

SUOMINEN CORPORATION INTERIM REPORT 1 JANUARY - 30 JUNE 2007 (IFRS)

SUOMINEN'S PERFORMANCE CONTINUED ON POSITIVE TRACK

KEY FIGURES	4-6/2007	4-6/2006	1-6/2007	1-6/2006	1-12/2006
Net sales, EUR million	51.2	47.7	105,5	97.0	202.6
Operating profit, EUR million	0.5	-0.5	1.7	0.1	1.2
Profit/loss for the period, EUR million	-0.3	-1.0	-0.1	-1.3	-1.8
Earnings/share, EUR	-0.01	-0.04	0.00	-0.05	-0.08
Return on invested capital (ROI), %	1.4	-1.1	2.4	0.3	0.9
Cash flow from operations/share, EUR	0.15	-0.07	0.10	0.12	0.53
Cash flow from operations before interest-bearing receivables/share, EUR	0.07	-0.03	0.17	0.16	0.53

Suominen's net sales and financial performance improved on the first half of 2006.

The outlook for the remainder of the year: Net sales are expected to grow on 2006. Operating profit is expected to increase on the previous year and profit for the financial year is expected to be positive.

GROUP FINANCIAL RESULTS

Suominen Corporation's net sales for the second quarter totalled EUR 51.2 million (47.7), up 7 per cent on the figure for the corresponding period in 2006. The volume of sales grew in all units. Operating profit was EUR 0.5 million (-0.5), profit before taxes EUR -0.4 million (-1.5) and profit after taxes EUR -0.3 million (-1.0).

Net sales for the first two quarters totalled EUR 105.5 million (97.0), an increase of 9 per cent on the previous year. Operating profit was EUR 1.7 million (0.1), profit before taxes EUR -0.1 million (-1.8) and profit after taxes EUR -0.1 million (-1.3).

Prices for raw materials continued to rise during the first half of the year and were above those of the same period in 2006. The positive impact of increased volumes in the Wipes and Nonwovens business area could not be fully exploited also due to unsatisfactory production.

COST SAVING AND OPERATIONAL ENHANCEMENT PROGRAMME

Suominen's 'Stairs to Top' enhancement programme is to develop operations and improve efficiency on a continuous basis, and to increase sales. The impact of its cost saving and enhancement measures yielded some EUR 2.5 million during the period under review, but fell short of targets.

FINANCING

Interest-bearing liabilities totalled EUR 92.7 million, i.e. EUR 3.3 million more than at the beginning of the year. Liabilities include capital loans of EUR 4 million. Net financial expenses were EUR 1.8 million (1.9) or 1.7 per cent (2.0) of net sales. A total of EUR 2.4 million was tied up in working capital in the cash flow statement, including EUR 1.7 million of interest-bearing prepayments of Finnish Employment Pension Scheme (TyEL) contributions for the whole year. The equity ratio was 31.6 per cent (32.1), and the gearing ratio (ratio of interest-bearing net liabilities to shareholders' equity) was 160.6

per cent (164.0). Cash flow from operations was EUR 0.10 per share (0.12).

INVESTMENTS

The Company's gross investments in production totalled EUR 5.1 million (1.4). Planned depreciation amounted to EUR 7.1 million (7.4). Wet Wipes accounted for EUR 1.6 million, Nonwovens EUR 0.8 million and Flexible Packaging EUR 2.7 million of total investments. The investments focussed on the extension of Flexible Packaging's production facilities in Poland, and production efficiency and maintenance.

SEGMENT RESULTS

During the period under review, net sales of the Wipes and Nonwovens business area totalled EUR 67.0 million, an increase of 12 per cent on the corresponding period in 2006. Sales of Nonwovens increased substantially thanks to strong demand, while internal deliveries were reduced. The Wipes and Nonwovens business area recorded an operating profit of EUR -0.1 million (-0.8).

Net sales of Wet Wipes totalled EUR 33.5 million and were on the level of 2006. Sales volumes increased, while sales prices fell slightly. It is estimated that growth in the European wet wipe markets continued. Deliveries to brand owners increased, while sales to retailers fell short of expectations. Although production efficiency was further increased, the volume of production fell short of plan as customers used their own stocks. Stocks were reduced to make way for assortment renewals later in the summer. Savings in the unit's personnel costs did not reach the targeted figure. Investment in automisation of warehouse handling is progressing.

