

## SUOMINEN CORPORATION INTERIM REPORT 1 JANUARY – 30 JUNE 2010

### RIGHTS OFFERING STRENGTHENED THE BALANCE SHEET, RESULT NEGATIVE

| KEY FIGURES                             | 4-6/2010 | 4-6/2009 | 1-6/2010     | 1-6/2009 | 1-12/2009 |
|---|----------|----------|--------------|----------|-----------|
| Net sales, EUR million                  | 44.1     | 43.4     | <b>84.8</b>  | 90.3     | 179.4     |
| Operating profit, EUR million           | 0.0      | 1.6      | <b>-0.3</b>  | 5.1      | 6.7       |
| Profit/loss for the period, EUR million | -0.8     | 0.1      | <b>-1.9</b>  | 1.6      | 0.9       |
| Earnings/share, EUR                     | -0.02    | 0.00     | <b>-0.05</b> | 0.04     | 0.02      |
| Cash flow from operations/share, EUR    | -0.08    | 0.17     | <b>-0.11</b> | 0.57     | 0.74      |

In June, Suominen directed a rights offering to its existing shareholders, which was oversubscribed by 39 per cent. The net proceeds of EUR 9.8 million from the share offer strengthened the company's balance sheet.

Outlook: Delivery volumes are expected to grow during the latter half of 2010 in comparison with the first part of the year, but the entire year's sales volumes are nevertheless not expected to reach the previous year's level. Operating profit for 2010 is expected to be lower than in 2009.

#### GROUP FINANCIAL RESULTS

Suominen Corporation generated net sales of EUR 44.1 million (43.4) in the second quarter. Operating profit was EUR 0.0 million (1.6), profit before taxes EUR -1.0 million (0.0) and profit after taxes EUR -0.8 million (0.1).

Net sales for the first two quarters totalled EUR 84.8 million (90.3). Operating profit was EUR -0.3 million (5.1), profit before taxes EUR -2.5 million (2.0) and profit after taxes EUR -1.9 million (1.6).

Suominen's net sales for the first six months in 2010 declined by 6 per cent compared to the corresponding period in 2009. Reasons behind the decrease were the decline in the prices of wet wipes and in the delivery volumes of nonwovens.

Because lower sales prices and decreased delivery volumes could not be compensated for through cost savings, the result was loss-making. Raw material prices continued to rise during the first part of the year. As there is a delay in passing cost increases through to sales prices, margins weakened. The stock of finished products was increased for the summer period.

Investments still remained on a low level.

#### Cost-saving and operational enhancement programme

Costs were cut in the amount of EUR 1.9 million through Suominen's Stairs to Top operational enhancement programme. The most significant single measure taken was the transfer of Sweden's flexible packaging production to Poland. Other cost savings resulted from optimisation of material use, reduction in number of personnel and the effects of earlier investments to boost efficiency.

#### Financing

Repayments of interest-bearing liabilities were EUR 7.0 million. Proceeds from the share issue are comprised in cash at bank and in hand on 30 June 2010. Net liabilities

include capital loans of EUR 6.0 million (8.0). The ratio of net senior debt to EBITDA in the credit agreements of Suominen was 4.6, which is also the covenant maximum. Net financial expenses were EUR 2.1 million (3.1) or 2.5 per cent (3.5) of net sales. A total of EUR 6.4 million was tied up in the working capital. Stock increased by EUR 6 million, and over one-third of the increase was due to changes in raw material prices. A total of EUR 10.9 million of trade receivables was sold to the bank (8.1). The equity ratio was 32.0 per cent (29.0). When the capital loans are included in shareholders' equity, the equity ratio was 36.3 per cent (35.4) and the ratio of liabilities to shareholders' equity 102.0 per cent (122.6). Cash flow from operations was EUR -0.11 per share (0.57).

#### Investments

The company's gross investments in production totalled EUR 3.5 million (1.4). Planned depreciation amounted to EUR 4.8 million (5.1). Codi Wipes accounted for EUR 0.3 million (0.2), Nonwovens EUR 1.2 million (0.4) and Flexibles EUR 2.0 million (0.7) of total investments. Investments were efficiency-enhancement and maintenance investments.

#### SEGMENT RESULTS

In the first two quarters, net sales of the Wiping business area totalled EUR 51.7 million and declined by 11 per cent on the previous year. The business area's operating profit was EUR -0.9 million (2.7).

