Suominen

Creating Convenience

2009

FINANCIAL STATEMENTS

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Report by the Board of Directors

Suominen's financial performance improved on the previous year, and profit before taxes was EUR 1.0 million (-8.8). The financial statements include non-recurring costs of EUR 1.2 million (4.1).

Suominen Corporation's net sales in 2009 totalled EUR 179.4 million and declined by 16% on the previous year. Profit after taxes was EUR 0.9 million (-7.2) and earnings per share were EUR 0.04 (-0.31).

Payment of a dividend of EUR 0.02 per share is proposed by the Board of Directors.

Group financial results

Suominen Corporation generated net sales of EUR 44.9 million (49.8) in the fourth quarter. Operating profit was EUR 0.6 million (-3.8), profit before taxes EUR -0.4 million (-5.0) and profit after taxes EUR -0.3 million (-4.4). Non-recurring costs of EUR 0.6 million (4.1) were recorded for the final quarter.

Net sales for the whole year totalled EUR 179.4 million (214.6). Operating profit was EUR 6.7 million (-4.0), profit before taxes EUR 1.0 million (-8.8) and profit after taxes EUR 0.9 million (-7.2). Due to exceptional raw-material cycle the result was best in the first quarter of the financial year.

Net sales declined by 16% compared to the previous year. Around one third of the decline resulted from a decrease in oil-based raw material prices. Sales volumes declined also due to the company's own rationalisation measures and decreased demand.

Suominen's cost-saving and operational enhancement programmes have continued, which brought operating expenses to a substantially lower level than in 2008. In early 2009, a significant rationalisation of operations was completed in the Netherlands and measures were started up during the final quarter of the year to discontinue flexible packaging production in Sweden. On average, the prices of oil-based raw materials were lower than in the previous year. However, prices rose from the beginning of the year and levelled out only during the last quarter. The margins for sales improved from the previous year.

The efficiency of the use of funds was improved by releasing working capital and limiting investments to measures that improve efficiency. The strong cash flow from operations, EUR 26.8 million (18.9), was used to reduce net debt by EUR 22.2 million during the year under review.

Cost-savings and operational enhancement programmes

The Stairs to Top programme was continued by improving operational efficiency and renewing the product offering. The most significant savings during the year under review were generated in personnel expenses, purchases and logistics. Despite the decrease in production volumes, yield and efficiency also improved. The cost savings and efficiency-enhancement measures generated more than EUR 7 million.

The most noteworthy results of the renewal in the product offering were the new, lighter-weight product solutions created in Nonwovens, and new product solutions created in Flexibles. Regionally, sales increased in Russia. Codi Wipes managed to sell additional wiping products and fill in the market gap arrised in the autumn.

Financing

The Group's interest-bearing net liabilities totalled EUR 59.1 million (81.4) including capital loans of EUR 8.0 million (10.0). Repayments of non-current loans were EUR 65.0 million. Net financial expenses were EUR 5.7 million (4.8) or 3.2% (2.2) of net sales. Financial expenses include a total of EUR 0.6 million in write-offs of financial assets. A total of EUR 15.2 million was released in the working capital. At the end of the year, a total of EUR 10.5 million of trade receivables was sold to the bank; at the start of the year, the corresponding figure was EUR 1.8 million. The equity ratio was 29.9% (24.6). When the capital loans are included in shareholders' equity, the equity ratio was 36.4% (31.6) and the ratio of liabilities to shareholders' equity 114.4% (157.2). Cash flow from operations was EUR 1.13 per share (0.80).

Net sales and operating profit

Net sales

€ 1 000	**2009**	2008	Change %	2007
Wiping				
- Codi Wipes	**64 479**	72 367	-10.9	70 032
- Nonwovens	**56 905**	76 320	-25.4	76 970
- Eliminations	**-7 888**	-10 166	-22.4	-9 413
Total	**113 496**	138 521	-18.1	137 589
Flexibles	**66 894**	76 795	-12.9	78 269
Non-allocated items	**-1 036**	-711		-613
Net sales, total	**179 354**	214 605	-16.4	215 245

	2009		2008		2007	
Operating profit	**€ 1 000**	**% of net sales**	€ 1 000	% of net sales	€ 1 000	% of net sales
Wiping	**4 299**	**3.8**	-2 266	-1.6	-359	-0.3
Flexibles	**2 823**	**4.2**	1 191	1.6	2 407	3.1
Non-allocated items	**-415**		-480		-395	
Profit before impairment losses	**6 706**	**3.7**	-1 555	-0.7	1 653	0.8
Impairment losses			-2 490		-8 430	
Operating profit, total	**6 706**	**3.7**	-4 045	-1.9	-6 777	-3.1

Investments

The Company's gross investments in production totalled EUR 4.5 million (3.9). Planned depreciation amounted to EUR 10.2 million (12.6). Codi Wipes accounted for EUR 1.0 million (0.5), Nonwovens EUR 1.5 million (1.5) and Flexibles EUR 2.0 million (1.9) of total investments. The most significant new investments were Suominen Codi Wipes' investment in an automatic line and Suominen Flexibles' investment in a bag making machine that manufactures retail carrier bags. Other investments were efficiency-enhancement and maintenance investments.

Investments by business unit

€ million	2009	2008	2007
Codi Wipes	1.0	0.5	2.5
Nonwovens	1.5	1.5	1.9
Flexibles	2.0	1.9	6.9
Total	4.5	3.9	11.3
% of net sales	2.5	1.8	5.2

Invested capital

€ 1 000	31 Dec. 2009	31 Dec. 2008	31 Dec. 2007
Non-current assets	82 601	89 281	102 129
Current assets	40 229	54 538	70 291
Deferred tax liability	-3 065	-3 684	-5 848
Trade payables	-11 552	-7 420	-12 507
Accruals and deferred income	-7 669	-8 078	-5 933
Other non-interest bearing liabilities	-2 994	-2 844	-2 706
Total	97 550	121 793	145 426

Key figures

	2009	2008	2007
Return on invested capital, %	6.4	-2.9	-4.5
Return on equity, %	2.4	-16.7	-18.8
Equity ratio, %	29.9	24.6	26.9
Gearing, %	161.2	229.9	210.5
Earnings/share, €	0.04	-0.31	-0.43
Equity/share, €	1.55	1.50	1.96

Research and development

The Group's R&D is concentrated in the business units, and employed a total of 40 (32) people as of the end of the year. R&D expenditure totalled EUR 2.3 million (2.2), equivalent to 1.3% (1.0) of net sales. Suominen invests in R&D to offer its customers ever-better materials and more functional solutions. Group units have extensive test and pilot equipment.

Segment results

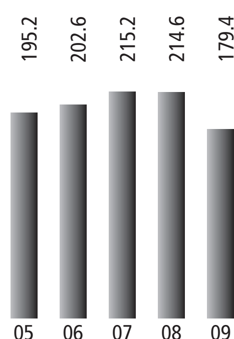
In 2009, net sales of the Wiping business area totalled EUR 113.5 million and declined by 18% on the previous year. The business area's operating profit was EUR 4.3 million (-4.8).

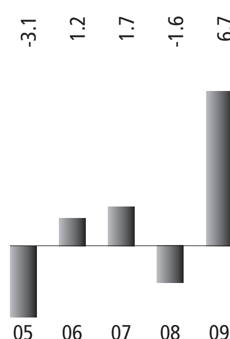
Net sales of Codi Wipes, at EUR 64.5 million, declined by 11% on the previous year. Sales declined most clearly in household wipes. The decline in sales for personal care wipes and baby wipes was much more moderate. In addition, the discarding of unprofitable product groups during the first half of the year reduced net sales. Sales margins improved on the previous year. A demanding customer project was completed during the last quarter in which the markets' supply deficit was met through the Codi Connect co-operation concept. The unit's rationalisation programme progressed according to plan, and operating expenses decreased considerably. At the beginning of the final quarter, production was begun on the new automation line connected to the programme. New sales and product managers strengthened the unit's personnel resources.

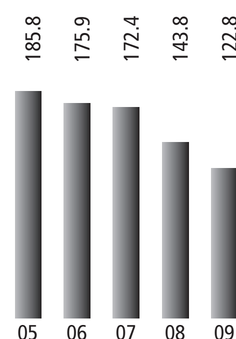
Net sales of Nonwovens decreased by 25% to EUR 56.9 million. Delivery volumes of nonwovens for wipes fell both in Europe and the USA. Deliveries of hygiene product materials also fell slightly below the level of the previous year, while the sales of health care products remained on level with the previous year. Average sales prices fell in line with the decrease in raw material prices. Sales margins improved on the previous year. In a compressed timetable, the unit developed a new raw material-saving nonwoven tailored to the market situation. Its sales took off well during the summer. Likewise, deliveries to the Russian market grew. Operating expenses decreased considerably, production efficiency improved and the amount of wastage decreased compared to 2008. During the spring and autumn, approximately one-week-long lay-offs were implemented in the unit, involving nearly the entire personnel.

