Personnel expenses

€ 1 000	2007	2006
Salaries and other compensations	820	813
Pension expenditure		
Defined contribution plans	55	32
Other payroll connected expenses	33	31
Total	908	876
Salaries and bonuses paid to management		
Members of the Boards of Directors, and President and CEO	566	488

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

Average number of personnel	7	6

4. Depreciation

€ 1 000	**2007**	2006
By function		
Administration	**46**	53
Total	**46**	53
By asset group		
Machinery and equipment	**25**	27
Other intangible assets	**21**	26
Total	**46**	53

5. Financial income and expenses

€ 1 000	**2007**	2006
Interest income	**1 903**	1 725
Interest expense	**-3 706**	-3 678
Impaiment charges from available-for-sale financial assets		-112
Exchange rate differences (net)	**78**	11
Total	**-1 725**	-2 054

6. Income taxes

€ 1 000	**2007**	2006
Income taxes for the financial year	**-29**	-3
Income taxes for previous years	**1**	46
Income taxes total	**-28**	43

7. Intangible assets

	Intangible rights	
€ 1 000	**2007**	2006
Acquisition cost 1 Jan.	**91**	127
Increase	**22**	11
Decrease/sale		- 42
Fully depreciated	**- 45**	- 5
Acquisition cost 31 Dec.	**68**	91
Accumulated depreciation 1 Jan.	**- 51**	- 71
Fully depreciated	**45**	4
Accumulated depreciation on decrease and transfers		42
Depreciation for the financial year	**- 21**	- 26
Accumulated depreciation 31 Dec.	**- 27**	- 51
Book value 31 Dec.	**41**	40

8. Tangible assets

€ 1 000	Machinery and equipment	Other tangible assets	Advance payments and work in progress	**Total 2007**	Total 2006
Acquisition cost 1 Jan.	143	16	0	**159**	177
Increase	13			**13**	64
Decrease/sale				**0**	- 41
Fully depreciated	- 7			**- 7**	- 38
Transfers between items				**0**	0
Acquisition cost 31 Dec.	**149**	**16**	**0**	**165**	162
Accumulated depreciation 1 Jan.	- 57	0	0	**- 57**	- 71
Fully depreciated	7			**7**	38
Accumulated depreciation on decrease and transfers				**0**	3
Depreciation for the financial year	- 22			**- 22**	- 27
Accumulated depreciation 31 Dec.	**- 72**	**0**	**0**	**- 72**	- 57
Book value 31 Dec. 2007	**77**	**16**	**0**	**93**	105

9. Shares and participations

€ 1 000	Participations in Group companies	Other shares	**Total 2007**	Total 2006
Acquisition cost 1 Jan.	99 639	21	**99 660**	99 660
Decrease/sale	-9 065		**-9 065**	0
Acquisition cost 31 Dec.	**90 574**	**21**	**90 595**	99 660
Book value 31 Dec. 2007	**90 574**	**21**	**90 595**	99 660

Group companies

	Percentage of total number of 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 Sverige AB, Norrköping, Sweden	100.0
Suominen Ikamer Ltd., Tampere, Finland	100.0

10. Other current receivables

€ 1 000	2007	2006
Other receivables	67	
Accrued income and prepaid expenses		
Social security and healthcare	1	1
Indirect taxes	706	59
Loan provisions and arrangement fees	88	112
Other	126	99
Accrued income and prepaid expenses, total	921	271
Receivables from Group companies		
Loan receivables	7 438	3 472
Other receivables	2 706	2 971
Total	10 144	6 443
Other current receivables, total	11 132	6 714

11. Shareholders´ equity

€ 1 000	2007	2006
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.	-163	-79
Increase		-157
Decrease	47	73
Reserve for own shares 31 Dec.	-116	-163
Retained earnings 1 Jan.	23 025	22 798
Dividends paid	-1 420	
Transfer to reserve for own shares	4	-22
Retained earnings 31 Dec.	21 609	22 776
Profit for the financial year	-8 727	249
Shareholders´ equity 31 Dec.	49 307	59 402
Distributable assets		
Retained earnings 1 Jan.	21 609	22 776
Own shares	-116	-163
Retained earnings 31 Dec.	21 493	22 613
Profit for the financial year	-8 727	249
Distributable assets	12 766	22 863

12. Share capital

See note 20 in notes to the consolidated financial statements.

13. Interest-bearing liabilities

€ 1 000	2007	2006
Current *		
Repayment of capital loans	**2 000**	2 000
Repayment of non-current liabilities		
Loans from financial institutions	**14 562**	7 895
Pension loans	**905**	905
Repayment of non-current liabilities	**15 467**	8 800
Current loans		
Current loans from financial institutions	**3 000**	8 000
Commercial papers	**15 336**	5 402
Loans from Group companies	**895**	3
Total current interest-bearing liabilities	**36 698**	24 205

€ 1 000	2007	2006
Non-current		
Capital loans		2 000
Loans from financial institutions	**53 212**	53 774
Pension loans	**1 600**	2 505
Loans from Group companies	**404**	397
Total non-current interest-bearing liabilities	**55 216**	58 676
Interest-bearing liabilities, total	**91 914**	82 881

*In the balance sheet under current liabilities.

