Suominen

SUOMINEN CORPORATION
FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2008

SUOMINEN RECORDS A LOSS, BUT A STRONG CASH FLOW

KEY FIGURES	10-12/2008	10-12/2007	**1-12/2008**	1-12/2007
Net sales, EUR million	49.8	54.1	**214.6**	215.2
Operating profit before impairment losses, EUR million	-1.3	-0.6	**-1.6**	1.7
Operating profit, EUR million	-3.8	-9.0	**-4.0**	-6.8
Profit/loss for the period, EUR million	-4.4	-9.7	**-7.2**	-10.1
Earnings/share, EUR	-0.19	-0.41	**-0.31**	-0.43
Cash flow from operations/share, EUR	0.29	-0.03	**0.80**	0.12

Suominen's comparable result was below that of the previous year, and the whole year result was negative. The financial statements include non-recurring costs resulting from restructuring of operations and impairment charges against goodwill and other assets with no impact on cash flow, to the value of EUR 4.2 million. While the Wiping business area made a loss, the Flexibles business area was slightly in the black. Despite the overall performance, the cash flow from operations was strongly positive, at EUR 18.9 million (2.7).

Suominen Corporation's net sales in 2008 totalled EUR 214.6 million and were on the level of the previous year. Loss after taxes was EUR 7.2 million (-10.1 and earnings per share were EUR -0.31 (-0.43).

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

GROUP FINANCIAL RESULTS

Suominen Corporation generated net sales of EUR 49.8 million (54.1) in the fourth quarter. Operating profit before impairment losses and non-recurring costs was EUR 0.3 million (-0.6), operating profit after these items was EUR -3.8 million (-9.0), profit before taxes EUR -5.0 million (-10.1) and profit after taxes EUR -4.4 million (-9.7).

Net sales for the whole year totalled EUR 214.6 million (215.2). Operating loss was EUR 4.0 million (-6.8), loss before taxes EUR 8.8 million (-10.7) and loss after taxes EUR 7.2 million (-10.1).

Net sales were on the level of the previous year. Deliveries of Codi Wipes grew by 6 per cent, but the delivery volumes of Nonwovens and Flexibles decreased by 5 - 7 per cent. The sales volumes of all the units fell in the last quarter of 2008. Sales margins failed to improve, despite the product portfolio being rebalanced towards higher added-value solutions. Moreover raw material prices increased substantially at the beginning of the year, before beginning to decline towards the year-end. Due to a delay in stock turnover, this fall in prices had no significant effect on the Group's result, and the raw material prices for the whole year remaining higher than the year before.

The financial statements include non-recurring costs due to restructuring of operations and impairment charges against goodwill and other assets with no impact on cash flow, to the value of EUR 4.2 million (8.4). Energy prices and salaries increased. Cost increases were mitigated by the ongoing operational enhancement programmes adopted by the Group in previous years.

Cost-saving and operational enhancement programme

Suominen's Stairs to Top programme extending over a number of years under way covers operational development and continuous improvement, as well an updated customer offering and sales drives.

During the period under review, efficiency-enhancement measures continued to focus on cost savings. Lower than planned volumes and increased wastage took their toll on the gains generated by these continuous improvements. Sales and product offering programmes promoted new sales, although not to the extent targeted. During the period under review, cost savings and efficiency measures generated some EUR 6 million. Cash flow has clearly been strengthened by the reduction in working capital and the withdrawal from investments, undertaken as part of the enhancement programme.

Financing

The Group re-financed a large part of its debts with a EUR 66 million syndicated loan facility, obtained in December. On the balance sheet date, interest-bearing liabilities totalled EUR 86.4 million (99.1), including capital loan of EUR 10 million issued in the spring. Repayments of non-current loans were EUR 37.1 million and net deduction of current loans was EUR 18.3 million. Net financial expenses were EUR 4.8 million (3.9) or 2.2 per cent (1.8) of net sales. A total of EUR 12.3 million was released in working capital. The reduction working capital included the sale of EUR 1.8 million in trade receivables to the bank. The equity ratio was 24.6 per cent (26.9). When the capital loans are included in shareholders' equity, the equity ratio was 31.6 per cent (28.0) and the ratio of liabilities to shareholders' equity 157.2 per cent (197.7). Currency fluctuations, and interest rate and electricity price changes in the last quarter reduced the fair value reserve in shareholders' equity by approximately EUR 4 million. Cash flow from operations was EUR 18.9 million, and per share EUR 0.80 (0.12).

