Suominen
Creating Convenience

Annual Report 2008

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


Kotiuunin
lotus
nessu
Zwitsal
Zewa
Плюс
PITKO
Reino
KOTIPASTA
Balsam
Lambi
PLUSSAA OSTOKSIIN
lotus
Emilia
marimekko
Ruispalat

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Interim Report 1 January – 31 March, issued 29 April 2009
Interim Report 1 January – 30 June, issued 24 July 2009
Interim Report 1 January – 30 September, issued 22 October 2009

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

The Annual General Meeting

The Annual General Meeting of Suominen Corporation will be held on Friday 20 March 2009, at 10.00 a.m. in the Restaurant Palace, Conference Hall, Eteläranta 10, Helsinki.

Shareholders who are entered in the Company's Register of Shareholders maintained by Euroclear Finland Ltd on Tuesday 10 March 2009 are entitled to attend the Annual General Meeting. Notice of attendance at the Annual General Meeting is requested by 4 p.m. on Friday 13 March 2009, either in writing to Suominen Corporation, P.O. Box 380, FI-33101 Tampere, by e-mail at minna.lehtonen@suominen.fi, by telephone at +358 (0)10 214 3535 or by fax at +358 (0)10 214 3536.

Payment of the dividend

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

This is Suominen

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

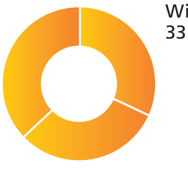
Suominen Codi Wipes is the third largest manufacturer of wet wipes in Europe. Its range of products includes wet wipes for baby and personal care, and household cleaning applications. Suominen Nonwovens is one of the leading manufacturers of nonwovens in Europe, supplying a range of roll goods for use in wiping, personal hygiene, and health-care products. In addition to Europe, North America represents one of its major markets. Suominen Flexibles holds a strong position as a supplier of packaging for the food, hygiene, and retail sectors as well as security and system packaging in the North Europe and eastern parts of Central Europe.

Our plants are located in Finland, the Netherlands, Poland, and Sweden. In 2008, Suominen Corporation employed approximately 1,000 people, with the Company's turnover amounting to EUR 214.6 million.

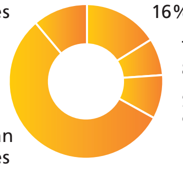
Key Figures for 2008

	2008	2007
Net sales, € million	**214.6**	215.2
Operating profit before impairment losses, € million	**-1.6**	1.7
Impairment losses, € million	**-2.5**	-8.4
Operating profit, € million	**-4.0**	-6.8
as % of net sales	**-1.9**	-3.1
Profit for the period, € million	**-7.2**	-10.1
Earnings/share, €	**-0.31**	-0.43
Cash flow from operations/share, €	**0.80**	0.12
Return on invested capital (ROI), %	**-2.9**	-4.5
Equity ratio, %	**24.6**	26.9
Personnel at the end of the year	**954**	1 041

Net sales by business unit



Net sales by market area



Highlights in 2008

- Net sales on the level of the previous year. Sales volumes up in Codi Wipes, but down in Nonwovens and Flexibles.
- Raw material prices fluctuated during the year and raw material costs were higher than year before.
- Underlying operating profit at zero level, total result on red.
- Strong cash flow from operations enabled repayments of loans.
- Non-recurring costs and impairment losses of EUR 4.2 million.
- Stairs to Top programme generated EUR 6 million in cost-savings.

Review by the President and CEO

2008 was a challenging year for Suominen. We were not able to improve our profitability in the prevailing difficult market situation. However, we succeeded in enhancing a culture of continuous improvement in our operations, while achieving notable results in our daily work.

At the beginning of the year, demand was strong and sales volumes saw healthy growth. However, profitability suffered from the delay in passing on the heavily increased raw material costs to sales prices. We were not able to change our raw-material-clause mechanisms or alter the direction of increasing salary and energy costs. As a result of the financial crisis, market uncertainty grew in the autumn, while sales volumes levelled off and, in some cases, even dropped.

In our Stairs to Top productivity-enhancement programme, we were able to achieve cost savings close to the targets, although gains in operational efficiency lagged behind. Marked improvements in productivity were seen in several units and production lines. Because of reduced production volumes, the efficiency improvement fell short of the targets.

By means of enhanced operational efficiency, and controlled stock and cash management, we were able to create an extremely strong cash flow, which we used for paying off our debts and improving our financial position. In late 2008, we secured long-term financing by agreeing on a syndicated loan agreement, which we used to replace our previous long-term loans. This agreement ensures the sufficiency of our financing resources in a financial market that has become rather challenging.

For a long time, our operations have been based on the principle of sustainable development. For years, minimisation of raw material use and optimisation of product properties have been the guiding principles for our operations. Currently, we are focusing our efficiency enhancement measures on boosting energy-efficiency, among other things. Flexibles joined an energy-efficiency programme of the Finnish Ministry of Employment and the Economy, with the goal of reducing energy consumption by 9% by the year 2016.

Operational challenges

The production volume of the Nonwovens unit grew rapidly in the spring, only to level off in the summer as domestic production in the US started replacing imported products. We closed down one nonwovens line in Nakkila and, in the autumn we adjusted the production volumes of nonwovens by means of temporary layoffs. These layoffs will continue in 2009. We are proactively seeking new profitable business in order to address shortcomings in the order portfolio. In line with our business proposition, we will develop more cost-efficient and better-performing nonwoven solutions for our customers. Close co-operation between customers' development organisations and our professional product development personnel is the key to develop the nonwovens further.

Wet wipe sales saw growth alongside that of our brand customers. The business model of Codi Wipes is contract converting with advanced product development services. In compliance with our strategy, we reinforced our product development network, creating improved capabilities for quick product launches. Based on customer and product profitability analysis conducted in the autumn, we began to direct our offering toward more profitable markets. The unit's profitability is being improved through investment in automatic production and reduction in its product portfolio. We have also initiated substantial headcount reduction measures that will be completed by autumn 2009.

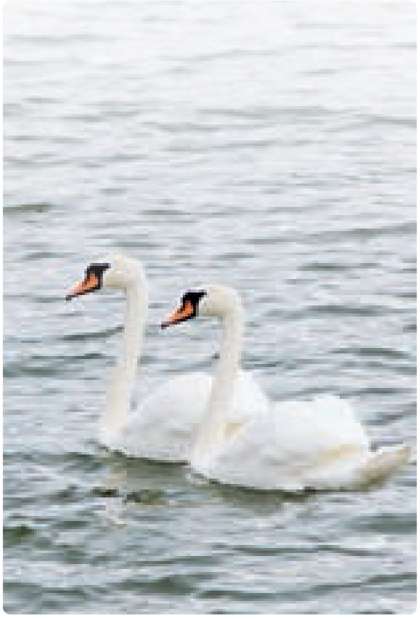
In accordance with our strategy, Flexibles continued its growth in Eastern Europe and Russia. The new printing machine commissioned at the Polish plant in late 2007, along with that plant's expansion, helped ensure our success in Food Packaging segment. Moreover, new product launches contributed to the growth in sales of Food Packaging.

Distinctive design and appealing appearance of products are guiding consumers in their purchasing decisions. Knowing this, we invested in pre-press operations and in digital manufacture of printing plates in Finland and Poland. With these investments, we will ensure our place at the forefront of printing development, while creating a solid foundation for customer service and first-grade printing.

Continued efficiency enhancements

Partnership, trust, and expertise are the guiding principles of our Company. Trust is born as a result of actions and achievements. Expertise and cooperation reinforce trust. We have focused on expertise by training our personnel and recruiting new people. We have found for example new, excited professionals with strong expertise to head both of our business areas.

Our most essential goals for 2009 will be the enhancement of operational efficiency and the improvement of profitability. We will continue generating strong cash flow while strengthening our capital structure.



We want to success with our customers. We will continue to invest in the development and commercialisation of new products. Our revised offering will create further opportunities for our customers to succeed. I believe that, by constantly developing our expertise and operations and renewing our offering, we will create the conditions necessary for attaining our goals and better future.

I would like to thank all Suominen employees for a job well done in last year's challenging operating environment. Simultaneously, I would like to warmly thank our customers, shareholders, and partners also for their trust and cooperation in 2008.

Petri Rolig

"For a long time, our operations have been based on the principle of sustainable development. For years, minimisation of raw material use and optimisation of product properties have been the guiding principles for our operations."

Suominen Core Purpose, Strategy, and Vision

Suominen provides products and solutions that bring greater convenience to people's everyday lives.

The guiding principles of our operations, our values, are partnership, trust, and expertise. We are passionate about our business and getting things done.

Our strategy is to have a significant market position in selected wiping and packaging business areas, act as a development partner creating value for our key customers and focus on geographically limited markets fitting for Suominen.

It is our vision to be the preferred partner for our customers, providing them with high-quality, innovative products and services, while supporting their success in the market.

Suominen provides high-quality nonwovens, wet wipes, and flexible packaging – products that consumers are more than happy to use in their everyday lives. Our success in the marketplace is based on overall quality, innovativeness, efficient production processes, and solid supply chain management.

We have set the quality criteria for our products high. Our customers are very demanding and their brands embody a powerful promise that does not allow for compromises in quality or functionality. Our product manufacturing fulfils tight hygiene requirements, while the printing quality of our packaging materials is of a high standard.

Our product development, performed in partnership with our customers, enables, on top of the current product range, the introduction of new solutions to the market. We are the preferred partner for our key customers, providing them with value-added products and solutions. By combining the expertise of our partners and suppliers with the know-how of our various units, we are able to develop for our customers' products that bring pleasure and comfort to consumers while helping them in their everyday chores.

Outstanding production quality, reliability, and close partnership ensure enduring customer relationships. We employ carefully selected technologies with focus in knowhow in our production. Through our expertise, we are able to achieve cost-efficient and reliable operations. The production technologies employed enable versatile manufacturing of products. High-quality raw materials, reliable suppliers, and cost-efficient logistics solutions complete our supply chain management.

Short term strategic highlights

The primary goal of Suominen is to improve the Group's profitability. We will steer our offering toward value-added products, utilising our current capacity. We will further develop product areas that are stable with regard to development, such as retail packaging or wipes used for baby care, while keeping in mind the requirements of sustainable development and efficient use. Suominen's expertise will be utilised in growing product segments such as the manufacturing of food packaging as well as hygiene wipes and packaging.

Suominen Provides Wiping and Packaging Products

Suominen manufactures both wet wipes and the nonwovens for wiping applications. Wet wipes are disposable wipes, complete with the lotion appropriate to the application. Nonwovens are soft, long-fibred, and absorbent fabric materials that are manufactured from oil-based and other raw materials.

Suominen supplies flexible consumer packaging manufactured from plastic film. In stores, they are used as packaging materials for various products, such as the packaging for frozen vegetables or tissue products, or labels on plastic bottles.

Suominen products in everyday life

Suominen products are first encountered in babyhood: we produce baby care wipes that are soft, thick, and safe to use. These wipes incorporate a cleaning lotion that protects and moisturises the baby's skin.

Beauty and self-care are important ideals, and looking after one's appearance has become part of everyday life for various consumer groups – including youth, men, and the elderly. Suominen uses a soft, textile like nonwoven, with added cleansing and conditioning lotions, to produce wipes for beauty care, facial cleansing, and make-up removal applications. For daily consumer goods and cosmetics companies, wipes represent a natural extension of the product range.

Alongside beauty care, personal hygiene is occupying people's attention more than before. Suominen wipes are used as deodorant, intimate hygiene, and moist toilet wipes. Laminated films manufactured by Suominen are used for their packaging. Nonwovens are also used for adult incontinence products and feminine hygiene products. In the health-care sector, Suominen's nonwovens are used, for instance, for wound-care products.

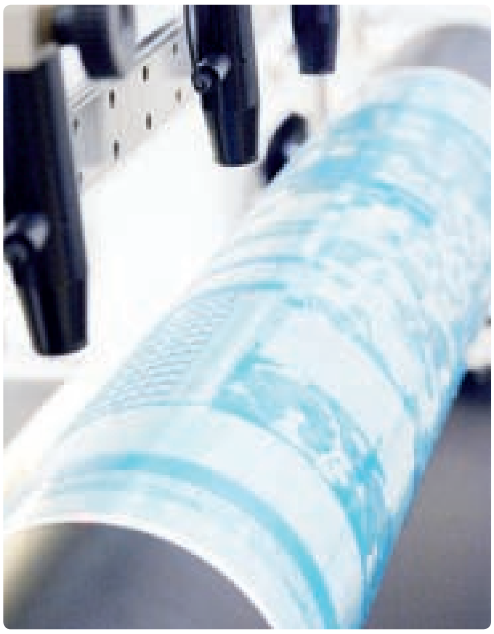
Daily consumer goods are products that all of us as consumers buy and use. Many bakery and fresh food products are packaged in Suominen's thin, printed multi-layer film, or ready-made bags. Packaging that is manufactured from laminated film is suited to packaging pre-baked bakery products and frozen food. Labels are a relatively new addition to the Suominen product range. Daily consumer goods are carried home from the shop in Suominen-produced retail carrier bags.

Customers

Suominen operates in a value chain with international brands of food and hygiene product manufacturers, among others, as well as retail chains as its immediate customers. Their clientele consists of the end users of the products, the consumers. Our customers set extraordinarily strict quality-, production-, and product-development-related requirements for their partners.

The customer base of the Codi Wipes unit includes companies that market world-leading brands. The other customer group comprises retail chains, which also focus a great deal on their own brands.

The clientele of the Nonwovens unit comprises international manufacturers of baby care, cosmetics, hygiene, and health-care products.



Flexibles' customers are well-known local or regional manufacturers of food and hygiene products, as well as international brand owners and retail chains. The clientele using Flexibles' products is diverse, including companies from the industrial and service sectors.

The production plants of Flexibles' are located in Finland, Sweden, and Poland. Hygiene and food packaging are delivered to the Nordic countries, Central Europe, and Russia. Retail packaging is primarily sold to retail chains in Finland. The Security and System packaging segment's products are supplied throughout Europe.

Plants and market areas

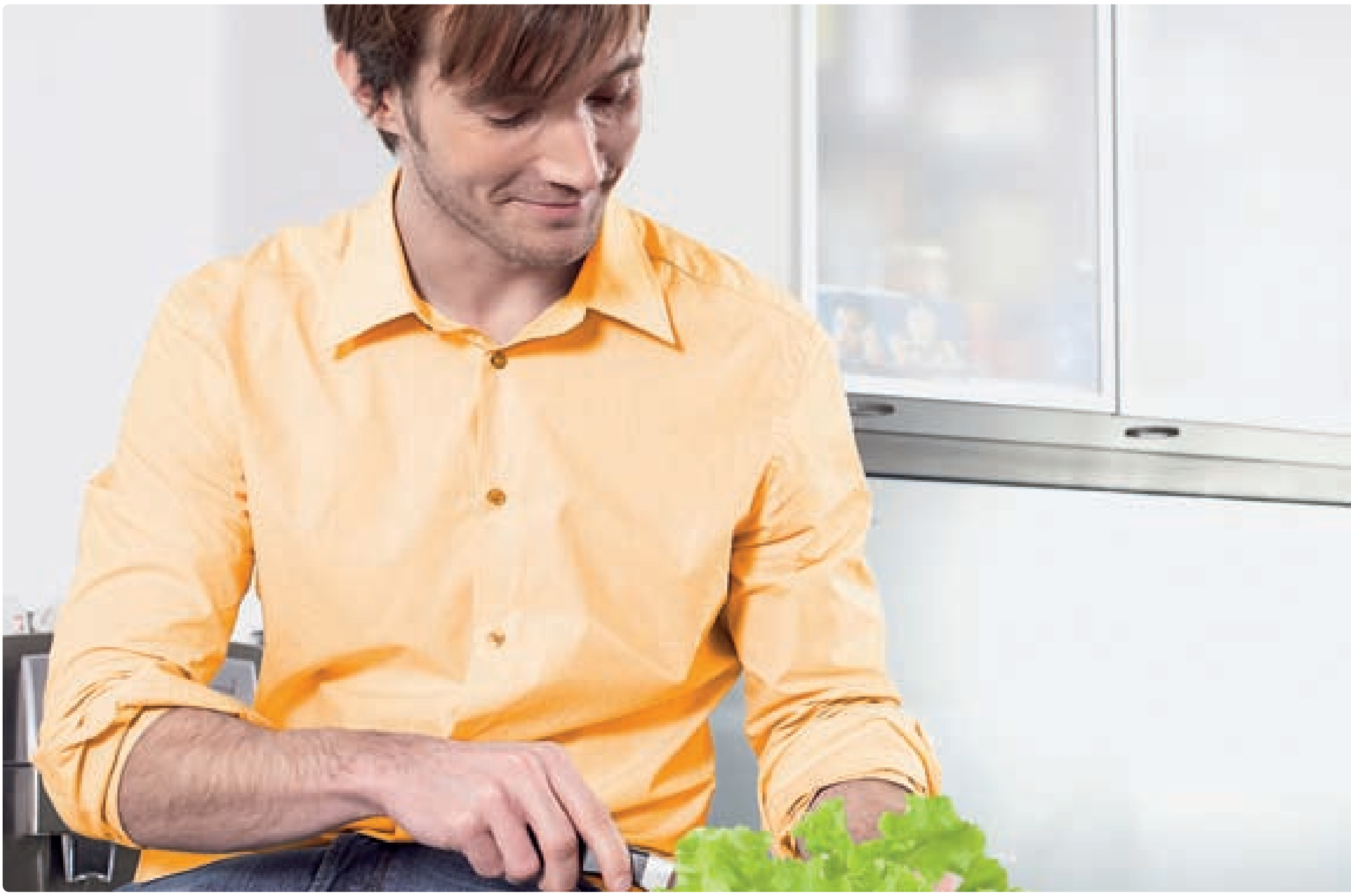
The primary market for Suominen is Europe; certain product segments are aimed at regional markets, with some targeting the North American market as well. Issues related to logistics, such as transportation of goods, define Suominen's natural range of operations.

Wet wipes are manufactured in the Codi Wipes unit, in Veenendaal, the Netherlands, and nonwovens in the Nonwovens unit, in Nakkila, Finland. Wet wipes are mainly targeted at the Central and Northern European markets, with a certain amount of wet wipes delivered to Southern Europe and outside Europe as well. Nonwovens are primarily delivered to Central and Southern Europe, with some also supplied to the Russian and North American markets.

Consumer trends

People want comfort and ease of use in their everyday lives – they appreciate functional products that provide a pleasant user experience. A product's feel, softness, and fragrance are also essential to them. Comfort of use includes use of a logical approach, ease of opening, and the ability to reclose the packaging. As the standard of living rises and leisure time increases, the demand for solutions that bring convenience to everyday life grows. The ease of use associated with products and packaging is a crucial feature for the elderly population in particular. Social change, including the increase in one person households, also changes product packaging.

Consumers want positive purchasing experiences, and this includes the promise conveyed by product packaging. Packaging conveys essential information about a product – at best, in a



clear and effortless manner. Two trends can be identified in consumer behaviour: an increase in brand awareness and quality consciousness and, simultaneously, "value for money". Brand products attempt to confer upon the consumer a promise of the product's value and qualities, however more price conscious consumers prefer lower-priced products.

Ushered in by the trend of taking care of and appreciating one's health, the share of health-care products has increased in the statistics. The packaging for these products must guarantee their hygiene, cleanliness, and safety. Taking care of one's looks, together with beauty care, also is prominent among modern aspirations. The popularity of easy-to-use beauty-care products is increasing. They, also, entail a guarantee of a product that is reliable and well thought out.

Sustainable development and environmental issues are having an increasing impact on consumers' buying behaviour. Reusability of materials, recycling, and environment-friendliness related to products and their packaging are valued qualities among consumers.

Suominen's business propositions

Suominen targets technological and operational excellence in its business operations. In partnership with its customers, Suominen strives to gain an ever more detailed understanding of consumers' wishes and the trends that influence consumer behaviour. We provide value-added solutions with first-grade functionality, taking into account the environmental issues of today and tomorrow.

Codi Wipes

We combine our expertise with skills of others to create new types of wet wipe solutions. We commercialise innovations quickly and efficiently.

Suominen's specialty is the comprehensive Codi Connect service, which covers the entire wet wipe solution. This service enables us to utilise our high-quality manufacturing technology in conjunction with the expertise of our own units and partners. In final products, a high-quality lotion that is appropriate to the application is added to the nonwoven, the wipe is folded in accordance with the product concept, and the item is packaged in a reclosable package.

Nonwovens

We develop top-quality nonwoven materials that respond to our customers' individual needs.

Suominen's nonwoven is an excellent material for high-quality hygiene products. It is extremely soft and absorbent. Suominen possesses strong expertise in nonwovens, with special emphasis placed on product development. Customer-specific needs are taken into consideration with regard to, for instance, material mixtures and embossing.

Flexibles

We deliver more added value by tailoring solutions to our customers' needs and focusing on a cost efficient value chain.

Suominen's flexible packaging products stand out because of their high-grade flexographic printing, excellent materials, and innovative solutions. Versatile manufacturing technology enables cost-efficient supply of tailored solutions.

Added Value by Innovation

The goal Suominen shares with its customers is to provide, for constantly developing markets, product solutions that utilise both parties' expertise. Suominen's product development strives to find functionally new products, develop the product range so as to adapt it to the more efficient production processes of customers, and constantly improve the Company's manufacturing processes and products.

Practical wiping

With regard to Wiping business area, Suominen's expertise is focused on nonwovens and the management of the lotions and packaging integrated with them. Suominen is able to utilise its extraordinary expertise in the development of the properties of both nonwovens and wet wipes.

The development of nonwovens emphasises product differentiation with regard to look and properties. Own fibre manufacturing serves as an example, representing a crucial component in the functionality and properties of nonwovens.

Codi Wipes' products are founded in connection with the development projects undertaken in collaboration with customers. Product properties are adapted to the rapidly changing market situations by means of, for instance, changes in the packaging, lotion, and wipe size. Simultaneously, Suominen can manage the product portfolio by using a network of trusted partners for development of lotions, among other such matters.

Differentiation on the store shelves

Packaging plays an important part when people make a purchasing decision and use a product. The new selection of Flexibles' products focuses on easy-to-use solutions that can be reclosed and on differentiating materials that ensure an aesthetically pleasing experience as well as freshness and short preparation times for food.

The outward appearance of packaging influences product image and how much the item stands out in displays. Suominen's stand-up packaging enables striking displays and the use of smaller packages, as well as a flexible and cost-efficient packaging process.

The user-friendliness of these packages is developed as consumer habits change. Packaging must be as easy-to-use as possible, regardless of the consumer's age, capability, or circumstances. For films and bags, Suominen has developed various types of perforations that aid in opening the packaging. Sticker solutions that facilitate closing the packaging again or make the product stand out can be incorporated into the perforation.

Amer product family is expanding

In 2007, Suominen launched the new AmerFeel™ film, featuring the special property of a comfortably rough surface. This matte surface gives natural appearance to the customer's product. The AmerView™ packaging with a window and the AmerString™ packaging solution with plastic string were introduced to hygiene and food packaging customers in early autumn 2008. To complement the product family, the biodegradable AmerBio™ film was also included in the product range.