Repayments

€ 1 000	2008	2009	2010	2011	2012	2013–
Repayments of non-current loans in future						
Loans from financial institutions	14 562	30 129	14 500	5 667	1 166	1 750
Pension loans	905	400	400	400	400	0
Total	15 467	30 529	14 900	6 067	1 566	1 750

14. Provisions

Provisions are rental commitments for the real estate in Turku.

€ 1 000	2007	2006
Provisions 1 Jan.	**200**	400
Provisions used during the year	**-100**	-200
Provisions 31 Dec.	**100**	200

15. Trade payables and other current liabilities

€ 1 000	2007	2006
Trade payables	**463**	323
Other current liabilities	**78**	88
Accrued expenses		
Interest	**344**	354
Payroll and social security	**115**	179
Accrued expenses, total	**459**	533
Liabilities to Group companies		
Other liabilities	**6**	1
Trade payables and other current liabilities, total	**1 006**	945

16. Operating lease commitments

€ 1 000	2007	2006
Minimum payments of irrevocable operating leases		
Not later than 1 year	**392**	510
Later than 1 year		382
Total	**392**	892

17. Contingent liabilities

€ 1 000	2007	2006
Guarantees		
Guarantees for loans		
Guarantees on behalf of Group companies	**8 596**	6 855
Other contingent liabilities		
Guarantees on behalf of Group companies	**6 176**	6 463
Guarantees on behalf of third parties	**1 557**	1 642
Total	**16 329**	14 960
Operating leases		
Falling due next year	**28**	12
Falling due in subsequent years	**67**	28
Total	**95**	40

18. Adjustments on cash flow statement

Adjustments on operations cash flow

1 Jan. –31 Dec.

€ 1 000	2007	2006
Adjustments on profit/loss for the period		
Income taxes	**28**	-43
Change in depreciation difference		-4
Group contributions	**-2 189**	-2 635
Financial income and expenses	**1 726**	2 054
Depreciation	**46**	53
Impairment losses on tangible assets	**8 904**	
Other adjustments on operations cash flow	**-112**	-175
Total	**8 403**	-750

Signing of the Financial Statements

Proposal of the Board of Directors for the distribution of profit

Parent Company profit 1 January - 31 December 2007	€	-8 726 969.70
Distributable assets according to the Parent Company balance sheet on 1 January 2007	€	21 608 257.34
Own shares	€	-115 571.97
Total	€	12 765 715.67
The Board of Directors proposes that no dividend be paid	€	0.00
Leaving on the retained earnings account	€	12 765 715.67

No substantive changes have taken place in the Company's financial position after the end of the 2007 financial year.

Helsinki, 11 February 2008

Mikko Maijala Chairman	Pekka Laaksonen	Heikki Bergholm
Kai Hannus	Juhani Lassila	Heikki Mairinoja
Kalle Tanhuanpää President and CEO		

Auditors' Report

To the shareholders of Suominen Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Suominen Corporation for the period 1.1.–31.12.2007. The Board of Directors and the President and CEO have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors and the parent company's financial statements and administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of the Board of Directors and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the President and CEO of the parent company have complied with the rules of the Companies' Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of the result for the period is in compliance with the Companies' Act.

Tampere, 4 March 2008

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Key Figures

Adjusted key figures per share

	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003
Earnings/share (EPS) before impairment losses on goodwill, €	**-0.07**	-0.08	-0.20	0.22		
Earnings/share (EPS) from continuing operations, €	**-0.43**	-0.08	-0.20	0.22		
Earnings/share (EPS) from discontinued operations, €			0.05	-0.02		
Earnings/share (EPS) from continuing and discontinued operations, €	**-0.43**	-0.08	-0.15	0.20	0.14	0.43
Cash flow from operations/share, €	**0.12**	0.53	0.01	0.22	0.22	1.01
Equity/share, €	**1.96**	2.40	2.44	2.58	2.55	2.98
Dividend/share, € *	**0.00**	0.06				0.59
Dividend/earnings, % *		-79.6				156.5
Dividend/cash flow from operations, %		11.4				66.5
Dividend yield, % *		2.0				9.0
P/E ratio	**-4.84**	-39.5	-15.9	18.8	29.6	15.3
Share price						
lowest, €	**2.01**	2.80	3.17	3.84	3.84	4.12
highest, €	**3.79**	3.85	4.52	6.99	6.99	7.01
average, €	**3.21**	3.32	3.67	5.25	5.25	5.88
at year end, €	**2.07**	2.97	3.18	4.04	4.04	6.56
Market capitalisation on 31 Dec., € million	**49.0**	70.3	75.4	95.7	95.7	155.4
Number of shares held outside the Company						
average during the year	**23 679 266**	23 709 255	23 701 335	23 688 974	23 688 974	20 786 936
at year end	**23 683 769**	23 668 991	23 704 983	23 690 818	23 690 818	23 681 819
Number of shares traded as	**8 765 455**	7 000 722	6 955 745	7 320 156	7 320 156	6 576 231
percentage of the average during the year	**37.0**	29.5	29.3	30.9	30.9	31.6