Investments

The Company's gross investments in production totalled EUR 3.9 million (11.3). Planned depreciation amounted to EUR 12.6 million (13.9). Codi Wipes accounted for EUR 0.5 million (2.5), Nonwovens EUR 1.5 million (1.9) and Flexibles EUR 1.9 million (6.9) of total investments. The biggest investments comprised improvements of EUR 1.0 million to hydroentangled lines in Nonwovens, and the investment of EUR 0.7 million in Flexibles' prepress operations. Other investments constitued replacement and maintenance investments.

SEGMENT RESULTS

During the period under review, net sales of the Wiping business area totalled EUR 138.5 million, an increase of nearly one per cent on the corresponding period in 2007. The business area's operating profit after impairment losses and non-recurring costs was EUR -4.8 million (-8.8). Before these deductions, operating profit was EUR -0.7 million (-0.4). The organisations within the business area were harmonised and individuals responsible for sales and production and other management within both units will now report directly to the head of the business area. The General Manager of the Nonwovens unit resigned in conjunction with the reorganisation.

Net sales of Codi Wipes, at EUR 72.4 million, grew by 3 per cent on the previous year. Delivery volumes grew in personal care and moist toilet wipes. In baby wipes, delivery volumes fell compared to the previous year. Average sales prices continued to fall as expected, partly due to changes in the sales mix, and partly due to lower contract prices. Despite the growth in volumes, the targets set for increasing sales to new customers and our own new product applications were not met.

The efficiency of operations developed positively and cost-saving measures were continued. Additional measures were launched in the autumn to improve profitability in the business unit, by extracting unprofitable products and production lines. Local employee negotiations were begun to prepare the way for a cut in production, and it was agreed that streamlining would take place from the New Year, resulting in a reduction of 40 permanent jobs and the closure of two old packaging lines. Temporary employees were made redundant at the end of the year and the workforce will be reduced by almost 60 people by September 2009. A sum of EUR 1.6 million has been included in the financial statement with respect to expenditure arising from personnel costs for the notice period, in compliance with local legislation.

Net sales of Nonwovens decreased by one per cent to EUR 76.3 million. Delivery volumes fell by 7 per cent. Deliveries of thermobonded material for hygiene products increased significantly, while those of hydroentangled nonwovens to Europe increased and deliveries to the US market fell. There was an increase in internal deliveries. At the end of the year, deliveries of nonwovens fell significantly compared to the previous months, due to US deliveries drying up, and the worsening of the general economic situation. Average sales prices were slightly higher than the year before, with higher raw material costs being reflected in sales prices.

The price of raw materials rose at the beginning of the year, but in the case of plastics, began to fall towards the year-end. Since higher raw material prices could not be passed onto sales prices in full, raw material costs were higher in relative terms than for the year before. The change made to the production line late in the summer temporarily increased the amount of production waste. On the other hand, production of pulp-based nonwoven for wipes, which has been barely profitable, was terminated during the third quarter. At the end of the year, a two-week lay-off involving the entire workforce of the unit was implemented. The drop in production volumes slowed down the implementation of the Stairs to the Top programme, and at the end of the year, unit costs increased and the operating result was negative. The unit recorded EUR 2.2 million of impairment losses of goodwill and EUR 0.5 million write down of assets.

Net sales of Flexibles totalled EUR 76.8 million (78.3) and operating profit was EUR 1.2 million (2.4). Net sales decreased slightly from the previous year due to lower hygiene packaging volumes. Deliveries of food packaging increased. No significant changes occurred in sales of carrier bags and sales of security and system packaging, delivery volumes in this business area falling by 5 per cent compared to 2007. Sales increases were realised in line with the Stairs to the Top programmes, but they were not sufficient to compensate for lower volumes in the hygiene sector.

The prices of plastic raw materials used in Flexibles reached record levels in the summer, but began to dwindle towards the end of the year. The business area conducted sales price negotiations with a range of its customers during the summer and, as a result, average prices increased towards the end of the year. However, customers' order volumes fell slightly at the end of the year, resulting in higher per unit costs in production. Production at the Polish plant increased by 13 per cent thanks to the printing press investment of the year before; personnel within the business area were reduced by some 40 employees. Local employee negotiations regarding head count reductions in Finland had an impact on this number. The cost savings of the Stairs to Top programme were achieved, although not to the extent targeted.

