

## SUOMINEN CORPORATION FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2007 (IFRS)

KEY FIGURES	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Net sales, EUR million	54.1	54.2	<b>215.2</b>	202.6
Operating profit before goodwill amortisation, EUR million	-0.6	0.8	<b>1.7</b>	1.2
Operating profit, EUR million	-9.0	0.8	<b>-6.8</b>	1.2
Profit/loss for the period, EUR million	-9.7	-0.1	<b>-10.1</b>	-1.8
Earnings/share, EUR	-0.41	0.00	<b>-0.43</b>	-0.08
Cash flow from operations/share, EUR	-0.03	0.20	<b>0.12</b>	0.53

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

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

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

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

### GROUP FINANCIAL RESULTS

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

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

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

programme, operational costs remained at 2006 levels. The operational enhancement programme progressed slower than planned in Wipes and Nonwovens, and the business failed to achieve its targets for operational efficiency.

### Cost-saving and operational enhancement programme

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

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

### Financing

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

### Investments

The Company's gross investments in production totalled EUR 11.3 million (4.3). Planned depreciation amounted to EUR 13.9 million (14.6) and goodwill amortisation to EUR 8.4 million. Wet Wipes accounted for EUR 2.5 million (1.0), Nonwovens EUR 1.9 million (1.2) and Flexible

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

## SEGMENT RESULTS

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

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

Net sales of Nonwovens increased by 14 per cent to EUR 77.0 million thanks to increased sales of hydroentangled material. Deliveries to the US market were high during the first part of the year, and those to Europe correspondingly lower. Deliveries reverted to a European focus towards the end of the year. Sales of thermobonded nonwovens remained at 2006 levels. Average sales prices rose slightly, but failed to compensate for the rise in raw material costs. Prices of both oil-based raw materials and viscose rose appreciably through the year. Operational efficiency suffered from production-related problems, and measures taken to improve performance in this area did not have time to make an impact during the year. A reorganisation of the production management team was completed by the end of the year. The new heating plant has reduced energy costs. An investment to improve efficiency and process water treatment was launched at the end of the year.

Net sales of Flexible Packaging totalled EUR 78.3 million, an increase of 3 per cent on the previous year. The business area's operating profit totalled EUR 2.4 million (2.0). The growth in net sales was driven by higher sales volumes. This was most evident in retail packaging and system & security packaging. Growth was also seen in food packaging, while hygiene packaging remained at 2006 levels. Sales of wrap-around labels for food packaging rose. Flexible Packaging's overall sales in

Eastern Europe and Russia continued to increase. The prices of oil-based raw materials increased by 16 per cent over the year. As a result of delays in passing on cost increases to sales prices, it proved possible to include only part of these higher costs in sales prices. The new printing machine at the plant in Poland was started up on-time, and the expansion of the plant there completed. Operational enhancement efforts have been concentrated on improving printing and converting. A reduction in personnel at the plant in Sweden was implemented at the end of the year. Production management was reorganised at the turn of the year.

## CHANGES IN GROUP ORGANISATION AND MANAGEMENT

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

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

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

## ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

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

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

## SHARE CAPITAL AND SHARES

### Share trading and price

The number of Suominen Corporation's shares traded on the OMX Nordic Exchange Helsinki from 1 January to 31 December 2007 was 8,765,455 shares or 37.0 per cent of the shares included in the Company's share capital. The trading price varied from EUR 2.01 to EUR 3.79. The final trading price was EUR 2.07, giving the Company a market capitalisation of EUR 49.0 million on 31 December 2007.

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

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

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

During the period under review, the Board of Directors did not exercise its authorities to buy the Company's own shares. On 31 December 2007, Suominen Corporation held a total of 36,343 of its own shares, accounting for 0.0 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 2006B stock option plan a total of 100,000 stock options has been issued in 2007. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007 or EUR 3.44. The subscription period for the 2006B stock options is from 2 May 2009 to 30 October 2010.