The AmerView™ packaging combines a new type of distinctive material and a transparent, carefully designed window. This packaging is ideal for such items as bakery products, which should stand out on the merit of their appearance. The AmerFeel™ film can be used to enhance the attractiveness of AmerView™ packaging.

The AmerString™ bag features a unique, string-based closure that provides a unique, easy-to-use solution with packaging that can be reclosed easily. Owing to the straight perforation at the top of the bag, this package is easy to open by pressing lightly. The bag is closed by pulling the strings and, if required, then tying them together.

The biodegradable AmerBio™ material is suitable for the packaging of tissues as well as bakery products and fresh foods such as vegetables.

Reduce, Reuse, and Recycle

Suominen takes environmental issues into consideration as part of its responsible business operations. Our goal is to minimise the environmental impact of our operations. With regard to environmental issues, the Company follows the principles for sustainable development as defined by the International Chamber of Commerce as well as three guiding goals: reduce, reuse, and recycle. All Suominen units have set internal environment and quality management goals and drafted an action plan for adhering to these principles. The Nonwovens unit has an ISO 14001 environmental certificate.

Requirements concerning environment and security are taken into account even during the product development phase. The goal is to boost the efficiency of material use while reducing energy consumption, the use of packaging materials, and transportation. The amount of landfill waste will be reduced by improving recycling operations and further utilising recycled material in product manufacture.

According to a life cycle assessment study titled OPTIKASSI, published in January 2009 by the Finnish Environment Institute and the Technical University of Lappeenranta, the plastic bag manufactured from recycled materials is the best option as a shopping bag (www.ymparisto.fi). Suominen Flexibles introduced the first recycled plastic bags as early as 1995. Ever since, we have actively developed our range of carrier bags made from recycled plastics. As part of our product development, we search for ways of improving recycling facilities for the products we have in the market, for example by establishing recycling points for carrier bags (www.muovikassikiertoon.fi).

In the production of nonwovens, recycled fibres help to conserve raw material and the environment. Manufacturing waste that is unsuitable for recycling is delivered to the combustion plant, annexed to the plant. Production process water is recycled and cleaned at the water treatment plant, markedly reducing water consumption and wastewater emissions. The new fully automatic Codi Wipes' warehouse operates without lights, while warehouse temperature control helps cut energy costs.

Quality guarantees continuity

The high quality and safety of products and functions are requirements that Suominen will not compromise. Production of both Codi Wipes and Nonwovens is certified to the ISO 9001:2000 standard. The quality, environment management, and security processes at Flexibles are based on ISO standards. Suominen adheres to the laws, statutes, and regulations applicable to its operations while also following Good Manufacturing Practices.

Joint development programmes and audits with suppliers and other partners enable an uninterrupted chain in handling of quality, security, and environmental issues as well as continuous development of operations.

Videoconferences save time and help the environment

Videoconferences are a part of the daily meeting practices of the various units at Suominen. These meetings are organised by means of the video links and displays located in the units' conference rooms. In addition to Finland, this equipment can be found in the Netherlands and Poland.

The virtual face-to-face connection allowed by the videoconferencing equipment creates a feeling that all participants are sitting at the same table, lending fluency to communications between the teams. Also, all conference materials can be simultaneously viewed by the participants. Meeting practices have become more efficient, and the flow of information has improved. Moreover, this has meant a marked decrease in the time used for travel and an increase of 2,000 hours per year in productive working time.

The option of videoconferencing has reduced travel within the Group, thus bringing around 10% annual savings in travel costs. In addition to plane travel, travel by car has been reduced, and Suominen has been able to restrict its amount of environmentally hazardous emissions.

A Work Community that Functions Well

The personnel and HR management are important factors with regard to ensuring customer satisfaction and achieving the Company's goals. The goal of Suominen's personnel strategy is to support the development of its business operations. Its three primary areas are 'Training and Learning', 'Motivation and Good Performance', and 'Commitment and Continuity'.

Suominen's guiding principles – partnership, trust, and expertise – form the foundation for personnel management processes as well. These principles are part of our everyday life in the development of competency, evaluation of work performance, recruitment, and orientation of new employees.

Suominen conducts its business operations according to high ethical standards. We respect and promote globally accepted principles associated with employees' human rights and equality. The equality plans that have been drafted at the Group's various units focus on accountable management, recruitment, work conditions, salaries and career development, balance of work and home life, prevention of sexual harassment, and the internationalisation of the Company.

Target-oriented operating culture

Motivated and skilled personnel form the foundation for successful business operations. The delegation and acceptance of responsibility, the opportunity to influence one's own work, and use of the right tools advance positive commitment. We strive for continuous improvement by means of team work and cooperation. Commitment and motivation of the personnel is promoted via various incentive and initiative plans.

Overall planning and target achievement that apply to the entire organisation are steered by means of the Stairs to Top programme, which includes cost-saving measures, boosting operational efficiency, and attention to sales-related development issues. The target-oriented and systematic nature of operations and cooperation among personnel are also highlighted by means of the annual Suominen Success Stories contest, pitting the various' units projects and measures against one another. In 2008, the commercialisation of a product innovation earned the top prize.

Competency development

At Suominen, competence development is managed through an assessment process for personal performance. An Internet-based tool is used for documenting measures and decisions. Currently, this function is applied for the office personnel. Moreover, all personnel's performance and competencies are assessed each year in the Nonwovens and Codi Wipes units. At Codi Wipes, this assessment has an impact on the performance-based compensation paid to the unit's personnel.

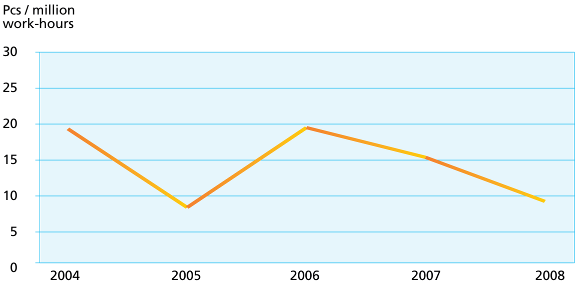
Staff job satisfaction is measured at regular intervals, with the results used for its development. The year under review saw the completion of a three-year workplace wellbeing project at Nonwovens, carried out in partnership with the Turku School of Economics. At Flexibles, a two-year working life development project, partially funded by the Ministry of Labour, reached its end.

Safe Suominen

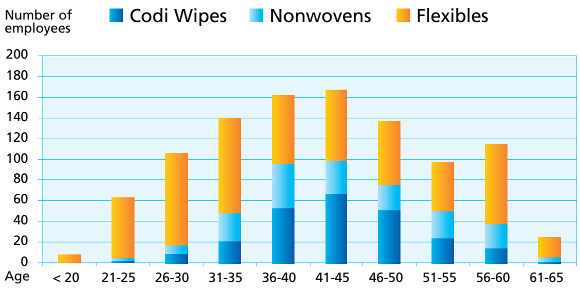
The adoption of a culture of safety is among the primary goals at Suominen. Nonwovens and Flexibles are members of the Finnish Nolla tapaturmaa ('Zero Accidents') forum. Occupational safety management includes work environment risk evaluations, planning of preventive measures, registration of near-miss situations and accidents, development of the work environment and work methods, and a practical initiative system.

At Nonwovens, an occupational welfare model (Työkuntoon) was adopted; the objective of this model is primarily to analyse the stress factors and development needs that are related to the work, the workplace, and work conditions. The number of absences due to sickness fell dramatically after the implementation of this model. The model is also used at Flexibles.

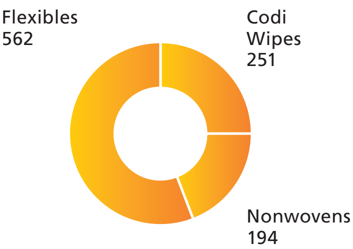
Lost time injuries (>1 day)
Frequency 2004–2008



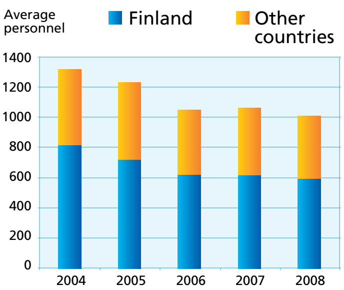
Age structure on 31 December 2008



Average personnel, 2008



Personnel, 2004–2008



Success through co-operation

In 2008, a team from Flexibles took home the top prize in the Suominen Success Stories contest; the goal of their project was to commercialise the AmerFeel™ film. The first AmerFeel™ packaging was launched in the summer of 2007. This innovative, distinctive solution was greeted with interest by the market, leading to adoption of ambitious goals for the product's commercialisation in 2008.

The cooperation of sales, product development, and technical customer service personnel at Flexibles, and production support and high-quality work at Nastola and Tampere units in Finland, drove success in the markets. In the course of 2008, several bakery and frozen food products were launched in AmerFeel™ packaging in Finland. This year, the commercialisation of the AmerFeel™ film and other new products in the Amer product family will be proactively continued in new market areas.

Wiping

CODI WIPES

- Baby care
- Beauty care
- Personal care
- Household cleaning

NONWOVENS

- For wet wipes
- For wet and dry industrial wipes
- For feminine hygiene products
- For adult incontinence products
- For wound-care products

Suominen is one of the largest manufacturers of wet wipes in Europe, with versatile expertise in the field. Suominen Codi Wipes, in the Netherlands, manufactures high-quality wet wipes for brand companies and retailers. Its primary markets are Central and Northern Europe.

Codi Wipes uses modern, versatile production lines and fully automated warehousing, while also operating its own lotion manufacturing department. It works in close partnership with its customers, seeking new, innovative product solutions. Taking advantage of the expertise of its sourcing network, Suominen is able to provide customers with better and more comprehensive overall solutions.

The range of products includes wet wipes for baby and personal care, and household cleaning applications. The right wiping solutions are identified for customers by utilising Suominen's know-how of nonwoven materials, lotions, and packaging materials.

Suominen Nonwovens is one of Europe's leading manufacturers of nonwovens. Nonwovens are supplied as roll goods for global manufacturers of wiping, hygiene, and wound-care products. Customers convert these for use in, primarily, baby care and personal hygiene products. Suominen holds a large share of the European market, while also selling nonwovens to Russia and North America. Based on high-quality products, product development, accurate deliveries, and top-quality service, Suominen's customer relationships, which have already lasted for decades, are certain to develop even further.

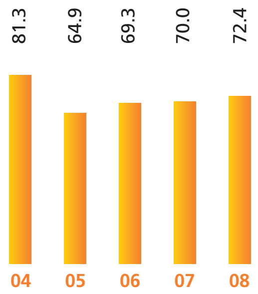
The spunlaced Fibrella® and Biolace® nonwovens are designed for demanding wet wipe and cleaning applications. Owing to its high quality, Fibrella® is suitable for wiping applications from baby and personal care products to household and industrial cleaning, as well as for personal hygiene products, and wound-care products. Biolace® is one of the few nonwovens that are made exclusively from natural fibres or fibres from renewable sources. At one time, the thermobonded Novelin® was a trailblazer in the European market. This product has maintained its popularity as it has developed over the years. Novelin® is suitable for use as a surface material in a variety of hygiene products.

The constant development of products and processes forms an important part of the operations in the Wiping business area. The researchers in the product development teams have extensive expertise in the nonwovens business, specialising in fields such as polymer and surface chemistry. Managing the interaction of nonwovens and lotions is part of the development personnel's expertise, as is knowledge of customers' production and processing methods. Moreover, we utilise the expertise of research institutes, universities, and the experts employed by machine and material suppliers in order to generate and compile new ideas, as well as to convert them for commercial use.

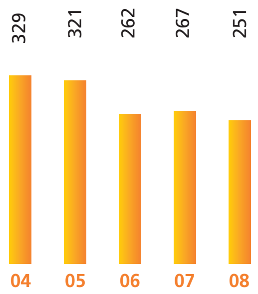
In 2008, Suominen Codi Wipes and Suominen Nonwovens employed approximately 445 people in their production units in the Netherlands and Finland.

Codi Wipes

Net sales, € million

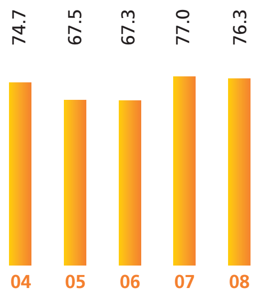


Average personnel

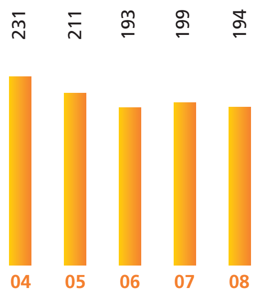


Nonwovens

Net sales, € million



Average personnel



General Manager's comment:

I expect this year to clearly surpass the previous one, since as we have invested in both enhancing the efficiency of our production and simplifying our business processes. We have improved the competency and agility of our product process, meaning that our customers will be able to benefit from more precise innovation activities and an expanding range of services. Quality will be further emphasized in our business proposition.

Paul-Erik Toivo
Vice President and General Manager

2008 – developments and results

Net sales for Wiping business area in 2008 came to EUR 138.5 million. This represented nearly one per cent increase from the 2007 figure. The business area's operating profit before impairment losses and non-recurring costs was EUR -0.7 million (-0.4), and after these items, EUR -4.8 million (-8.8).

Net sales for Codi Wipes, EUR 72.4 million, represented a 3% increase from the previous year. Gross investments totalled EUR 0.5 million (2.5). Deliveries increased in the personal care and moist toilet wipes areas. For the baby care, delivery volumes fell compared to the previous year. As expected, average prices continued their decline, affected partly due to changes in the sales mix, and partly due to lower contract prices. In spite of clear growth in volumes, targets were not achieved with regard to focusing sales on new customers and new applications of our products. Net sales for new products did not meet the targets set.

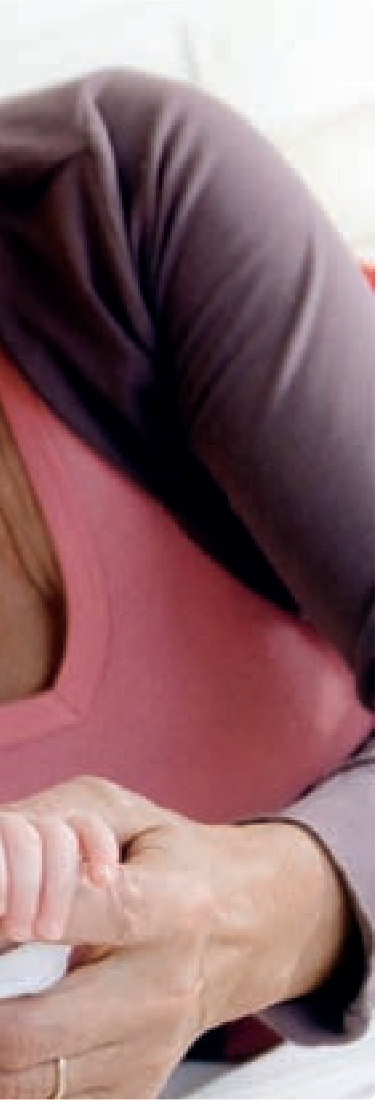
Operational efficiency saw positive development, while cost-cutting measures were sustained. Additional measures were initiated in the unit in order to improve product-specific profitability. In late 2008, a profit improvement programme was launched with a goal of raising profitability and cost-efficiency to a new level. More efficient operations are being pursued by developing the organisation.

The 2008 net sales for the Nonwovens unit, EUR 76.3 million, represented one per cent decrease on the previous year. Gross investments were EUR 1.5 million (1.9). Development investments were primarily focused on the modernisation of the production line feeder mechanism, and winding unit. Deliveries of thermobonded hygiene product materials increased while sales of spunlaced nonwovens turned from North America to Europe's favor. The customer base for wound care products expanded significantly. The average sales prices for 2008 represented a slight year-on-year increase. The great fluctuations in raw material prices could not be fully passed onto sales prices.

The production efficiency improved and stabilised thanks to fewer production disruptions and better output. In connection with the streamlining of the product portfolio, production of pulp-based wiping materials was stopped, due to poor profitability. The unit's cost cutting measures were more profitable than anticipated in the budget. Production was adjusted to demand by temporary layoffs in November to December.

Gazing into the future

High quality and innovativeness form the basis for success at Suominen. Market growth for wiping products as well as hygiene and wound-care products is expected to continue exceeding the



pace of general consumer demand. Retail brands will attempt to earn a larger share of the market, and the competition for retail shelf space will continue to tighten. There is an oversupply of wet wipes and nonwovens manufacturing capacity in Europe, meaning that growth will not necessarily be reflected in value growth.

Following the Codi Connect operating model, the offering of wet wipes is based on more extensive networking with intention of expediting the introduction of new products to the market including new solutions in the product range. The organisational changes, related to the cost-saving programme, will simplify and boost the efficiency of operations. Production automation will continue to be expanded. The sales strategy has been refined in such a manner that the unit is to invest in the market areas and customers that best bring out its respective competitive advantages.

The production process in the Nonwovens unit will be streamlined, while customer cooperation will be deepened with regard to product development. The productivity enhancement programme is designed to ensure a high level of service quality for the selected market segments. This programme includes measures for the boosting of production efficiency, more tight management of the product portfolio, and proactive acquisition of new customers.

Environment-friendliness is here today

The environment is vital to us, our customers, and end users – people who want convenience in their everyday lives. At Suominen, we utilise our expertise to provide our customers with comprehensive solutions combining nonwovens, packaging solutions, and the manufacture of lotions in the creation of end products. This allows us to provide commercially ready and environmentally friendly wet wipes with excellent cleaning power.

Our wet wipes, which are manufactured in line with the concept of environment-friendliness, provide an ideal alternative for our customers who, wanting to meet their customers' demands, are either developing or expanding their range of environmentally friendly products. We use the Biolace® nonwoven, based exclusively on natural fibres or fibers produced from renewable resources, for our environmentally friendly wet wipes. Our products are designed to meet the standards set by such certification organisations as the Allergy and Asthma Federation and the Swan eco-label body.

Flexibles

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

Suominen Flexibles manufactures high-quality plastic film products for consumer packaging with flexographic printing. The Company is a leading supplier of packaging for hygiene and food products in the northern and eastern parts of Central Europe and is the leader for retail carrier bags in Finland.

Flexibles provides added value for its customers by tailoring solutions to their needs and focusing on a cost-efficient value chain. Customers include major international brands, leading regional and local manufacturers, and retail chains. Comprehensive partnership with customers is based on cooperation on all organisational levels from new product development to supply chain management.

Suominen's expertise covers an extensive range of various types of flexible packaging applications. We manufacture films, laminated films, and bags for packaging of food and hygiene products. For these products, what is required of packaging on top of appealing appearance is high-standard protection, durability, and sealability, in order to work perfectly on the customers' high-speed packaging lines.

High-quality printing forms a key part of what makes Suominen Flexibles' retail packaging stand out, and helps our customers' products stand out as well. The advanced properties of Suominen security bags enable reliable transport and storage of money, documents, and other valuables. System packaging is suitable for packaging of various types of products. The system pouches are manufactured for a specific model of packaging machine, making the packaging process a cost-efficient and flexible alternative to manual packing or larger packaging lines.

Suominen's competitive packaging is created by combining the right materials with premium-quality printing. Product development at the Company is focused on easy-to-use, reclosable packaging solutions as well as differentiation of materials that increase products' attractiveness on the shelf. Environmental issues related to packaging are taken into consideration through, for instance, optimising material consumption, downgauging films, and utilising recycled materials in product manufacture.

In 2008, Suominen Flexibles employed approximately 562 people, with production facilities in Finland, Poland, and Sweden, and a sales office in Russia.

2008 – developments and results

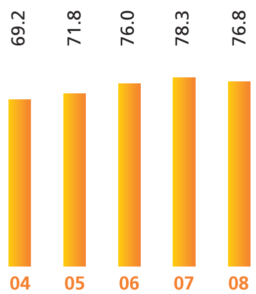
Flexibles recorded net sales of EUR 76.8 million in 2008, representing a 2% decrease from 2007. Gross investments totalled EUR 1.9 million (6.9), a major part of which was focused on the development of prepress operations in the Finnish and Polish units.

The development of net sales was affected particularly strongly by the decline in the sales volume of hygiene packaging in the Nordic countries. Increased deliveries in Russia, however, counteracted this impact. Sales of food packaging increased from the previous year. Within the segment, growth of sales was concentrated in laminated films for frozen and dry food packaging, as well as labels. Sales of retail packaging saw no changes year on year. Demand for retail carrier bags that are manufactured from recyclable materials saw a marked increase in 2008.

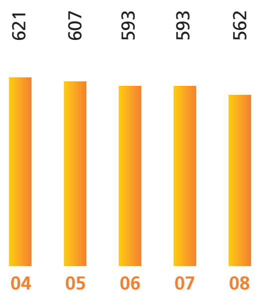
Operating profit for 2008 was EUR 1.2 million (2.4). This figure was influenced by the significant increases in the prices of plastic raw materials that were seen in the second and third quarters, the cost impact of which could not be entirely covered despite the increases in sales prices. Efficiency enhancement measures were continued by means of the Stairs to Top programme. In 2008, the primary points of focus were the development of the printing process and cost-cutting. As a result of the employee negotiations at the Tampere and Nastola units, 50 employees were permanently laid off.

Flexibles

Net sales, € million



Average personnel



General Manager's comment:

In 2009, the focus for operations at Flexibles will be on enhancing profitability. We will implement the measures specified in the Stairs to Top programme with determination, while also investing in the development of our product range. Moreover, our range of services will also be sharpened to better fulfil our customers' expectations.

Mikko Pellinen
Vice President and General Manager

Stable future prospects

Despite the economical uncertainty the demand for flexible packaging is still expected to experience growth in the coming years, thanks to the superior properties of flexible packaging materials and their ability to protect products at all stages in the supply chain with low resource use. It is forecast that this growth will be strongest for challenging food packaging products, the protective properties of which are highly advanced. The growth rate of the Eastern European and Russian markets is expected to surpass that of the rest of Europe.

Suominen will focus on the development of its core processes – extrusion, printing, and lamination – in order to be able to respond to the challenges created by printed multi-layer films and laminated films as well as barrier films. Sales growth is pursued through the commercialisation of the Amer product family and the development of a more extensive range of services.

Operations efficiency enhancement measures will focus on increasing production efficiency, on enhancing material utilisation, and on supply chain management. Investments in prepress operations will support the quality and efficiency of the printing process and solidify Suominen's position as a leading flexographic printing company.

We invest in leading industry expertise

Suominen's prepress department combines packaging design for ultra-demanding applications with premium-quality printing. By providing customers with modern software and equipment as well as the services of our professional personnel, we can facilitate and expedite the printing design of packaging in a competitive manner.

Flexibles investment in the prepress function was completed in autumn 2008. The objective was to modernise the technology used, provide customers with new services, and develop our operations by means of high-quality reproduction work. The investment focused on the launch of digital printing plate manufacturing, expansion of software licences, and improvement of proofing technology at the units in Finland and Poland. Simultaneously, the efficiency of operations in the Finnish prepress units was improved by combining some functions of the Tampere and Nastola units.

During 2009, the development of operations will continue through the streamlining of work flows and via provision of new, versatile services to customers. Thanks to its innovative pre-press solutions, Suominen will be able to improve both its printing quality and the cost-efficiency of the printing process.