Net sales of Codi Wipes, at EUR 28.7 million, declined by 10 per cent on the previous year. Sales of baby wipes and moist toilet wipes decreased while sales of personal care wipes were somewhat higher than a year earlier. Average sales prices settled at the level to which they had fallen at the beginning of the year. The fall early in 2010 resulted from declining price terms in long-term sales contracts and lower market prices caused by tighter competition. The business unit's personnel costs decreased.

Net sales of Nonwovens decreased by 16 per cent to EUR 26.0 million. The corresponding figure includes sales of thermobonded hygiene products, the sales of which mainly discontinued during 2009. Delivery volumes of hydroentangled wiping materials fell, while the sales of materials used in health care remained at the previous year's level. Sales in the US markets declined clearly. During the period under review, unit's nonwovens production was halted for 22 days, and during this period temporary lay-offs affecting a total of 74 people were implemented. Prices for raw materials and energy rose over the previous year.

Net sales of Flexibles totalled EUR 33.5 million (33.3) in the first two quarters. Operating profit was EUR 0.7 million (2.6). Sales of hygiene packaging and food packaging were on par with the previous year. Sales of retail packaging were somewhat lower than a year earlier. Sales of security and system packaging rose slightly. Deliveries to Russia and Poland increased.

The increase in the prices of plastic-based raw materials, which continued throughout the six-month period, caused a clear increase in costs in the result for Flexibles, while during the previous year's corresponding period, the business area benefited from a decrease in raw material prices. The modern printing machine transferred from the Swedish plant to the Polish plant operated at a normal output level during the second quarter. Customers who were previously served by the Swedish plant are now served by units in Poland and Finland. The business area's personnel costs decreased.

## GENERAL MEETINGS OF SHAREHOLDERS

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

## SHARE CAPITAL AND SHARES

### Share capital and share issue

On 30 June 2010, the registered number of issued shares of Suominen totalled 23,720,112 shares. Fully paid share capital was EUR 11,860,056.

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

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

Following the registration on 1 July 2010, the total number of Suominen's shares is 47,395,014 shares.

### Share trading and price

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki from 1 January to 30 June 2010 was 2,575,585 shares including also interim shares.

The trading price of the company's ordinary shares fluctuated between EUR 1.41 to EUR 1.74 before the new rights issue on 4 June 2010 and from EUR 0.74 to EUR 1.39 thereafter. The final trading price was EUR 0.75. The trading price of the interim shares fluctuated between EUR 0.71 to EUR 0.75. The final trading price was EUR 0.73. The two shares combined gave the company a

market capitalisation of EUR 35.0 million on 30 June 2010.

The highest price for subscription rights on NASDAQ OMX Helsinki was EUR 0.50, and the lowest price was EUR 0.23. The final price was EUR 0.24. The total number of subscription rights tradeded was 2.1 million, with a total value of EUR 0.6 million.

### The company's own shares

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

The Annual General Meeting of Shareholders held in 2009 authorised the Board of Directors to decide on the acquisition of a maximum of 200,000 of the company's own shares. The authorisation was still valid and based on it, the company has repurchased 76,405 of its own shares between 1 January and 30 June 2010. The Meeting also authorised the Board of Directors to decide on the conveyance of the company's own shares, and authorisation to convey 200,862 shares was still valid. Within the authorisation the company has conveyed 31,877 of its own shares as emoluments to the Board of Directors in the period under review. The price of the conveyed shares was EUR 1.60 per share.

The Annual General Meeting of Shareholders held on 23 March 2010 authorised the Board of Directors to decide on the acquisition of a maximum of 200,000 of the company's own shares. The Meeting also authorised the Board of Directors to decide on the conveyance of a maximum of 200,682 of the company's own shares. The board of Directors did not exercise its authorities to convey the company's own shares during the period under review.

On 30 June 2010, Suominen Corporation held a total of 45,210 of its own shares, accounting for 0.2 per cent of the share capital and votes.

### Stock options

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

Stock options marked with the symbol 2006A have expired and stock options marked with the symbol 2006B have been returned to the company. According to the 2006C stock option plan, a total of 100,000 stock options have been issued having an original subscription price of EUR 1.66 per share. The new number of shares that can be subscribed under the stock option plans is 200,000, and the new subscription price is EUR 1.05. The subscription period for the 2006C stock options is from 2 May 2010 until 30 October 2011.

A total of 85,000 stock options marked with the symbol 2007A have been issued having an original subscription price of EUR 3.44 per share. The new number of shares that can be subscribed under the stock option plans is 170,000, and the new subscription price is EUR 1.94. A total of 90,000 stock options marked with the symbol 2007B have been issued having an original subscription price of EUR 1.66 per share. The new number of shares that can be subscribed under the stock option plans is 180,000, and the new subscription price is EUR 1.05. The subscription period for the 2007A stock options is

from 2 May 2009 until 30 October 2010 and for 2007B stock options from 2 May 2010 until 30 October 2011.