Net sales of Flexibles totalled EUR 66.9 million (76.8) and operating profit was EUR 2.8 million (1.2). Net sales declined by 13%. A fall was experienced in hygiene packaging, retail packaging as well as in security and system packaging. Sales of food packaging almost reached the level of 2008. Sales to Russia remained nearly on par with the previous year. Due to lower raw material prices, sales prices fell. The unit was able to improve its sales margins.

In Flexibles, costs decreased due to personnel reductions as well as savings in purchases and fixed costs. In the autumn, a decision was made to end production in Sweden and the transfer of production to Poland was begun following employee negotiations. Production in Sweden will be shut down in the first quarter of 2010. The net reduction in personnel resulting from the transfer will be around 20 people. Additional non-recurring costs of







Quarterly results

€ 1 000	I/2009	II/2009	III/2009	IV/2009	I-IV/2009
Net sales					
Wiping					
- Codi Wipes	15 914	15 899	15 843	16 824	64 479
- Nonwovens	16 822	13 947	13 637	12 499	56 905
- eliminations	-2 372	-2 356	-1 567	-1 592	-7 888
Total	30 364	27 489	27 913	27 730	113 496
Flexibles	16 380	16 638	16 513	17 363	66 894
Non-allocated items	200	-739	-259	-238	-1 036
Net sales, total	**46 944**	**43 388**	**44 167**	**44 855**	**179 354**
Operating profit					
Wiping	1 405	1 319	677	898	4 299
% of net sales	4.6	4.8	2.4	3.2	3.8
Flexibles	2 220	420	496	275	3 412
% of net sales	13.6	2.5	3.0	1.6	5.1
Non-allocated items	-74	-161	-202	21	-415
Operating profit before non-recurring costs	3 551	1 578	972	1 195	7 295
% of net sales	7.6	3.6	2.2	2.7	4.1
Non-recurring costs				-589	-589
Operating profit	3 551	1 578	972	606	6 706
% of net sales	7.6	3.6	2.2	1.4	3.7
Net financial expenses	-1 539	-1 589	-1 529	-1 045	-5 701
Profit before income taxes	**2 012**	**-11**	**-557**	**-439**	**1 005**

EUR 0.6 million were recorded for the final quarter as a result of the production shut-down. The production shut-down in Sweden caused the segment's sales volumes to exceed its production volumes. Demand for security and system packaging experienced a temporary weakening in the autumn, requiring the implementation of short temporary lay-offs at the Ikaalinen plant. At year-end it was decided that the production of fruit and vegetable bags on the roll would be discontinued.

Personnel

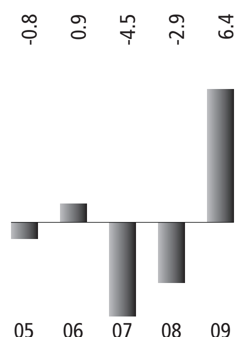
In 2009 Suominen employed an average of 944 people. The number of employees stood at 945 at the end of the year. Due to economic recession Suominen prepared for temporary lay-offs at the Nakkila and Ikaalinen plants. However, the amout of lay-offs was significantly smaller than planned. At the end of 2009, it was decided that the production of fruit and vegetable bags on the roll would be discontinued. As a result, a total of 14 people will be reduced from Tampere. A decision was made to close down the production in Sweden in the first quarter of 2010. The production machinery was transferred to Poland, and the measure will result in a net personnel reduction of approximately 20 people. The company has complied with local legislation and accepted practices concerning lay-offs and notice periods.

In 2009, a total of EUR 32.1 million was paid in salaries and emoluments.

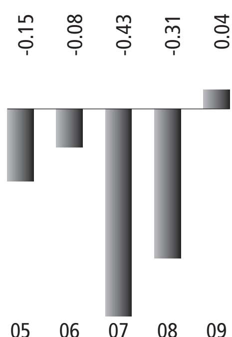
Group personnel on 31 December

	2009	2008	2007
Codi Wipes	**219**	226	256
Nonwovens	**175**	182	198
Flexibles	**540**	535	576
Group Management and administration	**11**	11	11
Total	**945**	954	1 041
Average personnel	**944**	1 019	1 070
Salaries and bonuses, € 1 000	**32 079**	33 581	34 487

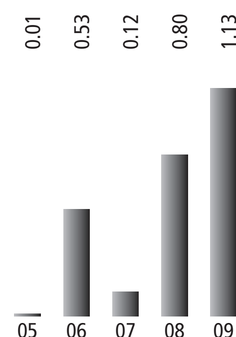
Return on invested capital, %



Earnings/share, €



Cash flow from operations/ share, €



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

Personnel figures

	2009	2008	2007
Incentive bonuses, € 1 000	429	466	533
% of salaries and wages	1.3	1.4	1.5
Personnel covered by the incentive system, %	86	94	45
Sick absence, % of total number of working hours	5.3	6.1	5.5
Training costs, € 1 000	413	305	532

Environment

Suominen is committed to the principles of the sustainable development 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.

Environmental and safety requirements are incorporated into product and process development projects from the very start, with the aim of creating quality products that make use of raw material inputs, energy, and other resources, such as packaging materials and transport services, as efficiently as possible.

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.

Environmental figures

	2009	2008	2007
Treated waste water, 1 000 m^3	289	311	460
Landfill waste, tonnes	1 719	1 813	2 110
Burned waste fibre, tonnes	361	300	1 488
Recycled plastic, tonnes	3 550	3 829	4 154
VOC emissions, tonnes	277	389	445

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 2009 (1.1), and environmental-related investments totalled EUR 0.9 million (1.2).

Business risks and uncertainties

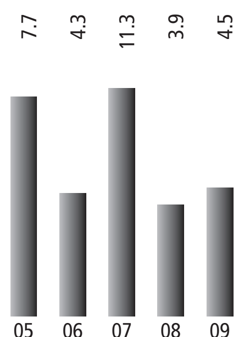
Developments and changes in European consumer demand govern the demand for Suominen's products. The weakening of the economic situation also affects consumer behaviour in part and there is a risk that consumers will alter their purchasing habits. Suominen's customer base is fairly narrow, which adds to the customer-specific risk. This may affect Suominen's business operations if customers' purchasing habits become more cautious as a result of a general fall in consumption, or if net sales are negative. The Group's ten largest customers currently account for 63% of its net sales (61), 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 are confirmed for customers based on credit ratings and customer history. Receivables which do not meet credit requirements are insured.

Plastic-based products suffer from a poor image in certain applications, which may increase the risk of lower demand for some products. However, it is difficult to find alternatives for the products in Suominen's range. New-technology products and imports from low-cost countries may 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.

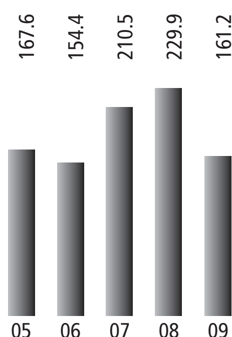
Extended interruptions in supplies of Suominen's main raw materials could disrupt production and have a negative impact on the Group's overall operations. As Suominen sources its raw materials from a number of major international suppliers, significant interruptions are unlikely. The prices of the oil-based 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 their development. Ongoing quality control is designed to guarantee product quality during production. Management considers it unlikely that

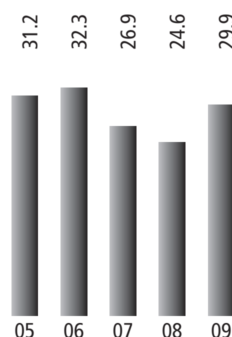
Investments, € million



Gearing, %



Equity ratio, %



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 insured in order to guarantee the continuity of operations. An insurance policy approved by the Board of Directors regulates the Group's insurance policy. An external insurance broker is used to identify and manage Suominen's insurance cover. The policies are normal property, loss of profit and liability insurance policies, taken out with reputable insurance companies.

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. The ratio of net debts and 12-month operating profit, assessed quarterly, can be no more than 4 when capital loans are excluded from debts. Default in the covenant in this respect may be possible.

Goodwill is tested annually to determine whether there is any impairment. Test calculations require forecasts and actual cash flows may deviate from the forecast future discounted cash flows as the long economic life-time of our noncurrent assets, the changes in the estimated product prices, production costs, and in interest rates used in the discounting may result in significant write-downs. Impairment test calculations are based on present estimates of future developments. The value in use for Codi Wipes exceeds the carrying amount by EUR 2.2 million and the value in use for Nonwovens exceeds the carrying amount by EUR 3.9 million.

General Meetings of Shareholders and information on shares

General Meetings of Shareholders

The Annual General meeting of Shareholders was held on 20 March 2009. The General Meeting decided that no dividend be paid for 2008.