Share Capital and Shareholders

Share capital

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

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

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

Redemption obligation

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

Share trading

A total of 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 otherwise be conveyed or cancelled. The Company's own shares will be repurchased otherwise than in proportion to the holdings of shareholders by using non-restricted equity through public trading on theNASDAQ OMX Helsinki at the market price prevailing at the time of acquisition. Based on this auhorisation, the Company has repurchased 50,000 of its own shares. The average price of the repurchased shares was EUR 0.67 per share.

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. Under the authorisation, the Company has conveyed 31,286 of its own shares as emoluments to the Board of Directors between 1 January and 31 December 2008 at 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 the 2006 stock option plan, a maximum of 300,000 stock options shall be issued to the President and CEO of Suominen Corporation as specified by the Board of Directors. Each stock option entitles its holder to subscribe for one Suominen Corporation's share with an equivalent book value of EUR 0.50. The Board of Directors decided to issue 100,000 stock options according to the 2006C stock option plan. 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 have been returned to the Company based on the terms of the plan.

Under the 2007 stock option plan, a maximum of 200,000 stock options shall be issued to the Executive Team of Suominen Corporation as specified by the Board of Directors. Each stock option entitles its holder to subscribe for one Suominen Corporation's share with an equivalent book value of EUR 0.50. In 2008, the Board of Directors decided to issue 35,000 stock options according to the 2007A stock option plan, and 90,000 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 granted to the Board of Directors

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

Notifications of changes in holdings

On 20 November 2008, Etra Invest Oy reported that on 19 November 2008 its holding in the share capital and voting rights of Suominen Corporation had grown to 5.73%.

Policy regarding dividend payment

On 12 February 2007, the Board of Directors established a set of new financial targets for Suominen between 2007 and 2009. According to these targets the size of the dividend will be raised ensuring the sound growth of the Company.

Shares held by the management

The members of the Company's Board of Directors and the President and CEO owned, either directly or via a company or organisation in which they held controlling power, 5,151,537 shares on 31 December 2008. These shares entitle holders to 21.8% of voting rights.

Members of the Board of Directors	Shares on 31 December 2008	Shares on 1 January 2008
Mikko Maijala, Chairman of the Board	1 060 839	1 053 478
Maijala Investment Oy	76 100	76 100
Pekka Laaksonen, Deputy Chairman of the Board	60 695	55 174
Heikki Bergholm, Member of the Board	1 728 911	1 724 310
Kai Hannus, Member of the Board	8 834	4 233
Juhani Lassila, Member of the Board	30 897	26 296
Evald and Hilda Nissi Foundation	2 138 490	2 138 490
Heikki Mairinoja, Member of the Board	24 221	19 620
Monaccio Oy	2 550	2 550

Members of the Corporate Executive Team	Shares on 31 December 2008	Shares on 1 January 2008
Petri Rolig, President and CEO	20 000	5 000
Arto Kiiskinen, Vice President, CFO	13 169	13 169
Mikko Pellinen, Vice President, General Manager	0	0
Paul-Erik Toivo, Vice President, General Manager	0	0

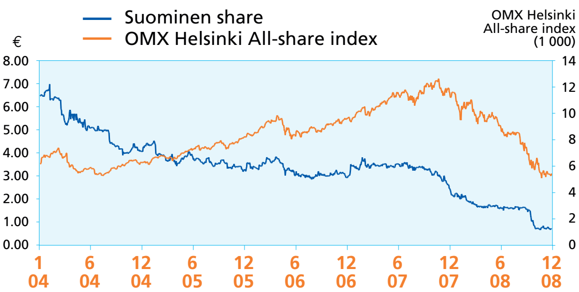
Shareholders by category

	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
Companies	162	6.8	4 470 102	18.8
Financial institutions and insurance companies	7	0.3	872 901	3.7
Public institutions	6	0.3	4 226 602	17.8
Non-profit organisations	36	1.5	2 786 460	11.7
Individuals	2 176	90.9	10 658 541	44.9
Foreign shareholders	8	0.3	611 755	2.6
	2 395	100.0	23 626 361	99.6
Shares registered in a nominee's name	4		18 426	0.1
Shares held by the Company			55 057	0.2
Shares not transferred to the book-entry system			20 268	0.1
Total	**2 399**		**23 720 112**	**100.0**

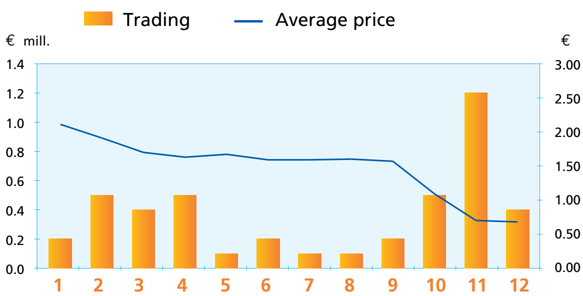
Distribution of share ownership

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
1-100	275	11.5	16 637	0.1
101-500	729	30.4	222 014	0.9
501-1 000	487	20.3	397 826	1.7
1 001-5 000	631	26.3	1 531 664	6.5
5 001-10 000	136	5.7	993 644	4.2
10 001-50 000	103	4.3	2 229 112	9.4
50 001-100 000	13	0.5	922 816	3.9
100 001-500 000	14	0.6	3 401 594	14.2
over 500 000	11	0.5	13 929 480	58.7
	2 399	100.0	23 644 787	99.6
Of which registered in a nominee's name	4		18 426	0.1
Shares held by the Company			55 057	0.2
Shares not transferred to the book-entry system			20 268	0.1
Total			**23 720 112**	**100.0**

Adjusted share price development, 2004–2008



Trading and average share price monthly, 2008



Largest shareholders on 31 December 2008

	Shareholder	Number of shares	Percentage of shares and voting power
1.	Evald and Hilda Nissi Foundation	2 138 490	9.0
2.	Oy Etra Invest Ab	1 921 421	8.1
3.	Ilmarinen Mutual Pension Insurance Company	1 911 552	8.1
4.	Heikki Bergholm	1 728 911	7.3
5.	Tapiola Mutual Pension Insurance Company	1 283 850	5.4
6.	Mikko Maijala	1 060 839	4.5
7.	Juhani Maijala	1 041 360	4.4
8.	Varma Mutual Pension Insurance Company	1 000 000	4.2
9.	Eeva Maijala	725 627	3.1
10.	Arvo Finland Value Mutual Fund	582 230	2.5
11.	Veikko Laine Oy	535 200	2.3
12.	Oy Fincorp Ab	432 500	1.8
13.	Mandatum Life Insurance Company Ltd	419 000	1.8
14.	OP-Suomi Arvo	389 800	1.6
15.	Argonius Oy	355 050	1.5
16.	Samfundet Folkhälsan i Svenska Finland rf	300 000	1.3
17.	Harald Relander	300 000	1.3
18.	Jorma Takanen	267 900	1.1
19.	Jarkko Takanen	190 540	0.8
20.	Matti Kavetvuo	162 184	0.7

All information concerning the Company's shares is based on the book-entry securities register on 31 December 2008.

Investor relations

Suominen Corporation's investor relations are the responsibility of Petri Rolig, President and CEO. The Company's financial and IR communications are the responsibility of Petri Rolig, President and CEO, and Arto Kiiskinen, Vice President and CFO. In addition, only the Board of Directors is authorised to issue statements on Suominen's finances and performance and comment on matters of a financial nature or related to the Company's results.

No appointments will be arranged for investors with Company representatives, nor will any comments on financial performance be issued during the silent period observed between the end of a financial period and the disclosure of the results for that period.

Summary of Stock Exchange Releases in 2008

January

18 January	Suominen writes off goodwill and continues efficiency-enhancement measures

February

11 February	Financial statement release 1 January – 31 December 2007
11 February	Notice of Annual General Meeting of Shareholders
26 February	Suominen to start employee negotiations at Tampere and Nastola plants

March

5 March	Suominen issued a capital loan
10 March	Suominen's Annual Report and annual summary 2007 published
17 March	Paul-Erik Toivo appointed head of Suominen Wipes and Nonwovens
27 March	Decisions of the Annual General Meeting
31 March	Conveyance of own shares

April

3 April	Change of the President and CEO of Suominen Corporation
15 April	Suominen concluded employee negotiations at Tampere and Nastola plants
23 April	Interim report 1 January – 31 March 2008

July

14 July	Mikko Pellinen appointed head of Suominen Flexible Packaging
18 July	Interim report 1 January – 30 June 2008

October

22 October	Interim report 1 January – 30 September 2008
28 October	Suominen to repurchase own shares

November

10 November	Share repurchase completed
20 November	Notification according to chapter 2, section 9 of the Securities Markets Act

December

5 December	Financial information and AGM in 2009
9 December	Suominen Corporation's loan agreements signed
22 December	Updated outlook of Suominen Corporation

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

The information in the releases listed above might be outdated.

Corporate Governance

Suominen Corporation is a Finnish listed company and observes the Finnish Companies Act, other regulations covering listed companies, and the requirements of its own Articles of Association in its decision-making and administration.

General Meetings of Shareholders

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

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

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

Advance information

Shareholders shall be invited to General Meetings through an invitation published in a daily newspaper in the Company's domicile specified by the Board of Directors. The invitation has at least the following information:

- the time and place
- the proposed agenda for the General Meeting
- a description of the procedures that shareholders must comply with in order to be able to attend and cast their vote at the General Meeting
- the date on which a shareholder entered in the shareholder register has the right to attend and cast his or her vote at the General Meeting (so-called record date)
- the place where the documents and proposals for resolutions of the General Meeting are available
- the address of the Company website

The Company aims that the following information shall be available on the Company website www.suominen.fi 21 days before the General Meeting:

- the notice of the General Meeting
- the total number of shares and voting rights according to classes of shares at the date of the notice
- the documents to be submitted to the General Meeting
- a proposal for a resolution by the Board of Directors or another competent body
- an item on the agenda of the General Meeting with no proposal for a resolution

The Board of Directors' proposals to a General Meeting and the invitation shall also be announced in a stock exchange release.

Minutes of the General Meeting

The minutes of a General Meeting are available to shareholders on the Company website within two weeks from the General Meeting. Appendixes of the minutes are available only to the extent they describe the actual content of the decision.

Board of Directors

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

Suominen Corporation's Annual General Meeting, held on 27 March 2008, elected Heikki Bergholm, Kai Hannus, Pekka Laaksonen, Juhani Lassila, Mikko Maijala, and Heikki Mairinoja to the Board of Directors. A more detailed description of Board members can be found on page 27 of the Annual Report.

The Board of Directors has evaluated the independence of its members in accordance with Section 15 of the Finnish Corporate Governance Code and established that all its members are independent of the Company and significant shareholders.

Charter of the Board of Directors

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

The duties of the Board include:

- deciding on the Company's corporate structure and organisation
- nominating and dismissing the President and CEO

- deciding on the salaries, bonuses, and other benefits paid to the President and CEO and his immediate subordinates
- deciding on the Company's salary and incentive system
- considering and approving annual accounts, annual reports, financial statement releases, and interim reports
- monitoring and supervising the Group's performance and ensuring the effectiveness of its management
- approving the Company's operating policies (financing policy, insurance and risk management policy, and principles for corporate governance)
- deciding on the acquisition and assignment of fixed assets
- deciding on strategically and financially significant investments, acquisitions, divestments, or other arrangements
- deciding on financial borrowings and pledging securities
- considering and approving strategies and action plans
- establishing a dividend policy and confirming the Company's targets.

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

Meeting practice

In accordance with its advance schedule, the Board of Directors meets at least eight times a year. The Board of Directors convenes under the direction of the Chairman or, if the Chairman is unable to attend, the Deputy Chairman. Items of business are generally presented by the President and CEO. Minutes are taken by the CFO. The Board convened 19 times in 2008, of which one meeting was held in the Group's business unit. The average attendance rate at meetings was 93%.

Self-evaluation

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

President and CEO

The President and CEO of Suominen Corporation is appointed by the Board of Directors, and is responsible for day-to-day operations in accordance with the Companies Act and guidelines and instructions provided by the Board of Directors. A more detailed description of the President and CEO can be found on page 28 of the Annual Report.

Corporate Executive Team

Suominen Corporation's Executive Team, appointed by the Board of Directors, supports the President and CEO in developing the Company's strategy, considering major operational matters or matters of principle, and ensuring an adequate flow of information across the Group. The Corporate Executive Team comprises, the President and CEO as Chairman, and the Vice Presidents and General Managers of the Wiping and Flexibles businesses, and the Vice President and CFO. A more detailed description of the members of the Corporate Executive Team can be found on page 28 of the Annual Report.

Salaries and emoluments

Board of Directors

The Annual General Meeting determines the emoluments paid to the members of Suominen Corporation's Board of Directors in advance, for one year at a time. In 2008, the Chairman of the Board was paid EUR 30,000, the Deputy Chairman EUR 22,500, and members EUR 18,750. A total of 40% of these sums were paid in the form of Company shares.

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

President and CEO and other executives

The Board of Directors determines the salary, bonuses, and other benefits paid to the President and CEO, which totalled EUR 352 thousand in 2008.

A written contract has been made with the President and CEO, under which he shall have a six-month period of notice. Should the Company terminate the President and CEO's contract of employment, an additional compensation corresponding to 12 months' salary shall also be paid. The retirement age of the President and CEO is in compliance with the Finnish Employment Pension Scheme (TyEL).

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

The Company provides key personnel with an incentive scheme based on the performance of the Company's units and its consolidated performance and the achievement of personal targets. The Board of Directors approves the basic fundamentals of the incentive scheme. The President and CEO has been granted a stock option plan, and according to the plan a total of 100,000 stock options has been issued entitling him to subscribe under clearly specified terms to an equivalent number of Company shares. The members of the Corporate Executive Team have also been granted a stock option plan, and according to the plan a total of 190,000 stock options has been issued entitling them to subscribe under clearly specified terms to an equivalent number of Company shares.

Auditing

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

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

The fees paid to PricewaterhouseCoopers for the statutory auditing of the Group companies totalled EUR 106 thousand in 2008. The fees paid to the auditing company and companies belonging to the same group for non-audit services totalled EUR 10 thousand.

Internal control and risk management

To ensure profitable operations, the Group's activities must be controlled and subject to regular assessment. The financial development of the Company is monitored by means of an operations reporting system covering the entire Group, with monthly assessment. Sales reports are prepared, as applicable, on a daily, weekly, and monthly basis. In addition to numerical data, result and balance sheet reporting covers budgets, forecasts, and investment reports.

The duties of Suominen's controller function also include an internal audit dimension as part of the support provided to the Company's businesses. During the period under review, the internal audit was carried out in co-operation with PricewaterhouseCoopers and its international network. In the course of the year, predefined functions have been subject to an audit covering the most important units. Functions to be audited are chosen on a rotational basis. Audit findings are reported to the President and CEO, and to the management of the unit audited.

Risk management is an essential part of the management, and it ensures that the risks related to the business operations of the Company are identified and avoided. Risk management also includes management of risks threatening the attainment of objectives. Business risks are divided into strategic risks, operational risks, and risks related to financing. Strategic, fundamental business risks such as changes in the business environment, loss of customers, and increases in raw material and other prices are evaluated via risk analyses conducted in connection with strategic and annual planning; the aim is to reduce the risk through contracts and by securing the process by function. Operational risks such as those related to compliance with the law and other regulations, personnel, property protection, operation of the delivery chain, and security of information systems are managed through the use of total quality management systems, profit/risk analysis, and insurance or other cover. The Company has insurance, financing, credit, and electricity supply polices confirmed by the Board of Directors for management of the financing risks.

The primary duty of the Board of Directors is to assess the risk management and ensure that it is adequate and relevant. The Corporate Executive Team is responsible for implementing the Group's Corporate Governance rules related to risk management.

The major risks and uncertainties that the Board of Directors is aware of are specified on page 34 in connection with the Report by the Board of Directors.

Guidelines for insiders

Suominen Group observes the guidelines for insiders issued by the NASDAQ OMX Helsinki Ltd on 2 June 2008, and the Company's own insider guidelines.

The members of the Board of Directors, the President and CEO, and the Principal Auditor are included in the Company's public insider register maintained as part of the SIRE Service by Euroclear Finland Ltd.

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

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

The shareholdings of the Company's public insiders are presented on page 20 and via the NetSire Service, which can be accessed via the Company website.

Communications

The goal of Suominen's investor relations (IR) communications is to provide reliable, sufficient, and up-to-date information to enable the market to set a value on the Company's share. Suominen follows the principle of equitability in its IR communications. The Company has a disclosure policy approved by the Board of Directors, and the policy defines the responsibilities for communications as well as the matters to be disclosed.

The description of the Company's Corporate Governance and the information that form part of the Company's regular reporting responsibilities are available on the Company website www.suominen.fi.

Board of Directors

Mikko Maijala, b. 1945

Licentiate of Technology, Managing Director of Roquette Nordica Ltd
Member of the Board since 2005, Deputy Chairman 2005,
Chairman since 2006
Holds 1,060,839 Suominen Corporation shares
Has a controlling power in Maijala Investment Oy, which holds
76,100 Suominen Corporation shares
Principal positions of trust:
Chairman of the Board, Chemec Ltd
Chairman of the Board, FP-Pigments Oy
Member of the Board, Roquette Nordica Ltd
Career history:
Managing Director, Roquette Nordica Ltd 2004–

Pekka Laaksonen, b. 1956

M.Sc. (Econ.), CEO of Valio Ltd
Member of the Board since 2001, Deputy Chairman since 2006
Holds 60,695 Suominen Corporation shares
Career history:
CEO, Valio Ltd 2007–
Senior Executive Vice President, Stora Enso Oyj 1998–2007
Various positions at Enso 1979–1998

Heikki Bergholm, b. 1956

M.Sc. (Eng.)
Member of the Board since 2001, Chairman 2001–2002
Holds 1,728,911 Suominen Corporation shares
Principal positions of trust:
Chairman of the Board, Componenta Corporation
Chairman of the Board, Lakan Betoni Oy
Member of the Board, Lassila & Tikanoja plc
Member of the Board, Forchem Oy
Member of the Board, MB Funds Ltd
Career history:
President and CEO, Suominen Corporation 2002–2006
Various positions at Lassila & Tikanoja Group: President and COO 1998–2001, Vice President 1997–1998, President of business units 1986–1997 and CFO 1985–1986
Researcher and development manager, Industrialisation Fund of Finland Ltd 1980–1985

Kai Hannus, b. 1945

Licentiate of Technology
Member of the Board since 2006
Holds 8,834 Suominen Corporation shares
Career history:
Head Industry Relations, Ciba Speciality Chemicals 2006–2007
Head Bus.Strat. & Development, Ciba Speciality Chemicals 2005–2006
Head Global Accounts, Ciba Speciality Chemicals 2004–2005
President and CEO, Raisio Chemicals Oy 1999–2004
Executive Vice President, Raisio Chemicals Oy 1992–1999

Juhani Lassila, b. 1962

M.Sc. (Econ.), Managing Director of Agros Corporation
Member of the Board since 2005
Holds 30,897 Suominen Corporation shares
Has a controlling power in Evald and Hilda Nissi Foundation, which holds
2,138,490 Suominen Corporation shares
Principal positions of trust:
Chairman of the Board, Evald and Hilda Nissi Foundation
Vice Chairman of the Board, Lassila & Tikanoja plc
Member of the Board, Comptel Corporation
Career history:
Managing Director, Agros Oy 2005–
Finance integration leader for Instrumentarium Corporation and GEMS/IT, GE Healthcare 2003–2004
Director of Group Finance and Group Treasury, Instrumentarium Corporation 1999–2004
Group Treasurer, Instrumentarium Corporation 1996–1999
Financial Analyst, Postipankki Oy 1988–1996
Investment Analyst, Instrumentarium Corporation 1987–1988

Heikki Mairinoja, b. 1947

M.Sc. (Eng.), B.Sc. (Econ.)
Member of the Board since 2001
Holds 24,221 Suominen Corporation shares
Principal positions of trust:
Member of the Board, Exel Oyj
Member of the Board, EM Group Oy
Member of the Board, Ensto Ltd.
Member of the Board, Komas Oy
Member of the Board, Lindström Invest Oy
Career history:
ECO, Oy G.W. Sohlberg Ab 2001–2007
CEO, Uponor Group 1989–1999
Executive Vice President, Uponor Group 1985–1989

Auditors

PricewaterhouseCoopers Oy

Authorised Public Accountants
Principal Auditor Heikki Lassila, APA

Corporate Executive Team

From left Paul-Erik Toivo, Petri Rolig, Arto Kiiskinen and Mikko Pellinen.

Petri Rolig, b. 1963

President and CEO
M.Sc. (Eng.)
Joined Suominen Group in 2006
Holds 20,000 Suominen Corporation shares
Principal positions of trust:
Chairman of the Board, Finnish Plastics Industries Federation
Deputy Chairman of the Board, Chemical Industry Federation of Finland
Career history:
President and CEO, Suominen Corporation 2008–
General Manager, Suominen Group 2006–2008
R&D Director, Huhtamäki Group 2001–2006
Operative positions in plastic coating and processing at Stora Enso 1995–2001

Paul-Erik Toivo, b. 1956

Vice President
General Manager of the Wiping business area
B.Sc. (Econ.)
Joined Suominen Group in 2008
Holds no Suominen Corporation shares
Career history:
General Manager, Suominen Group 2008–
Director, Metso Panelboard Oy 2003–2007
Managing Director, eMetso Oy 2000–2003
Managing Director, Sako Oy 1999–2000
Marketing Director ,Thorn Nordic AS 1996–1999
Director, Cloetta AB 1990–1996
Senior management positions at Huhtamäki Oy Hellas/Leaf 1980–1990

Arto Kiiskinen, b. 1953

Vice President and CFO
M.Sc. (Econ.)
Joined Suominen Corporation in 2001
Holds 13,169 Suominen Corporation shares
Principal positions of trust:
The Congregations in Tampere, Chairman of Auditors
Career history:
Vice President and CFO, Suominen Corporation 2001–
Senior Vice President, CFO, Componenta Corporation 1997–2001
Leading positions in Finance and Treasury at UPM-Kymmene 1985–1997

Mikko Pellinen, b. 1968

Vice President
General Manager of the Flexibles business area
M.Sc. (Eng.)
Joined Suominen Group in 2008
Holds no Suominen Corporation shares
Career history:
General Manager, Suominen Group 2008–
Senior management positions at Amcor Flexibles Finland Oy 2000–2008
Senior management positions at Åkerlund & Rausing Oy 1995–2000

Report by the Board of Directors

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%, but the delivery volumes of Nonwovens and Flexibles decreased by 5–7%. 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 costs 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.