A total of 150,000 stock options marked with the symbol 2009A have been issued having an original subscription price of EUR 1.46 per share. The new number of shares that can be subscribed under the stock option plans is 300,000, and the new subscription price is EUR 0.95. The subscription period for the 2009A stock options is from 2 May 2011 to 30 October 2012.

As the registered number of Suominen's issued shares totals 47,395,014 on 1 July 2010, the number of shares may rise to a maximum of 48,245,014 after stock option subscriptions.

#### **Other authorisation for the board of directors**

The Board of Directors still has an authorisation to issue 300,000 more stock options in accordance with the 2009 stock option plan which would entitle holders to subscribe to 600,000 Suominen shares. In addition, the Board of Directors also has authorisation to issue 6,325,098 additional new shares as decided by the Extraordinary General Meeting held on 1 June 2010. The Board of Directors is not otherwise authorised to issue special rights entitling to shares, option rights and/or convertible bonds.

#### **NEAR-FUTURE RISKS AND UNCERTAINTIES**

The estimate concerning the development of Suominen's net sales is based in part on forecasts and action plans provided by the Group's customers. Changes in these forecasts and plans resulting from changes in the market situation or changes in customers' inventory levels could affect Suominen's net sales. Due to the uncertain global economic situation, the forecasts are vulnerable to a significant amount of uncertainty.

Nonwovens and Flexibles purchase oil-based raw materials to the value of some EUR 40 million annually. In addition, significant amounts of viscose, printing inks, and solvents are also purchased. Rapid fluctuations in the world market prices of raw materials affect Suominen's profitability.

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

Suominen's cost-saving and operational enhancement efforts are focused on areas such as improving yield, increasing machine speeds, and reducing changeover time. The benefits of these efforts will be most evident if production volumes will increase. Delays in the implementation of measures or their failure would have a negative impact on the company's result.

The financial covenants of Suominen's credit agreements provide a maximum level for the ratio of net debts to operating profit. At the end of June, the ratio of net senior debt to EBITDA was at the covenant maximum level. The continuing weak level of the income from operations may result in a situation where the company does not meet the financial conditions. In this case, the banks have the right to declare the credits due and payable and renegotiate the terms.

The sensitivity of Suominen's group goodwill, and possible changes in the general assumptions are described in the notes to the financial statements for 2009. Suominen's business risks are described in the report of the Board of Directors for 2009, and in the Finnish offering memorandum dated on 4 June 2010.

#### **OUTLOOK**

Demand for Suominen's products is evaluated on the basis of customer contracts and use forecast provided by customers.

Demand for Suominen's products and deliveries to customers at the beginning of 2010 were below the level of the corresponding period in 2009. Delivery volumes are expected to grow during the latter half of 2010 in comparison with the first part of the year. Due to the low number of deliveries in early 2010, the entire year's sales volumes are not expected to reach the previous year's level.

Suominen's raw material and energy costs have clearly increased during the first part of the year. These costs are expected to level off during the latter part of the year. Most of the savings generated through rationalisation and other cost-saving measures decided on earlier will materialise during the latter half of the year. Operating profit is expected to be lower than in 2009, resulting from the decrease in sales volumes and the rise in raw material and energy costs during the first part of the year.

#### **EVENTS AFTER THE REPORTING PERIOD**

Following the registration on 1 July 2010, the registered number of issued shares of the company totals 47,395,014.

On 1 July 2010, the company received a notification from Mr. Mikko Maijala that the combined holding of his own and Maijala Investment Oy, in which he has a controlling power, in Suominen Corporation corresponds to 5.1 per cent of the company's share capital and voting rights.

Interim shares were combined with Suominen's existing shares and trading in the new shares alongside the existing shares commenced on NASDAQ OMX Helsinki Ltd on 2 July 2010.

**SUOMINEN CORPORATION CONSOLIDATED 1 JANUARY – 30 JUNE 2010**

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting. Principles for preparing the interim report are the same as those used for preparing the financial statements for 2009, and this interim report should be read parallel to the financial statements for 2009. Changes to published accounting standards and interpretations, together with the new accounting standards that came into force on 1 January 2010, are presented in the financial statements for 2009. All calculations in this interim report have been prepared in compliance with revised IAS 1, 'Presentation of Financial Statements'. The revised standard is aimed at improving users' ability to analyse and compare the information given in financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity. Non-owner changes in equity will be presented in the statement of comprehensive income.