ORGANISATION AND PERSONNEL

Petri Rolig was appointed President and CEO of Suominen Corporation as of 1 May 2008. Kalle Tanhuapää having retired from the same position on 30 April 2008. Paul-Erik Toivo was appointed Vice President and General Manager of the Wiping business area as of 17 March 2008. Mikko Pellinen, the Vice President and General Manager of the Flexibles business area, started on 1 October 2008.

The Corporate Executive Team comprises, the President and CEO, the Vice President and General Manager of the Wiping business area, the Vice President and General Manager of the Flexibles business area, and the Vice President and CFO.

GENERAL MEETINGS OF SHAREHOLDERS

The Annual General meeting of Shareholders was held on 27 March 2008. The General Meeting decided that no dividend be paid for 2007.

The General Meeting approved the financial statements of the parent company and the Group for the financial year 1 January - 31 December 2007 and released the members of the Board of Directors and the President and CEO from liability for the period.

The General Meeting 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.

SHARE CAPITAL AND SHARES

Share capital
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.

Share trading and price
A total of 4,251,828 Suominen Corporation shares were traded between January and December 2008, equivalent to 17.9 per cent of shares included in the Company's share capital. The trading price varied between EUR 0.60 and EUR 2.25. The share closed the year at EUR 0.66, giving the Company a market capitalisation of EUR 15,618,936 as of the end of the year.

The Company's own shares
On 1 January 2008, the Company held 36,343 of its own shares, with an acquisition value of EUR 3.19 per share.

The Annual General Meeting of Shareholders held on 27 March 2008 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 NASDAQ OMX Helsinki at the market price prevailing at the time of acquisition. Based on its authorisation to repurchase, the Company on 4 - 7 November 2008 repurchased 50,000 of its own shares, with an average price of EUR 0.67.

The General Meeting also authorised the Board of Directors to decide on the conveyance of a maximum of 1,222,000 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 31,286 of its own shares as emoluments to the Board of Directors in the period under review. The price of the conveyed shares was EUR 1.63 per share.

On 31 December 2008, Suominen Corporation held a total of 55,057 of its own shares, accounting for 0.2% 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 2006C stock option plan a total of 100,000 stock options has been issued in the period under review. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the NASDAQ OMX Helsinki in May 2008 or EUR 1.66. The subscription period for the 2006C stock options is from 2 May 2010 to 30 October 2011. A total of 200,000 stock options included in the 2006A and 2006B stock option issues were returned to the Company at the time of the CEO change-over.

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. During the period under review, a total of 35,000 stock options has been issued according to the 2007A stock option plan, and a total of 60,000 stock options according to the 2007B stock option plan. The share subscription price for the 2007A stock options is the trade volume-weighted average price of the Company share on the NASDAQ OMX Helsinki in May 2007 or EUR 3.44. The share subscription price for the 2007B stock options is the trade volume-weighted average price of the Company share on the NASDAQ OMX Helsinki in May 2008 or EUR 1.66. The subscription period for the 2007A stock options is from 2 May 2009 to 30 October 2010, and for the 2007B stock options from 2 May 2010 to 30 October 2011.

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 for 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 20 November 2008, Etra Invest Oy reported that its holding in the share capital and voting rights of Suominen Corporation had grown to 5.73%.

Capital loans
Suominen Group issued a new EUR 10 million capital loan in the spring. This loan will mature over a period of five years, in five equal instalments, and the loan interest is 11.5 per cent. The capital loan comes after other loans in order of preference, the prerequisites for paying the related interest and capital being determined by the Companies Act. On 30 June 2008, the Company repaid the final instalment of EUR 2 million of the previous capital loan, which was issued in 2003.

NEAR-FUTURE UNCERTAINTIES

Demand for Suominen's products is affected by changes in consumer demand in Europe. The worsening economic situation is influencing consumers' behaviour and there is a risk that consumers may change their purchasing habits.

Suominen's customer base is fairly narrow, which adds to the customer-specific risk. This may have an impact on Suominen's business operations if consumers' buying habits become more constrained due to the general fall in consumption, or if net sales are negative. The Company's ten largest customers account for 61 (63) per cent of its sales, long-term contracts prevailing in the case of the largest customers. The Board of Directors has set up a risk policy to manage the credit risk posed by customers. Customers' credit limits are set according to their credit worthiness and customer status. Receivables that fail to meet the required credit worthiness are insured.

