

SUOMINEN CORPORATION INTERIM REPORT 1 JANUARY – 31 MARCH 2010

NEGATIVE RESULT FOR SUOMINEN IN Q1 2010

KEY FIGURES	1-3/2010	1-3/2009	1-12/2009
Net sales, EUR million	40.6	46.9	179.4
Operating profit, EUR million	-0.3	3.6	6.7
Profit/loss for the period, EUR million	-1.1	1.5	0.9
Earnings/share, EUR	-0.05	0.06	0.04
Cash flow from operations/share, EUR	-0.04	0.61	1.13

Outlook: Due to the low number of deliveries in early 2010, the entire year's sales volume is expected to decrease from the previous year. Operating profit is expected to be lower than in 2009, resulting from the decrease in sales volumes and the rise in raw material and energy costs.

GROUP FINANCIAL RESULTS

Suominen Corporation generated net sales of EUR 40.6 million (46.9) in the first quarter. Operating profit was EUR -0.3 million (3.6), profit before taxes EUR -1.5 million (2.0) and profit after taxes EUR -1.1 million (1.5).

Net sales fell by 14 per cent compared to the first quarter of the previous year. Reasons behind the decrease were the decline in the prices of wet wipes and in the delivery volumes of nonwovens.

The result was negative and effected by the above-mentioned decline in net sales as well as the rise in raw material and energy costs. The cost increases are passed on to sales prices with a delay. During the 2009 corresponding period, raw material prices were on a low level.

Investments still remained on a low level. The stock of finished products increased as they were built up to meet demand later in spring.

Cost-saving and operational enhancement programme

Costs were cut in the amount of EUR 0.7 million through Suominen's long-term Stairs to Top operational enhancement programme. The most significant single measure taken was the transfer of Sweden's flexible packaging production to Poland. Other cost savings resulted from freight, optimisation of material use, reduction in number of personnel and the effects of earlier investments to boost efficiency.

Financing

The Group's interest-bearing net liabilities totalled EUR 62.1 million (67.2) including capital loans of EUR 6.0 million (8.0). Due to the negative result development in the early part of the year, the company negotiated an amendment for the financial covenants of the present credit agreements. The amendment is binding in the first and second quarters of the year.

Repayments of non-current loans were EUR 0.3 million. Net financial expenses were EUR 1.1 million (1.5) or 2.8 per cent (3.3) of net sales. A total of EUR 1.5 million was tied up in the working capital. A total of EUR 9.7 million of

trade receivables was sold to the bank (6.5). The equity ratio was 27.5 per cent (25.4). When the capital loans are included in shareholders' equity, the equity ratio was 32.1 per cent (31.2) and the ratio of liabilities to shareholders' equity 134.4 per cent (136.4). Cash flow from operations was EUR -0.04 per share (0.61).

Investments

The company's gross investments in production totalled EUR 2.0 million (0.6). Planned depreciation amounted to EUR 2.4 million (2.6). Codi Wipes accounted for EUR 0.1 million (0.1), Nonwovens EUR 0.9 million (0.2) and Flexibles EUR 1.0 million (0.3) of total investments. Investments were efficiency-enhancement and maintenance investments.

SEGMENT RESULTS

In the first quarter, net sales of the Wiping business area totalled EUR 24.5 million and declined by 19 per cent on the previous year. The business area's operating profit was EUR -0.1 million (1.4).

Net sales of Codi Wipes, at EUR 13.9 million, declined by 13 per cent on the previous year. Sales of baby wipes decreased most clearly while sales of personal care wipes were approximately equal to the corresponding period's level. The decrease in the value of sales resulted, on the one hand, from declining price terms in long-term sales contracts and, on the other, from lower market prices caused by tightened competition. The unit's labour-use efficiency and materials utilisation were improved.