Net sales and operating profit

Net sales € 1 000	2008	2007	Change %	2006
Wiping				
- Codi Wipes	**72 367**	70 032	3.3	69 299
- Nonwovens	**76 320**	76 970	-0.8	67 296
- Eliminations	**-10 166**	-9 413	8.0	-9 687
Total	**138 521**	137 589	0.7	126 908
Flexibles	**76 795**	78 269	-1.9	75 987
Consolidation items and eliminations	**-711**	-613		-268
Net sales, total	**214 605**	215 245	-0.3	202 627

Operating profit	2008		2007		2006	
	€ 1 000	% of net sales	€ 1 000	% of net sales	€ 1 000	% of net sales
Wiping	**-2 266**	**-1.6**	-359	-0.3	-149	-0.1
Flexibles	**1 191**	**1.6**	2 407	3.1	1 958	2.6
Consolidation items and eliminations	**-480**		-395		-619	
Profit before impairment losses	**-1 555**	**-0.7**	1 653	0.8	1 190	0.6
Impairment losses	**-2 490**		-8 430			
Operating profit, total	**-4 045**	**-1.9**	-6 777	-3.1	1 190	0.6

Cost-savings and operational enhancement programmes

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% (1.8) of net sales. A total of EUR 12.3 million was released in working capital. The reduction in working capital included the sale of EUR 1.8 million in trade receivables to the bank. The equity ratio was 24.6% (26.9). When the capital loans are included in shareholders' equity, the equity ratio was 31.6% (28.0) and the ratio of liabilities to shareholders' equity 157.2% (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 by business unit

€ million	**2008**	2007	2006
Codi Wipes	**0.5**	2.5	1.0
Nonwovens	**1.5**	1.9	1.2
Flexibles	**1.9**	6.9	2.1
Total	**3.9**	11.3	4.3
% of net sales	**1.8**	5.2	2.1

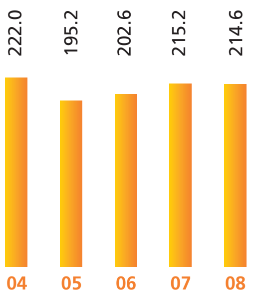
Invested capital

€ 1 000	**31 December 2008**	31 December 2007	31 December 2006
Non-current assets	**89 280**	102 129	114 055
Current assets	**54 539**	70 291	61 801
Deferred tax liability	**-3 684**	-5 848	-6 768
Pension liabilities			-314
Trade payables	**-7 420**	-12 507	-12 935
Accruals and deferred income	**-8 078**	-5 933	-6 754
Other non-interest bearing liabilities	**-2 844**	-2 706	-3 007
Total	**121 793**	145 426	146 078

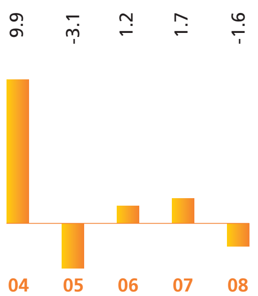
Key figures

	2008	2007	2006
Return on invested capital, %	**-2.9**	-4.5	0.9
Return on equity, %	**-16.7**	-18.8	-3.1
Equity ratio, %	**24.6**	26.9	32.3
Gearing, %	**229.9**	210.5	154.4
Earnings/share, €	**-0.31**	-0.43	-0.08
Equity/share, €	**1.49**	1.96	2.40

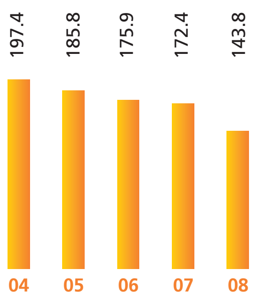
Net sales, € million



Operating profit before impairment losses, € million



Balance sheet total, € million



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). 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 constituted replacement and maintenance investments.

Research and development

The Group's R&D is concentrated in the business units, and employed a total of 32 (27) people as of the end of the year. R&D expenditure totalled EUR 2.3 million (2.1), equivalent to 1.1% (1.0) of net sales. Suominen invests in R&D to offer its customers ever-better materials and more functional solutions. Group units all have access to the extensive test and pilot equipment at Nakkila. Product development in 2008 focused on the texturing of nonwovens to be used in wipes, and improving the properties and cost structure of wet wipes. New closing solutions and materials were developed for flexible packaging, and the properties of stand-up packaging were improved.

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.

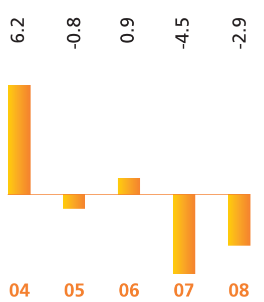
Net sales of Codi Wipes, at EUR 72.4 million, grew by 3% on the previous year. Delivery volumes grew in personal care and moist toilet wipes. In baby wipes, delivery volumes fell compared to the previous year. Average sales prices continued to fall as expected, partly due to changes in the sales mix, 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 on eventual production cuts were started, and the agreement reached in January 2009 contains rationalisation measures including a reduction of 40 permanent jobs and the closure of two old packaging lines. Fixed-term employment contracts were terminated already at the end of the year, which means that the workforce will be reduced by almost 60 people by the autumn of 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.

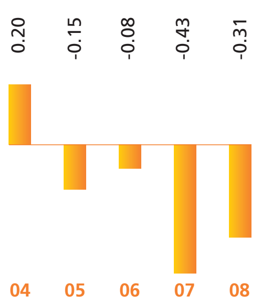
Net sales of Nonwovens decreased by one per cent to EUR 76.3 million. Delivery volumes fell by 7%. Deliveries of thermobonded material for hygiene products increased significantly, while those of hydroentangled nonwovens to Europe increased and deliveries to the US market fell. There was an increase in internal sales. 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.

Raw material prices 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 stopped during

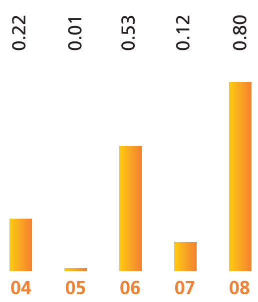
Return on invested capital (ROI), %



Earnings/share, €



Cash flow from operations/share, €



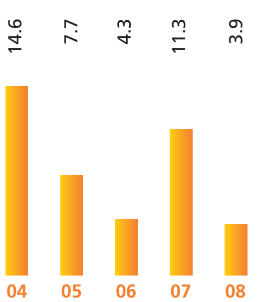
the third quarter. At the end of the year, a two-week lay-off involving the entire workforce of the unit was implemented. The drop in production volumes slowed down the implementation of the Stairs to the Top programme, and at the end of the year, unit costs increased and the operating result was negative. 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% compared to 2007. Sales increases were realised in line with

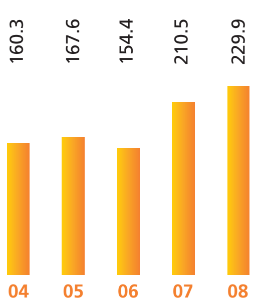
Quarterly results

€ 1 000	I/2008	II/2008	III/2008	IV/2008	I-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	-369	- 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	-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**

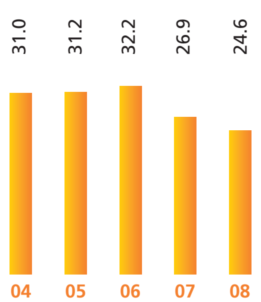
Investments, € million



Gearing, %



Equity ratio, %



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% 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

Changes in Group organisation and management

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.

Personnel

In 2008 Suominen employed an average of 1,019 people. The number of employees fell by 87 during the year and stood at 954 at the end of the year. The reduction was caused by the restructuring measures and by the closure of production lines. In addition, the implementation of the efficiency programme started in Codi Wipes results in further reductions during 2009. In connection with staffing cuts, the Company has complied with local legislation and accepted practices concerning lay-offs and notice periods.

In 2008, a total of EUR 33.6 million was paid in salaries and emoluments.

The aim of Suominen's personnel strategy is to support business development and thereby, the employees' training and motivation and their commitment to the Company's goals. The units

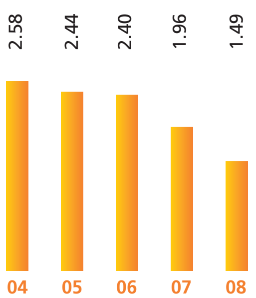
Group personnel on 31 December

	2008	2007	2006
Codi Wipes	**226**	256	280
Nonwovens	**182**	198	187
Flexibles	**535**	576	569
Group management and administration	**11**	11	12
Total	**954**	1 041	1 048
Average personnel	**1 019**	1 070	1 058
Salaries and bonuses, € 1 000	**33 581**	34 487	33 175

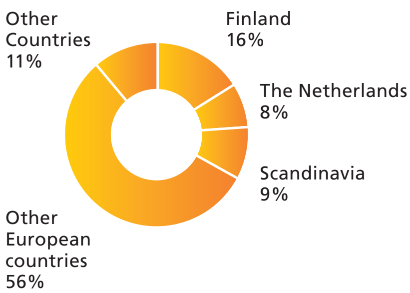
Personnel figures

	2008	2007	2006
Incentive bonuses, € 1 000	**466**	533	491
% of salaries and wages	**1.4**	1.5	1.5
Personnel covered by the incentive system, %	**94**	45	37
Sick absence, % of total number of working hours	**6.1**	5.5	6.1
Training costs, € 1 000	**305**	532	326

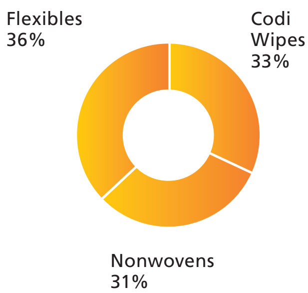
Equity/share, €



Net sales by market area, 2008



Net sales by business unit, 2008



have target-oriented programmes to improve employees' skills and their wellbeing at work.

Environment

Suominen is committed to the principles of the Sustainable Development Charter of the International Chamber of Commerce (ICC). Environmental permits are required for operations in some of the Group's units. The units are responsible for environmental issues, but the management systems are coordinated on a common basis throughout the Group. Of Suominen's units, Nonwovens is ISO 14001 certified.

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

The Group's main environmental impact is related to wastewater, solid mixed waste, and the use of printing inks and solvents. Nonwovens' power plant is fired on a mix of bio-fuel and by-product generated during nonwoven production. Recycled plastics are used in retail packaging products, where more than half of the materials is recycled material. VOC-emissions generated during the printing of plastic film are incinerated in Poland, and Tampere and Nastola in Finland, and ionised in Sweden.

Environmental figures

	2008	2007	2006
Treated waste water, 1 000 m^3	**311**	460	383
Landfill waste, tonnes	**1 813**	2 110	2 266
Burned waste fibre, tonnes	**300**	1 488	1 209
Recycled plastic, tonnes	**3 829**	4 154	3 673
VOC emissions, tonnes	**389**	445	647

As a number of different chemicals are used in Suominen's production processes, plants need to address the risk of hazardous substances entering the environment, which they do through an environmental risk management programme integrated with the quality and environmental systems used in production operations.

Suominen's overall environmental expenditure totalled EUR 1.1 million in 2008 (1.2), and environmental-related investments totalled EUR 0.5 million (0.4).

Business risks and uncertainties

Developments and changes in European consumer demand play a key part in determining demand for Suominen's products. 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 currently account for 61% (63) of its sales, long-term contracts prevailing in the case of the largest customers. Customer-related credit risks are managed in accordance with a risk policy approved by the Board of Directors. Credit limits for individual customers are confirmed, based on credit ratings and customer history. Insurance cover includes receivables that do not meet credit requirements.

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

Extended interruptions in supplies of the main raw materials used by Suominen could disrupt production and have a negative impact on the Group's overall operations. As Suominen sources its raw materials from a number of major international suppliers, significant interruptions are unlikely. The prices of the oil-based raw materials used by Suominen are largely determined on the international commodities market, which makes it difficult to forecast how they will develop. Suominen currently spends around EUR 40 million annually on purchases of oil-based raw materials. Passing on price changes in these materials to the prices Suominen charges its contract customers takes between three to six months.

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

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

The Group's financial risks are managed in accordance with a policy approved by the Board of Directors. Financial risks relate to the adequacy of funding, credit risks, and the market risks associated with financial instruments, divided into currency, interest rate, and commodity risks. Suominen's credit agreements contain financial covenants and if the Company defaults its obligations, the banks have the right to declare the loans due and payable and renegotiate the 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. The principles observed in risk management are descriped in notes 18 and 19 of the Notes to the Consolidated Financial Statements.

Goodwill is tested annually to determine whether there is any indication of impairment. Test calculations require forecasts and actual cash flows may deviate from the forecast future discounted cash flows. Changes in economic life-time of non-current assets, in the estimated product prices, in 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. An impairment charge of EUR 2.2 million against the goodwill of Nonwovens was recorded at the end of 2008. The value in use for Codi Wipes exceeds the carrying amount by EUR 1.2 million. The central assumptions used in Goodwill tests and the sensitivity of the calculations are described in note 3 of the Notes to the Consolidated Financial Statements.

General Meetings of Shareholders and information on shares

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

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% 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 90,000 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 Board authorisations

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

Notifications of changes in holdings

On 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%. The capital loan is subordinate to all other debts, and the Companies Act stipulates the conditions for paying the interest and principal. On 30 June 2008, the Company repaid the final instalment of EUR 2 million of the previous capital loan, which was issued in 2003.

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.

Consolidated Balance Sheet

31 December

€ 1 000	note	2008	2007
Assets			
Non-current assets			
Goodwill	3,23	**23 404**	25 604
Intangible assets	3,23	**855**	942
Tangible non-current assets	4,23	**62 661**	74 083
Available-for-sale financial assets	7	**627**	712
Held-to-maturity investments		**172**	100
Deferred tax assets	8	**1 562**	688
Non-current assets, total		**89 281**	102 129
Current assets			
Inventories	9	**24 050**	30 765
Trade receivables	10	**21 174**	28 718
Income tax receivables		**228**	841
Other receivables	11	**4 843**	8 873
Cash and cash equivalents	12	**4 243**	1 094
Current assets, total		**54 538**	70 291
Assets, total		**143 819**	172 420
Shareholders´ equity and liabilities			
Shareholders´ equity and liabilities			
Share capital	13	**11 860**	11 860
Share premium account	13	**24 681**	24 681
Fair value and other reserves	13	**-540**	1 661
Translation differences	13	**-288**	1 202
Other shareholders´ equity	13	**-323**	6 903
Shareholders´ equity, total		**35 390**	46 307
Liabilities			
Non-current liabilities			
Deferred tax liabilities	8	**3 684**	5 848
Capital loans	14	**8 000**	
Interest-bearing liabilities	14,19	**61 808**	60 586
Other liabilities	14,19	**4 628**	1 600
Other non-current liabilities		**78 120**	68 034
Current liabilities			
Interest-bearing liabilities	14,19	**9 967**	34 933
Provisions	15		100
Capital loans	14	**2 000**	2 000
Income tax payables	25	**229**	
Trade payables and other liabilities	16,17	**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

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

Consolidated Statement of Income

1 January–31 December

€ 1 000	note	2008	2007
Net sales	2	**214 605**	215 245
Cost of goods sold		**-203 429**	-202 738
Gross profit		**11 176**	12 507
Other operating income	21	**1 547**	1 438
Sales and marketing expenses		**-3 318**	-3 643
Research and development costs		**-2 233**	-2 121
Administration expenses		**-6 667**	-6 300
Other operating expenses	21	**-2 060**	-228
Operating profit before impairment losses		**-1 555**	1 653
Impairment losses	23	**-2 490**	-8 430
Operating profit / loss		**-4 045**	-6 777
Financial income	24	**86**	114
Financial expenses	24	**-4 882**	-4 032
Loss before income taxes		**-8 841**	-10 695
Income taxes	25	**1 600**	564
Profit/loss for the period		**-7 241**	**-10 131**

Profit for the period is attributable to the equity holders of the Parent Company.

Earnings per share attributable to the equity holders of the Parent Company, €	26	**-0.31**	-0.43

There are no dilutive effects on earning per share.

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

Statement of Changes in Shareholders´ Equity

€ 1 000	Share capital	Share premium account	Own shares	Translation diffe-rences	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**		**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				**-1 490**	**-2 267**		**-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 Dec. 2008	**11 860**	**24 681**	**-50**	**-288**	**-490**		**-323**	**35 390**
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				**464**	**428**	**-1 372**	**-8 588**	**-9 068**
Business transactions with shareholders								
Dividend							-1 419	-1 419
Conveyance of own shares			48				3	51
Total equity at 31 Dec. 2007	**11 860**	**24 681**	**-115**	**1 202**	**1 776**		**6 903**	**46 307**

In 2007, the Group’s defined benefit plan in the Netherlands was changed to defined contribution plan.
In the statement of changes in shareholders´equity, curtailment of the pension plan is recognised in actuarial gains and losses and retained earnings EUR +/- 1,372 thousand.

Consolidated Cash Flow Statement

1 January–31 December

€ 1 000	note	2008	2007
Operations			
Profit/loss for the period		-7 241	-10 131
Adjustments on profit/loss for the period	27	17 959	24 781
Cash flow before change in working capital		10 718	14 650
Increase/decrease in current non-interest-bearing receivables		12 738	-4 335
Increase/decrease in inventories		6 692	-2 925
Increase/decrease in current non-interest-bearing liabilities		-7 175	-1
Cash flow before financial income/expenses and taxes		22 973	7 389
Interest expenses		-4 768	-4 045
Interest income		86	145
Direct taxes paid		621	-791
Cash flow from operations		18 912	2 698
Investments			
Paid investments in tangible and intangible assets		-3 578	-12 898
Proceeds from sale of tangible and intangible assets		274	1 634
Cash flow from investments		-3 304	-11 264
Financing			
Non-current loans drawn		33 000	18 371
Repayments of non-current loans		-35 147	-11 520
Capital loans drawn		10 000	
Repayments of capital loans		-2 000	-2 000
Change in commercial papers		-15 336	9 934
Change in current loans		-3 000	-5 000
Repurchase and conveyance of own shares		17	51
Dividends paid			-1 420
Cash flow from financing		-12 466	8 416
Change in cash and cash equivalents		3 142	-150
Cash and cash equivalents 1 Jan.		1 094	1 220
Unrealised exchange rate differences		7	24
Change in cash and cash equivalents		3 142	-150
Cash and cash equivalents 31 Dec.		4 243	1 094

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

Notes to the Consolidated Financial Statements

1. Principles for preparing consolidated financial statements

Basic information

Suominen Corporation is a public company domiciled in Tampere, Finland (Vestonkatu 24, FI-33580 Tampere) that manufactures wet wipes, nonwovens, and flexible packaging for consumer goods companies and retail chains. Suominen's consolidated financial statements are prepared in compliance with the International Financial Reporting Standards (IFRS) applicable within the EU, and according to effective IAS- and IFRS -standards and SIC- and IFRIC –interpretations at 31 December 2008.

These consolidated financial statements were approved for publication by the Board of Directors on 11 February 2009.

New and amended standards and interpretations effective in 2008

The following amendments and interpretations of IFRS standards came into effect in 2008:

IAS 39 (Amendment) and IFRS 7 (Amendment), 'Reclassification of financial assets'. The amendment permits an entity to reclassify non-derivative financial assets out of the held for trading category and from the available-for-sale category in particular circumstances and with certain criteria. Suominen has not applied the treatment allowed by the amendment during the financial year.

Other interpretations published by the IFRIC have not had an impact on the consolidated financial statements.

Application of new and amended IFRS standards and IFRIC interpretations

The IASB has published the following standards and interpretations whose application will be mandatory in 2009 or later. The Group has not early adopted these standards, but will adopt them in later periods.

The following standards and interpretations will be adopted by the Group in 2009:

- IAS 1 (Revised), '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 changed in equity will be presented in the statement of comprehensive income.
- IAS 1 (Amendment), 'Presentation of financial statements'. The amendment clarifies that some rather than all financial assets classified as held for trading in accordance with IAS 39 are current assets.
- Amendment to IAS 23, 'Borrowing Costs'. The amended standard requires an entity to capitalise borrowing costs directly attributable to a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. Suominen has not capitalized borrowing costs at all. In that part the way of recognising cost of asset will be changed.
- IAS 23 (Amendment), 'Borrowing costs'. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39. The amendment will not have a material impact on the financial statements of the Group.
- Amendments to IAS 32, 'Financial Instruments: Presentation' and IAS 1, 'Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation'. The amendments require some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The amendment is not expected to have an impact on the Group's financial statements.
- Amendment to IFRS 2, 'Share-based payment', clarifies that only service conditions and performance conditions are vesting conditions. All other features need to be included in the grant date fair value and do not impact the number of awards expected to vest or the valuation subsequent to grant date. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is not expected to have an impact on the Group's financial statements.
- IFRS 8, 'Operating Segments'. The new standard replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments reported by the Group will also in the future be the same as the business segments under IAS 14, the manner in which the segments are reported, is consistent with the internal reporting.
- IFRIC 11, 'IFRS 2 - Group and treasury share transactions'. The interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The interpretation will not have a material impact on the Group's financial statements.
- IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. The interpretation is applied to post-employment defined benefit plans and other long-term defined benefit plans under IAS 19, if the plan includes minimum funding requirements. The interpretation also clarifies the criteria for recognition of an asset on future refunds or reductions in future contributions. The interpretation will have an effect on the accounting for some of the defined benefit plans of the Group, but the impact on the on the Group's financial statements will most likely not be material.
- IFRIC 15, 'Agreements for the Construction of Real Estate'. The interpretation clarifies whether an agreement for the construction of real estate is within the scope of IAS 11, 'Construction Contracts', or IAS 18, 'Revenue', and when revenue from such construction projects can be recognised on a percentage of completion basis. This interpretation does not have an impact on the Group's financial statements.
- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation'. IFRIC 16 clarifies the accounting treatment in respect of a hedge of a net investment in a foreign operation. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency. In addition hedging instruments may be held anywhere in the Group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. This interpretation does not have an impact on the Group's financial statements.
- IAS 19 (Amendment), 'Employee benefits'. The amendment clarifies among others things that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment

that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Management assesses that the amendment will not have a material impact on the financial statements of the Group.

- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'. The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 and the proceeds received with the benefit accounted for in accordance with IAS 20. Management assesses that the amendment will not have a material impact on the financial statements of the Group.
- IAS 27 (Amendment), 'Consolidated and separate financial statements'. Where an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', IAS 39 would continue to be applied. [Management assesses that the amendment will not have a material impact on the financial statements of the Group.
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures'). Where an investment in associate is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32 and IFRS 7. The Group will not reduce the amount of information presented in the notes to the financial statements of the Group in the way allowed by the amendment, but will continue the current presentation.
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures'). An investment in an associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Management assesses that the amendment will not have a material impact on the financial statements of the Group.
- IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7). Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 and IFRS 7. The Group will not reduce the amount of information presented in the notes to the financial statements of the Group in the way allowed by the amendment, but will continue the current presentation.
- IAS 36 (Amendment), 'Impairment of assets'. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The change to the standard will increase the amount of information presented on impairment testing in the notes to the financial statements of the Group.
- IAS 38 (Amendment), 'Intangible assets'. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the Group has access to the catalogues and not when the catalogues are distributed to customers. Management assesses that the amendment will not have a material impact on the financial statements of the Group.
- IAS 38 (Amendment), 'Intangible assets'. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight-line method. Management assesses that the amendment will not have a material impact on the financial statements of the Group.
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'. The amendment clarifies among other things the classification of derivative instruments where there is a change in the hedge accounting, the definition of financial asset or financial liability at fair value through profit or loss and requires use of a revised effective interest rate to remeasure the carrying amount of a debt instrument on cessation of fair value hedge accounting. Management assesses that the amendment will not have a material impact on the financial statements of the Group.

