

## SUOMINEN CORPORATION INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2008

### SUOMINEN'S RESULT ON LOSS, POSITIVE CASH FLOW

KEY FIGURES	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
Net sales, EUR million	55.2	55.7	<b>164.8</b>	161.2	215.2
Operating profit before goodwill amortisation, EUR million	-0.8	0.5	<b>-0.3</b>	2.2	1.7
Operating profit, EUR million	-0.8	0.5	<b>-0.3</b>	2.2	-6.8
Profit/loss for the period, EUR million	-1.5	-0.3	<b>-2.9</b>	-0.4	-10.1
Earnings/share, EUR	-0.06	-0.01	<b>-0.12</b>	-0.02	-0.43
Cash flow from operations/share, EUR	0.38	0.05	<b>0.51</b>	0.15	0.12

Outlook: Suominen's net sales for 2008 are expected to be on the level of 2007. The underlying operating profit is expected to be on the level of the previous year at best and the whole year result is expected to be negative.

### GROUP FINANCIAL RESULTS

Suominen Corporation's net sales for the third quarter totalled EUR 55.2 million (55.7). Operating profit was EUR -0.8 million (0.5), profit before taxes EUR -2.0 million (-0.5) and profit after taxes EUR -1.5 million (-0.3).

Net sales for the nine-month period totalled EUR 164.8 million (161.2). Operating profit was EUR -0.3 million (2.2), profit before taxes EUR -3.8 million (-0.6) and profit after taxes EUR -2.9 million (-0.4).

The strong fluctuations in raw material prices continued, especially in the prices of oil-based raw materials used for flexible packaging. The quoted prices for supplies for the summer period reached a record high level, but during the autumn the prices have decreased. The costs of increased raw material prices that were not compensated by higher sales prices during the period under review exceeded those of the previous year by EUR 2 million. Reduced volumes and stocks as well as lower contract prices have weakened the operating profit by some EUR 3 million on the corresponding period in 2007. Energy and payroll costs increased by some EUR 2 million. The Company's operational enhancement programme has generated EUR 4.5 million since the previous year.

### Cost-saving and operational enhancement programme

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

During the period under review, efficiency-enhancement measures continued to focus on cost savings. Lower volumes than planned and the unfavourable development of wastage took their toll on the benefits gained from the continuous improvement of operations. The sales and product offering programmes promoted new sales, however, not to the extent targeted.

The measures for 2008 included in the enhancement programmes to reduce the working capital and strengthen the cash flow are reflected in the stronger cash flow from operations.

### Financing

Interest-bearing liabilities totalled EUR 91.2 million including capital loan of EUR 10 million issued in the spring. Repayments of non-current loans were EUR 10.9 million and net deduction of current loans was EUR 7.4 million. Net financial expenses were EUR 3.5 million (2.9) or 2.2 per cent (1.8) of net sales. A total of EUR 6.0 million was released in working capital. The equity ratio was 27.2 per cent (30.4). When the capital loans are included in shareholders' equity, the equity ratio was 33.4 per cent (31.5) and the ratio of liabilities to shareholders' equity 146.0 per cent (161.1). Cash flow from operations was EUR 0.51 per share (0.15).

### Investments

The Company's gross investments in production totalled EUR 3.5 million (9.6). Planned depreciation amounted to EUR 9.6 million (10.4). Wet Wipes accounted for EUR 0.5 million (2.3), Nonwovens EUR 1.3 million (1.5) and Flexible Packaging EUR 1.6 million (5.8) of total investments. Investments were replacement and maintenance investments.

### SEGMENT RESULTS

During the period under review, net sales of the Wipes and Nonwovens business area totalled EUR 108.2 million, an increase of 5 per cent on the corresponding period in 2007. The business area's operating profit was EUR -0.3 million (0.4).