The figures in this interim report have not been audited.

**BALANCE SHEET**

| EUR 1 000  | 6/2010         | 6/2009         | 12/2009        |
|--|----------------|----------------|----------------|
| <b>Assets</b>                                      |                |                |                |
| Non-current assets                                 |                |                |                |
| Goodwill   | 23 404         | 23 404         | 23 404         |
| Intangible assets                                  | 746            | 763            | 795            |
| Tangible non-current assets                        | 55 376         | 57 927         | 57 044         |
| Available-for-sale financial assets                | 212            | 227            | 212            |
| Held-to-maturity investments                       | 288            | 225            | 225            |
| Deferred tax assets                                | 910            | 1 273          | 921            |
| Non-current assets, total                          | 80 936         | 83 819         | 82 601         |
| Current assets                                     |                |                |                |
| Inventories  | 28 600         | 22 768         | 22 598         |
| Trade receivables                                  | 14 228         | 14 807         | 11 514         |
| Other current receivables                          | 2 895          | 2 823          | 4 416          |
| Income tax receivables                             | 926            | 842            | 112            |
| Cash at bank and in hand                           | 10 927         | 2 442          | 1 589          |
| Current assets, total                              | 57 576         | 43 682         | 40 229         |
| <b>Assets, total</b>                               | <b>138 512</b> | <b>127 501</b> | <b>122 830</b> |
| <b>Shareholders' equity and liabilities</b>        |                |                |                |
| Equity attributable to owners of the parent        |                |                |                |
| Share capital                                      | 11 860         | 11 860         | 11 860         |
| Share premium account                              | 24 681         | 24 681         | 24 681         |
| Share issue  | 9 757          |                |                |
| Fair value and other reserves                      | -228           | -710           | -402           |
| Translation differences                            | -49            | -938           | -117           |
| Other shareholders' equity                         | -1 677         | 1 349          | 667            |
| Shareholders' equity, total                        | 44 344         | 36 242         | 36 689         |
| Liabilities  |                |                |                |
| Non-current liabilities                            |                |                |                |
| Deferred tax liabilities                           | 3 069          | 3 535          | 3 065          |
| Provisions   | 280            |                | 280            |
| Capital loans                                      | 4 000          | 6 000          | 6 000          |
| Interest-bearing liabilities                       | 45 325         | 47 050         | 43 390         |
| Non-current liabilities, total                     | 52 674         | 56 585         | 52 735         |
| Current liabilities                                |                |                |                |
| Interest-bearing liabilities                       | 16 960         | 9 686          | 9 471          |
| Capital loans                                      | 2 000          | 2 000          | 2 000          |
| Income tax liabilities                             | 341            | 653            | 39             |
| Trade payables and other current liabilities       | 22 193         | 22 335         | 21 896         |
| Current liabilities, total                         | 41 494         | 34 674         | 33 406         |
| Liabilities, total                                 | 94 168         | 91 259         | 86 141         |
| <b>Shareholders' equity and liabilities, total</b> | <b>138 512</b> | <b>127 501</b> | <b>122 830</b> |

**STATEMENT OF INCOME**

| EUR 1 000                         | 4-6/2010 | 4-6/2009 | 1-6/2010       | 1-6/2009 | 1-12/2009 |
|-----------------------------------|----------|----------|----------------|----------|-----------|
| <b>Net sales</b>                  | 44 148   | 43 388   | <b>84 764</b>  | 90 332   | 179 354   |
| Cost of goods sold                | -41 499  | -38 081  | <b>-79 416</b> | -78 710  | -158 969  |
| <b>Gross profit</b>               | 2 649    | 5 307    | <b>5 348</b>   | 11 622   | 20 385    |
| Other operating income            | 403      | 80       | <b>464</b>     | 378      | 530       |
| Sales and marketing expenses      | -899     | -907     | <b>-1 814</b>  | -1 710   | -3 715    |
| Research and development          | -463     | -549     | <b>-971</b>    | -999     | -2 297    |
| Administration expenses           | -1 485   | -2 048   | <b>-3 128</b>  | -3 748   | -7 144    |
| Other operating expenses          | -222     | -304     | <b>-241</b>    | -414     | -1 053    |
| <b>Operating profit</b>           | -17      | 1 579    | <b>-342</b>    | 5 129    | 6 706     |
| Financial income and expenses     | -988     | -1 589   | <b>-2 126</b>  | -3 128   | -5 701    |
| <b>Profit before income taxes</b> | -1 005   | -10      | <b>-2 468</b>  | 2 001    | 1 005     |
| Income taxes                      | 245      | 110      | <b>587</b>     | -428     | -145      |
| <b>Profit/loss for the period</b> | -760     | 100      | <b>-1 881</b>  | 1 573    | 860       |
| Earnings/share, EUR               | -0.02    | 0.00     | <b>-0.05</b>   | 0.04     | 0.02      |

Earnings per share is presented by taking into account the new shares, 23,674,902, given in the share issue. Share issue adjustment has also an effect on comparison period's EPS.