The following new standards and interpretations effective in 2009 include those changes, that are not relevant to the financial statements of the Group:

- IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements'). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment does not have an impact on the Group's financial statements, and the Group companies are not applying IFRS in their stand alone financial statements.
- IFRIC 13, 'Customer Loyalty Programmes'. The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 will not have an effect on the Group's financial statements as none of the Group companies operate loyalty programmes.
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows'). Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. Not a conventional activity for Suominen, hence no impact on company.
- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16). As Suominen has no investment property, the amendment has no impact on the financial statements of the Group.
- IAS 41 (Amendment), 'Agriculture'. The amendment has no impact on the Group's operations, as Suominen has no agricultural activities.

The following standards and interpretations published by the IASB will be adopted by the Group in 2010:

- IFRS 3 (Revised), 'Business combinations'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. Management is assessing the impact of this revision on the financial statements of the Group.
- IAS 27 (Revised), 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss. At the moment Suominen has no minority interests.

- IAS 39 (amendment), 'Financial instruments: Recognition and measurement – Eligible Hedged Items'. The amendment prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. This amendment does not have an impact on the Group's financial statements.
- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption'). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRS. Management is assessing the impact of this revision on the financial statements of the Group.
- IFRIC 17, 'Distributions of non-cash assets to owners'. The interpretation clarifies how an entity should measure distributions of assets other than cash made as a dividend to its owners. Management is assessing the impact of this interpretation on the financial statements of the Group.

The following new standards and interpretations effective in 2010 are not relevant to the financial statements of the Group:

- IFRIC 12, 'Service Concession Arrangements'. The interpretation applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.

Consolidation principles

Financial figures are presented in thousands of euros and are based on original acquisition costs, unless otherwise stated.

The preparation of the consolidated financial statements in accordance with international accounting practice, requires the Company's management to use accounting estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reported periods. These estimates and assumptions are based on historical experience and other sound and reasonable suppositions under the circumstances the financial statements are being prepared. Actual results may differ from these assumptions.

The consolidated financial statements include those companies in which Suominen Corporation held, either directly or indirectly, over 50% of voting rights and control during the financial year.

Subsidiaries are included in the consolidated financial statements from the date control is acquired to when control is surrendered. The assets and liabilities of such acquisitions are recognised using the acquisition cost method at fair value on the acquisition date. The purchase price is allocated to the relevant assets at fair value, and the unallocated part of the acquisition cost capitalised to the balance sheet as goodwill.

All inter-company transactions, balances and unrealised margins of intra-group deliveries, intra-group receivables and liabilities, and internal profit distribution have been eliminated.

Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Segment reporting follows the same accounting principles as consolidated financial reporting. The costs and revenues as well as assets and liabilities of the segments are allocated on a consistent basis. All inter-segment sales are based on market prices, and they are eliminated on consolidation.

Foreign currency translation

The consolidated financial statements are presented in euros, as this is the operating and reporting currency used by the Parent Company. The income statements of the Group companies outside Finland have been translated into euros at the average rate for the financial year, and the balance sheets at the reference rate quoted by the European Central Bank on the day the books were closed. Translation differences arising from the elimination of the shareholders' equities of foreign subsidiaries are included in the consolidated equity. Translation differences arising from loans to subsidiaries regarded as capital investments are treated in a similar manner to the translation differences for subsidiaries' equity.

Business transactions denominated in foreign currencies are entered at the rates current on the date of the transactions concerned or equivalent rates. Exchange rate differences resulting from translation are booked in the income statement. Receivables and liabilities denominated in foreign currencies are translated into euros at the reference rate of the European Central Bank on the day the books were closed.

Foreign currency profits and losses associated with the Group's main business operations are recognised as adjustment items related to the expenses incurred through sales or purchases and manufacturing. Gains and losses from currency derivatives are booked in other operating income and expenses. Other financing-related currency gains and losses are booked at net value in financial income and expenses.

Intangible assets

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net assets of the acquired company. Goodwill from acquisitions made prior to the transition to IFRS has been calculated at the time of transition using Finnish Accounting Standards. In line with the IFRS 3 standard, the goodwill arising from the acquisition of Codi International BV has not been depreciated since 31 December 2003.

Goodwill has been allocated to cash generating units, and the carrying amount is tested annually for impairment at the balance sheet date. If the present value of the future cash flow of a business is expected to be less than the carrying amount of the cash-generating unit, the impairment loss is recognised in the statement of income.

Other intangible assets

Other intangible assets include patents and software licences, and are entered in the balance sheet at the original acquisition cost and depreciated using planned straight-line depreciation on the basis of their probable economic life.

Other items which are recognised as other intangible assets, are development and procurement costs that are directly attributable to the design and testing of identifiable and unique software. They are valued at their original acquisition cost and depreciated using planned straight-line depreciation on the basis of their probable economic life.

The depreciation periods used for intangible assets are as follows:

Intangible rights	3 – 10 years
Other long-term expenses	5 – 10 years

Future expenditure on intangible assets is capitalised only if the economic benefits to the Company from the assets increase above the level originally planned. Otherwise, expenditure is immediately recognised in the statement of income.

Tangible non-current assets

Tangible non-current assets consist mainly of land areas, buildings, structures, machinery, and equipment; and are primarily entered in the balance sheet at their direct acquisition cost less planned depreciation and impairment. Interest expenses during construction projects are not capitalised. If a fixed asset consists of several items with different economic lives, the items concerned are treated separately.

When part of a fixed asset is renewed, the cost of the new item is capitalised. Other subsequent costs are capitalised only if the future economic benefit to the Company is increased by the new item. All other expenditure, such as normal maintenance and repair, is charged to the statement of income during the financial period in which it is incurred.

Tangible fixed assets are depreciated using planned straight-line depreciation on the basis of their expected economic life. Land areas are not depreciated.

The depreciation periods used for tangible non-current assets are as follows:

Buildings and structures	10 – 40 years
Machinery and equipment	4 – 15 years
Other tangible assets	3 – 5 years

Depreciation is calculated on the period in which the asset becomes operational.

Gains and losses from the sale and disposal of fixed assets are recognised as other operating income or expenses.

Impairment losses

The carrying amounts of assets are evaluated at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated.

Recoverable amount of goodwill and other intangible assets, that have an indefinite useful life, is estimated annually.

An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses immediately recognised in profit or loss. The recoverable amounts of intangible and tangible assets are defined either on the basis of fair value less costs or value in use, if higher. When defining the value in use of an asset, future cash flows are discounted to the present value using the average cost of capital of the relevant cash-generating unit. Specific risks associated with the asset are included in the discount rate.

A previously recognised impairment loss on plant and equipment and intangible assets, with the exception impairment losses from goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. However, a reversal is not made to an extent higher than the carrying amount (less accumulated depreciation) that would have been determined if no impairment loss had been recognised in previous years. Impairment losses from goodwill are never reversed.

Research and development

Expenditure on research and development is expensed during the year in which it occurs. Expenditure on product and process development is not capitalised, as no separate assets are developed and future economic benefits cannot be assessed as required under IAS 38. There was no capitalised expenditure related to research and development on the balance sheet date.

Leasing contracts – Group as a lessee

Leasing contracts in which the risks and benefits associated with the assets are mainly transferred to the Company are classified according to the IAS 17 standard as financial leases. Property acquired under finance lease is depreciated and recognised as a non-current asset, and finance cost for finance leasing is recognised as an interest-bearing liability. The payments associated with operating leases are expensed in rentals of equal size over the lease term.

The long-term contract covering process heat sourced from a power plant adjacent to the Nonwovens site in Finland has been treated as operating lease, as a major part of the thermal energy generated by the plant is supplied to third parties. Long-term leasing contracts on premises are treated as operating leases when the lessee is not responsible for major obligations at the end of the lease.

Financial assets

Financial assets have been classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges as Suominen has derivatives for currency hedging. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. On the closing date, Suominen held only non-current held-to-maturity loans. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivatives that have fixed payments maturing on a fixed date, where the relevant group has firm intent and ability to hold the instrument until maturity. They are carried at amortised cost using the effective interest method and they are included in non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. As of the closing date, Suominen held only non-current available-for-sale financial assets.

Regular purchases and sales of financial assets are recognised on the trade-date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other operative income and expense' in the period in which they arise. Changes in the fair value of available-for-sale instruments are recognised directly in equity. When an available-for-sale instrument is sold or impaired, any cumulative change in the fair value in equity is removed from equity and recognised in the income statement as 'other operative income and expenses'. Interest on available-for-sale instruments, calculated by using the effective interest method, is recognised in the income statement under financial items.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Suominen designates derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other operating income and expenses'. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'financial expenses'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other operative income and expenses'. Accordingly, the gain or loss related to the ineffective portion of electricity derivatives is recognised in the income statement as a correction to electricity expenses.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other operative income and expenses'.

Derivative instruments at fair value through profit or loss

There are derivatives that do not meet the criteria for hedge accounting. Changes in the fair value of such derivatives are recognised in the income statement as part of the item 'other operating income and expenses'.

Revenue recognition

Revenue comprises the fair value of the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Sale of goods and services

Revenue from the sale of goods and services is recognised when the entity has transferred the significant risks and rewards of ownership of the goods to the buyer. In general the recognition is done when the goods are delivered in accordance with contractual terms. Revenue from rent is recognized evenly during the term ot tenancy Revenue from services is recognised during the financial year when the service has been done.

Dividends and interest income

Dividends are recognised when the shareholder´s right to receive payment is established. Interest is recognised using the effective interest method.

Inventory

Purchase costs are determined using the first-in-first-out principle. The value of inventories includes all the direct and indirect costs associated with their purchase. The cost of manufactured products includes the cost of materials, direct labour, and other direct costs, together with the relevant share of general manufacturing overheads, but excluding sales, general administration, and financing costs.

Inventories are valued at the cost of purchase or the probable lower net realisable value, which is the estimated sale price in the ordinary course of business, less the costs of completion and selling expenses.

Obsolete items contained in inventories are written down.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognized in the income statement as other operating expenses.

Cash at bank and in hand

Cash at bank and in hand includes cash and cash equivalents. They are classified in loans and receivables.

Shareholders' equity, dividend, and Company shares

The dividend proposed by the Board of Directors is not entered in the accounts, and dividends are only booked following the resolution taken by the General Meeting of Shareholders.

The treasury shares acquired by the Company and the related costs are presented as deductions of equity. At disposal the funds received are entered in equity.

Earnings per share

Non-diluted earnings per share are calculated using the weighted average number of shares for the period in question. The average number of shares used in calculated diluted earnings per share is adjusted for the number of Company shares held and the dilution effect of stock options. The Group does not hold any convertible bonds that would dilute earnings per share.

Share-based payments

The Group has granted the President and CEO a number of stock options. The fair value of these options is booked as personnel expenses at the time the option right was granted and recorded in equity for the same amount. The fair value of the options is determined on the day they are granted and periodised till the end of the subscription period. The fair value of the options is calculated using the binomial model based on the statistical Wiener process. At the time the options are granted the number of options to be exercised and the expected term is estimated form the basis for amortising the cost of the benefit.

Pension schemes

Suominen Corporation operates pension schemes to cover the pension benefits of its employees in various countries in accordance with local legislation and established local practice. In Finland, the Finnish Employment Pension Scheme (TyEL) is mainly used. Pension schemes may include additional pension benefits, options for early retirement, or compensation for disability.

Pension schemes are classified either as defined contribution plans or defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity Contributions to defined contribution plans are expensed during the period to which the contribution relates.

The present value of the pension obligations of defined benefit plans is determined using the projected unit credit method, and plan assets are recognised at fair value on the balance sheet date. Pension costs are recognised in the statement of income, spreading regular costs over the service time of employees calculated by actuaries annually. The Company's pension obligation is calculated as the present value of estimated future pension payments, using the discount rates of government or equivalent securities.

Actuarial gains and losses and changes in them in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are recorded directly in equity over the expected average remaining service lives of the employees concerned.

Since 2007 Suominen has had only defined contribution plans as a pension scheme.

Financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities depending on whether they mature within 12 months of the closing of the books.

In accordance with the Finnish Companies Act, capital loans are loans that are prioritised only after other unsecured loans. Interest and instalment payments on capital loans will be made only if the non restricted equity and the amount of capital loans exceed the amount of loss from the previous financial year. Capital loans are classified as liabilities and they are stated at amortised cost. Interest on these loans is recognised as interest expense in the income statement.

Provisions and conditional liabilities

Provisions are costs recognised as liabilities in the balance sheet, as they are present obligations and as it is probable that fulfilment of the obligation will require financial payment or cause financial loss. Conditional liabilities, which are not recognised as liabilities in the balance sheet, are possible obligations that have not been confirmed yet.

A provision is recognised when:

- the Group has a present legal or constructive obligation as a result of past events,
- it is probable that an outflow of resources will be required to settle the obligation, and
- the amount can be estimated reliably.

Changes in provisions are recognised in the income statement.

Income taxes

The Group's income taxes include income taxes of the Group companies based on taxable profit for the financial period, together with tax adjustments for previous periods and the change of deferred income taxes.

Deferred tax assets and liabilities are recognised for all temporary differences arising from the difference between the tax basis of assets and liabilities and their carrying amounts. Temporary differences arise from unused tax losses, depreciation differences, provisions, defined benefit pensions, revaluation of hedging instruments, intra-group margins in inventory, and recognition of assets at fair value at business acquisitions.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are calculated using the tax rate in force or which has been enacted by the balance sheet date and is expected to apply for the following years. Deferred tax liability is not provided on goodwill.

Discontinued business operations

Gains and losses from the disposal of business operations are presented separately net of taxes in the statement of income.

Government grants

Grants received to compensate for costs are recognised in the income statement for the period for which the related costs are recognised as expenses. Grants related to the purchase of property are deducted from the acquisition cost.

Other operating income and expenses

Gains from the sales of assets, net gains on currency derivatives, gains on the ineffective portion of cash flow hedging, and sales other than product sales, such as royalties and rental income, are booked as other operating income.

Losses from the sales of assets, other expenses not associated with normal operations, losses on the ineffective portion of cash flow hedging and net losses on currency derivatives, are booked as other operating expenses.

Financial income and expenses

The following income, expense, gain, and loss items will be reported as 'financial income and expenses' in annual closing:

- gains and losses on financial assets at fair value through profit or loss, on available-for-sale financial assets, on held-to-maturity investments, on loans and receivables and on financial liabilities stated at amortised cost,
- interest income and expenses on financial assets and liabilities,
- income and expenses on provisions, and
- amount of impairment losses on each category of financial assets.

These items are recognised as financial income and expenses excluding credit losses on trade receivables which are recognised as other operative expenses.

Critical accounting estimates and judgements

Estimates and judegements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

1) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3 of the notes to the consolidated financial statements. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The realised cash flows can differ from estimated discounted cash flows, as the financial utilisation time is long and the estimated sales prices, production costs, and the changes in discount rate used in the calculations can lead to substantial recognition of impairment losses. The sensitivity of these calculations is described in note 3 of the notes to the consolidated financial statements.

2) Value of tangible assets

Book value of tangible assets is comparable to the recoverable amount of assets if there is reason to assume that the fair value is the book value. The recoverable amount can be fair value or a use value, if higher, calculated by discounting the future cash flows at the current interest rate. The amount and timing of cash flows include risks.

3) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues on the basis of estimates related to whether additional taxes will be due. The Group makes judgements over the accounting principles concerning tax assets when preparing the annual accounts. The management evaluates the probability of subsidiaries to generate taxable income against unused tax losses or unused tax credits. If the final tax outcome is different from the amounts that were initially recorded, such differences will affect the current tax receivables and deferred tax assets as well as current tax liabilities and deferred tax liabilities for the periods the differences are realised. The sensitivity of tax calculation can be measured as an effect of actual final taxable result deviating by 10% from the management's estimates. Decrease in the income tax receivables would be EUR 107 thousand if the difference is unfavourable and increase in the income tax receivables EUR 107 thousand if the difference is favourable.

4) Fair value of available-for-sale financial assets

The fair value of financial instruments that are not traded in an active market is determined by using technique based on analyzing discounted cash flows.

When the value of available-for-sale financial assets is impaired, the matter is to be decided upon according to IAS 39 instructions. This requires substantial consideration, which involves assessment of how long and to what extent the fair value of the investment is lower than the acquisition cost, and estimation of the financial standing of the entity in concern and its near-term business prospects.

When assessing the book value of available-for-sale financial assets, the value would be EUR 70 thousand less or EUR 90 thousand more, if the interest rate used in discounting cash flows would deviate 5 percentage points from the interest rate estimated by the management. If impairment of fair value less than acquisition cost is judged to be considerable and prolonged, in whole or in part, an additional loss of EUR 78 thousand would be recognised in the annual accounts , when the changes in fair-value recorded in equity on impaired available-for-sale financial assets would be transferred to the income statement.

2. Segment information

Business areas are the primary segments in Suominen Corporation's segment reporting. Business area segments are based on the operating organisation and reporting structure. Products manufactured by one business area segment are of the same risk and profitability level and different from those manufactured by other segments.

The assets and liabilities of business areas include only assets and liabilities directly connected to the business of the segment, including goodwill.

Non-allocated items in income statement include expenses that are not divided to segments. Non-allocated assets include corporation´s administration items, loans and other receivables and shares. Non-allocated liabilities include corporation´s administration items, loans from financial institutions and investors and taxes.

Geographical segments are the secondary segments in segment reporting. Geographical segments are based on different business environments and the risks and profitability in them. Net sales of geographical segments are reported according to the location of customers and assets according to the location of the assets. Goodwill is allocated to Finland.

Segment reporting follows the same accounting principles as consolidated financial reporting. Business transactions between segments are based on market prices and eliminated at consolidation.

Business area segments 2008

€ 1 000	Wiping	Flexibles	Non-allocated items	Total
Net sales				
- Net sales total	148 688	95 609	1 544	
- Inter-segment sales	-10 166	-18 017		
- Intra-group sales	-6	-903	-2 255	
- Exchange rate differenses	5	106		
External sales total	**138 521**	**76 795**	**-711**	**214 605**
Operating profit before impairment losses	**-2 266**	**1 191**	**-480**	**-1 555**
Impairment losses	-2 490			-2 490
Operating profit	**-4 756**	**1 191**	**-480**	**-4 045**
Assets, goodwill excluded	71 594	47 183	2 832	121 609
Goodwill	23 404			23 404
Total assets	**94 998**	**47 183**	**2 832**	**145 013**
Liabilities	**13 436**	**8 136**	**88 050**	**109 622**
Gross investments	**2 042**	**1 820**	**48**	**3 910**
Depreciation	**7 525**	**5 033**	**37**	**12 595**
Impairment losses	**2 490**			**2 490**
Average personnel (adjusted as full-time)	**445**	**562**	**12**	**1 019**

Business area segments 2007

€ 1 000	Wiping	Flexibles	Non-allocated items	Total
Net sales				
- Net sales total	147 102	98 841	1 692	
- Inter-segment sales	-9 414	-19 097		
- Intra-group sales	-8	-885	-2 303	
- Exchange rate differenses	-91	-590	-2	
External sales total	137 589	78 269	-613	215 245
Operating profit before impairment losses	-359	2 407	-395	1 653
Impairment losses	-8 430			-8 430
Operating profit	-8 789	2 407	-395	-6 777
Assets, goodwill excluded	82 691	59 744	4 381	146 816
Goodwill	25 604			25 604
Total assets	108 295	59 744	4 381	172 420
Liabilities	12 884	9 896	103 333	126 113
Gross investments	4 379	6 852	35	11 266
Depreciation	8 407	5 481	46	13 934
Impairment losses	8 430			8 430
Average personnel (adjusted as full-time)	466	593	11	1 070

Geographical segments

Net sales by the location of external customers

€ 1 000	2008	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
Total	**214 605**	215 245

Assets including goodwill by the location of the assets

€ 1 000	2008	2007
Finland	**89 029**	106 168
Scandinavia	**5 583**	6 769
The Netherlands	**29 846**	36 574
Other Europe	**19 361**	22 909
Total	**143 819**	172 420

Gross investments by country

€ 1 000	2008	2007
Finland	**2 703**	3 651
Scandinavia	**107**	40
The Netherlands	**515**	2 457
Other Europe	**585**	5 118
Total	**3 910**	11 266

3. Intangible assets

2008 € 1 000	Intangible rights	Goodwill	Other capitalised expenditure	Pre-payments	Total 2008
Acquisition cost 1 Jan.	1 074	25 604	1 149	26	**27 853**
Translation difference	-6		-51		**-57**
Transfers between items	48			-48	
Impairment losses		-2 200			**-2 200**
Writedown	-7				**-7**
Increase	115			22	**137**
Acquisition cost 31 Dec.	**1 224**	**23 404**	**1 098**		**25 726**
Accumulated depreciation 1 Jan.	-675		-632		**-1 307**
Translation difference	4		50		**54**
Accumulated depreciation on decrease and transfers	5				**5**
Depreciation for the financial year	-130		-89		**-219**
Accumulated depreciation 31 Dec.	**-796**		**-671**		**-1 467**
Book value 31 Dec. 2008	**428**	**23 404**	**427**		**24 259**

Impairment charge of EUR 2,200 thousand has been booked against goodwill on 31 December 2008.

2007 € 1 000	Intangible rights	Goodwill	Other capitalised expenditure	Pre-payments	Total 2007
Acquisition cost 1 Jan.	961	34 195	818		35 974
Translation difference	2		-17		-15
Other changes	-58		342		284
Transfers between items	67			-45	22
Decrease/sale		-161			-161
Impairment losses		-8 430			-8 430
Increase	102		6	71	179
Acquisition cost 31 Dec.	1 074	25 604	1 149	26	27 853
Accumulated depreciation 1 Jan.	-623		-212		-835
Translation difference			15		15
Other changes	58		-342		-284
Depreciation for the financial year	-110		-93		-203
Accumulated depreciation 31 Dec.	-675		-632		-1 307
Accumulated depreciation 31 Dec.	399	25 604	517	26	26 546

Impairment charge of EUR 8,430 thousand has been booked against goodwill on 31 December 2007.

Following the principle of allocating goodwill to cash-generating units, EUR 22,797 thousand of the goodwill generated by the acquisition of Codi International BV in 2003 has been allocated to Codi Wipes and EUR 11,398 thousand to Nonwovens. In past years, an impairment charge against goodwill has been booked, in an amount of EUR 4,139 thousand for Codi Wipes and EUR 4,291 thousand for Nonwovens. At the end of 2008, impairment charge of EUR 2,200 thousand against Nonwovens goodwill was booked. At the end of the year, the value of goodwill was EUR 18,497 thousand for Codi Wipes and EUR 4,907 thousand for Nonwovens. The recoverable amount for the business was determined as the value in use in impairment testing. Projected cash flows are based on actual performance and five-year forecasts based on business strategy. The main assumptions underlying these forecasts were revised at the balance sheet date. Cash flow in the residual period beyond the five-year forecasted period was extrapolated using the growth rates for the relevant business areas. The key assumptions regarding the values in use are linked to the sales trend prevailing in the cash-generating units, cost levels, and the discount rate used.