The General Meeting approved the financial statements of the parent company and the Group for the financial year 1 January–31 December 2008 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, Juhani Lassila, Mikko Maijala and Heikki Mairinoja to the Board of Directors. Mikko Maijala has served 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.

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 December 2009 was 3,306,822 shares, equivalent to 13.9% of shares included in the company's share capital. The trading price varied between EUR 0.65 and EUR 1.93. The final trading price was EUR 1.59, giving the company a market capitalisation of EUR 37,713,894 on 31 December 2009.

The company's own shares

On 1 January 2009, the company held 55,057 of its own shares, accounting for 0.2% of the share capital and votes.

The Annual General Meeting of Shareholders held on 20 March 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 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.

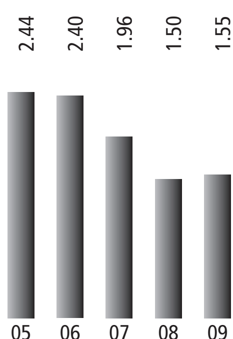
The General Meeting also authorised the Board of Directors to decide on the conveyance of a maximum of 255,057 of the company's own shares. The authorisation will be valid for 18 months after the end of the General Meeting. Within the authorisation the company has conveyed 54,375 of its own shares as emoluments to the Board of Directors in the period under review. The price of the conveyed shares was EUR 0.80 per share.

During the period under review, the board of Directors did not exercise its authorities to buy the company's own shares. On 31 December 2009, Suominen Corporation held a total of 682 of its own shares, accounting for 0.0% of the share capital and votes.

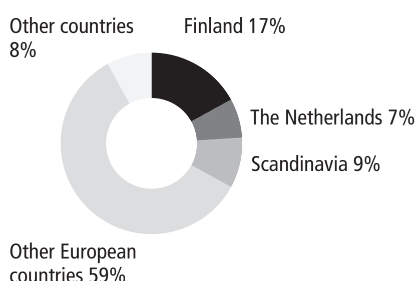
Stock options

The Annual General Meeting of Shareholders held on 20 March 2009 approved stock option plan 2009. Under the plan, a maximum of 450,000 stock options shall be issued to the President and CEO and to the members of the Corporate Executive Team 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 2009A stock option plan a total of 150,000 stock options has been issued in the period under review. The share subscription price for the stock

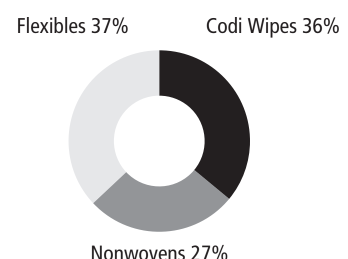
Equity/share, €



Net sales by market area 2009



Net sales by business unit 2009



options is the trade volume-weighted average price of the company share on NASDAQ OMX Helsinki Ltd. in May 2009 or EUR 1.46. The subscription period for the 2009A stock options is from 2 May 2011 to 30 October 2012.

Suominen has stock option plans 2006, 2007 and 2009. During the year under review, stock options marked with the symbol 2006A have expired and a total of 15,000 stock options marked with the symbol 2007A have been returned to the company. 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 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 4 June 2009, Etra Invest Oy reported that on 2 June 2009 its holding in the share capital and voting rights of Suominen Corporation had grown to 14.12%.

On 2 October 2009, Etra Invest Oy reported that on 1 October 2009 its holding in the share capital and voting rights of Suominen Corporation had grown to 16.44%.

Outlook

Demand for Suominen's products is evaluated on the basis of customer contracts and use forecast provided by customers. The general economic situation in Suominen's main market areas is still soft and no signs of recovery are discernible in the demand for the company's products. For this reason, no major changes can be seen in sales volumes from the 2009 level.

Raw material prices stabilised at the end of 2009, however, prices are expected to rise in 2010. The risk of strong fluctuations in prices is larger than usual due to the economic uncertainty.

Suominen will focus on improving profitability and promoting sales, while continuously strengthening its capital structure. The Stairs to Top enhancement programme will be continued throughout the Group, and is expected to improve Suominen's competitiveness. Suominen's operating result is estimated to be equal to the 2009 level.

Corporate governance statement

Suominen's Board of Directors has on 11 February 2010 issued the corporate governance statement for 2009. The statement is available on the company's website at www.suominen.fi.

Events after the reporting period

On 11 February 2010, the Suominen Nonwovens business unit initiated employee negotiations concerning potential temporary lay-offs that involve the entire personnel at the Nakkila plant, approximately 180 people, or parts of the organisation. The intention is to implement the potential lay-offs, estimated to total 24 days, in short periods between February and June 2010.

Consolidated Balance Sheet

31 December € 1 000	note	2009	2008
Assets			
Non-current assets			
Goodwill	3, 24	23 404	23 404
Intangible assets	3, 24	795	855
Tangible non-current assets	4, 24	57 044	62 661
Available-for-sale financial assets	7	212	627
Held-to-maturity investments		225	172
Deferred tax assets	8	921	1 562
Non-current assets, total		82 601	89 281
Current assets			
Inventories	9	22 598	24 050
Trade receivables	10	11 514	21 174
Income tax receivables		112	228
Other receivables	11	4 416	4 843
Cash and cash equivalents	12	1 589	4 243
Current assets, total		40 229	54 538
Assets, total		122 830	143 819
Shareholders´ equity and liabilities			
Equity attributable to owners of the parent			
Share capital	13	11 860	11 860
Share premium account	13	24 681	24 681
Fair value and other reserves	13	-402	-540
Translation differences	13	-117	-365
Other shareholders´ equity	13	667	-246
Shareholders´ equity, total		36 689	35 390
Liabilities			
Non-current liabilities			
Deferred tax liabilities	8	3 065	3 684
Provisions	15	280	
Capital loans	14	6 000	8 000
Interest-bearing liabilities	14, 19	39 733	61 808
Pension liabilities	14, 19	3 657	4 628
Non-current liabilities, total		52 735	78 120
Current liabilities			
Interest-bearing liabilities	14, 19	9 471	9 967
Capital loans	14	2 000	2 000
Income tax payables	26	39	229
Trade payables and other liabilities	16, 17	21 896	18 113
Current liabilities, total		33 406	30 309
Liabilities, total		86 141	108 429
Shareholders´ equity and liabilities, total		122 830	143 819

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	2009	2008
Net sales	2	179 354	214 605
Cost of goods sold		-158 969	-203 429
Gross profit		20 385	11 176
Other operating income	22	530	1 547
Sales and marketing expenses		-3 715	-3 318
Research and development		-2 297	-2 233
Administration expenses		-7 144	-6 667
Other operating expenses	22	-1 053	-2 060
Operating profit before impairment losses		6 706	-1 555
Impairment losses	24		-2 490
Operating profit / loss		6 706	-4 045
Financial income	25	46	86
Financial expenses	25	-5 747	-4 882
Profit/loss before income taxes		1 005	-8 841
Income taxes	26	-145	1 600
Profit/loss for the period		860	-7 241

Profit for the period is attributable to the equity holders of the company.

Earnings per share attributable to the equity holders of the company, €	27	0.04	-0.31

There are no dilutive effects on earnings per share.

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

Consolidated Statement of Comprehensive Income

1 January – 31 December

€ 1 000	note	**2009**	2008
Profit / loss for the period		**860**	-7 241
Other comprehensive income			
Total exchange difference on foreign operations	13	**335**	-2 014
Fair value changes of cash flow hedges	13	**48**	-2 990
Fair value changes of available-for-sale assets	13	**73**	-73
Other reclassifications		**-9**	-8
Income tax on other comprehensive income	13	**-119**	1 320
Total other comprehensive income		**328**	-3 765
Total comprehensive income for the period		**1 188**	-11 006

Statement of Changes in Shareholders´ Equity

€ 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**
Total comprehensive income for the period				248	89	851	1 188
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**
Total equity at 1 Jan. 2008	11 860	24 681	-115	1 125	1 776	6 980	46 307
Total comprehensive income for the period				-1 490	-2 267	-7 249	-11 006
Share-based payments						72	72
Repurchase of own shares			-34				-34
Conveyance of own shares			99			-48	51
Total equity at 31 Dec. 2008	11 860	24 681	-50	-365	-490	-246	35 390

Consolidated Cash Flow Statement

1 January – 31 December

€ 1 000	note	2009	2008
Operations			
Profit/loss for the period		860	-7 241
Adjustments on profit/loss for the period	28	16 213	17 959
Cash flow before change in working capital		17 073	10 718
Increase/decrease in current non-interest-bearing receivables		9 377	12 738
Increase/decrease in inventories		1 377	6 692
Increase/decrease in current non-interest-bearing liabilities		4 480	-7 175
Cash flow before financial income/expenses and taxes		32 307	22 973
Interest expenses		-5 309	-4 768
Interest income		46	86
Direct taxes paid		-251	621
Cash flow from operations		26 793	18 912
Investments			
Investments in tangible and intangible assets		-4 373	-3 578
Proceeds from sale of tangible and intangible assets		388	274
Cash flow from investments		-3 985	-3 304
Financing			
Non-current loans drawn		41 478	33 000
Repayments of non-current loans		-65 008	-35 147
Capital loans drawn			10 000
Repayments of capital loans		-2 000	-2 000
Change in commercial papers			-15 336
Change in current loans			-3 000
Repurchase and conveyance of own shares		44	17
Cash flow from financing		-25 486	-12 466
Change in cash and cash equivalents		-2 678	3 142
Cash and cash equivalents 1 Jan.		4 243	1 094
Unrealised exchange rate differences		24	7
Change in cash and cash equivalents		-2 678	3 142
Cash and cash equivalents 31 Dec.		1 589	4 243

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 2010.