Net sales of Nonwovens increased by 15 per cent to EUR 37.0 million thanks to increased sales of hydroentangled material. Deliveries to the US market increased, while sales to Europe decreased. Sales of thermally bonded nonwovens remained at the same level as in 2006. Sales prices were at the same level as in the corresponding period in 2006. The impact of raw material clauses on sales prices is working with a delay, and thus the rising price of viscose raw material at the beginning of the year had an adverse effect on financial performance. Production efficiency suffered in particular due to high wastage and temporary raw material shortage. Energy costs were reduced by the new power plant that operates on process heat, although the price of the wood chips used for fuel was on the rise. Investment by the unit in

more efficient production and improvements in process water treatment began, although most of the actual expenditure will take place at the end of the year.

Net sales of Flexible Packaging totalled EUR 38.7 million, an increase of 4 per cent on the previous year. Flexible Packaging generated an operating profit of EUR 2.1 million (1.4). The increase in net sales was due to higher sales volumes. Growth in volumes of carrier bags was especially brisk and there were slight increases in hygiene and food packaging as well. Work on the new press at the plant in Poland will become operational during the summer. Expansion of plant facilities has also started. Sales of flexible packaging in Eastern Europe and Russia increased substantially on the previous year. Most of the production that earlier took place at the Kauhava plant has been transferred to the Tampere plant. Employee negotiations at the plant in Sweden during the year reduced staff by 13. Scandinavian customers are served from the Swedish site with efficient production and with imports, mainly from the plant in Poland.

SHARE CAPITAL AND SHARES

Share trading and price

The number of Suominen Corporation's shares traded on the Helsinki Stock Exchange from 1 January to 30 June 2007 was 5,483,457 or 23.1 per cent of the shares included in the Company's share capital. The trading price varied from EUR 2.97 to EUR 3.79. The final trading price was EUR 3.40. The Company's market capitalisation was EUR 80.5 million on 30 June 2007.

Share capital

The registered number of issued shares of Suominen totals 23,720,112 shares or EUR 11,860,056. There were no changes in share capital during the period under review. A dividend of EUR 0.06 per share, which totals to EUR 1,418,923.14, was paid on 12 April 2007.

The Company's own shares

On 1 January 2007, the Company held 51,121 of its own shares, with an acquisition value of EUR 3.19 per share.

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

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

During the period under review, the Board of Directors did not exercise its authorities to buy the Company's own shares. On 30 June 2007, Suominen Corporation held a total of 36,343 of its own shares, accounting for 0.0 per cent of the share capital and votes.

Stock options 2006 and 2007

Under stock option plan 2006, a maximum of 300,000 stock options shall be issued to the President and CEO of Suominen Corporation as specified by the Board of Directors. Each stock option entitles its holder to subscribe for one Suominen Corporation's share with an equivalent book value of EUR 0.50. The Board of Directors decided to issue 100,000 stock options according to the 2006B stock option plan. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007 or EUR 3.44. The subscription period for the 2006B stock options is from 2 May 2009 to 30 October 2010.

Under stock option plan 2007, a maximum of 200,000 stock options shall be issued to the Executive Team of Suominen Corporation as specified by the Board of Directors. Each stock option entitles its holder to subscribe for one Suominen Corporation's share with an equivalent book value of EUR 0.50. The Board of Directors decided to issue 80,000 stock options according to the 2007A stock option plan. The share subscription price for the stock options is the trade volume-weighted average price of the Company share on the Helsinki Stock Exchange in May 2007 or EUR 3.44. The subscription period for the 2007A stock options is from 2 May 2009 to 30 October 2010.

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

Other authorisation for the board of directors

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

Notifications of changes in holdings

After transaction made on 2 May 2007, Sampo Life Insurance Company's total ownership of Suominen Corporation has decreased to 720,024 shares, which corresponds to 3.04 per cent of the Company's share capital and voting rights.

OUTLOOK

Net sales for the all of 2007 are expected to improve compared with those of last year. Operating profit is expected to increase on the previous year and profit for the financial year is expected to be positive.

In the Wipes and Nonvovens business area, net sales of Wet Wipes during the second part of the year is expected to rise clearly on the first half contributing to a visibly better result for the whole segment during the remaining six months.

The estimate on sales growth is based on forecasts given by customers and on our own forecasts. Profitability is expected to improve due to planned cost-savings, improved efficiency and growth in sales.

Expanding operations in Poland, in particular, is expected to increase investments to a level of EUR 12 million in 2007.