The annual growth rate for Codi Wipes during the period covered by the forecast has been estimated at 0.5% (6). Low growth is based on chosen strategy, which includes directing the production to more profitable product portfolio and removing sales of low profitability from the portfolio. Rationalisation measures in the unit cover also the reduction of the personnel and investments to the new automated line, which will improve unit´s profitability compared to earlier. The annual growth rate for Nonwovens has been estimated at 4% (1). Also Nonwoven´s net sales will increase slowly at the beginning of the planning period, when sales are directed to better profitable product portfolio, in line with the strategy. Annual growth of 0.5% (0.5) for Codi Wipes and 0% (0.5) for Nonwovens has been assumed for the residual period. Pre-tax discount rates of 9.7% (9.1) and 9.5% (9.1) have been used for Codi Wipes and Nonwovens respectively. Business profitability used in determining residual value has been based on the long-term performance of the sector, in the form of an operating profit of 7% (5) for Codi Wipes and 5% (6) for Nonwovens.

Impairment testing calculations are based on present estimates of future developments. The value applied for Codi Wipes exceeded the carrying amount by EUR 1.2 million. The uncertainty in measuring the values in use for cash-generating units was captured by analysing variations in the amount or timing of cash flows. The element of uncertainty and risk has been accounted for through a downward adjustment in the strategy figures, using residual growth that is 1 to 2% lower than expected growth and taking into consideration the testing errors of past impairment tests.

Risk analysis has taken into account of the possibility of adverse changes in the general assumptions underlying the calculations used. Rise in the discount rate by 1% would lower the value in use by EUR 4 million (2) in both cash-generating units. A 0.5% decrease in the growth of residual value would lower the value in use of the units by EUR 1.5 million (2). The decline in the growth rate by 0.5% of the residual period would similarly lower the value in use for the units by nearly EUR 3 million (3). A potential consumption-based inflation could raise interest rates but also lead to a more favourable trend in sales as consumer demand increases. A 1% annual increase in residual value of cash-generating units would in such a situation be offset by a rise in the discount rate by 0.7% and 0.8% respectively for the value in use and the carrying amount to be equal.

4. Tangible assets

2008 € 1 000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	**Total 2008**
Acquisition cost 1 Jan.	1 445	62 228	143 535	197	1 978	**209 383**
Translation difference	-104	-1 015	-2 679		-24	**-3 822**
Increase		159	1 319		3 066	**4 544**
Decrease/sale		-62	-2 243			**-2 305**
Impairment losses			-290			**-290**
Writedown			-321			**-321**
Transfers between items		142	2 954	21	-3 117	
Acquisition cost 31 Dec.	**1 341**	**61 452**	**142 275**	**218**	**1 903**	**207 189**
Accumulated depreciation 1 Jan.		-34 479	-100 735	-86		**-135 300**
Translation difference		144	1 492			**1 636**
Accumulated depreciation on decrease and transfers			1 512			**1 512**
Depreciation for the financial year		-3 106	-9 239	-31		**-12 376**
Accumulated depreciation 31 Dec.		**-37 441**	**-106 970**	**-117**		**-144 528**
Book value 31 Dec. 2008	**1 341**	**24 011**	**35 305**	**101**	**1 903**	**62 661**
Balance sheet value of machinery and equipment in production			**31 193**			

2007 € 1 000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total 2007
Acquisition cost 1 Jan.	1 653	56 898	119 232	173	1 840	179 796
Translation difference	48	315	393		50	806
Other changes		1 652	17 736	48		19 436
Increase		2 461	2 856		5 770	11 087
Decrease/sale	-256	-956	-352	-36		-1 600
Writedown					-120	-120
Transfers between items		1 858	3 670	12	-5 562	-22
Acquisition cost 31 Dec.	1 445	62 228	143 535	197	1 978	209 383
Accumulated depreciation 1 Jan.		-29 742	-72 804			-102 546
Translation difference		-51	-136			-187
Other changes		-1 652	-17 736	-48		-19 436
Accumulated depreciation on decrease and transfers		301	298			599
Depreciation for the financial year		-3 335	-10 357	-38		-13 730
Accumulated depreciation 31 Dec.		-34 479	-100 735	-86		-135 300
Book value 31 Dec. 2007	1 445	27 749	42 800	111	1 978	74 083
Balance sheet value of machinery and equipment in production			39 947			

The carrying amounts of tangible assets are reviewed to determine whether there is any indication of impairment, such as a significant decline in an asset's market value, adverse changes in the business environment, adverse changes in the extent to which or manner in which an asset is used or expected to be used, or a deterioration in financial performance below what was expected.

If such indication exists, the recoverable amount is estimated as either the fair value of the asset less selling expenses or the value in use, if this is higher. When estimating an asset's value in use, the relevant future cash flows are discounted by using the average cost of capital before taxes of the cashgenerating unit concerned. The risk inherent in the value in use is captured by analysing variations in the amount or timing of cash flows. Future cash flows from tangible assets are estimated over a period of five years, and the residual value of an asset is its probable fair value less the selling cost.

Impairment charge of EUR 290 thousand has been booked against machinery and equipment on 31 December 2008.

5. Group companies

	Percentage of total number of shares and voting power
Codi International BV, Veenendaal, the Netherlands	100.0
Suominen Nonwovens Ltd., Nakkila, Finland	100.0
Suominen Flexible Packaging Ltd., Tampere, Finland	100.0
Suominen Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
Flexmer Ltd., Tampere, Finland	100.0
Owned through subsidiaries:	
Owned through subsidiaries:	100.0
ZAO Suominen, St. Petersburg, Russia	100.0
Suominen Sverige AB, Norrköping, Sweden	100.0
Suominen Ikamer Ltd., Tampere, Finland	100.0

6. Financial assets by category determined by IAS 39

On 31 December 2008 the book value of non-current and current financial assets totalled EUR 28,111 thousand (2007: EUR 34,855 thousand).

2008 € 1 000	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Derivatives held for hedge accounting	Book value	Fair value	note
	Classes by instruments nature							
Available-for-sale financial assets				627		627	627	7
Held-to-maturity investments		172				172	172	
Trade receivables			21 174			21 174	21 174	10
Other receivables			1 895			1 895	1 895	11
Cash and cash equivalents			4 243			4 243	4 243	12
Total		**172**	**27 312**	**627**		**28 111**	**28 111**	

2007 € 1 000	Financial assets at fair value through profit or loss	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Derivatives held for hedge accounting	Book value	Fair value	note
	Classes by instruments nature							
Available-for-sale financial assets				712		712	712	7
Held-to-maturity investments		100				100	100	
Trade receivables			28 718			28 718	28 718	10
Derivatives held for hedge accounting					2 401	2 401	2 460	11,20
Other receivables			1 830			1 830	1 830	11
Cash and cash equivalents			1 094			1 094	1 094	12
Total		100	31 642	712	2 401	34 855	34 914	

7. Available-for-sale financial assets

Available-for-sale financial assets include listed and unlisted shares and loan receivables. Disposals are sales of shares, where the gains and losses on sales are recognised in the other operative income and expenses. Investment loans, EUR 415 thousand (EUR 488 thousand), have been valued at fair value.

€ 1 000	2008	2007
Book value 1 Jan.	712	766
Disposals	-12	-54
Changes in the fair value	-73	
Book value 31 Dec.	**627**	712

8. Deferred taxes

€ 1 000	2008	2007
Deferred tax assets		
Recognised in equity		
Fair valuation of derivative financial instruments	195	
Translation differences	284	
Recognised in income statement		
Tangible assets	184	
Reorganisation reserve		26
Unused tax losses	854	662
Other temporary differences	45	
Total deferred tax assets	1 562	688
Deferred tax liabilities		
Recognised in equity		
Fair valuation of derivative financial instruments		625
Translation differences	51	51

€ 1 000	2008	2007
Recognised in income statement		
Tangible assets	3 373	4 604
Inventories	196	262
Translation differences		75
Other temporary differences	64	231
Total deferred tax liabilities	3 684	5 848
Net deferred tax liabilities	2 122	5 160

Deferred income tax recognised in equity during the year

Changes in the fair value of the available-for-sale financial assets	19	
Translation differences	524	211
Total	1 320	64

Deferred tax assets refer to the confirmed tax losses that can probably be used in future years against taxable income generated in the same country. The Group had tax losses totalling EUR 2,803 thousand (EUR 2,296 thousand) on the closing date. Deferred tax assets are recognised based on the estimated realisation of the related tax benefit though future taxable income. No deferred tax liability is recognised for the undistributed profits of subsidiaries, as the Group decides the distribution of such profit and no such distribution is likely in the immediate future.

9. Inventories

€ 1 000	2008	2007
Raw materials and consumables	9 903	12 349
Work in progress	3 070	3 965
Finished products and goods	11 077	14 451
Total inventories	24 050	30 765

The value at cost of inventories totals EUR 24,874 thousand (EUR 31,248 thousand). The figure has been reduced by EUR 824 thousand to cover obsolete stock (EUR 483 thousand).

10. Trade receivables

Trade receivables according to age:

€ 1 000	2008	2007
Undue	**15 398**	22 930
Overdue		
under 5 days	**1 443**	1 698
5 – 30 days	**2 370**	2 060
31 – 120 days	**1 433**	1 498
over 120 days	**530**	532
	5 776	5 788
Total trade receivables	**21 174**	28 718

Booked credit losses on trade receivables were EUR 50 thousand (2007: EUR 48 thousand)

Trade receivables according to currency:

€ 1 000	2008	2007
EUR	**18 483**	26 143
SEK	**836**	83
PLN	**929**	1 436
RUB	**325**	542
NOK	**86**	140
USD	**86**	344
Other currencies	**429**	30
Total	**21 174**	28 718

11. Other receivables

€ 1 000	2008	2007
Other receivables		
Fair values of derivatives		2 401
Indirect taxes	**687**	2 369
Other	**104**	345
Total other receivables	**791**	5 115
Accrued income and prepaid expenses		
Social security and healthcare	**94**	217
Statutory and other insurances	**422**	311
Discounts	**1 895**	1 830
Other	**1 641**	1 400
Total accrued income and prepaid expenses	**4 052**	3 758
Total other current receivables	**4 843**	8 873

12. Cash and cash equivalents

€ 1 000	2008	2007
Total cash and cash equivalents	**4 243**	1 094

13. Share capital

Share capital	Number of shares	Registered share capital, €	Share premium account, €	Own shares, €	Total, €
31 Dec. 2007	23 720 112	11 860 056	24 680 588	-115 572	36 425 072
Conveyance of own shares				99 460	99 460
Repurchase of own shares				-33 722	-33 722
31 Dec. 2008	**23 720 112**	**11 860 056**	**24 680 588**	**-49 834**	**36 490 810**

The registered number of issued shares of Suominen totals 23,720,112 shares and EUR 11,860,056. Shares have a book counter value of EUR 0.50 per share, and maximum share capital is 20,000,000 euros. Share has no nominal value. Suominen Corporation shares are listed on small cap list of NASDAQ OMX Helsinki Ltd. All issued shares are fully paid up.

The Members of the Board of Directors and the President and CEO of Suominen Corporation owned a total of 2,934,397 shares (2007: 2,913,111 shares) as of 31 December 2008. These shares represented 12.4% (December 2007: 12.3%) of the total number of shares and votes.

Stock options

Option	Exchange ratio	Subscription price/share	Subscription period	Number of shares to be subscribed 31 Dec. 2008	End of vesting period
2006A	1:1	3.34	2.5.2008 – 30.10.2009		02.05.2008
2006B	1:1	3.44	2.5.2009 – 30.10.2010		02.05.2009
2007A	1:1	3.44	2.5.2009 – 30.10.2010	100 000	02.05.2009
2006C	1:1	1.66	2.5.2010 – 30.10.2011	100 000	02.05.2010
2007B	1:1	1.66	2.5.2010 – 30.10.2011	90 000	02.05.2010

	2008 Average subscription price €/share	Options (pcs)	2007 Average subscription price €/share	Options (pcs)
In the beginning of financial year	3.40	265 000	3.34	100 000
Granted new options, series 2006C and 2007B	1.66	190 000		
Granted new options, series 2006B and 2007A	3.44	35 000	3.44	180 000
Returned options, serie 2006A	3.34	-100 000		
Returned options, serie 2006B	3.44	-100 000		
Returned options, serie 2007A			3.44	-15 000
At the end of the financial year	2.27	290 000	3.40	265 000

During the financial year no options were commenced neither expired.

Stock option plan	2006A	2006B	2007A	2006C	2007B
Fair value at grant date (EUR)	0.67	0.92	0.92	0.47	0.47
Fair value at grant date (EUR)	22.6.2006	7.6.2007	7.6.2007	12.6.2008	12.6.2008
Grant date	3.09	3.44	3.44	1.66	1.66
Share price at grant date (EUR)			100 000	100 000	90 000
Expected volatility (%)	25%	30%	30%	32%	32%
Expected vesting period at grant date (years)	3.4	3.4	3.4	3.4	3.4
Risk-free interest rate (%)	3.65%	4.44%	4.44%	5.37%	5.37%

Option rights

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. According to the 2006C stock option plan a total of 100,000 stock options has been issued during the financial year 2008. 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 according to stock option terms.

Under stock option plan 2007, a maximum of 200,000 stock options shall be issued to the members of the Corporare Executive Team of Suominen as specified by the Board of Directors. Each stock option entitles its holder to subscribe for one Suominen Corporation's share. During the financial year 2008, 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.

The fair values of the stock options and shares granted to the President and CEO will be booked to the statement of income as expenses during the period in question, in accordance with IFRS 2 Share-based payment. A total of EUR 72,000 of share-based expenses was booked to the statement of income in 2008 (EUR 80,000 in 2007). The fair values are measured using a binomial model (Cox-Ross-Rubinstein variation).

Stock option terms and conditions

The stock options entitle the holder to subscribe Suominen Corporation shares at the subscription price and over a period determined in the terms and conditions of the stock option plan. The exchange ratio for all stock options is 1:1. Those stock options whose share subscription period has not commenced and which have not yet been vested may not be transferred to a third party. Should a participant cease to be employed by Suominen for any reason other than retirement or death, such a person shall without delay offer to the Company, free of charge, those options whose share subscription period has not commenced. After the subscription period, the subscription rights shall expire with no value. The entitlement to dividends of the shares subscribed for pursuant to the option rights, together with other shareholder rights, shall commence once the increase in share capital has been entered in the trade register. The share subscription periods and prices are presented in the table above. The subscription prices will, as per the dividend record date, be reduced by the amount of dividend.
The subscription price shall, however, always be at least the book counter value of the shares. Pursuant to stock options outstanding on 31 December 2008, a maximum of 290,000 new shares may be subscribed for, which is 1.2 per cent of the current number of shares and votes. As a result of these subscriptions, the share capital may increase by a maximum of EUR 145,000. On 31 December 2008, a subsidiary held 210,000 options of which subscription price is with serie 2006A options 3.34 euros, with serie 2006B options 3.44 euros and with serie 2007B options 1.66 euros.The portion of the shares that may be subscribed for pursuant to these options is 0.8 per cent of the current number of shares. As a result of these subscriptions, the share capital may increase by a maximum of EUR 105,000.

Fair value reserve

Changes in the fair value of the available-for-sale financial assets and derivative instruments included in cash flow hedging according to the IAS 39 standard are included in the fair value reserve.

	2008		2007	
€ 1 000	Cash flow hedges	Total	Cash flow hedges	Total
Fair value reserve at 1 Jan.	1 776	1 776	1 348	1 348
Cash flow hedges deferred in equity	-2 990	-2 990	575	575
Changes in the fair value of the available-for-sale financial assets	-73	-73		
Total	-1 287	-1 287	1 923	1 923
Deferred taxes	796	796	-147	-147
Fair value reserve at 31 Dec.	-490	-490	1 776	1 776

Other reserves

Translation differences

Translation differences are the exchange rate differences arising from the elimination of the acquisition costs of the Group's non-euro companies.

14. Financial liabilities

On 31 December 2008 the book value of non-current and current financial liabilities totalled EUR 94,514 thousand (2007: EUR 111,626 thousand).

2008 **Classes by instruments nature**

€ 1 000	2008 Book value	Fair value	2007 Book value	Fair value	note
Non-current					
Loans from financial institutions	**59 491**	**59 534**	60 586	60 513	
Pension loans	**4 628**	**4 665**	1 600	1 551	
Capital loans	**8 000**	**8 049**			
Total	**72 119**	**72 248**	62 186	62 064	
Current *)					
Repayment of non-current liabilities					
Loans from financial institutions	**11 313**	**11 448**	15 692	15 869	
Pension loans	**971**	**1 156**	905	976	
Capital loans	**2 000**	**2 185**	2 000	2 001	
Current loans			3 000	3 001	
Commercial papers			15 336	15 349	
Derivatives held for hedge accounting	**691**	**691**			20
Trade payables	**7 420**	**7 420**	12 507	12 507	16, 17
Total	**22 395**	**22 900**	49 440	49 703	
Total	**94 514**	**95 148**	111 626	111 767	

*) In the balance sheet under current liabilities.

Financial liabilities are other than liabilities held for trading and derivative liabilities according to the definitions in the IFRS 7 and IAS 39 standards, and are valued at amortised cost.

Fair values for fixed-interest bearing liabilities have been calculated by discounting future cash flows at the appropriate interest rate prevailing on the closing date (2.35 - 10.21%). The weighted average borrowing rate of non-current loans on the balance sheet date was 4.73% (4.22%).

Pension loans and capital loans have fixed interest rates, while loans from financial institutions have floating interest rates.
Fair value for the loans with floating interest rate is the same as book value.

€ 1 000		Loans from financial institutions	Pension loans	Capital loans
Repayments				
	2009	11 312	971	2 000
	2010	24 050	971	2 000
	2011	14 807	971	2 000
	2012	10 884	971	2 000
	2013	8 500	571	2 000
	2014-	1 250	1 143	

Capital loan 1/2008

Suominen Corporation issued a EUR 10 million Capital Loan in the Finnish book-entry system. The loan will be repaid in five equal installments annually starting 14th of March 2009. The principal may be repaid and interest paid only in so far as the sum total of the unrestricted equity and all of the capital loans of the Suominen Corporation at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements (Capital Restraint). The principal and interest are subordinate to all other debts in the liquidation and bankruptcy of the company. The loan is unsecured.

The loan carries an interest coupon of 11.5%. If the issuer is not capable of paying principal or interest either in part or in total because of the Capital Restraint the unpaid amount remains as debt of the company and has an overdue interest rate of 2% over the loan rate. The issuer shall pay the overdue principal, interest rate and overdue rate as soon as it is possible according to the Capital Restraint.

The holder of bearer bond in the book-entry system is entitled to demand that the loan principal and accrued interest will be paid if half of the shareholder's equity has been acquired directly or indirectly by a person or company (or a group of persons or companies acting together) or if such a person or company or such persons or companies get the right to nominate majority of the members of the Board of Directors of the issuer.

15. Provisions

€ 1 000	2008	2007
Provisions 1 Jan.	100	200
Provisions uncharged	-100	-100
Provisions 31 Dec.	0	100
Current		100

Provisions are rent commitments for the real estate in Turku Provision was uncharged after the conclusion of lease agreement in September 2008

16. Trade payables

Trade payables according to currency

€ 1 000	2008	2007
EUR	6 646	11 601
PLN	350	782
SEK	273	2
USD	147	119
Other currencies	4	3
Total	7 420	12 507

17. Other liabilities

€ 1 000	2008	2007
Trade payables	7 420	12 507
Other liabilities		
Fair values of derivatives	691	
Indirect taxes	198	944
Payroll	628	1 210
Other liabilities	1 097	452
Total other liabilities	2 614	2 606
Accrued expenses		
Interest	1 011	401
Discounts	39	11
Payroll an social security	4 448	3 546
Other accrued expenses	2 581	1 975
Total accrued expenses	8 079	5 933
Total trade payables and other current liabilities	18 113	21 046

18. Financing and financial risk management

Suominen Corporation is exposed to several financial risks in its business operations. Risks include foreign exchange risk, interest risk, counterpart risk, liquidity risk and commodity risk. The financing policy approved by Suominen Corporation's Board of Directors defines the authorities, responsibilities and principles to be observed in the Group. Financing and financial risk management is the responsibility of the Group's financial administration. The purpose of financial risk management is to hedge the Group against significant financial risks.

Different financial instruments are used in risk management. Financial instruments used in hedging are exposed to changes in market prices, the solvency of counterparts or the liquidity of instruments.

Responsibilities and authorities in Suominen Corporation's risk management are defined in the Group's financial policy approved and confirmed yearly by the Board of Directors. The President and CEO approves all major funding operations and the main principles to be followed when hedging financial risks. The CFO is responsible for ensuring that the policy is observed throughout the Group, and for individual financial operations concerning funding, managing liquidity and financial risks. The Group's financial administration is responsible for all contracts entered into concerning funding, market money investments, and managing exchange rate and interest rate risks. It also negotiates the financial agreements and handles the financial transactions between financial institutions and the Group companies. Business units are responsible for providing the Group with the information necessary to identify and manage the risks concerned.

Market risk

a) Foreign exchange risk

The aim of the Company's foreign exchange risk management is to hedge earnings from business operations, and avoid exchange rate losses. Currency transactions are designed to reduce exchange-related risks and avoid losses of this type.

Foreign exchange risks comprise the transaction risks arising from cash flows from operations and the translation risks resulting from the translation of balance sheet items denominated in foreign currencies. Most of the Group's exports are denominated in euros. The Group's transaction position and foreign exchange items in the balance sheet are mainly composed of Swedish crowns, Polish zlotys and US dollars. The open, unhedged foreign exchange position for a 12-month period must not exceed 10% of net sales under Company policy.

Common derivative contracts are used in hedging, as their pricing can be verified on the market. The Suominen Corporation does not adopt IAS 39 hedge accounting in currency hedging. Changes in market values of currency hedging instruments are recognised in the statement of income.

Transaction position at 31 December:

€ 1 000	Transaction position 2008 12 month cash flow	Transaction position 2008 Cash flow hedging with currency forwards	Transaction position 2007 12 month cash flow	Transaction position 2007 Cash flow hedging with currency forwards
SEK	**5 105**	**-1 817**	10 117	-6 461
USD	**-1 874**	**1 111**	5 377	-2 038
PLN	**-5 719**	**-2 472**	-790	
Other	**5 330**	**-1 579**	4 179	-2 226
Total	**2 842**	**-4 757**	18 883	-10 725

Correspondingly the translation position is as follows:

€ 1 000	Translation position 2008 Capital investments in foreign subsidiaries	Translation position 2008 Short-term assets	Translation position 2008 Short-term liabilities	Translation position 2007 Capital investments in foreign subsidiaries	Translation position 2007 Short-term assets	Translation position 2007 Short-term liabilities
SEK	**4 916**	**836**	**273**	4 888	83	2
USD		**86**	**147**		1 304	119
PLN	**11 406**	**929**	**350**	9 770	1 436	782
Other		**840**	**4**		712	4
Total	**16 322**	**2 691**	**774**	14 658	3 535	907

Capital investments in foreign subsidiaries include both cash contributions in equity and loans that can be associated as equity. The table below summarizes the sensitivity of financial instruments on currency risk at the date of the balance sheet. Translation risks of subsidiary equities are not included, because Group does not use hedge accounting for these items. Price sensitivity is estimated on the basis of the actual volatility of the currencies over the past 12 months at a probability confidence level of 10% compared to the exchange rate of the balance sheet date.