New and amended standards and interpretations effective in 2009

The following amendments and interpretations of IFRS standards came into effect in 2009:

- IAS 1 (Revised), Presentation of financial statements. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income.
- IFRS 7 (Amendment) Enhancing Disclosures on Financial Instruments. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by levels of a fair value measurement hierarchy.
- IFRS 8, Operating segments, which replaced IAS 14, 'Segment reporting', had no effects on the amount of reportable segments. IAS 23 (Revised) Borrowing costs, changes the accounting policy in respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. In accordance with the transition provisions of the standard comparative figures have not been restated.

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 2010 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 2010:

- IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations. The amendment to clarify that IFRS 5, 'Non-current assets held for sale and discontinued operations', specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations.The amendment is not expected to have an impact on the Group´s financial statements.
- IAS 39 (Amendment) Financial Instruments: Recognition and Measurement. The amendment to clarify when to recognise gains or losses on hedging instruments as a reclassification adjustment in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. The amendment has no essential impact on the consolidated financial statements.
- IFRIC 16 (Amendment) Hedges of a net investment in a foreign operation. The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. Suominen does not hedge net investments.
- IFRS 8 (Amendment) Operating Segments. Minor textual amendment to the standard, and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. The amendment has no effect on present way of segment reporting.
- IAS 1 (Amendment) Presentation of Financial Statements. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The amendment has no essential impact on the consolidated financial statements.
- IAS 7 (Amendment) Statement of Cash Flows. The amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The amendment has no essential impact on the consolidated financial statements.
- IAS 36 (Amendment) Impairment of Assets.The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined in IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics permitted by IFRS 8). The amendment has no essential impact on the consolidated financial statements.
- IAS 38 (Amendment) Intangible Assets. The amendment clarify the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. The amendment has no essential impact on the consolidated financial statements.

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 finan-

cial 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 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 tenant

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 prepayment 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:

- 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 statement of income.

Income taxes

The Group's income taxes include income taxes of 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 judegments 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. 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 realized. 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 26 thousand if the difference is unfavourable and increase in the income tax receivables EUR 26 thousand if the difference is favourable.

2. Segment information

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 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 2009

€ 1 000	Wiping	Flexibles	Non-allocated items	Eliminations	Total
Net sales					
- Net sales total	121 374	82 988	1 380		205 742
- Internal sales	-7 888	-15 510		-2 415	-25 813
- Exchange rate differences	10	-584		-1	-575
External sales total	**113 496**	**66 894**	**1 380**	**-2 416**	**179 354**
Operating profit before impairment losses	**4 299**	**2 823**	**-405**	**-10**	**6 706**
Impairment losses					0
Operating profit	**4 299**	**2 823**	**-405**	**-10**	**6 706**
Assets, goodwill excluded	55 587	44 462	109 986	-110 608	99 427
Goodwill	23 404				23 404
Total assets	**78 991**	**44 462**	**109 986**	**-110 608**	**122 830**
Liabilities	**13 349**	**10 039**	**85 637**	**-22 885**	**86 141**
Gross investments	**2 447**	**2 059**	**1**		**4 507**
Depreciation	**6 784**	**3 349**	**24**		**10 158**
Impairment losses					**0**
Average personnel (adjusted as full-time)	**392**	**541**	**11**		**944**

Business area segments 2008

€ 1 000	Wiping	Flexibles	Non-allocated items	Eliminations	Total
Net sales					
- Net sales total	148 682	95 609	1 544		245 835
- Internal sales	-10 166	-18 920		-2 255	-31 341
- Exchange rate differences	5	106			111
External sales total	138 521	76 795	1 544	-2 255	214 605
Operating profit before impairment losses	-2 266	1 191	-295	-185	-1 555
Impairment losses	-2 490				-2 490
Operating profit	-4 756	1 191	-295	-185	-4 045
Assets, goodwill excluded	70 400	47 139	136 718	-133 842	120 415
Goodwill	23 404				23 404
Total assets	93 804	47 139	136 718	-133 842	143 819
Liabilities	12 242	8 136	133 959	-45 908	108 429
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

Geographical segments

Net sales by the location of external customers

€ 1 000	**2009**	2008
Finland	**29 883**	34 954
Scandinavia	**15 843**	18 375
The Netherlands	**12 004**	16 891
Other Europe	**106 220**	119 573
Other countries	**15 404**	24 812
Total	**179 354**	214 605

Assets including goodwill by the location of the assets

€ 1 000	**2009**	2008
Finland	**74 493**	88 723
Scandinavia	**5 513**	5 583
The Netherlands	**23 264**	29 846
Other Europe	**19 560**	19 667
Total	**122 830**	143 819

Gross investments by country

€ 1 000	**2009**	2008
Finland	**3 111**	2 703
Scandinavia	**56**	107
The Netherlands	**991**	515
Other Europe	**349**	585
Total	**4 507**	3 910

3. Intangible assets

2009 € 1 000	Intangible rights	Goodwill	Other capitalised expenditure	Pre-payments	**Total 2009**
Acquisition cost 1 Jan.	1 224	23 404	1 098	0	**25 726**
Translation difference			21		**21**
Transfers between items	37			-37	**0**
Increase	21			122	**143**
Acquisition cost 31 Dec.	**1 282**	**23 404**	**1 119**	**85**	**25 890**
Accumulated depreciation 1 Jan.	-796	0	-671	0	**-1 467**
Translation difference	-1		-20		**-21**
Depreciation for the financial year	-122		-81		**-203**
Accumulated depreciation 31 Dec.	**-919**	**0**	**-772**	**0**	**-1 691**
Book value 31 Dec.	**363**	**23 404**	**347**	**85**	**24 199**

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	0
Impairment losses		-2 200			-2 200
Writedown	-7				-7
Increase	115			22	137
Acquisition cost 31 Dec.	1 224	23 404	1 098	0	25 726
Accumulated depreciation 1 Jan.	-675	0	-632	0	-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	0	-671	0	-1 467
Book value 31 Dec.	428	23 404	427	0	24 259

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

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 6,491 thousand for Nonwovens. 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 and investment levels, and the discount rate used.

The annual growth rate for Codi Wipes during the period covered by the forecast has been estimated at 4.5%. In 2009, the discarding of unprofitable product groups and customers reduced net sales. In the forecast period the planned growth is based on healthier product portfolio enabling a more rapid growth especially in the beginning of the forecast period. Rationalization measures in the unit will continue and the number of personnel will decline because of recent and planned investments in automation. Use of factory space will be improved at the end of the rental terms. The annual growth rate for Nonwovens in the forecast period has been estimated at 4.5%. The planned increase of net sales is based on the increase of sales of new products already launched to the market and on growing geographical segments. Margins are estimated to improve thanks to the continuation of the efficiency-enhancement measures already started in the production. Amount needed for replacement investments is balanced to the amount of planned depreciations so that existing production capacity can be maintained at present level. The amount of investments needed for replacing the existing capacity is estimated using conservative judgments in comparison to other companies in the branch.

The rate used in discounting has been derived by using targeted capital structure of the cash generating units at the time of impairment test. Net gearing, or ratio of net debt to equity, is 110%. Cost of capital has been calculated as a weighted average cost before taxes for equity and debt and taking into the consideration the risk-free rate, and the risk margins of equity and debt respectively. Discounting rates in the impairment tests have increased from last year because of rises in the risk margins have overweighed the fall in the risk-free 10-year bond rates.