NEAR-FUTURE UNCERTAINTIES

Uncertainties affecting Suominen's business are described in the report by the Board of Directors for 2006. The estimate on the development of Suominen's net sales is partly based on forecasts given by customers. Changes in the market situation or changes in products and suppliers may change net sales from the forecast. Rapid fluctuations in raw material prices may affect Suominen's margins. The sensitivity of Suominen's goodwill to changes in the business environment is described in the notes to the financial statements for

2006. Rising interest rates in 2007 have eroded almost the entire safety margin for goodwill in the Wet Wipes cash generating unit when interest rate trends are taken as an independent change factor. The installation of the printing machine at Flexible Packaging's Polish plant is due to be completed next summer. A delay in start-up is possible, but the unit is experienced at starting up new machinery.

SUOMINEN CORPORATION CONSOLIDATED 1 JANUARY - 30 JUNE 2007 (IFRS)

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting. Principles for preparing the interim report are the same as those used for preparing the financial statements for 2006, and this interim report should be read parallel to the financial statements for 2006. Amendments to and interpretations of published accounting standards and new accounting standards that came into effect on 1 January 2007 are presented in the financial statements for 2006. Suominen has adopted the IFRS 7 Financial Instruments: Disclosures standard, which came into effect on 1 January 2007, and the amendments to IAS 1 relating to it. The Company also complies with the interpretation of IFRIC 10 Interim Financial Reporting and Impairment, which prohibits, for example, the reversal of impairment losses recognised for goodwill during previous interim periods. In its principles for preparing the financial statements, Suominen has not applied any changes allowed by the published new standards and interpretations prior to their official introduction. The most important reform known concerns segment reporting; the standard on which is expected to enter into force on 1 January 2009.

The figures in this interim report have not been audited.

STATEMENT OF INCOME

EUR 1 000	4-6/2007	4-6/2006	1-6/2007	1-6/2006	1-12/2006
Net sales	51 173	47 656	105 472	96 958	202 627
Cost of goods sold	-48 098	-45 069	-98 350	-90 955	-189 522
Gross profit	3 075	2 587	7 122	6 003	13 105
Other operating income	345	185	820	357	724
Sales and marketing expenses	-967	-942	-2 012	-1 827	-3 567
Research and development	-521	-506	-956	-1 026	-2 009
Administration expenses	-1 448	-1 709	-3 140	-3 182	-6 292
Other operating expenses	-30	-107	-130	-233	-771
Operating profit	454	-492	1 704	92	1 190
Interest and other financial income and expenses	-899	-993	-1 844	-1 964	-4 024
Fair value gains and losses	2	27	8	71	97
Profit before income taxes	-443	-1 458	-132	-1 801	-2 737
Income taxes	113	461	33	519	954
Profit/loss for the period	-330	-997	-99	-1 282	-1 783
Earnings/share, EUR	-0.01	-0.04	0.00	-0.05	-0.08

KEY FIGURES ON STATEMENT OF INCOME

	4-6/2007	4-6/2006	1-6/2007	1-6/2006	1-12/2006
Net sales, change, % *	7.4		8.8		
Gross profit, % **	6.0	5.4	6.8	6.2	6.5
Operating profit, % **	0.9	-1.0	1.6	0.1	0.6
Financial income and expenses, % **	-1.8	-2.0	-1.7	-2.0	-1.9
Profit before income taxes, % **	-0.9	-3.1	-0.1	-1.9	-1.4
Profit for the period year, % **	-0.6	-2.1	-0.1	-1.3	-0.9

* Compared with the corresponding period of the previous year.

** As of net sales.

BALANCE SHEET

EUR 1 000	6/2007	6/2006	12/2006
Assets			
Non-current assets			
Goodwill	34 034	34 195	34 195
Intangible assets	899	987	944
Tangible non-current assets	74 383	80 899	77 168
Available-for-sale financial assets	716	878	766
Held-to-maturity investments	100	100	100
Deferred tax assets	881	1 129	882
Non-current assets, total	111 013	118 188	114 055
Current assets			
Inventories	30 280	32 510	27 840
Trade receivables	23 638	21 922	25 583
Other current receivables	9 716	8 216	6 240
Income tax receivables	811		918
Cash at bank and in hand	857	277	1 220
Current assets, total	65 302	62 925	61 801
Assets, total	176 315	181 113	175 856
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	11 860	11 860	11 860
Share premium account	24 681	24 681	24 681
Fair value and other reserves	1 693	2 136	1 185
Translation differences	748	484	738
Other shareholders' equity	16 800	18 969	18 279
Shareholders' equity, total	55 782	58 130	56 743
Liabilities			
Non-current liabilities			
Deferred tax liabilities	6 273	7 682	6 768
Pension liabilities	262	180	314
Provisions	85	200	85
Capital loans		2 000	2 000
Interest-bearing liabilities	63 365	70 338	63 133
Other non-current liabilities	12	31	13
Non-current liabilities, total	69 997	80 431	72 313
Current liabilities			
Interest-bearing liabilities	25 286	21 887	22 202
Provisions	115	200	115
Capital loans	4 000	2 000	2 000
Income tax liabilities	844	250	67
Trade payables and other current liabilities	20 291	18 215	22 416
Current liabilities, total	50 536	42 552	46 800
Liabilities, total	120 533	122 983	119 113
Shareholders' equity and liabilities, total	176 315	181 113	175 856