2008

€ 1 000	Currency weakens, %	Impact on profit after taxes	Impact on equity	Currency strengthens, %	Impact on profit after taxes	Impact on equity
SEK	12	113		12	-113	
USD	18	-48		18	48	
PLN	17	81		17	-81	
Total		**146**	**0**		**-146**	**0**

2007

€ 1 000	Currency weakens, %	Impact on profit after taxes	Impact on equity	Currency strengthens, %	Impact on profit after taxes	Impact on equity
SEK	6	286		6	-286	
USD	8	52		8	-53	
PLN	7	-34		7	34	
Total		304	0		-305	0

The estimation above is limited only to financial instruments in different currencies (currency forwards, foreign currency investments, short and long term assets and short and long term liabilities). Together with the forecasted 12 months' net cash flows in different currencies, the net impact caused by weakening of currency rates on annual profit after taxes is EUR +/-0.6 million (+/-0.1).

b) Interest rate risk

The Group's interest rate risks are linked to general increases in interest rates and the associated increases in interest costs. In an ideal world, it would be possible to compensate for increases in interest rates through stronger business resulting from an improved business climate. Demand for the Company's end products is primarily dependent on overall demand for consumer goods in the hygiene and food sectors, both sectors that are subject to relatively little cyclicality. As the business is capital-intensive and the economic lifetime of production equipment is long, the use of fixed interest rates in the Company's loan portfolio is to be recommended. However, lower interest costs can be achieved over the long term with short-term interest rates. The interest rate risk associated with the Company's loan portfolio is diversified to ensure that the portfolio comprises both floating and fixed interest rates spread over a range of interest periods. The Company's Board of Directors has determined the interest rate structure of the loan portfolio and the range in which it can vary. The average interest duration can vary between 18 and 36 months. As of the end of 2008, it was 21 months (19).

The amount of the Group's loans with floating interest rate at the end of the year is EUR 66.6 million (89.6). The nominal value of interest rate swaps, hedging the cash flow of interest payments, is EUR 58.7 million (65.7). In the interest rate swaps, the Suominen Corporation pays approximately 3.5% fixed interest (3.5) and receives 3.7% floating rate (4.8).

The Company applies cash flow hedge accounting to interest swap contracts to fix the interest flow of floating-rate loans and to fix the floating interest cash flow that will be realised with high probability in accordance with IAS 39. Hedging must be effective both prospectively and retrospectively. The effectiveness of hedges are documented at the start of hedge transactions and tested during the hedging period. The effectiveness of hedging in respect of interest rate derivatives is obtained mathematically.

The sensitivity of interest rate risk is calculated on the basis of a 0.5% shift in the interest rate curve. Based on the actual volatility of interest rates over the past 12 months, the probability of such a shift varies from +/-10% (2.5) (short-term rates) to +/-25% (19) (long-term rates). A shift in the interest rate curve of 0.5% would have affected the interest costs of the company loans and interest rate swaps during a period of 12 months as follows.

2008

€ 1 000	Change of interest, %	Impact on profit after taxes	Impact on equity	Change of interest, %	Impact on profit after taxes	Impact on equity
Net liabilities, 86 403	+0.5	-247		-0.5	247	
Interest rate swaps, 58 700	+0.5	217	235	-0.5	-217	-235
Total		**-30**	**235**		**30**	**-235**

2007

€ 1 000	Change of interest, %	Impact on profit after taxes	Impact on equity	Change of interest, %	Impact on profit after taxes	Impact on equity
Net liabilities, 99 119	+0.5	-186		-0.5	186	
Interest rate swaps, 65 667	+0.5	134	435	-0.5	-134	-440
Total		-52	435		52	-440

Impact on profit is the result of a change in the interest cash flows. In addition, a change in the value of swap agreements qualifying as cash flow hedges is recorded as an adjustment in the fair value reserve in equity. Cash flows of interest hedging instruments are expected to realise during years 2009 - 2012.

Electricity price risk

Suominen's operational policy on electricity procurement covers purchases of the Group's Finnish units and the principles to be followed in managing electricity price risks. An independent consultant is employed to assist the Company in electricity purchases and related risk management. Increases in the market price of electricity are managed through the use of fixed-price contracts and electricity derivatives.

The Group's electricity price risk exposure is reviewed on a rolling basis in three-year periods. Exposure at the end of 2008 was hedged by establishing that fixed-price electricity will account for 53% (66) of projected usage in 2009, 19% (51) in 2010, and 0% (9) in 2011. Price hedging is done with OTC contracts. According these contracts Suominen pays on average EUR 45.25/ MWh (39.90).

Cash flow hedge accounting is also applied to electricity purchases, to neutralise fluctuations in the price of electricity over specific periods. Hedging must be effective both prospectively and retrospectively. The effectiveness of hedges are documented at the start of hedge transactions and tested during the hedging period. The effectiveness of hedging is tested on the basis of an established regression in Monte Carlo simulation. The change in the value of the effective hedging instruments is recognised in the statement of income along with the hedged cash flow. Change in value of ineffective hedges, EUR -89 thousand (34), has been recorded in cost of goods sold.

The price sensitivity of electricity has been estimated on the basis of the volatility of monthly average prices of the past 12 months so that the probability of price changes compared to the year-end price is +/-10%.

2008			2007		
Price change, €/MWh	Impact on profit after taxes, € 1 000	Impact on equity, € 1 000	Price change, €/MWh	Impact on profit after taxes, € 1 000	Impact on equity, € 1 000
15	509	176	14	613	542
-15	-509	-176	-14	-613	-542

The above estimation covers only the impact of changes in the market values of electricity derivatives. When the forecasted 12 months' electricity procurement in 2009 is added to the estimation, the net impact caused by an increase in the price of electricity by EUR 15/ MWh on annual profit after taxes is EUR –0.4 million (-0.3) and on equity EUR 0.2 million (0.5).

Credit risks

The Group's most significant individual credit risks relate to trade receivables from international companies with high credit ratings. The trade receivables from the ten most important customers account for 42% (35) of all trade receivables. The credit risk policy approved by the Board of Directors governs the principles to be followed when granting credit to customers and the responsibilities of the organisation in this area. Credit is granted to customers after a credit approval process has been completed. In addition, the Group has limited credit risk insurance cover for designated customers. The credit situation of customers is reported at least once a month to the persons responsible for sales. During the financial year, credit losses recorded through profit and loss totalled EUR 50,000 (48,000). The trade receivables are grouped according to how old they are in note 10 to the consolidated financial statements. The maximum amount of credit losses from trade receivables, EUR 19.9 million, is close to nominal value, because the Company does not insure its sale receivables or get guarantees other than in cases export guarantees are available.

The Board of Directors has approved a counterparty list of companies and financial institutions with good credit ratings for investment activities and the use of derivative contracts. The amount invested in a single counterpart is capped. Liquid funds are invested with reputable banks with sufficient credit ratings or in commercial papers offering high liquidity and credit ratings. The Group's maximum exposure to credit risk is equal to the book value of financial assets at the end of the financial year.

Liquidity risk

The Group needs adequate financing buffers at all times to be able to meet its short-term commitments. The Company's estimated cash flow from operations, liquid assets, unused loan facilities and committed undrawn facility agreements shall cover projected financing needs for the next 12 months. The liquidity position, which includes liquid assets, short-term market investments and unused committed loan facilities minus drawn short-term credits, stood at EUR 12.2 million (22.1) at year-end.

Refinancing risk is managed by diversifying across financial sources and institutions. In addition, loan maturities are also diversified. The average maturity of drawn loans in accordance with committed facility agreements was 3.0 years (2.1) at year-end. The Company has commercial paper programmes totalling EUR 40 million, but as a result of financial crisis those markets has not function after the autumn 2008.

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

2008

€ 1 000	Balance sheet value/limit	Cash flow	Under 6 months	6–12 months	1–2 years	2–4 years	Over 4 years
Financial assets							
Trade receivables	21 174	21 174	21 174				
Other receivables	2 694	2 694	2 694				
Bank receivables	4 243	4 243	4 243				
Total	**28 111**	**28 111**	**28 111**	**0**	**0**	**0**	**0**
Financial liabilities							
Trade payables	7 420	-7 420	-7 420				
Derivatives, hedge accounting	691	-691	-691				
Loans from financial institutions	44 179	-50 698	-5 606	-5 606	-10 237	-19 128	-10 221
Pension loans	5 600	-6 217	-582	-574	-1 121	-2 135	-1 805
Capital loans	10 000	-13 450	-3 150		-2 920	-5 150	-2 230
Loan facilities, over 6 months							
Amount drawn	24 240	-27 320	-604	-604	-16 757	-9 355	
Loan facilities, under 6 months							
Amount drawn	2 384	-2 471	-2 471				
Total	**94 514**	**-108 267**	**-20 524**	**-6 784**	**-31 035**	**-35 768**	**-14 256**
Total value of loan facilities							
Loan facilities, over 6 months	31 000		2 500		15 550	12 950	
Loan facilities, under 6 months	3 600		3 600				
Total	**34 600**		**6 100**		**15 550**	**12 950**	
Derivative contracts							
Currency forwards	121						
Cash flow, receivable		6 942	6 942				
Cash flow, payable		-6 821	-6 821				
Interest rate derivatives							
Hedge accounting	-297	-288	-1	-135	-117	-35	
Commodity derivatives							
Hedge accounting							
65 700 MWh	-394	-394	-106	-106	-182		

2007

€ 1 000	Balance sheet value/limit	Cash flow	Under 6 months	6–12 months	1–2 years	2–4 years	Over 4 years
Financial assets							
Trade receivables	28 718	28 718	28 718				
Other receivables	5 043	5 043	5 043				
Bank receivables	1 094	1 094	1 094				
Total	34 855	34 855	34 855	0	0	0	0
Financial liabilities							
Trade payables	12 507	-12 507	-12 507				
Loans from financial institutions	58 904	-64 977	-8 006	-10 483	-21 887	-21 426	-3 175
Pension loans	2 505	-2 767	-508	-498	-467	-881	-413
Capital loans	2 000	-2 102	-2 102				
Loan facilities, over 6 months							
Amount drawn	20 374	-22 193	-13 511	-226	-3 285	-2 063	-3 108
Loan facilities, under 6 months							
Amount drawn							
Commercial papers	15 336	-15 500	-15 500				
Total	111 626	-120 046	-52 134	-11 207	-25 639	-24 370	-6 696
Total value of loan facilities							
Loan facilities, over 6 months	44 000			6 000	28 000	7 000	3 000
Loan facilities, under 6 months	10 600		10 600				
Total	54 600		10 600	6 000	28 000	7 000	3 000
Derivative contracts							
Currency forwards	69						
Cash flow, receivable		10 812	10 812				
Cash flow, payable		-10 743	-10 743				
Interest rate derivatives	1 067						
Hedge accounting	1 067	2 239	559	493	744	443	1
Commodity derivatives							
Hedge accounting							
121 728 MWh	1 337	1 337	952	347	38		

19. Capital management

The Group's capital management aims to support business activities by ensuring good conditions by means of the Group's balance sheet and capital structure and to increase the shareholder value by aiming at a competitive return on invested capital. The capital structure shall be such that the Group's debt financing can be ensured.

The Board of Directors monitors the capital structure as regards the equity ratio and gearing. The target level published for gearing is 120%. In the calculation of these key figures, capital loans, over which senior debts take priority, are included in the shareholders' equity. The capital structure can be influenced by dividend policy, share issues and the use of capital loans. The Group has announced its objective to increase dividend yield, however, thereby simultaneously ensuring the Company's healthy development. If necessary, the Group can buy its own shares, issue new shares or decide to sell assets or parts of business to reduce liabilities.

The Group's equity ratio (capital loans included in the shareholder's equity) was 32% (28) at year-end, and it's gearing (capital loans included in the shareholder's equity) was 180% (198). Due to an impairment charge against goodwill recorded in the financial statements in 2007 and 2008, the target levels of capital management were not met. In the spring 2008 Suominen Corporation issued a capital loan with a subordinated ranking to senior debt and consequently being an instrument closer to equity. During the year 2008 Group started the sale of receivables program, by which the capital invested in balance sheet will be released. At the year-end the amount of sold receivables was EUR 1.8 million.

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

€ million	2008	2007
Interest bearing liabilities	86.4	99.1
-Capital loans	-10.0	-2.0
Interest bearing receivables	-0.8	-0.5
Financial assets	-4.2	-1.1
(A) Net liabilities	71.4	97.5
(B) Shareholder's equity	35.4	46.3
(C) Capital loans	10.0	2.0
(D) Balance sheet total –advance payments	143.8	172.4
Gearing, A/(B+C)	157.2%	197.7%
Equity ratio, (B+C)/D	31.6%	28.0%

The aim is to manage financing so that the confidence of financial institutions towards the corporation remains on a high level. Co-operation with banks is based on long-term bank relations. At December 2008 Suominen Corporate syndicated EUR 66 million fixed-term loan facility replacing the majority of the company's old loan arrangements. The loan agreement includes financial covenants concerning the Equity Ratio and Net Debt to EBITDA -multiples. Default in the terms and conditions entitle lenders to use acceleration clauses. Cross default clauses apply for indebtedness in execs of EUR 3 million giving the right of other lenders to declare their loans due and payable prior maturity.

According to management's view, the most critical financial covenant is Senior Net Debt to EBITDA, which should decline gradually at the level of 4 by the end of 2009. At the balance sheet date the ratio was 6.5. According to loan agreements, the minimum level of equity ratio is 27% when capital loans are included in the shareholder's equity.

20. Values of derivative financial instruments

	2008				2007			
Instrument € 1 000	Nominal value	Fair value total	Positive fair value	Negative fair value	Nominal value	Fair value total	Positive fair value	Negative fair value
Currency derivatives								
Held for trading	6 548	121	186	-65	10 724	69	88	-19
Interest rate derivatives								
Held for hedge accounting	58 700	-297	86	-383	65 667	1 123	1 128	-5
Electricity derivatives								
Held for hedge accounting	2 973	-394	7	-401	4 683	1 337	1 337	
Electricity derivatives, MWh	65 700				121 728			

21. Other operating income and expenses

€ 1 000	2008	2007
Other operating income		
Profit from sale of fixed assets	**297**	435
Indemnities	**601**	269
Rents	**26**	21
Recovery of bad debts	**18**	24
Net profit from currency derivatives	**406**	506
Other	**199**	183
Total	**1 547**	1 438

€ 1 000	2008	2007
Other operating expenses		
Losses on sale and write-down of fixed assets	**12**	12
Damage expenses and contributions	**306**	33
Bad debts	**50**	48
Expenses on reorganising Codi Wipes:		
- Severance payments	**1 362**	
- Other expenses	**217**	
Derivatives excluded from hedge accounting	**88**	10
Other	**25**	125
Total	**2 060**	228

Expenses on reorganising Codi Wipes are connected with the unit's actions where products with weak profitability are eliminated from product portfolio. As a result, it has been agreed in compliance with local cooperation procedure to discontinue temporary jobs and reduct 45 permanent jobs, which will cause the Company to pay compensations for dismissal without duty to work. Two old packaging lines will be shut down in the unit.

22. Personnel expenses

€ 1 000	2008	2007
Salaries and other compensations	**33 509**	34 407
Share-based payments	**72**	80
Pension expenditure		
Defined benefit plans		789
Change in deferred pension liability		-314
Defined contribution plans	**4 165**	3 429
Other payroll connected expenses	**5 640**	3 839
Total	**43 386**	42 230
Average number of personnel	**1 019**	1 070

Details on employee benefits paid to management are specified in note 31 of the notes to the consolidated financial statements.

23. Depreciation, amortisation, and impairment losses

€ 1 000	2008	2007
By function		
Procurement and production	**12 247**	13 484
Sales and marketing	**27**	38
Research and development	**160**	233
Administration	**161**	179
Impairment losses	**2 490**	8 430
Total	**15 085**	22 364
By asset group		
Buildings and constructions	**3 106**	3 335
Machinery and equipment	**9 529**	10 357
Other tangible assets	**31**	38
Impairment losses on goodwill	**2 200**	8 430
Other intangible assets	**219**	204
Total	**15 085**	22 364

24. Financial income and expenses

€ 1 000	2008	2007
Interest income on financial assets recognised at fair value through profit of loss	**73**	110
Interest income on financial assets valued at amortised cost	**13**	
Gains on derivatives, excluded from hedge accounting		4
Financial income	**86**	114
Interest expenses on loans valued at amortised cost	**-4 687**	-4 035
Exchange rate differences (net)	**-70**	24
Other financial expenses	**-124**	-21
Financial expenses	**-4 881**	-4 032
Financial income and expenses, total	**-4 795**	-3 918

Foreign exchange gains and losses recognised in the statement of income

€ 1 000	2008	2007
Net sales	**111**	-683
Cost of goods sold	**-428**	963
Financial income and expenses	**-70**	**24**
Foreign exchange gains and losses, total	**-387**	304

25. Income taxes

€ 1 000	2008	2007
Income taxes for the financial year	-37	-68
Income taxes from previous years	-1	-25
Deferred taxes	1 638	657
Income taxes total	1 600	564
Profit before taxes	-8 841	-10 695
Tax calculated at the domestic corporate tax rate of 26%	2 299	2 781
Not deductible impairment losses on goodwill	-572	-2 192
Effect of different tax rates in foreign subsidiaries	-15	4
Expenses not deductible for tax purposes	-112	-21
Other temporary differences		-8
Tax charge total	1 600	564

26. Earnings per share

€ 1 000	2008	2007
Profit for the period	-7 241	-10 131
Shares in thousands		
Average weighted number of shares	23 700	23 679
Earnings per share attributable to the equity holders of the Company, €	-0.31	-0.43

Suominen's stock option plan does not have a dilutive effect on earnings per share. Options have a dilutive effect only when the exercise price is lower than the market price of the share.

27. Adjustments on cash flow statement

Adjustments on cash flow from operations 1 Jan.–31 Dec.

€ 1 000	2008	2007
Adjustments on profit/loss for the period		
Income taxes	-1 600	-564
Financial income and expenses	4 796	3 918
Depreciation	12 595	13 934
Impairment losses	2 490	8 430
Gains and losses on sales of fixed assets	-285	-495
Change in provisions	-100	-100
Change in pension liabilities		-314
Other adjustments	63	-28
Total	17 959	24 781

28. Lease commitments

€ 1 000	2008	2007
Operating leases, real estates		
Minimum lease payments		
Not later than 1 year	3 060	3 154
Later than 1 year and not later than 5 years	9 892	10 063
Later than 5 years	6 437	7 497
Total	19 389	20 714

Nonwoven's long-term contract covering the purchase of process heat from a nearby heating plant is treated as an operating lease, because a major portion of the energy is sold to third parties.

Operating leases, machinery and equipment		
Falling due in 1 year	1 053	932
Falling due between 1 year and subsequent 5 years	2 161	1 786
Falling due after 5 years		3
Total	3 214	2 721

29. Contingent liabilities

€ 1 000	2008	2007
Secured loans		
Loans from financial institutions	36 750	5 374
Total	36 750	5 374
Nominal values of mortgages		
Real estate mortgages	24 045	5 045
Business mortgages	50 000	1 177
Total	74 045	6 222
Other contingent liabilities		
Guarantees on behalf of third parties	1 468	1 557
Total	1 468	1 557

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

30. Environmental costs

€ 1 000	2008	2007
In the statement of income		
Cost of goods sold	1 144	1 152
- including depreciation	192	169
In the balance sheet		
Tangible assets	2 172	2 421

31. Related party transactions

The Suominen Group has related party relationships with the members of the Board of Directors, the President and CEO, and the members of the Executive Team.

€ 1 000	2008	2007
Employee benefits paid to the members of the Board of Directors, the President and CEO, and the members of the Corporate Executive Team		
Salaries and other short-term employee benefits	815	1199
Share-based payments	72	80
Total	887	1 279

Salaries and other short-term employee benefits paid to the members of the Board of Directors, and the President and CEO		
Mikko Maijala, Chairman	30	30
Pekka Laaksonen, Deputy Chairman	23	23
Juhani Lassila	19	19
Heikki Mairinoja	19	19
Kai Hannus	19	19
Heikki Bergholm	19	19
Kalle Tanhuanpää, President and CEO (until 30 April 2008)	123	437
Petri Rolig, President and CEO (since 1 May 2008)	229	
Total	481	566

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

Board members are not included in stock option plans.

The President and CEO has received 100,000 Suominen Corporation 2006C stock options and the members of Executive Team 100,000 Suominen Corporation 2007A and 90,000 Suominen Corporation 2007B stock options under a stock option plan detailed in note 13 of the notes to the consolidated financial statements.

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

Shares held by management on 31 December 2008

The members of the Company's Board of Directors and the President and CEO owned, either directly or via a company or organisation in which they held controlling power, 5,151,537 shares on 31 December 2008. These shares entitle holders to 21.8% of voting rights.

Insiders subject to the declaration requirement	Shares on 31 Dec 2008
Mikko Maijala, Chairman of the Board	1 060 839
Maijala Investment Oy	76 100
Pekka Laaksonen, Deputy Chairman of the Board	60 695
Juhani Lassila, Member of the Board	30 897
Evald and Hilda Nissi Foundation	2 138 490
Heikki Mairinoja, Member of the Board	24 221
Monaccio Oy	2 550
Heikki Bergholm, Member of the Board	1 728 911
Kai Hannus, Member of the Board	8 834
Petri Rolig, President and CEO	20 000
Heikki Lassila, Principal Auditor	0
Total	**5 151 537**

Members of the Corporate Executive Team	
Petri Rolig, President and CEO	20 000
Arto Kiiskinen, Vice President, CFO	13 169
Mikko Pellinen, Vice President, General Manager	0
Paul-Erik Toivo, Vice President, General Manager	0
Total	**33 169**

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

€ 1 000	2008	2007
Loans received from related parties		
Suominen capital loan 1/2008	1 100	

Loan is unsecured. Loan terms are described in note 14 of the notes to the consolidated financial statements.