**STATEMENT OF COMPREHENSIVE INCOME**

| EUR 1 000  | 4-6/2010 | 4-6/2009 | 1-6/2010      | 1-6/2009 | 1-12/2009 |
|--|----------|----------|---------------|----------|-----------|
| <b>Profit/loss for the period</b>                | -760     | 100      | <b>-1 881</b> | 1 573    | 860       |
| <b>Other comprehensive income</b>                |          |          |               |          |           |
| Total exchange differences on foreign operations | -804     | 601      | <b>92</b>     | -775     | 335       |
| Fair value changes of cash flow hedges           | 318      | 381      | <b>332</b>    | -370     | 48        |
| Fair value changes of available-for-sale assets  |          | 73       |               | 73       | 73        |
| Other reclassifications                          | -8       | -9       | <b>-2</b>     | -5       | -9        |
| Income tax on other comprehensive income         | 127      | -274     | <b>-110</b>   | 279      | -119      |
| <b>Total other comprehensive income</b>          | -367     | 772      | <b>312</b>    | -798     | 328       |
| <b>Total comprehensive income for the period</b> | -1 127   | 872      | <b>-1 569</b> | 775      | 1 188     |

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| EUR 1 000                           | Share capital | Share premium account | Invested non-restricted equity fund | Own shares | Translation differences | Fair value reserves | Retained earnings | Total         |
|-------------------------------------|---------------|-----------------------|-------------------------------------|------------|-------------------------|---------------------|-------------------|---------------|
| <b>Total equity at 1 Jan. 2010</b>  | <b>11 860</b> | <b>24 681</b>         | <b>0</b>                            | <b>-1</b>  | <b>-117</b>             | <b>-401</b>         | <b>667</b>        | <b>36 689</b> |
| Profit/loss for the period          |               |                       |                                     |            |                         |                     | -1 881            | -1 881        |
| Other comprehensive income          |               |                       |                                     |            | 68                      | 246                 | -2                | 312           |
| Share issue                         |               |                       |                                     |            |                         |                     | 15                | 15            |
| Share-based payments                |               |                       | 9 757                               |            |                         |                     |                   | 9 757         |
| Dividend                            |               |                       |                                     |            |                         |                     | -474              | -474          |
| Repurchase of own shares            |               |                       |                                     | -123       |                         |                     |                   | -123          |
| Conveyance of own shares            |               |                       |                                     | 51         |                         |                     | -1                | 50            |
| <b>Total equity at 30 June 2010</b> | <b>11 860</b> | <b>24 681</b>         | <b>9 757</b>                        | <b>-73</b> | <b>-49</b>              | <b>-155</b>         | <b>-1 676</b>     | <b>44 345</b> |
| EUR 1 000                           | Share capital | Share premium account | Invested non-restricted equity fund | Own shares | Translation differences | Fair value reserves | Retained earnings | Total         |
| Total equity at 1 Jan. 2009         | 11 860        | 24 681                | 0                                   | -50        | -365                    | -490                | -246              | 35 390        |
| Profit/loss for the period          |               |                       |                                     |            |                         |                     | 1 573             | 1 573         |
| Other comprehensive income          |               |                       |                                     |            | -573                    | -220                | -5                | -798          |
| Share-based payments                |               |                       |                                     |            |                         |                     | 34                | 34            |
| Conveyance of own shares            |               |                       |                                     | 49         |                         |                     | -6                | 43            |
| Total equity at 30 June 2009        | 11 860        | 24 681                | 0                                   | -1         | -938                    | -710                | 1 350             | 36 242        |
| EUR 1 000                           | Share capital | Share premium account | Invested non-restricted equity fund | Own shares | Translation differences | Fair value reserves | Retained earnings | Total         |
| Total equity at 1 Jan. 2009         | 11 860        | 24 681                | 0                                   | -50        | -365                    | -490                | -246              | 35 390        |
| Profit/loss for the period          |               |                       |                                     |            |                         |                     | 860               | 860           |
| Other comprehensive income          |               |                       |                                     |            | 248                     | 89                  | -9                | 328           |
| Share-based payments                |               |                       |                                     |            |                         |                     | 68                | 68            |
| Conveyance of own shares            |               |                       |                                     | 49         |                         |                     | -6                | 43            |
| Total equity at 31 Dec. 2009        | 11 860        | 24 681                | 0                                   | -1         | -117                    | -401                | 667               | 36 689        |