Net sales of Wet Wipes totalled EUR 55.4 million, an increase of 8 per cent on the previous year. Delivery volumes grew in personal care and moist toilet wipes. In baby wipes, deliveries were on the level of the previous year. Average sales prices continued to fall as expected, partly also due to changes in the sales mix. Despite the clear growth in volumes, the targets set for increasing sales to new customers and our own new product applications were not met.

The stock of finished products that was increased for the summer period was reduced in August, and production during the third quarter was lower than sales. Despite this, the efficiency of operations developed positively and cost-saving measures were continued. Additional measures to improve specific profitability were launched in the business unit. Local employee negotiations regarding head count reduction were started.

Net sales of Nonwovens increased by 4 per cent to EUR 60.8 million. Deliveries of thermobonded material for hygiene products increased. In hydroentangled

nonwovens, the focus of sales shifted to Europe. There was an increase in internal deliveries. Average sales prices were slightly higher than those of the corresponding period in 2007.

It was not possible to compensate the high raw material prices in the sales prices in full. Measures to improve the efficiency of production continued, but the change made in the production line late in the summer increased the amount of reject on the line during the period under review. The poorly profitable production of pulp-based nonwoven for wipes was terminated during the third quarter. At the end of the period under review, employee negotiations of temporary lay-off of 20 days concerning the entire personnel of the unit were started due to the low estimated demand during the rest of the year.

Net sales of Flexible Packaging totalled EUR 57.1 million (58.1) and operating profit EUR 0.4 million (2.2). Net sales decreased slightly from the previous year due to the decrease in volumes of hygiene packaging. Deliveries of food packaging were on the level of the previous year. In retail sector, there were no changes in the deliveries of carrier bags. Sales of system and security packaging experienced a lower season, but the product area strengthened its order book at the end of the period.

The prices for plastic raw materials and therefore also prices for plastics were determined in July for the third quarter at a high level. For this reason, Flexible Packaging conducted sales price negotiations with a range of its customers during the summer. However, the most of the agreed price increases have been effective since the end of the period. The stock of finished products that was increased during the summer as planned was reduced. Production at the Polish plant increased by more than 15 per cent due to the investment in the printing machine made in 2007. The head count reduction in the business area since the beginning of 2008 is 35 people.

## **SHARE CAPITAL AND SHARES**

### **Share trading and price**

The number of Suominen Corporation's shares traded on the NASDAQ OMX Helsinki from 1 January to 30 September 2008 was 1 339 689 shares or 5.7 per cent of the shares included in the Company's share capital. The trading price varied from EUR 1.38 to EUR 2.25. The final trading price was EUR 1.51, giving the Company a market capitalisation of EUR 35.8 million on 30 September 2008.

### **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.

### **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.

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.

During the period under review, the Board of Directors did not exercise its authorities to buy the Company's own shares. On 30 September 2008, Suominen Corporation held a total of 5,057 of its own shares, accounting for 0.0 per cent 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.

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.

## ORGANISATION AND PERSONNEL

Mikko Pellinen, the new Vice President and General Manager of Flexible Packaging, started on 1 October 2008. He is also a member of the Corporate Executive Team.

Suominen's personnel has been reduced by some 50 people since the beginning of 2008. In addition, the implementation of the profitability programme started in Wet Wipes may result in further reductions later in 2008.

## OUTLOOK

The global financial crisis and the expected slowing down of economic growth will probably affect consumer demand in Europe. However, consumption in Suominen's main product groups is expected to remain more stable than the global consumer demand.

The focus of Suominen's operations is on securing improvement in profitability, cash flow and capital structure. The ongoing cost-saving and efficiency-enhancement programme is expected to improve Suominen's competitiveness. The price fluctuations of Suominen's main raw materials have been significant during the year. However, prices for oil-based raw materials have decreased during the autumn. The price of energy has remained high and payroll costs have continued to increase.

Suominen's net sales for 2008 are expected to be on the level of 2007. The underlying operating profit is expected to be on the level of the previous year at best and the whole year result is expected to be negative.