Parent Company Statement of Income

1 January–31 December

€ 1 000	Note	2008	%	2007	%
Net sales		**1 545**	100.0	1 692	100.0
Cost of goods sold		**-29**	-1.9	-25	-1.5
Gross profit		**1 516**	98.1	1 667	98.5
Other operating income	2	**150**	9.7	121	7.2
Administration expenses		**-1 948**	-126.1	-2 033	-120.2
Other operating expenses	2	**-12**	-0.8	-13	-0.8
Operating profit before depreciation on tangible assets		**-294**	-19.0	-258	-15.2
Depreciation on tangible assets		**-2 200**		-8 904	
Operating profit		**-2 494**	-161.4	-9 162	-541.5
Financial income	6	**2 142**	138.6	1 903	112.5
Financial expenses	6	**-4 905**	-317.5	-3 629	-214.5
Profit before income taxes		**-5 257**	-340.3	-10 888	-643.5
Group contributions		**3 957**	256.1	2 189	129.4
Profit before depreciation difference and income taxes		**-1 300**	-84.1	-8 699	-514.1
Change in depreciation difference		**5**	0.3		
Income taxes	7	**-254**	-16.4	-28	-1.7
Profit/loss for the period		**-1 549**	-100.3	-8 727	-515.8

Parent Company Balance Sheet

31 December

€ 1 000	Note	2008	2007
Assets			
Non-current assets			
Intangible assets	5, 8	**71**	41
Tangible non-current assets	5, 9	**48**	93
Shares and participations			
Participations in Group companies	10	**88 735**	90 574
Other shares and participations	10	**9**	21
Loans receivable			
Loans receivable from Group companies		**33 385**	39 633
Loans receivable from others		**488**	488
Non-current assets, total		**122 736**	130 850
Current assets			
Other current receivables	11	**7 293**	11 132
Cash at bank and in hand		**3 984**	354
Current assets, total		**11 277**	11 486
Assets, total		**134 013**	142 336
Shareholders´ equity and liabilities			
Shareholders´ equity			
Share capital	13	**11 860**	11 860
Share premium account	12	**24 681**	24 681
Other shareholders´ equity	12	**11 233**	12 766
Shareholders´ equity, total		**47 774**	49 307
Appropriations			
Accumulated depreciation difference		**5**	10
Compulsory provisions	15		100
Liabilities			
Non-current liabilities			
Capital loans	14	**8 000**	
Interest-bearing liabilities	14	**60 752**	55 216
Non-current liabilities, total		**68 752**	55 216
Current liabilities			
Capital loans	14	**2 000**	2 000
Interest-bearing liabilities			
Loans from financial institutions	14	**9 967**	33 803
Loans from Group companies	14	**3 529**	895
Trade payables and other current liabilities	16	**1 986**	1 005
Current liabilities, total		**17 482**	37 703
Liabilities, total		**86 234**	92 919
Shareholders´ equity and liabilities, total		**134 013**	142 336

Parent Company Cash Flow Statement

1 January–31 December

€ 1 000	Note	2008	2007
Operations			
Profit/loss for the period		-1 549	-8 727
Adjustments on profit/loss for the period	19	1 556	8 403
Cash flow before change in working capital		7	-324
Increase/decrease in current non-interest-bearing receivables		-2 166	164
Increase/decrease in current non-interest-bearing liabilities		123	78
Cash flow before financial income/expenses and taxes		-2 036	-82
Interest expenses paid and received		-2 268	-1 657
Direct taxes paid		-29	-719
Cash flow from operations		-4 333	-2 458
Investments			
Investments in tangible and intangible assets		-48	-35
Proceeds from sale of tangible and intangible assets		395	174
Change in non-current loan receivable		5 887	-3 701
Change in current loan receivable		5 438	-3 966
Cash flow from investments		11 672	-7 528
Financing			
Change in non-current loans		5 536	5 207
Change in capital loans		8 000	-2 000
Change in current loans		-23 836	4 934
Dividends paid			-1 420
Other financial items		6 591	3 121
Cash flow from financing		-3 709	9 842
Change in cash and cash equivalents		3 630	-144
Cash and cash equivalents 1 Jan.		354	498
Unrealised exchange rate differences			
Change in cash and cash equivalents		3 630	-144
Cash and cash equivalents 31 Dec.		3 984	354

Notes to the Financial Statements of the Parent Company

1. Principles for preparing the financial statements of the Parent Company

The financial statements of Suominen Corporation have been prepared according to Finnish Accounting Standards (FAS).

Fixed assets

Fixed assets are entered in the balance sheet at direct acquisition cost less planned depreciation. They are depreciated with planned straight-line depreciation calculated on the basis of their probable economic life.

The depreciation periods are:

Vehicles	4 years
Machinery and equipment	4–10 years
Intangible assets and other long-term expenditure	4–10 years

Depreciation is calculated starting from the period the fixed assets become operational.

Net sales

Indirect sales taxes, discounts provided, and foreign exchange differences from sales are deducted from sales revenue. Net sales consist of sales of intra-group services and rent income.

Pension costs

All employees of the Company are included in a mandatory pension insurance policy taken out with an insurance company. Pension costs are accrued following the same timing and principles as salaries.

Items denominated in foreign currencies

Business transactions denominated in foreign currencies are entered at the exchange rates current on the date of transaction. Receivables and liabilities denominated in foreign currencies are translated into euros at the reference rate of the European Central Bank on the day the books are closed.

The exchange rate differences are entered in the statement of income. Gains and losses on the forward contracts hedging sales income and purchases are entered as other operating income and expenses. The net sum of exchange rate differences on other financial instruments is entered in financial income and expenses.

Valuation of financial derivatives and hedge accounting

Derivatives are evaluated in the notes to the financial statements in the mark-to-market value on the day the books are closed. Changes in mark-to-market value of derivatives are immediately recognised in statement of income as financial income and expenses. Gains and losses on the matured forward contracts hedging sales income and purchases are entered as in other operating income and expenses.

When any interest rate or electricity derivative matures, the interest income or expense of interest rate derivatives is recognised in profit or loss as financial income and expenses, and the clearing gain or loss of electricity derivatives is recognised in profit or loss as adjustment to electricity purchases.

Shares and participations

Investments to subsidiaries are valued at acquisition cost. The valuation of listed shares is based on fair value, which is the market value on the balance sheet date. Unlisted shares are valued at acquisition cost, because no reliable fair values are available.

Impairment charge is booked when there is reliable external evidence, that the fair value is permanently reduced.

Income taxes

Accrual-based taxes determined in accordance with the financial results of the Company, paid taxes and received advances from previous periods following the local legal requirements, are included in the statement of income.

2. Other operating income and expenses

€ 1 000	2008	2007
Other operating income		
Profit from sales of fixed assets	9	12
Net profit from currency derivatives	41	
Other	100	109
Total	150	121
Other operating expenses		
Losses on sales and writedown of fixed assets	12	
Other operating expenses		13
Total	12	13

3. Personnel expenses

€ 1 000	2008	2007
Salaries and other compensations	847	820
Pension expenditure		
Defined contribution plans	69	55
Other payroll connected expenses	31	33
Total	947	908
Salaries and bonuses paid to management		
Members of the Boards of Directors, and President and CEO	481	566

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

Average number of personnel	7	7

4. Fees paid to auditors

€ 1 000	2008	2007
Statutory audit	52	51
Tax consulting		2
Other services	3	2
Total	**55**	**55**

5. Depreciations and impairment losses

€ 1 000	2008	2007
By function		
Administration	37	46
Impairment losses	2 200	8 904
Total	**2 237**	**8 950**
By asset group		
Machinery and equipment	19	25
Other intangible assets	18	21
Impairment losses on goodwill	2 200	8 904
Total	**2 237**	**8 950**

6. Financial income and expenses

€ 1 000	2008	2007
Interest income	2 142	1 903
Interest expense	-4 431	-3 706
Exchange rate differences (net)	-474	78
Total	**-2 763**	**-1 725**

7. Income taxes

€ 1 000	2008	2007
Income taxes for the financial year	-254	-29
Income taxes for previous years		1
Income taxes total	**-254**	**-28**

8. Intangible assets

	Intangible rights	
€ 1 000	2008	2007
Acquisition cost 1 Jan.	153	131
Increase	48	22
Acquisition cost 31 Dec.	**201**	**153**
Accumulated depreciation 1 Jan.	-112	-91
Depreciation for the financial year	-18	-21
Accumulated depreciation 31 Dec.	**-130**	**-112**
Book value 31 Dec.	**71**	**41**

9. Tangible assets

€ 1 000	Machinery and equipment	Other tangible assets	Total 2008	Total 2007
Acquisition cost 1 Jan.	284	16	300	287
Increase			0	13
Decrease/sale	-60		-60	0
Acquisition cost 31 Dec.	224	16	240	300
Accumulated depreciation 1 Jan.	-208		-208	-186
Accumulated depreciation on decrease and transfers	35		35	0
Depreciation for the financial year	-19		-19	-22
Accumulated depreciation 31 Dec.	-192	0	-192	-208
Book value 31 Dec.	32	16	48	92

10. Shares and participations

€ 1 000	Participations in Group companies	Other shares	Total 2008	Total 2007
Acquisition cost 1 Jan.	90 574	21	90 595	99 660
Increase	361		361	0
Decrease/sale		-12	-12	-161
Impairment losses	-2 200		-2 200	-8 904
Acquisition cost 31 Dec.	88 735	9	88 744	90 595
Book value 31 Dec.	88 735	9	88 744	90 595

Group companies

	Percentage of total number of shares and voting power
Codi International BV, Veenendaal, the Netherlands	100.0
Suominen Nonwovens Ltd., Nakkila, Finland	100.0
Suominen Flexible Packaging Ltd., Tampere, Finland	100.0
Suominen Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
Flexmer Ltd., Tampere, Finland	100.0
Owned through subsidiaries:	
Suominen Flexible Packaging AB, Norrköping, Sweden	100.0
ZAO Suominen, St. Petersburg, Russia	100.0
Suominen Sverige AB, Norrköping, Sweden	100.0
Suominen Ikamer Ltd., Tampere, Finland	100.0

Real estate companies
(Included in Other shares and participations in the balance sheet)

	Percentage of total number of shares and voting power %	Number of shares (pcs)	Nominal value of shares € 1 000	Book value of shares € 1 000	Shareholders´ equity of the Company € 1 000	Profit/loss in the latest financial statements € 1 000
Participating interests						
Kiinteistö Oy Killinpolku, Virrat, Finland	25.0	1	8	8	112	0

11. Other current receivables

€ 1 000	**2008**	2007
Other receivables	**81**	67
Accrued income and prepaid expenses		
Social security and healthcare	**2**	1
Direct taxes		706
Loan provisions and arrangement fees	**587**	88
Other	**50**	126
Accrued income and prepaid expenses, total	**639**	921
Receivables from Group companies		
Loan receivables	**2 000**	7 438
Other receivables	**4 573**	2 706
Total	**6 573**	10 144
Other current receivables, total	**7 293**	11 132

12. Shareholders´ equity

€ 1 000	**2008**	2007
Share capital 1 Jan. and 31 Dec.	**11 860**	11 860
Share premium account 1 Jan. and 31 Dec.	**24 681**	24 681
Reserve for own shares 1 Jan.	**-116**	-163
Increase	**-34**	
Decrease	**99**	47
Reserve for own shares 31 Dec.	**-51**	-116
Retained earnings 1 Jan.	**12 882**	23 025
Dividends paid		-1 420
Transfer to reserve for own shares	**-49**	4
Retained earnings 31 Dec.	**12 833**	21 609
Profit for the financial year	**-1 549**	-8 727
Shareholders´ equity 31 Dec.	**47 774**	49 307
Distributable assets		
Retained earnings 1 Jan.	**12 833**	21 609
Own shares	**-51**	-116
Retained earnings 31 Dec.	**12 782**	21 493
Profit for the financial year	**-1 549**	-8 727
Distributable assets	**11 233**	12 766

13. Share capital

See note 13 in notes to the consolidated financial statements.

14. Interest-bearing liabilities

€ 1 000	2008	2007
Current *)		
Repayment of capital loans	**2 000**	2 000
Repayment of non-current liabilities		
Loans from financial institutions	**8 996**	14 562
Pension loans	**971**	905
Repayment of non-current liabilities	**9 967**	15 467
Current loans		
Current loans from financial institutions		
Commercial papers		3 000
Loans from Group companies		15 336
Total current interest-bearing liabilities	**3 529**	895
Total	**15 496**	36 698

€ 1 000	2008	2007
Non-current		
Capital loans	**8 000**	
Loans from financial institutions	**55 716**	53 212
Pension loans	**4 629**	1 600
Loans from Group companies	**407**	404
Total non-current interest-bearing liabilities	**68 752**	55 216
Interest-bearing liabilities, total	**84 248**	91 914

*) In the balance sheet under current liabilities.

Repayments

€ 1 000	2009	2010	2011	2012	2013	2014-
Repayments of non-current loans in future						
Loans from financial institutions	8 996	22 466	14 000	8 500	8 500	1 250
Pension loans	971	971	971	971	571	1 145
Total	9 967	23 437	14 971	9 471	9 071	2 395

15. Provisions

Provisions are rental commitments for the real estate in Turku.

€ 1 000	2008	2007
Provisions 1 Jan.	**100**	200
Provisions used during the year	**-100**	-100
Provisions 31 Dec.		100

16. Trade payables and other current liabilities

€ 1 000	2008	2007
Trade payables	**360**	463
Other current liabilities	**66**	78
Accrued expenses		
Interest	**984**	344
Payroll and social security	**100**	115
Income tax payables	**226**	
Other accrued expenses	**171**	
Accrued expenses, total	**1 481**	459
Liabilities to Group companies		
Other liabilities	**78**	6
Trade payables and other current liabilities, total	**1 985**	1 006

17. Operating lease commitments

€ 1 000	2008	2007
Minimum payments of irrevocable operating leases		
Not later than 1 year		392
Total	**0**	392

18. Contingent liabilities

€ 1 000	2008	2007
Guarantees		
Guarantees for loans		
Guarantees on behalf of Group companies	6 091	8 596
Other contingent liabilities		
Guarantees on behalf of Group companies	5 791	6 176
Guarantees on behalf of third parties	1 468	1 557
Total	13 350	16 329
Nominal values of mortgages		
Business mortgages	3 000	
Total	3 000	0
Operating leases		
Falling due next year	51	28
Falling due in subsequent years	130	67
Total	181	95

19. Adjustments on cash flow statement

Adjustments on operations cash flow

1 January–31 December

€ 1 000	2008	2007
Adjustments on profit/loss for the period		
Income taxes	254	28
Change in depreciation difference	-5	
Group contributions	-3 957	-2 189
Financial income and expenses	2 762	1 726
Depreciation	37	46
Depreciation on tangible assets	2 200	8 904
Other adjustments	265	-112
Total	1 556	8 403

Signing of the Financial Statements

Proposal of the Board of Directors for the distribution of profit

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 1,549,259.52.

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	€ 0.00
Leaving on the retained earnings account	€ 11 233 730.47

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

Helsinki, on 11 February 2009

Mikko Maijala
Chairman

Pekka Laaksonen

Kai Hannus

Juhani Lassila

Heikki Mairinoja

Heikki Bergholm

Petri Rolig
President and CEO

The Auditor's Note

Our auditor's report has been issued today.

Tampere, 24 February 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Suominen Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Suominen Corporation for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Tampere, 24 February 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Key Figures

Adjusted key figures per share

	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Earnings/share (EPS) before impairment losses, €	**-0.20**	-0.07	-0.08	-0.20	0.22
Earnings/share (EPS) from continuing operations, €	**-0.31**	-0.43	-0.08	-0.20	0.22
Earnings/share (EPS) from discontinued operations, €				0.05	-0.02
Earnings/share (EPS) from continuing and discontinued operations, €	**-0.31**	-0.43	-0.08	-0.15	0.20
Cash flow from operations/share, €	**0.80**	0.12	0.53	0.01	0.22
Equity/share, €	**1.49**	1.96	2.40	2.44	2.58
Dividend/share, € *	**0.00**		0.06		
Dividend/earnings, % *			-79.6		
Dividend/cash flow from operations, % *			11.4		
Dividend yield, % *			2.0		
P/E ratio	**-2.16**	-4.84	-39.5	-15.9	18.8
Share price					
lowest, €	**0.60**	2.01	2.80	3.17	3.84
highest, €	**2.25**	3.79	3.85	4.52	6.99
average, €	**1.50**	3.21	3.32	3.67	5.25
at year end, €	**0.66**	2.07	2.97	3.18	4.04
Market capitalisation on 31 Dec., € million	**15.6**	49.0	70.3	75.4	95.7
Number of shares held outside the Company					
average during the year	**23 699 569**	23 679 266	23 709 255	23 701 335	23 688 974
at year end	**23 665 055**	23 683 769	23 668 991	23 704 983	23 690 818
Number of shares traded as	**4 251 828**	8 765 455	7 000 722	6 955 745	7 320 156
percentage of the average during the year	**17.9**	37.0	29.5	29.3	30.9

No dividends were recognised during the financial year.

* Proposal by the Board of Directors

Key figures on financial performance

	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Net sales, € million	**214.6**	215.2	202.6	195.2	222.0
Export and international operations, € million	**179.9**	181.1	169.5	160.3	184.0
as % of net sales	**83.8**	84.2	86.9	82.1	82.9
Operating profit before impairment losses, € million	**-1.6**	1.7	1.2	-3.1	9.9
as % of net sales	**-0.7**	0.8	0.6	-1.6	4.5
Operating profit, € million	**-4.0**	-6.8	1.2	-3.1	9.9
as % of net sales	**-1.9**	-3.1	0.6	-1.6	4.5
Profit before taxes, € million	**-8.8**	-10.7	-2.7	-6.8	5.8
as % of net sales	**-4.1**	-5.0	-1.4	-3.5	2.6
Profit from continuing operations, € million	**-7.2**	-10.1	-1.8	-4.7	5.3
as % of net sales	**-3.4**	-4.7	-0.9	-2.4	2.4
Profit from discontinued operations, € million				1.1	-0.4
as % of net sales				0.6	-0.2
Profit for the financial year, € million	**-7.2**	-10.1	-1.8	-3.7	4.9
as % of net sales	**-3.4**	-4.7	-0.9	-1.9	2.2
Cash flow from operations, € million	**18.9**	2.7	12.5	0.1	5.3
Balance sheet total, € million	**143.8**	172.4	175.9	185.8	197.4
Return on equity (ROE), %	**-16.7**	-18.8	-3.1	-6.2	7.4
Return on invested capital (ROI), %	**-2.9**	-4.5	0.9	-0.8	6.2
Equity ratio, %	**24.6**	26.9	32.3	31.2	31.0
Equity ratio, %, capital loans in equity	**31.6**	28.0	34.5	34.4	35.0
Gearing, %	**229.9**	210.5	154.4	167.6	160.3
Gearing, %, capital loans in equity	**157.2**	197.7	137.7	142.5	130.2
Gross investments, € million	**3.9**	11.3	4.3	7.7	14.6
as % of net sales	**1.8**	5.2	2.1	4.0	6.6
Expenditure on R&D, € million	**2.2**	2.1	2.0	2.7	2.7
as % of net sales	**1.0**	1.0	1.0	1.4	1.2
Average personnel	**1 019**	1 070	1 058	1 242	1 332

Calculation of the Key Figures

Earnings/share	Profit before income taxes – income taxes / Adjusted number of shares held outside the group (average)
Cash flow from operations/share	Cash flow from operations as in the cash flow statement / Adjusted number of shares held outside the group (average)
Equity/share	Shareholders' equity / Adjusted number of shares held outside the group at year end
Dividend/share	Dividend/share for the financial year / Adjustment coefficient for share issues after the financial year
Dividend/earnings, %	Dividend/share x 100 / Earnings/share
Dividend/cash flow from operations, %	Dividend/share x 100 / Cash flow from operations/share
Dividend yield, %	Dividend/share x 100 / Adjusted share price at year end
P/E ratio	Adjusted share price at year end / Earnings/share
Market capitalisation	Number of shares held outside the group at year end x adjusted share price at year end
Return on equity (ROE), %	(Profit before income taxes – income taxes) x 100 / Shareholders' equity (quarterly average)
Return on invested capital (ROI), %	(Profit before income taxes + profit from discontinued operations + interest and other financial expenses) x 100 / (Balance sheet total – non-interest bearing liabilities) (quarterly average)
Equity ratio, %	Shareholders' equity x 100 / Balance sheet total - advances received
Gearing, %	(Interest-bearing liabilities – interest-bearing receivables – cash at bank and in hand) x 100 / Shareholders' equity

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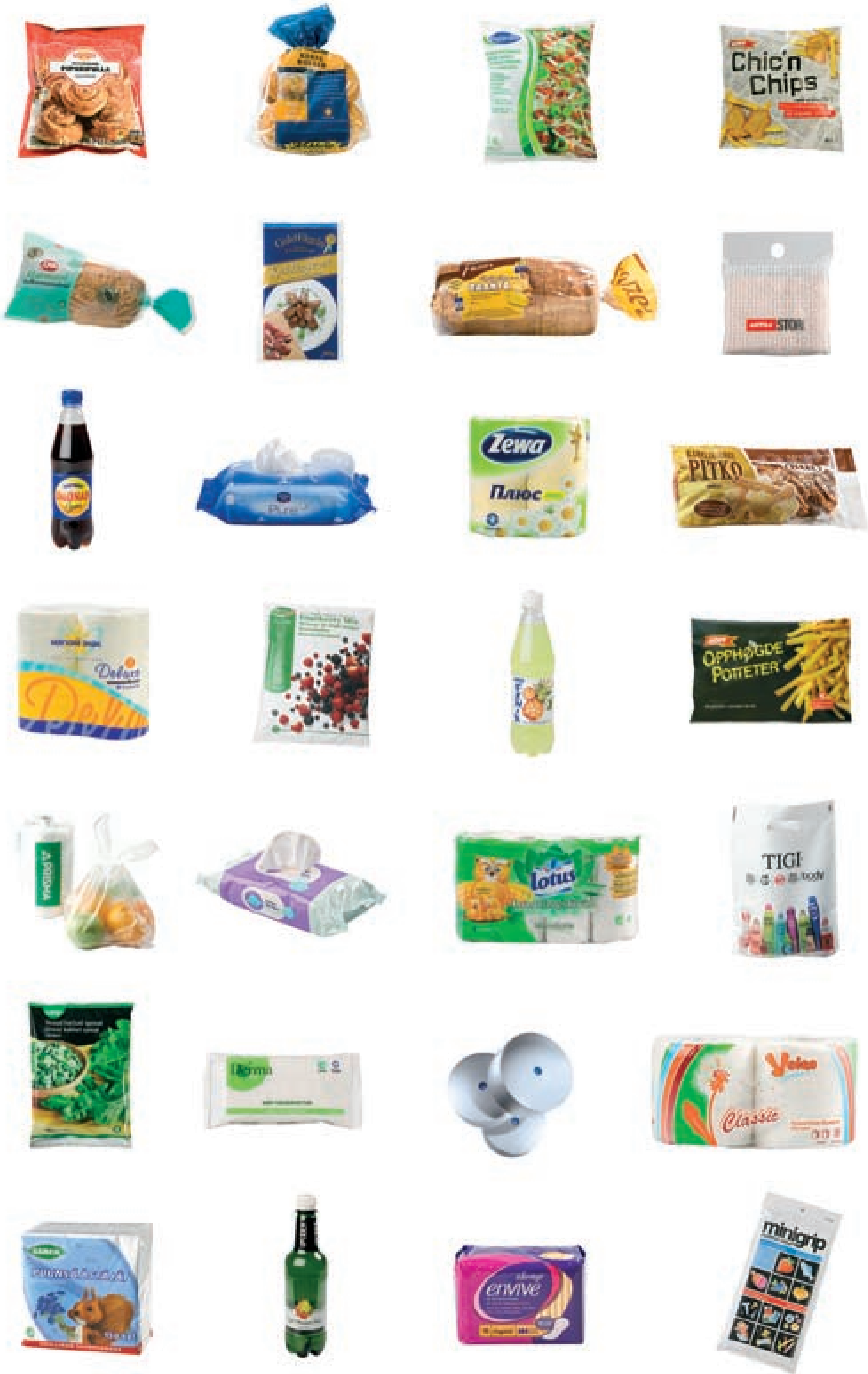
Chic'n Chips
PITKO
Zewa
Плюс
OPPHØGDE POTETER
lotus
TIGI
Classic
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