**CASH FLOW STATEMENT**

| EUR 1 000   | 1-6/2010     | 1-6/2009      | 1-12/2009     |
|---|--------------|---------------|---------------|
| <b>Operations</b>   |              |               |               |
| Operating profit  | -342         | 5 129         | 6 706         |
| Total adjustments   | 4 761        | 5 501         | 10 367        |
| Cash flow before change in working capital                | 4 419        | 10 630        | 17 073        |
| Change in working capital                                 | -6 379       | 13 108        | 15 234        |
| Financial items   | -2 150       | -3 041        | -5 263        |
| Taxes paid  | -20          | -52           | -251          |
| Cash flow from operations                                 | -4 130       | 20 645        | 26 793        |
| <b>Investment payments</b>                                |              |               |               |
| Investments in tangible and intangible assets             | -3 543       | -1 426        | -4 373        |
| Proceeds from disposal of fixed assets and other proceeds | 349          | 211           | 388           |
| Cash flow from investing activities                       | -3 194       | -1 215        | -3 985        |
| <b>Financing</b>  |              |               |               |
| Non-current loans drawn                                   | 13 000       | 31 192        | 35 192        |
| Repayments of non-current loans                           | -5 033       | -50 459       | -58 722       |
| Change in commercial papers                               | 1 488        |               |               |
| Repayments of capital loans                               | -2 000       | -2 000        | -2 000        |
| Dividends paid  | -474         |               |               |
| Repurchase and conveyance of own shares                   | -73          | 44            | 44            |
| Share issue   | 9 757        |               |               |
| Cash flow from financing                                  | 16 665       | -21 223       | -25 486       |
| <b>Change in cash and cash equivalents</b>                | <b>9 341</b> | <b>-1 793</b> | <b>-2 678</b> |

| KEY FIGURES                          | 4-6/2010 | 4-6/2009 | 1-6/2010 | 1-6/2009 | 1-12/2009 |
|--------------------------------------|----------|----------|----------|----------|-----------|
| Net sales, change, % *               | 1.8      | -21.4    | -6.2     | -17.6    | -16.4     |
| Gross profit, % **                   | 6.0      | 12.2     | 6.3      | 12.9     | 11.4      |
| Operating profit, % **               | 0.0      | 3.6      | -0.4     | 5.7      | 3.7       |
| Financial income and expenses, % **  | -2.2     | -3.7     | -2.5     | -3.5     | -3.2      |
| Profit before income taxes, % **     | -2.3     | 0.0      | -2.9     | 2.2      | 0.6       |
| Profit for the period year, % **     | -1.7     | 0.2      | -2.2     | 1.7      | 0.5       |
| Earnings/share, EUR                  | -0.02    | 0.00     | -0.05    | 0.04     | 0.02      |
| Equity/share, EUR                    |          |          | 1.22     | 1.00     | 1.01      |
| Dividend/share, EUR                  |          |          |          |          | 0.02      |
| Cash flow from operations/share, EUR |          |          | -0.11    | 0.57     | 0.74      |
| Return on equity (ROE), %            |          |          | -9.7     | 8.8      | 2.4       |
| Return on invested capital (ROI), %  |          |          | -0.6     | 9.4      | 6.4       |
| Equity ratio, %                      |          |          | 32.0     | 29.0     | 29.9      |
| Gearing, %                           |          |          | 129.3    | 171.7    | 161.2     |
| Gross investments, EUR 1 000         |          |          | 3 458    | 1 365    | 4 507     |
| Depreciation, EUR 1 000              |          |          | 4 829    | 5 144    | 10 158    |

\* Compared with the corresponding period of the previous year.

\*\* As of net sales.