Net sales of Nonwovens decreased by 27 per cent to EUR 12.2 million. The corresponding data includes the sales of thermobonded hygiene products, which, for the most part, ended during 2009. Also deliveries of hydroentangled wiping materials and materials used in health care decreased. Sales in the US markets declined clearly. The stock of finished products was built up in expectation of a rise in demand in spring. In the employee negotiations concluded in February, it was agreed that altogether a maximum of 24 days of temporary lay-offs would be implemented during the first half of the year.

Net sales of Flexibles totalled EUR 16.4 million (16.8) and operating profit was EUR -0.1 million (2.2) in the first quarter. Sales of hygiene packaging and food packaging were on par with the previous year. Demand for retail packaging and security and system packaging was somewhat lower than a year earlier. Deliveries to both Russia and Poland increased.

The increase in the price of plastic-based raw materials also caused a clear increase in costs in Flexibles' result, while during the previous year's corresponding period the sector benefited from a decrease in prices. Production was shut down in Sweden during the first months of the year and the modern printing machine was transferred from Norrköping to Poland. In March the machine's output reached a nearly normal level.

GENERAL MEETINGS OF SHAREHOLDERS

The Annual General meeting of Shareholders was held on 23 March 2010. The General Meeting decided that a dividend of EUR 0.02 per share be paid for the financial year 2009.

The General Meeting approved the financial statements of the parent company and the Group for the financial year 1 January - 31 December 2009 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, Suvi Hintsanen, Juhani Lassila, Mikko Majjala and Heikki Mairinoja to the Board of Directors. Mikko Majjala was elected as Chairman and Heikki Mairinoja 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.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As a result of the amendment of the Finnish Companies Act that came into force on 31 December 2009, the Annual General Meeting of Shareholders held on 23 March 2010 adopted an amendment to the Articles of Association. The Article 11 of the Articles of Association be amended so that an invitation to the General Meeting of Shareholders shall be delivered three weeks before the General Meeting of Shareholders, however, not later than nine days before the record date of the General Meeting of Shareholders.

SHARE CAPITAL AND SHARES

Share capital

The registered number of issued shares of Suominen totals 23,720,112 shares or EUR 11,860,056. There were no changes in share capital during the period under review.

Share trading and price

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki from 1 January to 31 March 2010 was 562,569 shares, equivalent to 2.4 per cent of shares included in the company's share capital. The trading price varied between EUR 1.45 and EUR 1.74. The final trading price was EUR 1.63, giving the company a market capitalisation of EUR 38.6 million on 31 March 2010.

The Company's own shares

On 1 January 2010, the company held 682 of its own shares, accounting for 0.0 per cent of the share capital and votes.

The Annual General Meeting of Shareholders held in 2009 authorised the Board of Directors to decide on the acquisition of a maximum of 200,000 of the company's own shares. The authorisation was still valid and based

on it, the company has repurchased 51,015 of its own shares between 1 January and 31 March 2010. The Meeting also authorised the Board of Directors to decide on the conveyance of the company's own shares, and authorisation to convey 200,862 shares was still valid. The Board of Directors did not exercise its authorities during the period under review. Instead on 1 April 2010 the company has conveyed 31,875 of its own shares as emoluments to the Board of Directors.

The Annual General Meeting of Shareholders held on 23 March 2010 authorised the Board of Directors to decide on the acquisition of a maximum of 200,000 of the company's own shares. The authorisation will be valid for 18 months after the decision of the General Meeting. The shares shall be repurchased to improve company's capital structure and/or to be used as consideration in future acquisitions or other arrangements related to the Company's business or as part of the company's incentive program, and/or to finance investments. Shares may be held, cancelled or conveyed by the company. The company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through public trading on NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. During the period under review, the Board of Directors did not exercise its authorities to buy the company's own shares.

The 2010 Meeting also authorised the Board of Directors to decide on the conveyance of a maximum of 200,682 of the company's own shares. The authorisation will be valid for 18 months after the end of the General Meeting. The board of Directors did not exercise its authorities to convey the company's own shares during the period under review.