## NEAR-FUTURE 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 sales. Due to the uncertain global economic situation, the forecasts are more vulnerable to risks than before.

Nonwovens and Flexible Packaging purchase oil-based raw materials to the value of some EUR 50 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 margins.

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 possible personnel reductions at the end of the year may cause non-recurring costs arising from personnel costs for the notice period.

The sensitivity of Suominen's group goodwill and possible changes in the general assumptions are described in the notes to the financial statements for 2007. Suominen's business risks are described in the report of the Board of Directors for 2007. The uncertainty of the financial markets has increased, and a significant amount of Suominen's loan instalments are scheduled to be paid in 2009. The Company has started negotiations with the banks about refinancing. These are expected to be completed by the end of the year.

**SUOMINEN CORPORATION CONSOLIDATED 1 JANUARY - 30 SEPTEMBER 2008**

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 2007, and this interim report should be read parallel to the financial statements for 2007. Amendments to and interpretations of published accounting standards and new accounting standards that came into effect on 1 January 2008 are presented in the financial statements for 2007. The Company complies with the interpretation of IFRIC 10 Interim Financial Reporting and Impairment, which prohibits, for example, the reversal of impairment losses recognised for goodwill during previous interim periods. 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 most important reform known concerns segment reporting, on which the standard will enter into force on 1 January 2009.

The figures in this interim report have not been audited.

**STATEMENT OF INCOME**

EUR 1 000	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
<b>Net sales</b>	55 151	55 701	<b>164 781</b>	161 173	215 245
Cost of goods sold	-53 174	-52 541	<b>-156 659</b>	-150 891	-202 738
<b>Gross profit</b>	1 977	3 160	<b>8 122</b>	10 282	12 507
Other operating income	15	234	<b>525</b>	1 054	1 438
Sales and marketing expenses	-835	-913	<b>-2 470</b>	-2 925	-3 643
Research and development	-503	-487	<b>-1 565</b>	-1 443	-2 121
Administration expenses	-1 379	-1 473	<b>-4 825</b>	-4 613	-6 300
Other operating expenses	-40	24	<b>-59</b>	-106	-228
<b>Operating profit before goodwill amortisation</b>	-765	545	<b>-272</b>	2 249	1 653
Goodwill amortisation					-8 430
<b>Operating profit</b>	-765	545	<b>-272</b>	2 249	-6 777
Interest and other financial income and expenses	-1 260	-1 047	<b>-3 544</b>	-2 891	-3 922
Fair value gains and losses		1		9	4
<b>Profit before income taxes</b>	-2 025	-501	<b>-3 816</b>	-633	-10 695
Income taxes	500	152	<b>964</b>	185	564
<b>Profit/loss for the period</b>	-1 525	-349	<b>-2 852</b>	-448	-10 131
Earnings/share, EUR	-0.06	-0.01	<b>-0.12</b>	-0.02	-0.43

**KEY FIGURES ON STATEMENT OF INCOME**

	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
Net sales, change, % *	-1.0		<b>2.2</b>		
Gross profit, % **	3.6	5.7	<b>4.9</b>	6.4	5.8
Operating profit, % **	-1.4	1.0	<b>-0.2</b>	1.4	-3.1
Financial income and expenses, % **	-2.3	-1.9	<b>-2.2</b>	-1.8	-1.8
Profit before income taxes, % **	-3.7	-0.9	<b>-2.3</b>	-0.4	-5.0
Profit for the period year, % **	-2.8	-0.6	<b>-1.7</b>	-0.3	-4.7

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

\*\* As of net sales.