The critical assumptions in the test calculations are as follows:

	Codi Wipes		Nonwovens	
	2009	2008	**2009**	2008
Rate of discounting	**10.0%**	9.7%	**10.2%**	9.5%
Growth of net sales 2010–2014 (2009–2013)	**4.5% p.a**	0.5%	**4.5% p.a**	4.0%
Annual growth rate in the residual period	**0.5% p.a**	0.5%	**0% p.a**	0%
Operating profit in the residual period %	**6.8%**	7.6%	**5.9%**	5.4%
Replacement investments/net sales	**3.4%**	3.1%	**4.2%**	3.6%

Impairment testing is based on present estimates of future developments. The value in use applied for Codi Wipes exceeded the carrying amount by EUR 2.2 million and for Nonwovens by EUR 3.9 million. The uncertainty in measuring the values in use for cash-generating units was captured by analyzing variations in the amount or timing of cash flows. The element of uncertainty and risk has been accounted for in the residual growth figure that is 1 to 2 percent points 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. Margins in the calculation assumptions to lower the value in use to be same as the carrying amount are as follows (In 2009 the value in use for Nonwovens was also the carrying amount):

	Codi Wipes		Nonwovens	
	2009	2008	**2009**	2008
Rate of discouning	**0.5%**	0.3%	**1.1%**	
Operating profit in the residual period	**-0.6%**	-0.3%	**-1.0%**	
Growth rate in the residual period	**-0.9%**	-0.5%	**-2.0%**	
Replacement investments / Net Sales	**1.5%**	1.3%	**0.7%**	

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 growth figure of the cash-generating units would in such a situation be offset by a rise in the discount rate by 0.7% for the value in use to be unchanged.

4. Tangible assets

2009 € 1 000	Land areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	**Total 2009**
Acquisition cost 1 Jan.	1 341	61 452	142 275	218	1 903	**207 189**
Translation difference	8	79	483		12	**582**
Increase		75	306		3 930	**4 311**
Decrease/sale			-2 047	-39		**-2 086**
Writedown			-1 554		-1	**-1 555**
Other changes			-20		27	**7**
Transfers between items		151	2 901	27	-3 079	**0**
Acquisition cost 31 Dec.	1 349	61 757	142 344	206	2 792	208 448
Accumulated depreciation 1 Jan.	0	-37 441	-106 970	-117	0	**-144 528**
Translation difference		-20	-380			**-400**
Accumulated depreciation on decrease and transfers			3 440	39		**3 479**
Depreciation for the financial year		-2 263	-7 578	-26		**-9 867**
Impairment losses			-88			**-88**
Accumulated depreciation 31 Dec.	0	-39 724	-111 576	-104	0	-151 404
Book value 31 Dec. 2009	1 349	22 033	30 768	102	2 792	57 044
Balance sheet value of machinery and equipment in production			28 461			

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	0
Acquisition cost 31 Dec.	1 341	61 452	142 275	218	1 903	207 189
Accumulated depreciation 1 Jan.	0	-34 479	-100 735	-86	0	-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.	0	-37 441	-106 970	-117	0	-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			

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.

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:	
Suominen Flexible Packaging AB, Norrköping, Sweden	100.0
ZAO Suominen, St. Petersburg, Russia	100.0
Suominen Ikamer Ltd., Tampere, Finland	100.0

6. Financial assets by category determined by IAS 39

On 31 December 2009 the book value of non-current and current financial assets were total EUR 15,104 thousand (2008: EUR 28,111 thousand).

Classes by instruments nature

2009 € 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
Available-for-sale financial assets				212		212	212	7
Held-to-maturity investments		225				225	225	
Trade receivables			11 514			11 514	11 514	10
Other receivables			1 564			1 564	1 564	11
Cash and cash equivalents			1 589			1 589	1 589	12
Total	**0**	**225**	**14 667**	**212**	**0**	**15 104**	**15 104**	

Classes by instruments nature

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
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	0	172	27 312	627	0	28 111	28 111	

Principles in estimating fair value for financial assets

Available-for-sale financial assets and held-to-maturity investments
Available-for-sale financial assets and held-to-maturity investments are non-derivatives that are carried at amortised cost using the effective interest method. As of the closing date the book value of these assets equals to fair value.

Trade receivables, other receivables, cash and cash equivalents
The book value of non-derivative receivables and cash equivalents equals to fair value based on short maturity of these current assets.

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 other operative income and expenses. Changes in the fair value are related to loan receivable derived from discontinued business operations. These permanent changes in the fair value are recognised in income statement under financial items.

€ 1 000	**2009**	2008
Book value 1 Jan.	**627**	712
Disposals		-12
Changes in the fair value	**-415**	-73
Book value 31 Dec.	**212**	627

8. Deferred taxes

€ 1 000	2009	2008
Deferred tax assets		
Recognised in equity		
Fair valuation of derivative financial instruments	140	195
Translation differences	139	284
Recognised in income statement		
Tangible assets	29	184
Unused tax losses	535	854
Other temporary differences	78	45
Total deferred tax assets	921	1 562

€ 1 000	2009	2008
Deferred tax liabilities		
Recognised in equity		
Translation differences		51
Recognised in income statement		
Tangible assets	2 735	3 373
Inventories	226	196
Other temporary differences	104	64
Total deferred tax liabilities	3 065	3 684
Net deferred tax liabilities	2 144	2 122

Deferred income tax recognised in equity during the year

€ 1 000	2009	2008
Cash flow hedges	-12	777
Changes in the fair value of the available-for-sale financial assets	-19	19
Translation differences	-74	524
Total	-105	1 320

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. During the financial year the Group used tax losses from previous years totaling EUR 2,803 thousand euros, and recognised new tax losses totalling EUR 2,166 thousand euros based on period´s taxable income.

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	2009	2008
Raw materials and consumables	8 976	9 903
Work in progress	2 889	3 070
Finished products and goods	10 733	11 077
Total inventories	22 598	24 050

The value at cost of inventories totals EUR 23,355 thousand (EUR 24,874 thousand).

The figure has been reduced by EUR 757 thousand to cover obsolete stock (EUR 824 thousand).

10. Trade receivables

Trade receivables according to age:

€ 1 000	2009	2008
Undue	8 468	15 398
Overdue		
under 5 days	874	1 443
5–30 days	945	2 370
31–120 days	1 001	1 433
over 120 days	226	530
	3 046	5 776
Total trade receivables	11 514	21 174

Booked credit losses on trade receivables were EUR 58 thousand (2008: EUR 50 thousand).

Trade receivables according to currency:

€ 1 000	2009	2008
EUR	8 777	18 483
SEK	696	836
PLN	648	929
RUB	724	325
NOK	293	86
USD		86
Other currencies	376	429
Total	11 514	21 174

In the end of previous financial year Suominen introduced a program on sales of receivables. According to this program group companies sell their receivables with irrevocable rights to the bank. At the date of balance sheet the total of EUR 10.5 million of trade receivables (EUR 1.8 million) was sold to the bank.

11. Other receivables

€ 1 000	2009	2008
Other receivables		
Indirect taxes	1 478	687
Other	175	104
Total other receivables	1 653	791
Accrued income and prepaid expenses		
Social security and healthcare	101	94
Statutory and other insurances	89	422
Discounts	1 564	1 895
Other	1 009	1 641
Total accrued income and prepaid expenses	2 763	4 052
Total other current receivables	4 416	4 843

12. Cash and cash equivalents

€ 1 000	2009	2008
Total cash and cash equivalents	1 589	4 243

Total cash and cash equivalents in balance sheet is the same as in cash flow statement.

13. Share capital

Share capital	Number of shares	Registered share capital, €	Share premium account, €	Own shares, €	Total, €
31 Dec. 2008	23 720 112	11 860 056	24 680 588	-49 833	36 490 811
Conveyance of own shares				49 385	49 385
31 Dec. 2009	23 720 112	11 860 056	24 680 588	-448	36 540 196

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 EUR 20,000,000. Share has no nominal value. Suominen Corporation shares are listed on 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 2,931,077 shares (2008: 2,934,397 shares) as of 31 December 2009. These shares represented 12.4% (December 2008: 12.4%) 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. 2009	End of vesting period
2006B	1:1	3.44	2.5.2009–30.10.2010	0	2.5.2009
2007A	1:1	3.44	2.5.2009–30.10.2010	85 000	2.5.2009
2006C	1:1	1.66	2.5.2010–30.10.2011	100 000	2.5.2010
2007B	1:1	1.66	2.5.2010–30.10.2011	90 000	2.5.2010
2009A	1:1	1.46	2.5.2011–30.10.2012	150 000	2.5.2011

	2009 Average subscription price € / share	Options (pcs)	2008 Average subscription price € / share	Options (pcs)
In the beginning of the financial year	2.27	290 000	3.40	265 000
Granted new options, series 2006C and 2007B			1.66	190 000
Granted new options, serie 2007A			3.44	35 000
Granted new options, serie 2009A	1.46	150 000		
Expired 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	1.95	425 000	2.27	290 000

During the financial year stock options, serie 2006A, were expired. No options were commenced.