On 31 March 2010, Suominen Corporation held a total of 51,697 of its own shares, accounting for 0.2 per cent of the share capital and votes.

Stock options

Suominen has stock option plans 2006, 2007 and 2009. As the registered number of Suominen's issued shares totals 23,720,112, the number of shares may rise to a maximum of 24,570,112 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.

NEAR-FUTURE RISKS AND UNCERTAINTIES

The estimate concerning the development of Suominen's net sales is based in part on forecasts and action plans provided by the Group's customers. Changes in these forecasts and plans resulting from changes in the market situation or changes in customers' inventory levels could affect Suominen's net sales. Due to the uncertain global economic situation, the forecasts are vulnerable to a significant amount of uncertainty.

Nonwovens and Flexibles purchase oil-based raw materials to the value of some EUR 40 million annually. In addition, significant amounts of viscose, printing inks, and solvents are also purchased. Rapid fluctuations in the world market prices of raw materials affect Suominen's profitability.

Suominen's cost-saving and operational enhancement efforts are focused on areas such as improving yield, increasing machine speeds, and reducing changeover

time. The benefits of these efforts will be most evident if production volumes will increase. Delays in the implementation of measures or their failure would have a negative impact on the company's result.

The financial covenants of Suominen's credit agreements provide a maximum level for the ratio of net debts to operating profit. The company agreed with financiers that for the first and second quarters, the ratio of net debts to operating profit would be no more than 4.6, when capital loans are excluded. The continuing weak level of the income from operations may result in a situation where the company does not meet the financial conditions. In this case, the banks have the right to declare the credits due and payable and renegotiate the terms.

The sensitivity of Suominen's group goodwill, and possible changes in the general assumptions are described in the notes to the financial statements for 2009. Suominen's business risks are described in the report of the Board of Directors for 2009.

OUTLOOK

Demand for Suominen's products is evaluated on the basis of customer contracts and use forecast provided by customers. Demand for Suominen's products and deliveries to customers at the beginning of 2010 was lower than estimated and below the level of the corresponding period in 2009. Due to the low number of deliveries in early 2010, the entire year's sales volume is expected to decrease from the previous year.

Suominen's raw material and energy costs have clearly increased during the first quarter. Operating profit is expected to be lower than in 2009, resulting from the decrease in sales volumes and the rise in raw material and energy costs.

EVENTS AFTER THE REPORTING PERIOD

Within the authorisation granted by the Annual General Meeting held on 23 March 2010, the company has conveyed 31,875 of its own shares as emoluments to the Board of Directors on 1 April 2010. The price of the conveyed shares was EUR 1.60 per share.

SUOMINEN CORPORATION CONSOLIDATED 1 JANUARY – 31 MARCH 2010

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 2009, and this interim report should be read parallel to the financial statements for 2009. Changes to published accounting standards and interpretations, together with the new accounting standards that came into force on 1 January 2010, are presented in the financial statements for 2009.

All calculations in this interim report have been prepared in compliance with revised IAS 1, '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 changes in equity will be presented in the statement of comprehensive income.

The figures in this interim report have not been audited.