Plastic-based products suffer from a poor image in certain cases, which may increase the risk of low demand for some products. However, it is difficult to find alternatives to the products in Suominen's range. New technology and imports from countries with cheap production costs may reduce the competitiveness of Suominen's products. These risks can be minimised by setting quality specifications that cannot be met by currently available cheaper solutions, and meeting challenges posed by transportation and distribution.

Lengthy interruptions in the supply of the Company's principal raw materials would necessitate production cuts at Suominen, and thereby have a negative impact on the Company's business operations. Suominen has several large international raw material suppliers, which means that serious interruptions in the supply are unlikely. The price of oil-based raw materials used by Suominen is set largely by world markets, which makes these prices difficult to forecast. Suominen purchases about EUR 40 million worth of oil-based raw materials per annum. A price change at this level is reflected in prices charged to customers within 3 - 6 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 through product development and production. Continuous quality control ensures the quality of end products. The Company considers major product liability-related claims unlikely, 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 for guaranteeing the continuity of operations. The Group's insurance needs are met by insurance policies approved by the Board of Directors and arranged by an external insurance broker, who assesses the related risk and arranges cover for property, interruption of production and liability. These policies are purchased from reputable insurance companies.

The Group's financial risks are managed according to a policy approved by the Board of Directors. These risks include the adequacy of funding, credit risks, and the market risks associated with financial instruments, divided into currency, interest, and commodity risks. Suominen's credit agreements contain a clause which states that unless the Company meets its obligations in full in this respect, the banks have the right to call in their loans prematurely and renegotiate their terms. Suominen considers that by improving operational profitability and reducing the Company's debts, this clause can be met, but the safety margin is not great.

Impairment test calculations are made annually to determin whether there is any indication of impairment. These calculations require forecasts. Actual cash flows may deviate from the forecast future discounted cash flows since the long economic life-time of assets, changes in the estimated product prices production costs, and interest rates used in the discounting may result in significant write-downs. Impairment test calculations are based on present estimates of future developments. A one-time impairment charge against goodwill of EUR 2.2 million was booked at the end of 2008 related to Nonwovens. The value applied for Codi Wipes exceeded the carrying amount by EUR 1.2 million.

OUTLOOK

Demand for Suominen's products is evaluated on the basis of customer contracts and use forecast provided by customers. While our short-term use forecasts indicate lower volumes, it is currently difficult to determine whether this is caused by lower consumer demand, or a short-term decline in customers' stocks. Consumption of Suominen's main product groups is expected to remain more stable than the general consumer demand.

Suominen's net sales are expected to fall compared to the year before, not only due to the general economic uncertainty, but also due to the rationalisation measures taken in the business units.

The focus of the Company's operations is on improving profitability, and strengthening its cash flow and capital structure. The Stairs to Top enhancement programme will be continued throughout the Group, and is expected to improve Suominen's competitiveness. Plastic raw material prices fell at the end of 2008, which is expected to improve the result, particularly for the first quarter of 2009.

Suominen estimates that the financial performance and profit after taxes will improve in 2009 compared to the year before.

EVENTS AFTER THE REPORTING PERIOD

Employee negotiations at Suominen Nonwovens' Nakkila plant were concluded in February 2009. As a result of the negotiations, the entire personnel of the unit will be temporarily laid off based on a staggered schedule in 2009. The aggregated number of temporary lay-offs will amount to 58 days, while the timing and duration will be reviewed over the year to match fluctuations in sales.

PROPOSAL BY THE BOARD OF DIRECTORS

The parent Company's distributable assets as of the end of 2008 totalled EUR 11,233,730.47, of which the loss for the year was EUR 1,549,259.22.

The Board of Directors will propose at the Annual General Meeting to be held on 20 March 2009 that these funds should be distributed as follows:

No dividend be paid for the financial year, EUR	0.00
Leaving on the retained earnings account, EUR	11,233,730.47

No substantive changes have taken place in the Company's financial position after the end of the 2008 financial year.