Stock option plan	2006B	2007A	2006C	2007B	2009A
Fair value at grant date (€)	0.92	0.92	0.47	0.47	0.17
Grant date	7.6.2007	7.6.2007	12.6.2008	12.6.2008	16.6.2009
Share price at grant date (€)	3.44	3.44	1.66	1.66	1.46
Number of outstanding options on 31 December		85 000	100 000	90 000	150 000
Expected volatility (%)	30%	30%	32%	32%	30%
Expected vesting period at grant date (years)	3.4	3.4	3.4	3.4	3.4
Risk-free interest rate (%)	4.44%	4.44%	5.37%	5.37%	2.45%

Option rights

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. Of the stock options 100,000 have been marked with the symbol 2006A, 100,000 with the symbol 2006B, and 100,000 with the symbol 2006C. Stock options marked with the symbol 2006A have expired and stock options marked with the symbol 2006B have been returned to the company. 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. Of the stock options 100,000 have been marked with the symbol 2007A and 100,000 with the symbol 2007B. In 2009, a total of 15,000 stock options marked with the symbol 2007A have been returned to the company. Under the 2009 stock option plan, a maximum of 450,000 stock options shall be issued to the President and CEO and to the members of the Corporate Executive Team 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. Of the stock options 150,000 have been marked with the symbol 2009A, 150,000 with the symbol 2009B, and 150,000 with the symbol 2009C. According to the 2009A stock option plan a total of 150,000 stock options has been issued in 2009. The share subscription price for the stock options is the trade volume-weighted average price of the company share on NASDAQ OMX Helsinki Ltd. in May 2009 or EUR 1.46. The subscription period for the 2009A stock options is from 2 May 2011 to 30 October 2012. The share subscription rights for the 2009B and 2009C option rights will be determined in 2010 and 2011. As the registered number of Suominen's issued shares totals 23,720,112, the number of shares may rise to a maximum of 24,570,112 subscriptions after stock option.

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 68,000 of share-based expenses was booked to the statement of income in 2009 (EUR 72,000 in 2008). 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 2009, a maximum of 425,000 new shares may be subscribed for, which is 1.8% of the current number of shares and votes. As a result of these subscriptions, the share capital may increase by a maximum of EUR 212,500. On 31 December 2009, a subsidiary held 125,000 options of which subscription price is with serie 2006B options 3.44 euros, with serie 2007A options 3.44 euros with serie 2007B options 1.66 euros and with the serie 2009A 1.46 euros. The portion of the shares that may be subscribed for pursuant to these options is 0.5% of the current number of shares. As a result of these subscriptions, the share capital may increase by a maximum of EUR 62,500.

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.

	2009		2008	
€ 1 000	Cash flow hedges	Total	Cash flow hedges	Total
Fair value reserve at 1 Jan.	-490	-490	1 776	1 776
Cash flow hedges deferred in equity	48	48	-2 990	-2 990
Changes in the fair value of the available-for-sale financial assets			-73	-73
Changes in the fair value removed from equity into the income statement	73	73		
Total	-369	-369	-1 287	-1 287
Deferred taxes	-31	-31	796	796
Fair value reserve at 31 Dec.	-401	-401	-490	-490

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 2009 the book value of non-current and current financial liabilities were total EUR 72,981 thousand (2008: EUR 94,514 thousand).

€ 1 000	2009 Book value	Fair value	2008 Book value	Book value	Note
Non-current					
Loans from financial institutions	**39 733**	**39 276**	61 808	59 092	21
Pension loans	**3 657**	**3 203**	4 628	4 157	21
Capital loans	**6 000**	**4 975**	8 000	6 185	21
Total	**49 390**	**47 454**	74 436	69 434	
Current *)					
Repayment of non-current liabilities					
Loans from financial institutions	**8 500**	**8 485**	8 996	11 295	21
Pension loans	**971**	**949**	971	954	21
Capital loans	**2 000**	**1 965**	2 000	1 960	21
Derivatives held for hedge accounting	**568**	**568**	691	691	20, 21
Trade payables	**11 552**	**11 552**	7 420	7 420	16, 17
Total	**23 591**	**23 519**	20 078	22 320	
Total	**72 981**	**70 973**	94 514	91 754	

*) 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.

Principles in estimating fair value for financial liabilities

Loans
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 (2.85 – 9.0%). The weighted average borrowing rate of non-current loans on the balance sheet date was 4.01% (4.73%).

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.

Derivative financial instruments
Fair values for electricity derivatives are determined by using the forward prices in Nordpool for the same period and discounting them with relevant interest rates. Fair values for currency derivatives are determined by using the spot rates and relevant swap points based on interest rate differences at the balance sheet date. Fair values for interest rate swaps are determined by using the quotes based on euribor curves and discounting future cash flows with relevant interest rates. Fair values for naphta derivatives are based on oil-futures and USD/EUR forward rates.

Trade payables
The book value of trade payables equals to fair value based on short maturity of these current liabilities.

€ 1 000		Loans from financial institutions	Pension loans	Capital loans
Repayments	2010	16 500	971	2 000
	2011	10 486	971	2 000
	2012	11 497	971	2 000
	2013	8 500	571	2 000
	2014	500	571	
	2015 –	750	571	

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	2009	2008
Provisions 1 Jan.		100
Provisions uncharged		-100
Increase in provisions	280	
Provisions 31 Dec.	280	0

During the financial year the rental obligation in Turku was terminated. In the accounts of 2009 a reserve is booked on the estimated future losses of a rental guarantee obligation of a discontinued business.

16. Trade payables

Trade payables according to currency

€ 1 000	2009	2008
EUR	10 988	6 646
PLN	556	350
SEK		273
USD		147
Other currencies	8	4
Total	11 552	7 420

17. Other liabilities

€ 1 000	2009	2008
Trade payables	11 552	7 420
Other liabilities		
Fair values of derivatives	568	691
Indirect taxes	25	198
Payroll	665	628
Other liabilities	1 417	1 097
Total other liabilities	2 675	2 614
Accrued expenses		
Interest	925	1 011
Discounts	461	39
Payroll an social security	5 662	4 448
Other accrued expenses	621	2 581
Total accrued expenses	7 669	8 079
Total trade payables and other current liabilities	21 896	18 113

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 Group operates internationally and is therefore exposed to foreign exchange risk related to business transactions and translation of balance sheet items into the domestic currency of euro. The aims of the company's foreign exchange risk management are 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 currency value change of balance sheet items denominated in foreign currencies. Most of the Group's exports are denominated in euros. The foreign exchange transaction position comprises of already known and estimated cash flows for the next 12 months. The main currencies are Swedish crowns, Polish zlotys and US dollars. The transaction risks in Swedish crowns arises from SEK denominated sales. Polish zloty risk arises from local production costs and USD risk from raw material purchases. The translation risk is caused by a change in the value of investments in subsidiaries denominated in SEK and PLN. 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. 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:

	Transaction position 2009		Transaction position 2008	
€ 1 000	12 month cash flow	Hedges with currency forwards	12 month cash flow	Hedges with currency forwards
SEK	**4 434**	**-2 908**	5 105	-1 817
USD	**-2 831**	**965**	-1 874	1 111
PLN	**-6 805**	**1 041**	-5 719	-2 472
Other	**6 036**	**-695**	5 330	-1 579
Total (absolute value)	**20 106**	**5 609**	18 028	6 979

The transaction position includes receivables in foreign currencies total of EUR 2,737 thousand (EUR 2,758 thousand) and payables total of EUR 556 thousand (EUR 773 thousand).

Correspondingly the translation position is as follows:

€ 1 000	**Translation position 2009** Capital investments in foreign subsidiaries	Translation position 2008 Capital investments in foreign subsidiaries
SEK	**2 381**	3 266
PLN	**10 912**	11 406
Total	**13 293**	14 672

Capital investments in foreign subsidiaries include both cash contributions in equity and loans that can be associated as equity. The Group does not have Equity Hedge program for hedging translation position.

As required by IFRS 7, the table below summarizes the sensitivity of financial instruments on currency risk at the date of the balance sheet. Financial items include currency forwards, currency investments, short-term and long-term currency receivables and short-term and long-term currency payables. Sensitivities in currency rates of the balance sheet date are estimated on the basis of the actual volatility of the currencies over the past 12 months at a probability confidence level of 10%.

	2009			**2009**		
€ 1 000	Currency change, %	Impact on profit after taxes	Impact on equity	Currency change, %	Impact on profit after taxes	Impact on equity
SEK	16	264		-16	-264	
USD	17	-131		-17	131	
PLN	22	144		-22	-144	
Total		**277**	**0**		**-277**	**0**

	2008			2008		
€ 1 000	Currency weakens, %	Impact on profit after taxes	Impact on equity	Currency strengthens, %	Impact on profit after taxes	Impact on equity
SEK	13	120		-13	-120	
USD	20	-149		-20	149	
PLN	18	240		-18	-240	
Total		210	0		-210	0

The management assesses the hedging effectiveness by combining the estimated net cash flow in foreign exchange to the effect of the hedging instruments. The net impact caused by the weakening of currency rates as described above on annual profit after taxes is estimated to be EUR +/-0.1 million (+/-0.6) as follows:

€ 1 000	Currency weakens/ strengthens, %	Impact on 12 month currency cash flow	Impact on currency derivatives	Net Impact (after taxes)
SEK	16	-/+514	+/-485	-/+21
USD	17	+/-338	-/+182	+/-115
PLN	22	+/-254	-/+52	+/-150
Other currencies	10–15	-/+364	+/-125	-/+177
Total		**-/+286**	**+/-377**	**+/-66**

Correspondingly, the estimated changes in currencies over next 12 months would cause +/- EUR 3,296 translation difference in the balance sheet.