**BALANCE SHEET**

EUR 1 000	9/2008	9/2007	12/2007
<b>Assets</b>			
Non-current assets			
Goodwill	25 604	34 034	25 604
Intangible assets	895	864	942
Tangible non-current assets	68 767	75 617	74 083
Available-for-sale financial assets	712	716	712
Held-to-maturity investments	100	100	100
Deferred tax assets	469	880	688
Non-current assets, total	96 546	112 211	102 129
Current assets			
Inventories	27 224	29 327	30 765
Trade receivables	28 272	27 365	28 718
Other current receivables	5 139	9 899	8 873
Income tax receivables	828	1 511	841
Cash at bank and in hand	2 053	1 664	1 094
Current assets, total	63 515	69 766	70 291
<b>Assets, total</b>	<b>160 061</b>	<b>181 977</b>	<b>172 420</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity			
Share capital	11 860	11 860	11 860
Share premium account	24 681	24 681	24 681
Fair value and other reserves	1 513	1 455	1 661
Translation differences	1 452	758	1 202
Other shareholders' equity	3 981	16 487	6 903
Shareholders' equity, total	43 487	55 241	46 307
Liabilities			
Non-current liabilities			
Deferred tax liabilities	5 026	5 977	5 848
Pension liabilities		235	
Provisions		85	
Capital loans	8 000		
Interest-bearing liabilities	41 896	64 561	62 186
Other non-current liabilities		12	
Non-current liabilities, total	54 922	70 870	68 034
Current liabilities			
Interest-bearing liabilities	39 258	30 716	34 933
Provisions		115	100
Capital loans	2 000	2 000	2 000
Income tax liabilities	274	1 333	
Trade payables and other current liabilities	20 120	21 702	21 046
Current liabilities, total	61 652	55 866	58 079
Liabilities, total	116 574	126 736	126 113
<b>Shareholders' equity and liabilities, total</b>	<b>160 061</b>	<b>181 977</b>	<b>172 420</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1 000	Share capital	Share premium account	Own shares	Translational differences	Fair value reserves	Actuarial gains and losses	Retained earnings	Total
<b>Total equity at 1 Jan. 2008</b>	<b>11 860</b>	<b>24 681</b>	<b>-115</b>	<b>1 202</b>	<b>1 776</b>	<b>0</b>	<b>6 903</b>	<b>46 307</b>
Cash flow hedges					-334			-334
Translation differences				248				248
Deferred taxes				2	87			89
Share-based payments							54	54
Other changes							-76	-76
Net income recognised directly in equity			0	250	-247		-22	-19
Net income for the period							-2 852	-2 852
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>-247</b>	<b>0</b>	<b>-2 874</b>	<b>-2 871</b>
Business transactions with shareholders								
Conveyance of own shares			99				-48	51
<b>Total equity at 30 September 2008</b>	<b>11 860</b>	<b>24 681</b>	<b>-16</b>	<b>1 452</b>	<b>1 529</b>	<b>0</b>	<b>3 981</b>	<b>43 487</b>
EUR 1 000	Share capital	Share premium account	Own shares	Translational 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
Cash flow hedges					619			619
Translation differences				12				12
Deferred taxes				-2	-158	10		-150
Share-based payments							25	25
Actuarial gains and losses						-44		-44
Other changes							44	44
Net income recognised directly in equity				10	461	-34	69	506
Net income for the period							-99	-99
Total recognised income and expense for the period				10	461	-34	-30	407
Business transactions with shareholders								
Dividend							-1 420	-1 420
Conveyance of own shares			47				3	50
Total equity at 30 September 2007	11 860	24 681	-116	748	1 809	1 338	15 460	55 780