SUOMINEN CORPORATION CONSOLIDATED 1 JANUARY - 31 DECEMBER 2008

This financial statement has been prepared in compliance with IAS 34 Interim Financial Reporting. Changes to published accounting standards and interpretations, together with the new accounting standards that came into force on 1 January 2008, are presented in the financial statements for 2007. In 2008 Suominen has adopted IAS 39 (amended) and IFRS 7 (amended), Reclassification of Financial assets. These amendments enable the exclusion of certain financial assets from financial assets held for trading or from available-for-sale financial assets when certain criteria are met. Amendments do not have an effect on the consolidated financial statements.

In its principles for preparing the financial statements, Suominen has not applied any changes allowed by the published new standards and interpretations prior to their official introduction. The accounting principles are consistent in other respects with those of the annual financial statements for 2007.

The figures in this financial statement have not been audited.

STATEMENT OF INCOME

EUR 1 000	10-12/2008	10-12/2007	**1-12/2008**	1-12/2007
Net sales	49 824	54 072	**214 605**	215 245
Cost of goods sold	-46 770	-51 847	**-203 429**	-202 738
Gross profit	3 054	2 225	**11 176**	12 507
Other operating income	1 022	384	**1 547**	1 438
Sales and marketing expenses	-849	-718	**-3 319**	-3 643
Research and development	-668	-678	**-2 233**	-2 121
Administration expenses	-1 842	-1 687	**-6 667**	-6 300
Other operating expenses	-2 001	-122	**-2 060**	-228
Operating profit before impairment losses	-1 283	-596	**-1 555**	1 653
Impairment losses	-2 490	-8 430	**-2 490**	-8 430
Operating profit	-3 773	-9 026	**-4 045**	-6 777
Financial income and expenses	-1 252	-1 036	**-4 796**	-3 918
Profit before income taxes	-5 025	-10 062	**-8 841**	-10 695
Income taxes	636	379	**1 600**	564
Profit/loss for the period	-4 389	-9 683	**-7 241**	-10 131
Earnings/share, EUR	-0.19	-0.41	**-0.31**	-0.43

KEY FIGURES ON STATEMENT OF INCOME

	10-12/2008	10-12/2007	**1-12/2008**	1-12/2007
Net sales, change, % *	-7.9		-0.3	
Gross profit, % **	6.1	4.1	5.2	5.8
Operating profit, % **	-7.6	-16.7	-1.9	-3.1
Financial income and expenses, % **	-2.5	-1.9	-2.2	-1.8
Profit before income taxes, % **	-10.1	-18.6	-4.1	-5.0
Profit for the period year, % **	-8.8	-17.9	-3.4	-4.7

* Compared with the corresponding period of the previous year.
** As of net sales.

BALANCE SHEET

EUR 1 000	**12/2008**	12/2007
Assets		
Non-current assets		
Goodwill	**23 404**	25 604
Intangible assets	**855**	942
Tangible non-current assets	**62 661**	74 083
Available-for-sale financial assets	**627**	712
Held-to-maturity investments	**172**	100
Deferred tax assets	**1 562**	688
Non-current assets, total	**89 281**	102 129
Current assets		
Inventories	**24 050**	30 765
Trade receivables	**21 174**	28 718
Other current receivables	**4 843**	8 873
Income tax receivables	**228**	841
Cash at bank and in hand	**4 243**	1 094
Current assets, total	**54 538**	70 291
Assets, total	**143 819**	172 420
Shareholders' equity and liabilities		
Shareholders’ equity		
Share capital	**11 860**	11 860
Share premium account	**24 681**	24 681
Fair value and other reserves	**-540**	1 661
Translation differences	**-288**	1 202
Other shareholders' equity	**-323**	6 903
Shareholders’ equity, total	**35 390**	46 307
Liabilities		
Non-current liabilities		
Deferred tax liabilities	**3 684**	5 848
Capital loans	**8 000**	
Interest-bearing liabilities	**66 436**	62 186
Non-current liabilities, total	**78 120**	68 034
Current liabilities		
Interest-bearing liabilities	**9 967**	34 933
Provisions		100
Capital loans	**2 000**	2 000
Income tax liabilities	**229**	
Trade payables and other current liabilities	**18 113**	21 046
Current liabilities, total	**30 309**	58 079
Liabilities, total	**108 429**	126 113
Shareholders' equity and liabilities, total	**143 819**	172 420