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 12 and 36 months. As of the end of 2009, it was 14 months (21).

The amount of the Group's loans with floating interest rate at the end of the year is EUR 45.0 million (66.6). The nominal value of interest rate swaps, hedging the cash flow of interest payments, is EUR 25.8 million (58.7). In the interest rate swaps, the Suominen Corporation pays approximately 3.5% fixed interest (3.5) and receives 0.8% floating rate (3.7).

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 by +/-10%. 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

2009 € 1 000	Change of Interest, %	Imapct on profit after taxes	Impact on Equity	Change of Interest, %	Imapct on profit after taxes	Impact on Equity
Net liabilities	+0.5	-166		-0.5	166	
Interest rate swaps	+0.5	98	124	-0.5	-98	-124
Total		**-32**	**124**		**32**	**-124**

2008 € 1 000	Change of Interest, %	Imapct on profit after taxes	Impact on Equity	Change of Interest, %	Imapct on profit after taxes	Impact on Equity
Net liabilities	+0.5	-247		-0.5	247	
Interest rate swaps	+0.5	217	235	-0.5	-217	-235
Total		-30	235		30	-235

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 2010–2012.

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 2009 was hedged by establishing that fixed-price electricity will account for 26% (53) of projected usage in 2010, 12% (19) in 2011, and 0% (0) in 2012. Price hedging is done with OTC contracts. According these contracts Suominen pays on average EUR 45.35/ MWh (45.25).

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 -12 thousand (-89), has been recorded in cost of goods sold.

The price sensitivity of electricity derivatives 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%.

2009			2008		
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
+5	**1**	**131**	15	87	877
-5	**-1**	**-131**	-15	-87	-877

The above estimation covers only the impact of changes in the market values of electricity derivatives. When the forecasted 12 months' electricity procurement in 2010 is added to the estimation, the net impact caused by an increase in the price of electricity on annual profit after taxes would be EUR 0.2 million and on equity EUR 0.04 million.

Raw material price risk

Raw material price risk arises when changes in raw material prices cannot be transferred to sales prices or it is done with delay. Suominen has defined a part of its raw material purchases that can be measured and forecasted to be hedged for price changes. In hedging the Group has used naphtha derivatives relying on the correlation between naphtha and end products. When converting costs from naphtha to end products are stable both prices change at the same phase. However, the correlation has not been strong enough to motivate the adoption of hedge accounting. The hedges are put in place only in case the established correlation is over 80%.

The table below summarizes the Group's naphtha position compared to the procurement of raw-materials. The hedging is done with OTC contracts and the average price for those is EUR 435 per ton.

	2009		2008	
Tonnes	Sales to be hedged	Naphta derivatives	Sales to be hedged	Naphta derivatives
Comparable useage of rawmaterial	**2 832**	**582**	0	0

The price sensitivity of naphta derivatives has been estimated on the basis of the volatility of daily prices of the past 12 months so that the profitability of price changes compared to the year-end price is +/- 10%.

2009			2008		
Price change, %	Impact on profit after taxes, € 1 000	Impact on equity, € 1 000	Price change, %	Impact on profit after taxes, € 1 000	Impact on equity, € 1 000
+19	**574**	**0**	0	0	0
-19	**-574**	**0**	0	0	0

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 46% 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 58 thousand (50). 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 11.5 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 counterpart 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 17.1 million (29.6) 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 2.0 years (3.0) at year-end. The company has commercial paper programmes totalling EUR 40 million but those were not used during the year 2009.

The maturity of loans and derivatives is presented in the following table. The value of loans and hedging instruments are discounted but others are undiscounted as they have short maturities. Table includes both interest payments and repayments of capital.

2009

€ 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	11 514	11 514	11 514				
Other receivables	2 001	2 001	2 001				
Bank receivables	1 589	1 589	1 589				
Total	**15 104**	**15 104**	**15 104**	**0**	**0**	**0**	**0**
Financial liabilities							
Trade payables	11 552	-11 552	-11 552				
Derivatives, hedge accounting	568	-568	-568				
Loans from financial institutions	35 250	-35 268	-4 741	-4 624	-8 824	-16 046	-1 033
Pension loans	4 629	-4 724	-587	-564	-1 065	-1 536	-972
Capital loans	8 000	-9 023	-2 870		-2 426	-3 727	
Loan facilities, over 6 months							
Amount drawn	12 982	-12 918	-213	-104	-9 848	-2 754	
Loan facilities, under 6 months							
Amount drawn							
Total	**72 981**	**-74 053**	**-20 531**	**-5 291**	**-22 163**	**-24 063**	**-2 005**
Total value of loan facilities							
Loan facilities, over 6 months	28 500			15 000	10 500	3 000	
Loan facilities, under 6 months	600			600			
Total	**29 100**	**0**	**0**	**15 600**	**10 500**	**3 000**	**0**
Derivative contracts							
Currency forwards	-27						
Cash flow, receivable		20	20				
Cash flow, payable		-47	-47				
Interest rate derivatives							
Held for hedge accounting	-448	-431	-285	-136	-27	17	
Naphta derivatives							
Held for trading	48	48	48				
Commodity derivatives							
Held for hedge accounting							
28 488 MWh	-120	-120	-136	5	12		

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	0	6 100	0	15 550	12 950	0
Derivative contracts							
Currency forwards	121						
Cash flow, receivable		6 942	6 942				
Cash flow, payable		-6 821	-6 821				
Interest rate derivatives							
Held for hedge accounting	-297	-288	-1	-135	-117	-35	
Commodity derivatives							
Held for hedge accounting							
65 700 MWh	-394	-394	-106	-106	-182		

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 36% (32) at year-end, and it's gearing (capital loans included in the shareholder's equity) was 114% (157). 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. The Group has utilized sale of receivables program releasing capital employed in the balance sheet. At the year-end the amount of sold receivables was EUR 10.5 million.

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

€ million	**2009**	2008
Interest bearing liabilities	**60.9**	86.4
-Capital loans	**-8.0**	-10.0
Interest bearing receivables	**-0.1**	-0.8
Financial assets	**-1.6**	-4.2
(A) Net liabilities	**51.2**	71.4
(B) Shareholder's equity	**36.7**	35.4
(C) Capital loans	**8.0**	10.0
(D) Balance sheet total – advance payments	**122.8**	143.8
Gearing, A/(B+C)	**114.4%**	157.2%
Equity ratio, (B+C)/D	**36.4%**	31.6%

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. The financing is based on the syndicated EUR 66 million loan facility dated December 2008. The loan agreements include financial covenants concerning the equity ratio and net debt to EBITDA -multiples. Other covenants are typical conditions on negative pledge, major acquisitions, change of business and change of control. 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 -ratio which should not exceed 4. At the balance sheet date the ratio was 3.2. 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

Instrument	**2009**				2008				
€ 1 000	Nominal value	Fair value total	Positive fair value	Negative fair value	Nominal value	Fair value total	Positive fair value	Negative fair value	note
Currency derivatives									
Held for trading	5 637	-27	20	-47	6 548	121	186	-65	21
Interest rate derivatives									
Held for hedge accounting	25 833	-448	14	-462	58 700	-297	86	-383	21
Held for trading									
Electricity derivatives									
Held for hedge accounting	1 292	-120	17	-136	2 973	-394	7	-401	21
Held for trading									
Naphta derivatives									
Held for hedge accounting									
Held for trading	435	48	48						
Electricity derivatives, MWh	28 488				65 700				

21. Fair value measurement hierarchy

€ 1 000	Level 1	Level 2	Level 3
Derivatives measured at fair value			
Currency derivatives		-27	
Interest rate derivatives		-448	
Electricity derivatives		-120	
Naphta derivatives		48	
Total		-547	

During the financial year there were no transfers in the three-level fair value measurement hierachy.

Values in hierachy level 1 are directly based on values quoted in an active market.

The fair value for financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is applicable and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

Fair values for electricity derivatives are determined by using the forward prices in Nordpool for the same period and discounting them with relevant interest rates. Fair values for currency derivatives are determined by using the spot rates and relevant swap points based on interest rate differences at the balance sheet date. Fair values for interest rate swaps are determined by using the quotes based on euribor curves and discounting future cash flows with relevant interest rates. Fair values for naphta derivatives are based on oil-futures and USD/EUR forward rates.