**SEGMENT REPORTING****Wiping**

| EUR 1 000         | 1-6/2010 | 1-6/2009 | Change % | 1-12/2009 |
|-------------------|----------|----------|----------|-----------|
| Net sales         |          |          |          |           |
| - Codi Wipes      | 28 728   | 31 813   | -9.7     | 64 479    |
| - Nonwovens       | 25 968   | 30 769   | -15.6    | 56 905    |
| - eliminations    | -3 000   | -4 728   | -36.6    | -7 888    |
| Total             | 51 696   | 57 853   | -10.6    | 113 496   |
| Operating profit  | -929     | 2 724    |          | 4 299     |
| % of net sales    | -1.8     | 4.7      |          | 3.8       |
| Assets            | 79 919   | 83 600   |          | 78 991    |
| Liabilities       | 12 026   | 13 358   |          | 13 349    |
| Net assets        | 67 893   | 70 242   |          | 65 641    |
| Investments       | 1 440    | 634      |          | 2 447     |
| Depreciation      | 3 256    | 3 481    |          | 6 784     |
| Average personnel | 377      | 392      |          | 392       |

**Flexibles**

| EUR 1 000         | 1-6/2010 | 1-6/2009 | Muutos % | 1-12/2009 |
|-------------------|----------|----------|----------|-----------|
| Net sales         | 33 502   | 33 018   | 1.5      | 66 894    |
| Operating profit  | 738      | 2 640    |          | 2 823     |
| % of net sales    | 2.2      | 8.0      |          | 4.2       |
| Assets            | 47 872   | 42 854   |          | 44 462    |
| Liabilities       | 12 549   | 8 393    |          | 10 039    |
| Net assets        | 35 323   | 34 461   |          | 34 423    |
| Investments       | 2 011    | 732      |          | 2 059     |
| Depreciation      | 1 561    | 1 652    |          | 3 349     |
| Average personnel | 529      | 539      |          | 541       |

**Non-allocated items**

| EUR 1 000         | 1-6/2010 | 1-6/2009 | 1-12/2009 |
|-------------------|----------|----------|-----------|
| Net sales         | -434     | -539     | -1 036    |
| Operating profit  | -150     | -235     | -415      |
| Assets            | 10 721   | 1 047    | -623      |
| Liabilities       | 69 592   | 69 508   | 62 752    |
| Investments       | 7        | -1       | 1         |
| Depreciation      | 12       | 11       | 24        |
| Average personnel | 11       | 11       | 11        |

**NET SALES BY MARKET AREA**

| EUR 1 000               | 1-6/2010      | 1-6/2009      | 1-12/2009      |
|-------------------------|---------------|---------------|----------------|
| Finland                 | 13 393        | 15 381        | 29 883         |
| Scandinavia             | 7 817         | 7 973         | 15 843         |
| The Netherlands         | 4 262         | 7 065         | 12 004         |
| Other Europe            | 53 705        | 51 077        | 106 220        |
| Other countries         | 5 587         | 8 837         | 15 404         |
| <b>Net sales, total</b> | <b>84 764</b> | <b>90 332</b> | <b>179 354</b> |

**QUARTERLY FIGURES**

| EUR 1 000                                   | III/2009 | IV/2009 | I/2010 | II/2010 | III/2009-<br>II/2010 |
|---|----------|---------|--------|---------|----------------------|
| <b>Net sales</b>                            |          |         |        |         |                      |
| Wiping                                      |          |         |        |         |                      |
| - Codi Wipes                                | 15 843   | 16 824  | 13 884 | 14 844  | 61 395               |
| - Nonwovens                                 | 13 637   | 12 499  | 12 246 | 13 722  | 52 104               |
| - eliminations                              | -1 567   | -1 592  | -1 667 | -1 333  | -6 160               |
| Total                                       | 27 913   | 27 730  | 24 462 | 27 234  | 107 339              |
| Flexibles                                   | 16 513   | 17 363  | 16 395 | 17 107  | 67 377               |
| Non-allocated items                         | -259     | -238    | -241   | -193    | -930                 |
| Net sales, total                            | 44 167   | 44 855  | 40 616 | 44 148  | 173 786              |
| <b>Operating profit</b>                     |          |         |        |         |                      |
| Wiping                                      | 677      | 898     | -142   | -787    | 645                  |
| % of net sales                              | 2.4      | 3.2     | -0.6   | -2.9    | 0.6                  |
| Flexibles                                   | 496      | 275     | -135   | 873     | 1 510                |
| % of net sales                              | 3.0      | 1.6     | -0.8   | 5.1     | 2.2                  |
| Non-allocated items                         | -202     | 21      | -48    | -103    | -331                 |
| Operating profit before non-recurring costs | 972      | 1 195   | -325   | -17     | 1 824                |
| % of net sales                              | 2.2      | 2.7     | -0.8   | 0.0     | 1.0                  |
| Non-recurring costs                         |          | -589    |        |         | -589                 |
| Operating profit, total                     | 972      | 606     | -325   | -17     | 1 235                |
| % of net sales                              | 2.2      | 1.4     | -0.8   | 0.0     | 0.7                  |
| Net financial expenses                      | -1 529   | -1 045  | -1 138 | -988    | -4 700               |
| Profit before income taxes                  | -557     | -439    | -1 463 | -1 005  | -3 465               |

**TAXES FOR THE PERIOD UNDER REVIEW**

Income tax expense is recognised based on the estimated average income tax rate for the full financial year.