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

EUR 1 000	1-6/2007	1-6/2006	1-12/2006
Foreign currency translation difference for foreign operations	12	-276	240
Cash flow hedges			
Hedge result deferred in equity	832	3 753	1 932
Transferred from equity to statement of income	-213	-1 463	-711
Defined benefit plan actuarial gains (losses)	-44	-36	-99
Income tax on income and expense recognised directly in equity	-149	-585	-547
Income and expense recognised directly in equity	438	1 393	815
Profit for the period	-99	-1 282	-1 783
Total recognised income and expense for the period	339	111	-968

According to IAS 1.96 standard the income and expense recognised in equity are stated in the consolidated statement of income. The above calculation replaces the statement of changes in shareholder's equity.

CASH FLOW STATEMENT

EUR 1 000	1-6/2007	1-6/2006	1-12/2006
Operations			
Operating profit	1 704	92	1 190
Total adjustments	6 620	7 401	14 855
Cash flow before change in working capital	8 324	7 493	16 045
Change in working capital	-2 433	-982	1 978
Financial items	-2 232	-2 381	-4 835
Taxes paid	423	-868	-605
Cash flow from operations before interest-bearing receivables	4 082	3 262	12 583
Change in interest-bearing receivables	-1 658	-417	-100
Cash flow from operations	2 424	2 845	12 483
Investments			
Investments in tangible and intangible assets	-6 200	-1 422	-3 135
Proceeds from sale of fixed assets and other proceeds	1 510	665	666
Cash flow from investing activities	-4 689	-757	-2 469
Financing			
Repurchase of own shares			-157
Non-current loans drawn	6 000	5 000	5 000
Repayments of non-current loans	-1 101	-3 587	-10 792
Capital loans		-2 000	-2 000
Dividends paid	-1 419		
Change in current loans	-1 581	-2 329	-2 015
Cash flow from financing	1 899	-2 916	-9 964
Change in cash and cash equivalents	-366	-828	51

KEY FIGURES	6/2007	6/2006	12/2006
Earnings/share, EUR	0.00	-0.05	-0.08
Equity/share, EUR	2.36	2.45	2.40
Cash flow from operations/share, EUR	0.10	0.12	0.53
Cash flow from operations before interest-bearing receivables/share, EUR	0.17	0.16	0.53
Return on equity (ROE), %	-0.4	-4.4	-3.1
Return on invested capital (ROI), %	2.4	0.3	0.9
Equity ratio, %	31.6	32.1	32.3
Gearing, %	160.6	164.0	154.4
Gross investments, EUR 1 000	5 076	1 429	4 337
Depreciation and impairment losses, EUR 1 000	7 066	7 373	14 694

SEGMENT REPORTING**Wipes and Nonwovens**

EUR 1 000	1-6/2007	1-6/2006	Change, %	1-12/2006
Net sales				
- Wet Wipes	33 482	33 586	-0.3	69 299
- Nonwovens	37 020	32 203	15.0	67 296
- eliminations	-3 491	-5 815		-9 687
Total	67 011	59 974	11.7	126 908
Operating profit	-134	-807	83.4	-149
% of net sales	-0.2	-1.3		-0.1
Assets	114 472	119 939		116 435
Liabilities	12 498	12 751		13 943
Net assets	101 974	107 188		102 492
Investments	2 359	748		2 150
Depreciation and impairment losses	4 284	4 429		8 768
Average personnel	471	450		455

Flexible Packaging

EUR 1 000	1-6/2007	1-6/2006	Change, %	1-12/2006
Net sales	38 698	37 087	4.3	75 987
Operating profit	2 121	1 353	56.8	1 958
% of net sales	5.5	3.7		2.6
Assets	56 970	55 221		55 127
Liabilities	8 646	7 723		8 313
Net assets	48 324	47 498		46 814
Investments	2 716	617		2 122
Depreciation and impairment losses	2 758	2 917		5 873
Average personnel	597	600		593

Consolidation Items

EUR 1 000	1-6/2007	1-6/2006	1-12/2006
Net sales	-237	-103	-268
Operating profit	-283	-454	-619
Assets	4 873	5 411	4 294
Liabilities	99 389	102 509	96 857
Investments	1	64	65
Depreciation and impairment losses	24	27	53
Average personnel	11	10	10