Under stock option plan 2007, a maximum of 200,000 stock options shall be issued to the Executive Team of Suominen Corporation as specified by the Board of Directors. Each stock option entitles its holder to subscribe for one Suominen Corporation's share with an equivalent book value of EUR 0.50. According to the 2007A stock option plan a total of 65,000 stock options has been issued. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007 or EUR 3.44. The subscription period for the 2007A stock options is from 2 May 2009 to 30 October 2010.

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

#### **Other 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 2 May 2007, Sampo Life Insurance Company reported that its holding in the share capital and voting rights of Suominen Corporation had decreased to 3.04 per cent.

#### **OUTLOOK**

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

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

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

#### **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 margins.

Nonwovens and Flexible Packaging purchase oil-based raw materials to the value of some EUR 45 million annually. In addition, significantly amounts of viscose, printing inks, and solvents are also purchased. Rapid fluctuations in the world market prices of raw materials can 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 not decline from current levels. Delays in the implementation of measures or their failure would have a negative impact on the Company's result.

A more detailed description of Suominen's business risks can be found the Annual Report for 2007.

## PROPOSAL BY THE BOARD OF DIRECTORS

The parent Company's distributable assets as of the end of 2007 totalled EUR 12,765,715.67, of which the loss for the year was EUR 8,726,969.70.

The Board of Directors will propose at the Annual General Meeting to be held on 27 March 2008 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	12,765,715.67

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

## SUOMINEN CORPORATION CONSOLIDATED 1 JANUARY - 31 DECEMBER 2007 (IFRS)

Suominen has adopted the IFRS 7 standard, Financial Instruments, and the amendment of the IAS 1 concerning the presentation of financial statements. These amendments require additional notes on equity and capital. The Company also 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. Changes to published accounting standards and interpretations, together with the new accounting standards that came into force on 1 January 2007, are presented in the financial statements for 2006. The accounting principles are consistent in other respects with those of the annual financial statements for 2006.

The figures in this financial statement have not been audited.

### STATEMENT OF INCOME

EUR 1 000	10-12/2007	10-12/2006	1-12/2007	1-12/2006
<b>Net sales</b>	54 072	54 228	<b>215 245</b>	202 627
Cost of goods sold	-51 847	-50 199	<b>-202 738</b>	-189 522
<b>Gross profit</b>	2 225	4 029	<b>12 507</b>	13 105
Other operating income	384	296	<b>1 438</b>	724
Sales and marketing expenses	-718	-893	<b>-3 643</b>	-3 567
Research and development	-678	-537	<b>-2 121</b>	-2 009
Administration expenses	-1 687	-1 583	<b>-6 300</b>	-6 292
Other operating expenses	-122	-531	<b>-228</b>	-771
<b>Operating profit before goodwill amortisation</b>	-596	781	<b>1 653</b>	1 190
Goodwill amortisation	-8 430		<b>-8 430</b>	
<b>Operating profit</b>	-9 026	781	<b>-6 777</b>	1 190
Interest and other financial income and expenses	-1 031	-1 081	<b>-3 922</b>	-4 024
Fair value gains and losses	-5	16	<b>4</b>	97
<b>Profit before income taxes</b>	-10 062	-284	<b>-10 695</b>	-2 737
Income taxes	379	232	<b>564</b>	954
<b>Profit/loss for the period</b>	-9 683	-52	<b>-10 131</b>	-1 783
Earnings/share, EUR	-0.41	0.00	<b>-0.43</b>	-0.08

### KEY FIGURES ON STATEMENT OF INCOME

	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Net sales, change, % *	-0.3		<b>6.2</b>	
Gross profit, % **	4.1	7.4	<b>5.8</b>	6.5
Operating profit, % **	-16.7	1.4	<b>-3.1</b>	0.6
Financial income and expenses, % **	-1.9	-2.0	<b>-1.8</b>	-1.9
Profit before income taxes, % **	-18.6	-0.5	<b>-5.0</b>	-1.4
Profit for the period year, % **	-17.9	-0.1	<b>-4.7</b>	-0.9

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

\*\* As of net sales.