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1 000	Share capital	Share premium account	Own shares	Translation differences	Fair value reserves	Actuarial gains and losses	Retained earnings	Total
Total equity at 1 Jan. 2008	**11 860**	**24 681**	**-115**	**1 202**	**1 776**	**0**	**6 903**	**46 307**
Net income recognised directly in equity				-1 490	-2 267			-3 757
Share-based payments							72	72
Other changes							-8	-8
Net income for the period							-7 241	-7 241
Total recognised income and expense for the period	**0**	**0**	**0**	**-1 490**	**-2 267**	**0**	**-7 177**	**-10 934**
Business transactions with shareholders								
Repurchase of own shares			-34					-34
Conveyance of own shares			99				-48	51
Total equity at 31 December 2008	**11 860**	**24 681**	**-50**	**-288**	**-491**	**0**	**-322**	**35 390**

EUR 1 000	Share capital	Share premium account	Own shares	Translation differences	Fair value reserves	Actuarial gains and losses	Retained earnings	Total
Total equity at 1 Jan. 2007	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 December 2007	11 860	24 681	-115	1 202	1 776	0	6 903	46 307

CASH FLOW STATEMENT

EUR 1 000	**1-12/2008**	1-12/2007
Operations		
Operating profit	**-4 045**	-6 777
Total adjustments	**14 763**	21 379
Cash flow before change in working capital	**10 718**	14 602
Change in working capital	**12 255**	-7 261
Financial items	**-4 682**	-3 852
Taxes paid	**621**	-791
Cash flow from operations	**18 912**	2 698
Investment payments		
Investments in tangible and intangible assets	**-3 578**	-12 898
Proceeds from disposal of fixed assets and other proceeds	**274**	1 634
Cash flow from investing activities	**-3 304**	-11 264
Financing		
Non-current loans drawn	**33 000**	18 371
Repayments of non-current loans	**-35 147**	-11 520
Withdrawals of capital loans	**10 000**	
Repayments of capital loans	**-2 000**	-2 000
Dividends paid		-1 420
Repurchase and conveyance of own shares	**17**	51
Change in current loans	**-18 336**	4 934
Cash flow from financing	**-12 466**	8 416
Change in cash and cash equivalents	**3 142**	-150

KEY FIGURES	**1-12/2008**		1-12/2007
Earnings/share, EUR	**-0.31**		-0.43
Equity/share, EUR	**1.49**		1.96
Dividend/share, EUR	**0.00**	*	0.00
Cash flow from operations/share, EUR	**0.80**		0.12
Return on equity (ROE), %	**-16.7**		-18.8
Return on invested capital (ROI), %	**-2.9**		-4.5
Equity ratio, %	**24.6**		26.9
Gearing, %	**229.9**		210.5
Gross investments, EUR 1 000	**3 910**		11 266
Depreciation, EUR 1 000	**12 595**		13 934
Impairment losses, EUR 1 000	**2 490**		8 430

* Proposal by the Board of Directors

SEGMENT REPORTING

Wiping

EUR 1 000	**1-12/2008**	1-12/2007	Change %
Net sales			
- Codi Wipes	**72 367**	70 032	3.3
- Nonwovens	**76 320**	76 970	-0.8
- eliminations	**-10 166**	-9 413	8.0
Total	**138 521**	137 589	0.7
Operating profit before impairment losses	**-2 266**	-359	
% of net sales	**-1.6**	-0.3	
Impairment losses	**-2 490**	-8 430	
Operating profit	**-4 756**	-8 789	
Assets	**93 804**	108 295	
Liabilities	**12 242**	12 884	
Net assets	**81 562**	95 411	
Investments	**2 042**	4 379	
Depreciation	**7 525**	8 407	
Impairment losses	**2 490**	8 430	
Average personnel	**445**	466	

Flexibles

EUR 1 000	**1-12/2008**	1-12/2007	Change %
Net sales	**76 795**	78 269	-1.9
Operating profit	**1 191**	2 407	
% of net sales	**1.6**	3.1	
Assets	**47 183**	59 744	
Liabilities	**8 136**	9 896	
Net assets	**39 047**	49 848	
Investments	**1 820**	6 852	
Depreciation	**5 033**	5 481	
Average personnel	**562**	593	

Consolidation items

EUR 1 000	**1-12/2008**	1-12/2007
Net sales	**-711**	-613
Operating profit	**-480**	-395
Assets	**2 832**	4 381
Liabilities	**89 244**	103 333
Investments	**48**	35
Depreciation	**37**	46
Average personnel	**12**	11