NET SALES BY MARKET AREA

EUR 1 000	1-6/2007	1-6/2006	1 - 12/2006
Finland	16 901	16 296	33 208
Scandinavia	11 100	10 688	21 539
The Netherlands	9 572	12 032	40 348
Other Europe	47 968	47 329	82 421
Other Countries	19 931	10 613	25 111
Net sales, total	105 472	96 958	202 627

QUARTERLY FIGURES

EUR 1 000	III/2006	IV/2006	I/2007	II/2007	III/2006- II/2007
Net sales					
Wipes and Nonwovens					
- Wet Wipes	17 826	17 887	17 997	15 485	69 195
- Nonwovens	17 031	18 062	17 901	19 119	72 113
- eliminations	-2 034	-1 838	-1 354	-2 137	-7 363
Total	32 823	34 111	34 544	32 467	133 945
Flexible Packaging	18 768	20 132	19 865	18 833	77 598
Consolidation items and eliminations	-150	-15	-110	-127	-402
Net sales, total	51 441	54 228	54 299	51 173	211 141
Operating profit					
Wipes and Nonwovens	-34	692	587	-721	524
% of net sales	-0.1	2.0	1.7	-2.2	0.4
Flexible Packaging	475	130	952	1 169	2 726
% of net sales	2.5	0.6	4.8	6.2	3.5
Consolidation items and eliminations	-124	-41	-289	6	-448
Operating profit, total	317	781	1 250	454	2 802
% of net sales	0.6	1.4	2.3	0.9	1.3
Net financial expenses	-969	-1 065	-939	-897	-3 870
Profit before income taxes	-652	-284	311	-443	-1 068

TAXES FOR THE PERIOD UNDER REVIEW

Taxes for the period under review are calculated on the basis of the Group's tax rate for the whole year, which is estimated to be 25 per cent in 2007. Taxes for the corresponding period in 2006 were 29 per cent on loss before taxes due to split of the taxable income between countries.

INFORMATION ON RELATED PARTIES

Suominen has related party relationships with the members of the Board of Directors, and the President and CEO of the Parent Company and the members of the Corporate Executive Team. The Company has no investments in associated companies. Salaries paid to the related parties amounted to EUR 496 thousand.

MOVEMENTS IN BORROWINGS

1 000 e	1-6/2007	1-6/2006
Total borrowings on 1 January	89 335	99 142
Current loans from financial institutions on 1 January	8 000	
Change in current loans from financial institutions	-8 000	
Current loans from financial institutions on 30 June	0	
Commercial papers on 1 January	5 402	15 417
Change in commercial papers	6 418	-2 330
Commercial papers on 30 June	11 820	13 087
Non-current loans on 1 January	71 933	77 725
Change in non-current loans	4 898	1 413
Non-current loans on 30 June	76 831	79 138
Capital loans on 1 January	4 000	6 000
Change in capital loans		-2 000
Capital loans on 30 June	4 000	4 000
Total borrowings on 30 June	92 651	96 225

CHANGES IN FIXED ASSETS

EUR 1 000	1-6/2007		1-6/2006		1-12/2006	
	Tangible	Intangible	Tangible	Intangible	Tangible	Intangible
Book value at the beginning of the period	77 168	944	88 129	1 022	88 129	1 022
Investments	5 040	36	1 270	58	4 108	129
Decreases	-906	-16	-672	-10	-672	
Depreciation and impairments	-6 964	-102	-7 275	-98	-14 505	-189
Translation differences and other changes	45	37	-553	15	108	-18
Book value at the end of the period	74 383	899	80 899	987	77 168	944

CONTINGENT LIABILITIES

EUR 1 000	6/2007	6/2006	12/2006
For own debt			
Real estate mortgages	5 046	5 046	5 046
Corporate mortgages	1 177	1 177	1 177
Other own commitments			
Leasing payments and commitments	8 372	2 172	8 555
Rent commitments	14 397	11 892	15 767
Guarantee commitment for financial lease of discontinued operations	1 600	1 682	1 642

NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1 000	6/2007	6/2006	12/2006
Currency derivatives			
Nominal value	9 584	11 631	9 750
Fair value	-15	-68	-5
Interest rate derivatives			
Nominal value	66 334	67 500	60 633
Fair value	1 505	938	1 075
Electricity derivatives			
Nominal value	5 239	6 094	5 638
Fair value	950	2 154	791

Helsinki, 23 July 2007

SUOMINEN CORPORATION

Board of Directors

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