**BALANCE SHEET**

EUR 1 000	12/2007	12/2006
<b>Assets</b>		
Non-current assets		
Goodwill	25 604	34 195
Intangible assets	942	944
Tangible non-current assets	74 083	77 168
Available-for-sale financial assets	712	766
Held-to-maturity investments	100	100
Deferred tax assets	688	882
Non-current assets, total	102 129	114 055
Current assets		
Inventories	30 765	27 840
Trade receivables	28 718	25 583
Other current receivables	8 873	6 240
Income tax receivables	841	918
Cash at bank and in hand	1 094	1 220
Current assets, total	70 291	61 801
<b>Assets, total</b>	<b>172 420</b>	<b>175 856</b>
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity		
Share capital	11 860	11 860
Share premium account	24 681	24 681
Fair value and other reserves	1 661	1 185
Translation differences	1 202	738
Other shareholders' equity	6 903	18 279
Shareholders' equity, total	46 307	56 743
Liabilities		
Non-current liabilities		
Deferred tax liabilities	5 848	6 768
Pension liabilities		314
Provisions		85
Capital loans		2 000
Interest-bearing liabilities	62 186	63 133
Other non-current liabilities		13
Non-current liabilities, total	68 034	72 313
Current liabilities		
Interest-bearing liabilities	34 933	22 202
Provisions	100	115
Capital loans	2 000	2 000
Income tax liabilities		67
Trade payables and other current liabilities	21 046	22 416
Current liabilities, total	58 079	46 800
Liabilities, total	126 113	119 113
<b>Shareholders' equity and liabilities, total</b>	<b>172 420</b>	<b>175 856</b>

**CASH FLOW STATEMENT**

EUR 1 000	1-12/2007	1-12/2006
<b>Operations</b>		
Operating profit	-6 777	1 190
Total adjustments	21 430	14 855
Cash flow before change in working capital	14 653	16 045
Change in working capital	-7 256	1 978
Financial items	-3 852	-4 835
Taxes paid	-791	-605
Cash flow from operations before interest-bearing receivables	2 754	12 583
Change in interest-bearing receivables	-5	-100
Cash flow from operations	2 749	12 483
<b>Investments</b>		
Investments in tangible and intangible assets	-12 898	-3 135
Proceeds from sale of fixed assets and other proceeds	1 634	666
Cash flow from investing activities	-11 264	-2 469
<b>Financing</b>		
Repurchase of own shares		-157
Non-current loans drawn	18 371	5 000
Repayments of non-current loans	-12 042	-10 792
Capital loans	-2 000	-2 000
Foreign exchange profit or loss	522	
Dividends paid	-1 420	
Change in current loans	4 934	-2 015
Cash flow from financing	8 365	-9 964
<b>Change in cash and cash equivalents</b>	<b>-150</b>	<b>51</b>

**KEY FIGURES**

	12/2007	12/2006
Earnings/share, EUR	-0.43	-0.08
Equity/share, EUR	1.96	2.40
Dividend/share, EUR	0.00 *	0.06
Cash flow from operations/share, EUR	0.12	0.53
Return on equity (ROE), %	-18.8	-3.1
Return on invested capital (ROI), %	-4.5	0.9
Equity ratio, %	26.9	32.3
Gearing, %	210.5	154.4
Gross investments, EUR 1 000	11 266	4 337
Depreciation and impairment losses, EUR 1 000	13 934	14 694
Goodwill amortisation, EUR 1 000	8 430	

\* Proposal by the Board of Directors

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

EUR 1 000	1-12/2007	1-12/2006	Change, %
Net sales			
- Wet Wipes	<b>70 032</b>	69 299	1.1
- Nonwovens	<b>76 970</b>	67 296	14.4
- eliminations	<b>-9 413</b>	-9 687	
Total	<b>137 589</b>	126 908	8.4
Operating profit before goodwill amortisation	<b>-359</b>	-149	
% of net sales	<b>-0.3</b>	-0.1	
Goodwill amortisation	<b>-8 430</b>		
Operating profit	<b>-8 789</b>	-149	
Assets	<b>108 295</b>	116 435	
Liabilities	<b>12 884</b>	13 943	
Net assets	<b>95 411</b>	102 492	
Investments	<b>4 379</b>	2 150	
Depreciation and impairment losses	<b>8 407</b>	8 768	
Goodwill amortisation	<b>8 430</b>		
Average personnel	<b>466</b>	455	