BALANCE SHEET

EUR 1 000	3/2010	3/2009	12/2009
Assets			
Non-current assets			
Goodwill	23 404	23 404	23 404
Intangible assets	762	809	795
Tangible non-current assets	57 416	59 094	57 044
Available-for-sale financial assets	212	577	212
Held-to-maturity investments	288	172	225
Deferred tax assets	853	1 522	921
Non-current assets, total	82 935	85 578	82 601
Current assets			
Inventories	25 724	21 019	22 598
Trade receivables	12 390	17 994	11 514
Other current receivables	3 251	3 158	4 416
Income tax receivables	418	696	112
Cash at bank and in hand	5 233	10 566	1 589
Current assets, total	47 016	53 433	40 229
Assets, total	129 951	139 011	122 830
Shareholders' equity and liabilities			
Equity attributable to owners of the parent			
Share capital	11 860	11 860	11 860
Share premium account	24 681	24 681	24 681
Fair value and other reserves	-454	-1 046	-402
Translation differences	546	-1 383	-117
Other shareholders' equity	-916	1 235	667
Shareholders' equity, total	35 717	35 347	36 689
Liabilities			
Non-current liabilities			
Deferred tax liabilities	3 063	3 616	3 065
Provisions	280		280
Capital loans	4 000	6 000	6 000
Interest-bearing liabilities	46 398	60 275	43 390
Non-current liabilities, total	53 741	69 891	52 735
Current liabilities			
Interest-bearing liabilities	14 950	9 900	9 471
Capital loans	2 000	2 000	2 000
Income tax liabilities	119	678	39
Trade payables and other current liabilities	23 424	21 195	21 896
Current liabilities, total	40 493	33 773	33 406
Liabilities, total	94 234	103 664	86 141
Shareholders' equity and liabilities, total	129 951	139 011	122 830

STATEMENT OF INCOME

EUR 1 000	1-3/2010	1-3/2009	1-12/2009
Net sales	40 616	46 944	179 354
Cost of goods sold	-37 917	-40 629	-158 969
Gross profit	2 699	6 315	20 385
Other operating income	61	298	530
Sales and marketing expenses	-915	-803	-3 715
Research and development	-508	-450	-2 297
Administration expenses	-1 643	-1 700	-7 144
Other operating expenses	-19	-110	-1 053
Operating profit	-325	3 551	6 706
Financial income and expenses	-1 138	-1 539	-5 701
Profit before income taxes	-1 463	2 012	1 005
Income taxes	342	-538	-145
Profit/loss for the period	-1 121	1 474	860
Earnings/share, EUR	-0.05	0.06	0.04

STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1-3/2010	1-3/2009	1-12/2009
Profit/loss for the period	-1 121	1 474	860
Other comprehensive income			
Total exchange differences on foreign operations	896	-1 376	335
Fair value changes of cash flow hedges	14	-751	48
Fair value changes of available-for-sale assets			73
Other reclassifications	6	4	-9
Income tax on other comprehensive income	-237	554	-119
Total other comprehensive income	679	-1 570	328
Total comprehensive income for the period	-442	-96	1 188

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1 000	Share capital	Share premium account	Own shares	Translation differences	Fair value reserves	Retained earnings	Total
Total equity at 1 Jan. 2010	11 860	24 681	-1	-117	-401	667	36 689
Profit/loss for the period						-1 121	-1 121
Other comprehensive income				663	11	5	679
Share-based payments						7	7
Dividend						-474	-474
Repurchase of own shares			-63				-63
Total equity at 31 March 2010	11 860	24 681	-64	546	-390	-916	35 717

EUR 1 000	Share capital	Share premium account	Own shares	Translation differences	Fair value reserves	Retained earnings	Total
Total equity at 1 Jan. 2009	11 860	24 681	-50	-365	-490	-246	35 390
Profit/loss for the period						1 474	1 474
Other comprehensive income				-1018	-555	3	-1 570
Share-based payments						10	10
Conveyance of own shares			49			-6	43
Total equity at 31 March 2009	11 860	24 681	-1	-1 383	-1 045	1 235	35 347

EUR 1 000	Share capital	Share premium account	Own shares	Translation differences	Fair value reserves	Retained earnings	Total
Total equity at 1 Jan. 2009	11 860	24 681	-50	-365	-490	-246	35 390
Profit/loss for the period						860	860
Other comprehensive income				248	89	-9	328
Share-based payments						68	68
Conveyance of own shares			49			-6	43
Total equity at 31 Dec. 2009	11 860	24 681	-1	-117	-401	667	36 689