NET SALES BY MARKET AREA

EUR 1 000	**1-12/2008**	1-12/2007
Finland	**34 954**	34 139
Scandinavia	**18 375**	22 032
The Netherlands	**16 891**	19 022
Other Europe	**119 573**	104 539
Other countries	**24 812**	35 513
Net sales, total	**214 605**	215 245

QUARTERLY FIGURES

EUR 1 000	I/2008	II/2008	III/2008	IV/2008	I/2008-IV/2008
Net sales					
Wiping					
- Codi Wipes	18 507	17 379	19 481	17 000	72 367
- Nonwovens	20 559	21 109	19 152	15 500	76 320
- eliminations	-3 564	-1 966	-2 493	-2 143	-10 166
Total	35 502	36 522	36 140	30 357	138 521
Flexibles	19 094	18 817	19 157	19 727	76 795
Consolidation items and eliminations	-134	-171	-146	-260	-711
Net sales, total	54 462	55 168	55 151	49 824	214 605
Operating profit					
Wiping	-97	295	-516	-396	-687
% of net sales	-0.3	0.8	-1.4	-1.2	-0.5
Flexibles	175	509	-312	819	1 191
% of net sales	0.9	2.7	-1.6	4.2	1.6
Consolidation items and eliminations	-203	-186	63	-154	-480
Operating profit before non-recurring costs and impairment losses	-125	618	-765	296	24
% of net sales	-0.2	1.1	-1.4	0.6	0.0
Non-recurring costs				-1 579	-1 579
Impairment losses				-2 490	-2 490
Operating profit, total	-125	618	-765	-3 773	-4 045
% of net sales	-0.2	1.1	-1.4	-7.6	-1.9
Net financial expenses	-1 084	-1 200	-1 260	-1 252	-4 796
Profit before income taxes	-1 209	-582	-2 025	-5 025	-8 841

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 815 thousand, share-based payments EUR 72 thousand, and unsecured loans EUR 1 100 thousand.

MOVEMENTS IN BORROWINGS

EUR 1 000	**1-12/2008**	1-12/2007
Total borrowings on 1 January	**99 119**	89 335
Current loans from financial institutions on 1 January	**3 000**	8 000
Change in current loans from financial institutions	**-3 000**	-5 000
Current loans from financial institutions on 31 December	**0**	3 000
Commercial papers on 1 January	**15 336**	5 402
Change in commercial papers	**-15 336**	9 934
Commercial papers on 31 December	**0**	15 336
Non-current loans on 1 January	**78 783**	71 933
Change in non-current loans	**-2 380**	6 850
Non-current loans on 31 December	**76 403**	78 783
Capital loans on 1 January	**2 000**	4 000
Change in capital loans	**8 000**	-2 000
Capital loans on 31 December	**10 000**	2 000
Total borrowings on 31 December	**86 403**	99 119

CHANGES IN FIXED ASSETS

EUR 1 000	1-12/2008 Tangible	1-12/2008 Intangible	Tangible	Intangible
Book value at the beginning of the period	**74 083**	**942**	77 168	944
Investments	**3 701**	**137**	11 087	179
Decreases	**-2 305**		-1 600	
Depreciation and impairments	**-12 666**	**-219**	-13 730	-203
Translation differences and other changes	**-152**	**-5**	1 158	22
Book value at the end of the period	**62 661**	**855**	74 083	942

CONTINGENT LIABILITIES

EUR 1 000	**12/2008**	12/2007
For own debt		
Real estate mortgages	**24 045**	5 045
Corporate mortgages	**50 000**	1 177
Other own commitments		
Leasing payments and commitments	**12 389**	10 226
Rent commitments	**10 215**	13 209
Guarantee commitment for financial lease of discontinued operations	**1 468**	1 557

NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1 000	**12/2008**	12/2007
Currency derivatives		
Nominal value	**6 548**	10 724
Fair value	**121**	69
Interest rate derivatives		
Nominal value	**58 700**	65 667
Fair value	**-297**	1 123
Electricity derivatives		
Nominal value	**2 973**	4 683
Fair value	**-394**	1 337

Helsinki, 11 February 2009

SUOMINEN CORPORATION

Board of Directors

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