**Flexible Packaging**

EUR 1 000	1-12/2007	1-12/2006	Change, %
Net sales	<b>78 269</b>	75 987	3.0
Operating profit	<b>2 407</b>	1 958	22.9
% of net sales	<b>3.1</b>	2.6	
Assets	<b>59 744</b>	55 127	
Liabilities	<b>9 896</b>	8 313	
Net assets	<b>49 848</b>	46 814	
Investments	<b>6 852</b>	2 122	
Depreciation and impairment losses	<b>5 481</b>	5 873	
Average personnel	<b>593</b>	593	

**Consolidation Items**

EUR 1 000	1-12/2007	1-12/2006
Net sales	<b>-613</b>	-268
Operating profit	<b>-395</b>	-619
Assets	<b>4 381</b>	4 294
Liabilities	<b>103 333</b>	96 857
Investments	<b>35</b>	65
Depreciation and impairment losses	<b>46</b>	53
Average personnel	<b>11</b>	10

**NET SALES BY MARKET AREA**

EUR 1 000	1-12/2007	1-12/2006
Finland	<b>34 139</b>	33 208
Scandinavia	<b>22 032</b>	21 539
The Netherlands	<b>19 022</b>	40 348
Other Europe	<b>104 539</b>	82 421
Other countries	<b>35 513</b>	25 111
<b>Net sales, total</b>	<b>215 245</b>	202 627

**QUARTERLY FIGURES**

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

**INFORMATION ON RELATED PARTIES**

Suominen has related party relationships with the members of the Board of Directors, and the President and CEO of the Parent Company 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 1 279 thousand (1 206).

**MOVEMENTS IN BORROWINGS**

EUR 1 000	1-12/2007	1-12/2006
Total borrowings on 1 January	<b>89 335</b>	99 142
Current loans from financial institutions on 1 January	<b>8 000</b>	
Change in current loans from financial institutions	<b>-5 000</b>	8 000
Current loans from financial institutions on 31 December	<b>3 000</b>	8 000
Commercial papers on 1 January	<b>5 402</b>	15 417
Change in commercial papers	<b>9 934</b>	-10 015
Commercial papers on 31 December	<b>15 336</b>	5 402
Non-current loans on 1 January	<b>71 933</b>	77 725
Change in non-current loans	<b>6 850</b>	-5 792
Non-current loans on 31 December	<b>78 783</b>	71 933
Capital loans on 1 January	<b>4 000</b>	6 000
Change in capital loans	<b>-2 000</b>	-2 000
Capital loans on 31 December	<b>2 000</b>	4 000
Total borrowings on 31 December	<b>99 119</b>	89 335



**CHANGES IN FIXED ASSETS**

EUR 1 000	1-12/2007		1-12/2006	
	Tangible	Intangible	Tangible	Intangible
Book value at the beginning of the period	77 168	944	88 129	1 022
Investments	11 087	179	4 108	129
Decreases	-1 600		-672	
Depreciation and impairments	-13 730	-203	-14 505	-189
Translation differences and other changes	1 158	22	108	-18
Book value at the end of the period	74 083	942	77 168	944

**CONTINGENT LIABILITIES**

EUR 1 000	12/2007	12/2006
<b>For own debt</b>		
Real estate mortgages	5 045	5 046
Corporate mortgages	1 177	1 177
<b>Other own commitments</b>		
Leasing payments and commitments	10 226	8 555
Rent commitments	13 209	15 767
Guarantee commitment for financial lease of discontinued operations	1 557	1 642

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

EUR 1 000	12/2007		12/2006	
	Nominal value	Fair value	Nominal value	Fair value
<b>Currency derivatives</b>				
Held for trading	10 724	69	9 750	-5
<b>Interest rate derivatives</b>				
Held for hedge accounting	65 667	1 123	55 633	1 098
Held for trading			5 000	-10
<b>Electricity derivatives</b>				
Held for hedge accounting	4 683	1 337	5 353	781
Held for trading			285	-2

Helsinki, 11 February 2008

SUOMINEN CORPORATION

Board of Directors

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