CASH FLOW STATEMENT

EUR 1 000	1-3/2010	1-3/2009	1-12/2009
Operations			
Operating profit	-325	3 551	6 706
Total adjustments	2 381	2 638	10 367
Cash flow before change in working capital	2 056	6 189	17 073
Change in working capital	-1 517	9 635	15 234
Financial items	-1 548	-1 353	-5 263
Taxes paid	-55	-31	-251
Cash flow from operations	-1 064	14 439	26 793
Investment payments			
Investments in tangible and intangible assets	-1 542	-636	-4 373
Proceeds from disposal of fixed assets and other proceeds	127	-16	388
Cash flow from investing activities	-1 415	-652	-3 985
Financing			
Non-current loans drawn	3 000	26 000	35 192
Repayments of non-current loans	-297	-31 533	-58 722
Change in commercial papers	5 478		
Repayments of capital loans	-2 000	-2 000	-2 000
Repurchase and conveyance of own shares	-63	44	44
Cash flow from financing	6 118	-7 489	-25 486
Change in cash and cash equivalents	3 639	6 298	-2 678

KEY FIGURES	1-3/2010	1-3/2009	1-12/2009
Net sales, change, % *	-13.5	-13.8	-16.4
Gross profit, % **	6.6	13.5	11.4
Operating profit, % **	-0.8	7.6	3.7
Financial income and expenses, % **	-2.8	-3.3	-3.2
Profit before income taxes, % **	-3.6	4.3	0.6
Profit for the period year, % **	-2.8	3.1	0.5
Earnings/share, EUR	-0.05	0.06	0.04
Equity/share, EUR	1.51	1.49	1.55
Dividend/share, EUR			0.02
Cash flow from operations/share, EUR	-0.04	0.61	1.13
Return on equity (ROE), %	-12.4	16.7	2.4
Return on invested capital (ROI), %	-1.2	12.4	6.4
Equity ratio, %	27.5	25.4	29.9
Gearing, %	173.8	189.9	161.2
Gross investments, EUR 1 000	2 024	562	4 507
Depreciation, EUR 1 000	2 415	2 595	10 158

* Compared with the corresponding period of the previous year.

** As of net sales.

SEGMENT REPORTING**Wiping**

EUR 1 000	1-3/2010	1-3/2009	Change %	1-12/2009
Net sales				
- Codi Wipes	13 884	15 914	-12.8	64 479
- Nonwovens	12 246	16 822	-27.2	56 905
- eliminations	-1 667	-2 372	-29.7	-7 888
Total	24 462	30 364	-19.4	113 496
Operating profit	-142	1 405		4 299
% of net sales	-0.6	4.6		3.8
Assets	79 098	89 377		78 991
Liabilities	12 972	11 888		13 349
Net assets	66 126	77 489		65 641
Investments	1 010	235		2 447
Depreciation	1 649	1 749		6 784
Average personnel	379	403		392

Flexibles

EUR 1 000	1-3/2010	1-3/2009	Muutos %	1-12/2009
Net sales	16 395	16 830	-2.6	66 894
Operating profit	-135	2 220		2 823
% of net sales	-0.8	13.2		4.2
Assets	46 754	44 191		44 462
Liabilities	11 875	8 666		10 039
Net assets	34 879	35 525		34 423
Investments	1 010	327		2 059
Depreciation	760	841		3 349
Average personnel	537	535		541

Non-allocated items

EUR 1 000	1-3/2010	1-3/2009	1-12/2009
Net sales	-241	-250	-1 036
Operating profit	-48	-74	-415
Assets	4 099	5 443	-623
Liabilities	69 387	83 110	62 752
Investments	4		1
Depreciation	6	5	24
Average personnel	11	11	11

NET SALES BY MARKET AREA

EUR 1 000	1-3/2010	1-3/2009	1-12/2009
Finland	6 466	7 607	29 883
Scandinavia	3 921	4 141	15 843
The Netherlands	2 010	3 893	12 004
Other Europe	25 762	25 792	106 220
Other countries	2 457	5 511	15 404
Net sales, total	40 616	46 944	179 354