**CASH FLOW STATEMENT**

EUR 1 000	1-9/2008	1-9/2007	1-12/2007
<b>Operations</b>			
Operating profit	-272	2 250	-6 777
Total adjustments	9 340	9 973	21 430
Cash flow before change in working capital	9 067	12 223	14 653
Change in working capital	5 972	-6 355	-7 261
Financial items	-2 790	-2 436	-3 852
Taxes paid	-125	134	-791
Cash flow from operations	12 125	3 566	2 749
<b>Investments</b>			
Investments in tangible and intangible assets	-3 536	-11 026	-12 898
Proceeds from disposal of fixed assets and other proceeds	287	1 396	1 634
Cash flow from investing activities	-3 249	-9 630	-11 264
<b>Financing</b>			
Non-current loans drawn		7 447	18 371
Repayments of non-current loans	-8 933	-1 353	-12 042
Withdrawals of capital loans	10 000		
Repayments of capital loans	-2 000	-2 000	-2 000
Foreign exchange profit or loss	408		522
Dividends paid		-1 418	-1 420
Change in current loans	-7 440	3 847	4 934
Cash flow from financing	-7 965	6 523	8 365
<b>Change in cash and cash equivalents</b>	<b>911</b>	<b>459</b>	<b>-150</b>
<b>KEY FIGURES</b>			
	1-9/2008	1-9/2007	1-12/2007
Earnings/share, EUR	-0.12	-0.02	-0.43
Equity/share, EUR	1.83	2.33	1.96
Cash flow from operations/share, EUR	0.51	0.15	0.12
Return on equity (ROE), %	-8.4	-1.1	-18.8
Return on invested capital (ROI), %	-0.2	2.1	-4.5
Equity ratio, %	27.2	30.4	26.9
Gearing, %	202.5	170.6	210.5
Gross investments, EUR 1 000	3 536	9 622	11 266
Depreciation and impairment losses, EUR 1 000	9 639	10 416	13 934
Goodwill amortisation, EUR 1 000			8 430

**SEGMENT REPORTING****Wipes and Nonwovens**

EUR 1 000	1-9/2008	1-9/2007	Change %	1-12/2007
Net sales				
- Wet Wipes	55 367	51 256	8.0	70 032
- Nonwovens	60 820	58 390	4.2	76 970
- eliminations	-8 023	-6 134	30.8	-9 413
Total	108 164	103 512	4.5	137 589
Operating profit before goodwill amortisation	-318	425		-359
% of net sales	-0.3	0,4		-0.3
Goodwill amortisation				-8 430
Operating profit	-318	425		-8 789
Assets	104 724	117 306		108 295
Liabilities	13 474	14 262		12 884
Net assets	91 250	103 044		95 411
Investments	1 869	3 797		4 379
Depreciation and impairment losses	5 702	6 282		8 407
Goodwill amortisation				8 430
Average personnel	456	470		466

**Flexible Packaging**

EUR 1 000	1-9/2008	1-9/2007	Change %	1-12/2007
Net sales	57 068	58 106	-1.8	78 269
Operating profit	372	2 173		2 407
% of net sales	0.7	3.7		3.1
Assets	56 192	58 813		59 744
Liabilities	8 975	8 394		9 896
Net assets	47 217	50 419		49 848
Investments	1 632	5 791		6 852
Depreciation and impairment losses	3 906	4 099		5 481
Average personnel	571	597		593

**Consolidation items**

EUR 1 000	1-9/2008	1-9/2007	1-12/2007
Net sales	-451	-445	-613
Operating profit	-326	-349	-395
Assets	-855	5 858	4 381
Liabilities	94 125	104 080	103 333
Investments	35	34	35
Depreciation and impairment losses	31	35	46
Average personnel	12	11	11

**NET SALES BY MARKET AREA**

EUR 1 000	1-9/2008	1-9/2007	1-12/2007
Finland	26 134	25 257	34 139
Scandinavia	13 518	16 559	22 032
The Netherlands	13 694	14 111	19 022
Other Europe	91 117	74 989	104 539
Other countries	20 318	30 257	35 513
<b>Net sales, total</b>	<b>164 781</b>	<b>161 173</b>	<b>215 245</b>