*Proposal by the Board of Directors

Key figures on financial performance

	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003
Net sales, € million	**215.2**	202.6	195.2	222.0	233.2	179.8
Export and international operations, € million	**181.1**	169.5	160.3	184.0	191.4	137.3
as % of net sales	**84.2**	86.9	82.1	82.9	82.1	76.4
Operating profit before impairment losses on goodwill, %, € million	**1.7**	1.2	-3.1	9.9	8.0	15.4
as % of net sales	**0.8**	0.6	-1.6	4.5	3.4	8.5
Operating profit, %, € million	**-6.8**	1.2	-3.1	9.9	8.0	15.4
as % of net sales	**-3.1**	0.6	-1.6	4.5	3.4	8.5
Profit before taxes, € million	**-10.7**	-2.7	-6.8	5.8	4.1	12.7
as % of net sales	**-5.0**	-1.4	-3.5	2.6	1.8	7.0
Profit from continuing operations, € million	**-10.1**	-1.8	-4.7	5.3		
as % of net sales	**-4.7**	-0.9	-2.4	2.4		
Profit from discontinued operations, € million			1.1	-0.4		
as % of net sales			0.6	-0.2		
Profit for the financial year, € million	**-10.1**	-1.8	-3.7	4.9	3.2	8.9
as % of net sales	**-4.7**	-0.9	-1.9	2.2	1.4	5.0
Cash flow from operations, € million	**2.7**	12.5	0.1	5.3	5.3	21.0
Balance sheet total, € million	**172.4**	175.9	185.8	197.4	192.3	199.3
Return on equity (ROE), %	**-18.8**	-3.1	-6.2	7.4	5.0	14.6
Return on invested capital (ROI), %	**-4.5**	0.9	-0.8	6.2	5.2	13.2
Equity ratio, %	**26.9**	32.3	31.2	31.0	31.4	35.5
Equity ratio, %, capital loans in equity	**28.0**	34.5	34.4	35.0	35.6	40.5
Gearing, %	**210.5**	154.4	167.6	160.3	159.2	112.9
Gearing, %, capital loans in equity	**197.7**	137.7	142.5	130.2	128.9	86.5
Gross investments, € million	**11.3**	4.3	7.7	14.6	14.9	66.4
as % of net sales	**5.2**	2.1	4.0	6.6	6.4	36.9
Expenditure on R&D, € million	**2.1**	2.0	2.7	2.7	3.1	2.9
as % of net sales	**1.0**	1.0	1.4	1.2	1.3	1.6
Average personnel	**1 070**	1 058	1 242	1 332	1 332	1 128

Calculation of the Key Figures

Earnings/share	Profit before income taxes – income taxes ――― Adjusted number of shares held outside the group (average)
Cash flow from operations/share	Cash flow from operations as in the cash flow statement ――― Adjusted number of shares held outside the group (average)
Equity/share	Shareholders' equity ――― Adjusted number of shares held outside 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/sh are x 100 ――― Adjusted share price at year end
P/E ratio	Adjusted share price at year end ――― Earnings/share
Market capitalisation	Number of shares held outside 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

Contact Information

Suominen Corporation

Vestonkatu 24
P.O. Box 380
FI-33101 Tampere
Tel. +358 (0)10 214 300
Fax +358 (0)10 214 3530
E-mail: info@suominen.fi

Suominen Codi Wipes

Turbinestraat 19
P.O. Box 417
NL-3900 AK Veenendaal
The Netherlands
Tel. +31 (0)318 564 811
Fax +31 (0)318 525 224
E-mail: info@codi.nl

Suominen Nonwovens

Suomisentie 11
P.O. Box 25
FI-29251 Nakkila
Tel. +358 (0)10 214 500
Fax +358 (0)10 214 5510
E-mail: nonwovens@suominen.fi

Suominen Flexibles

Vestonkatu 24
P.O. Box 33
FI-33731 Tampere
Tel. +358 (0)10 214 200
Fax +358 (0)10 214 2241
E-mail: flexible@suominen.fi

www.suominen.fi

Suominen Corporation
P.O. Box 380, FI-33101 Tampere, Finland
Tel. +358 (0)10 214 300, fax +358 (0)10 214 3530
www.suominen.fi