QUARTERLY FIGURES

EUR 1 000	II/2009	III/2009	IV/2009	I/2010	II/2009- I/2010
Net sales					
Wiping					
- Codi Wipes	15 899	15 843	16 824	13 884	62 449
- Nonwovens	13 947	13 637	12 499	12 246	52 329
- eliminations	-2 356	-1 567	-1 592	-1 667	-7 183
Total	27 489	27 913	27 730	24 462	107 594
Flexibles	16 188	16 513	17 363	16 395	66 459
Non-allocated items	-289	-259	-238	-241	-1 026
Net sales, total	43 388	44 167	44 855	40 616	173 027
Operating profit					
Wiping	1 319	677	898	-142	2 751
% of net sales	4.8	2.4	3.2	-0.6	2.6
Flexibles	420	496	275	-135	1 056
% of net sales	2.6	3.0	1.6	-0.8	1.6
Non-allocated items	-161	-202	21	-48	-389
Operating profit before non-recurring costs	1 578	972	1 195	-325	3 419
% of net sales	3.6	2.2	2.7	-0.8	2.0
Non-recurring costs			-589		-589
Operating profit, total	1 578	972	606	-325	2 830
% of net sales	3.6	2.2	1.4	-0.8	1.6
Net financial expenses	-1 589	-1 529	-1 045	-1 138	-5 300
Profit before income taxes	-11	-557	-439	-1 463	-2 470

TAXES FOR THE PERIOD UNDER REVIEW

Income tax expense is recognised based on the estimated average income tax rate for the full financial year.

INFORMATION ON RELATED PARTIES

Suominen has related party relationships with the members of the Board of Directors, and the members of the Corporate Executive Team. The company has no investments in associated companies. Salaries paid to the related parties amounted to EUR 108 thousand, share-based payments EUR 7 thousand, unsecured loans EUR 660 thousand, and interest payments EUR 102 thousand.

MOVEMENTS IN BORROWINGS

EUR 1 000	1-3/2010	1-3/2009
Total borrowings on 1 January	60 861	86 403
Commercial papers on 1 January		
Change in commercial papers	5 479	
Commercial papers on 31 March	5 479	0
Non-current loans on 1 January	52 861	76 403
Change in non-current loans	3 008	-6 228
Non-current loans on 31 March	55 869	70 175
Capital loans on 1 January	8 000	10 000
Change in capital loans	-2 000	-2 000
Capital loans on 31 March	6 000	8 000
Total borrowings on 31 March	67 348	78 175

CHANGES IN FIXED ASSETS

EUR 1 000	1-3/2010		1-3/2009		1-12/2009	
	Tangible	Intangible	Tangible	Intangible	Tangible	Intangible
Book value at the beginning of the period	57 044	795	62 661	855	62 661	855
Investments	1 945	16	554	8	4 311	143
Decreases	-65				-161	
Depreciation and impairment	-2 367	-48	-2 543	-52	-9 955	-203
Translation differences and other changes	859		-1 578	-2	188	
Book value at the end of the period	57 416	763	59 094	809	57 044	795

CONTINGENT LIABILITIES

EUR 1 000	3/2010	3/2009	12/2009
For own debt			
Real estate mortgages	24 045	24 045	24 045
Corporate mortgages	50 000	50 000	50 000
Other own commitments			
Leasing rents and commitments	9 460	11 107	9 878
Rental liabilities	7 904	10 398	8 494
Guarantee commitments	1 738	1 445	1 752

NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1 000	3/2010	3/2009	12/2009
Currency derivatives			
Nominal value	4 739	7 830	5 637
Fair value	-72	-52	-27
Interest rate derivatives			
Nominal value	21 500	45 500	25 833
Fair value	-377	-732	-448
Electricity derivatives			
Nominal value	2 124	2 451	1 292
Fair value	-167	-647	-120
Commodity derivatives			
Nominal value		179	435
Fair value		-3	48

Helsinki, 22 April 2010

SUOMINEN CORPORATION

Board of Directors

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