**QUARTERLY FIGURES**

EUR 1 000	IV/2007	I/2008	II/2008	III/2008	IV/2007- III/2008
<b>Net sales</b>					
Wipes and Nonwovens					
- Wet Wipes	18 776	18 507	17 379	19 481	74 143
- Nonwovens	18 580	20 559	21 109	19 152	79 400
- eliminations	-3 280	-3 564	-1 966	-2 493	-11 303
Total	34 076	35 502	36 522	36 140	142 240
Flexible Packaging	20 163	19 094	18 817	19 157	77 231
Consolidation items and eliminations	-168	-134	-171	-146	-619
Net sales, total	54 071	54 462	55 168	55 151	218 852
<b>Operating profit</b>					
Wipes and Nonwovens	-784	-97	295	-516	-1 102
% of net sales	-2.3	-0.3	0.8	-1.4	-0.8
Flexible Packaging	234	175	509	-312	606
% of net sales	1.2	0.9	2.7	-1.6	0.8
Consolidation items and eliminations	-46	-203	-186	63	-372
Operating profit before goodwill amortisation	-596	-125	618	-765	-868
% of net sales	-1.1	-0.2	1.1	-1.4	-0.4
Goodwill amortisation	-8 430				-8 430
Operating profit, total	-9 026	-125	618	-765	-9 298
% of net sales	-16.7	-0.2	1.1	-1.4	-4.2
Net financial expenses	-1 036	-1 084	-1 200	-1 260	-4 580
Profit before income taxes	-10 062	-1 209	-582	-2 025	-13 878

**TAXES FOR THE PERIOD UNDER REVIEW**

Taxes for the period under review are calculated on the basis of the Group's tax rate for the whole year, which is estimated to be 25 per cent in 2008 (25 per cent in 2007).

**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 643 thousand, share-based payments EUR 67 thousand, and unsecured loans EUR 1 100 thousand.

**MOVEMENTS IN BORROWINGS**

EUR 1 000	1-9/2008	1-9/2007
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	-1 000	-8 000
Current loans from financial institutions on 30 September	2 000	0
Commercial papers on 1 January	15 336	5 402
Change in commercial papers	-6 440	11 847
Commercial papers on 30 September	8 896	17 249
Non-current loans on 1 January	78 783	71 933
Change in non-current loans	-8 525	6 095
Non-current loans on 30 September	70 258	78 028
Capital loans on 1 January	2 000	4 000
Change in capital loans	8 000	-2 000
Capital loans on 30 September	10 000	2 000
Total borrowings on 30 September	91 154	97 277

**CHANGES IN FIXED ASSETS**

EUR 1 000	1-9/2008		1-9/2007		1-12/2007	
	Tangible	Intangible	Tangible	Intangible	Tangible	Intangible
Book value at the beginning of the period	74 083	942	77 168	944	77 168	944
Investments	3 416	120	9 554	68	11 087	179
Decreases	-132	-2	-917	-177	-1 600	
Depreciation and impairments	-9 473	-166	-10 264	-152	-13 730	-203
Translation differences and other changes	873	1	76	181	1 158	22
Book value at the end of the period	68 767	895	75 617	864	74 083	942

**CONTINGENT LIABILITIES**

EUR 1 000	9/2008	9/2007	12/2007
<b>For own debt</b>			
Real estate mortgages	5 045	5 045	5 045
Corporate mortgages		1 177	1 177
<b>Other own commitments</b>			
Leasing payments and commitments	11 218	11 303	11 105
Rent commitments	11 906	14 074	13 209
Guarantee commitment for financial lease of discontinued operations	1 491	1 579	1 557

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

EUR 1 000	9/2008	9/2007	12/2007
<b>Currency derivatives</b>			
Nominal value	3 234	10 428	10 724
Fair value	74	-38	69
<b>Interest rate derivatives</b>			
Nominal value	68 700	66 333	65 667
Fair value	867	1 122	1 123
<b>Electricity derivatives</b>			
Nominal value	3 115	5 445	4 683
Fair value	1 200	1 007	1 337

Helsinki, 22 October 2008

SUOMINEN CORPORATION

Board of Directors

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