**INFORMATION ON RELATED PARTIES**

Suominen has related party relationships with the members of the Board of Directors, and the members of the Corporate Executive Team. The company has no investments in associated companies. Salaries paid to the related parties amounted to EUR 714 thousand, share-based payments EUR 15 thousand, unsecured loans EUR 660 thousand, and interest payments EUR 102 thousand.

**MOVEMENTS IN BORROWINGS**

| EUR 1 000                      | 1-6/2010 | 1-6/2009 |
|--------------------------------|----------|----------|
| Total borrowings on 1 January  | 60 861   | 86 403   |
| Commercial papers on 1 January |          |          |
| Change in commercial papers    | 1 488    |          |
| Commercial papers on 30 June   | 1 488    | 0        |
| Non-current loans on 1 January | 52 861   | 76 403   |
| Change in non-current loans    | 7 936    | -19 667  |
| Non-current loans on 30 June   | 60 797   | 56 736   |
| Capital loans on 1 January     | 8 000    | 10 000   |
| Change in capital loans        | -2 000   | -2 000   |
| Capital loans on 30 June       | 6 000    | 8 000    |
| Total borrowings on 30 June    | 68 285   | 64 736   |

**CHANGES IN FIXED ASSETS**

| EUR 1 000                                 | 1-6/2010 |            | 1-6/2009 |            | 1-12/2009 |            |
|---|----------|------------|----------|------------|-----------|------------|
|   | Tangible | Intangible | Tangible | Intangible | Tangible  | Intangible |
| Book value at the beginning of the period | 57 044   | 795        | 62 661   | 855        | 62 661    | 855        |
| Investments                               | 3 345    | 50         | 1 300    | 12         | 4 311     | 143        |
| Decreases                                 | -160     |            | -68      |            | -161      |            |
| Depreciation and impairment               | -4 732   | -97        | -5 043   | -101       | -9 955    | -203       |
| Translation differences and other changes | -121     | -2         | -923     | -3         | 188       |            |
| Book value at the end of the period       | 55 376   | 746        | 57 927   | 763        | 57 044    | 795        |

**CONTINGENT LIABILITIES**

| EUR 1 000                     | 6/2010 | 6/2009 | 12/2009 |
|-------------------------------|--------|--------|---------|
| <b>For own debt</b>           |        |        |         |
| Real estate mortgages         | 24 045 | 24 045 | 24 045  |
| Corporate mortgages           | 50 000 | 50 000 | 50 000  |
| <b>Other own commitments</b>  |        |        |         |
| Leasing rents and commitments | 9 371  | 11 355 | 9 878   |
| Rental liabilities            | 7 350  | 9 684  | 8 494   |
| <b>Guarantee commitments</b>  | 1 724  | 1 531  | 1 752   |

**NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS**

| EUR 1 000                        | 6/2010 | 6/2009 | 12/2009 |
|----------------------------------|--------|--------|---------|
| <b>Currency derivatives</b>      |        |        |         |
| Nominal value                    | 6 351  | 9 253  | 5 637   |
| Fair value                       | 111    | -26    | -27     |
| <b>Interest rate derivatives</b> |        |        |         |
| Nominal value                    | 25 833 | 34 833 | 25 833  |
| Fair value                       | -322   | -746   | -448    |
| <b>Electricity derivatives</b>   |        |        |         |
| Nominal value                    | 2 337  | 2 360  | 1 292   |
| Fair value                       | 98     | -278   | -120    |
| <b>Commodity derivatives</b>     |        |        |         |
| Nominal value                    |        | 916    | 435     |
| Fair value                       |        | 81     | 48      |

Helsinki, 19 July 2010

SUOMINEN CORPORATION

Board of Directors

For addition information please contact:

Mr. Petri Rolig, President and CEO, tel. +358 (0)10 214 300

Mr. Arto Kiiskinen, Vice President and CFO, tel. +358 (0)10 214 300