If one or more of the significant inputs is based on mangement evaluation and not observable market data, the instrument is included in level 3.

22. Other operating income and expenses

€ 1 000	2009	2008
Other operating income		
Profit from sale of fixed assets	147	297
Indemnities	41	601
Rents	37	26
Recovery of bad debts	1	18
Net profit from currency derivatives	12	406
Other	292	199
Total	530	1 547
Other operating expenses		
Losses on sale and write-down of fixed assets	7	12
Damage expenses and contributions	1	306
Bad debts	58	50
Expenses on reorganising arrangements:		
- Severance payments	235	1 362
- Other expenses	275	217
Derivatives excluded from hedge accounting	308	88
Other	169	25
Total	1 053	2 060

A provision on reorganization costs is accounted for the costs of closing down the manufacturing operations in Sweden and transferring production to Poland, which is taking place in Flexibles business area in 2010. The restructuring measures cause the number of personnel to decline by 20 persons. Additional costs are a result of terminating manufacturing agreements. A similar provision was booked in 2008 for the costs of reorganization in Codi Wipes, which included discontinuation of unprofitable products in product offering and which resulted in decline of personnel by 45 persons. As a result of reorganising arrangements, it has been agreed in compliance with local cooperation procedure to reduce personnel, which will cause the company to pay compensations for dismissal without duty to work.

23. Personnel expenses

€ 1 000	2009	2008
Salaries and other compensations	32 011	33 509
Share-based payments	68	72
Pension expenditure		
Defined contribution plans	4 279	4 165
Other payroll connected expenses	3 261	5 640
Total	39 619	43 386
Average number of personnel	944	1 019

Details on employee benefits paid to management are specified in note 32. Related party disclosure.

24. Depreciation, amortisation, and impairment losses

€ 1 000	2009	2008
By function		
Procurement and production	9 854	12 247
Sales and marketing	19	27
Research and development	147	160
Administration	138	161
Impairment losses		2 490
Total	10 158	15 085
By asset group		
Buildings and constructions	2 263	3 106
Machinery and equipment	7 666	9 529
Other tangible assets	26	31
Impairment losses on goodwill		2 200
Other intangible assets	203	219
Total	10 158	15 085

25. Financial income and expenses

€ 1 000	2009	2008
Interest income on financial assets recognised at fair value through profit of loss	46	73
Interest income on financial assets valued at amortised cost		13
Financial income	46	86
Interest expenses on loans valued at amortised cost	-3 998	-4 687
Exchange rate differences (net)	-531	-70
Expenses on sales of receivables	-128	-20
Impairment losses on available-for-sale financial assets	-488	
Other financial expenses	-602	-105
Financial expenses	-5 747	-4 882
Financial income and expenses, total	-5 701	-4 796

Foreign exchange gains and losses recognised in the statement of income

€ 1 000	2009	2008
Net sales	-575	111
Cost of goods sold	624	-428
Financial income and expenses	-531	-70
Foreign exchange gains and losses, total	-482	-387

26. Income taxes

€ 1 000	2009	2008
Income taxes for financial year	-875	-37
Income taxes from previous years	1	-1
Deferred taxes	729	1 638
Income taxes total	-145	1 600
Profit before taxes	1 005	-8 841
Tax calculated at the domestic corporate tax rate of 26%	-261	2 299
Not deductible impairment losses on goodwill		-572
Effect of different tax rates in foreign subsidiaries	155	-15
Expenses not deductible for tax purposes	-56	-112
Other temporary differences	17	
Tax charge total	-145	1 600

27. Earnings per share

€ 1 000	2009	2008
Profit for the period	860	-7 241
Shares in thousands		
Average weighted number of shares	23 707	23 700
Earnings per share attributable to the equity holders of the company, €	0,04	-0,31

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.

28. Adjustments on cash flow statement

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

€ 1 000	2009	2008
Adjustments on profit/loss for the period		
Income taxes	145	-1 600
Financial income and expenses	5 701	4 796
Depreciation	10 158	12 595
Impairment losses		2 490
Gains and losses on sales of fixed assets	-139	-285
Change in provisions	280	-100
Other adjustments	68	63
Total	16 213	17 959

29. Lease commitments

€ 1 000	2009	2008
Operating leases, real estates		
Minimum lease payments		
Not later than 1 year	2 923	3 060
Later than 1 year and not later than 5 years	8 758	9 892
Later than 5 years	3 855	6 437
Total	15 536	19 389

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.

	2009	2008
Operating leases, machinery and equipment		
Falling due in 1 year	1 018	1 053
Falling due in between 1 year and subsequent 5 years	1 825	2 161
Total	2 843	3 214

30. Contingent liabilities

€ 1 000	2009	2008
Secured loans		
Loans from financial institutions	46 679	36 750
Total	46 679	36 750
Nominal values of mortgages		
Real estate mortgages	24 045	24 045
Business mortgages	50 000	50 000
Total	74 045	74 045
Other contingent liabilities		
Guarantees on behalf of third parties	1 752	1 468
Total	1 752	1 468

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.

31. Environmental costs

€ 1 000	2009	2008
In the statement of income		
Cost of goods sold	1 062	1 144
- including depreciation	151	192
In the balance sheet		
Tangible assets	893	1 187

32. 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 Corporate Executive Team.

€ 1 000	2009	2008
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	835	815
Share-based payments	68	72
Total	903	887
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 (2008)		23
Heikki Mairinoja, Deputy Chairman (2009)	23	19
Heikki Bergholm	19	19
Kai Hannus	19	19
Juhani Lassila	19	19
Kalle Tanhuanpää, President and CEO (until 30 April 2008)		123
Petri Rolig, President and CEO (since 1 May 2008)	276	229
Total	386	481

The members of the Board of Directors, the President and CEO, and the members of the 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. The members of the Corporate Executive Team have received 85,000 Suominen Corporation 2007A, 90,000 Suominen Corporation 2007B and 150,000 Suominen Corporation 2009A stock options under stock option plans 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 2009

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, 5,150,617 shares on 31 December 2009. These shares entitle holders to 21.7% of voting rights.

Insiders subject to the declaration requirement	Shares on 31 Dec. 2009
Mikko Maijala, Chairman of the Board	1 075 839
Maijala Investment Oy	76 100
Heikki Mairinoja, Deputy Chairman of the Board	38 471
Monaccio Oy	4 950
Heikki Bergholm, Member of the Board	1 738 286
Kai Hannus, Member of the Board	18 209
Juhani Lassila, Member of the Board	40 272
Evald and Hilda Nissi Foundation	2 138 490
Petri Rolig, President and CEO	20 000
Heikki Lassila, Principal Auditor	
Total	5 150 617
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	
Paul-Erik Toivo, Vice President, General Manager	
Total	33 169

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

€ 1 000	2009	2008
Loans received from related parties		
Suominen capital loan 1/2008	880	1 100
Interests paid to related parties	127	

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	2009	2008
Net sales		**1 380**	1 545
Cost of goods sold			
Gross profit		**1 380**	1 545
Other operating income	2	204	150
Administration expenses		-1 968	-1 977
Other operating expenses	2	-31	-12
Operating profit before depreciation on tangible assets		**-415**	-294
Depreciation on tangible assets			-2 200
Operating profit		**-415**	-2 494
Financial income	6	1 111	2 142
Financial expenses	6	-5 181	-4 905
Profit before income taxes		**-4 485**	-5 257
Group contributions		3 019	3 957
Profit before depreciation difference and income taxes		**-1 466**	-1 300
Change in depreciation difference			5
Income taxes	7		-254
Profit/loss for the period		**-1 466**	-1 549

Parent Company Balance Sheet

31 December € 1 000	Note	2009	2008
Assets			
Non-current assets			
Intangible assets	5, 8	57	71
Tangible non-current assets	5, 9	39	48
Shares and participations			
Participations in Group companies	10	88 735	88 735
Other shares and participations	10	9	9
Loans receivable			
Loans receivable from Group companies		13 729	33 385
Loans receivable from others			488
Non-current assets, total		102 569	122 736
Current assets			
Other current receivables	11	4 039	7 293
Cash at bank and in hand		1 017	3 984
Current assets, total		5 056	11 277
Assets, total		107 625	134 013
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	9 811	11 233
Shareholders´ equity, total		46 352	47 774
Appropriations			
Accumulated depreciation difference		5	5
Compulsory provisions	15	280	
Liabilities			
Non-current liabilities			
Capital loans	14	6 000	8 000
Interest-bearing liabilities	14	38 800	60 752
Non-current liabilities, total		44 800	68 752
Current liabilities			
Capital loans	14	2 000	2 000
Interest-bearing liabilities			
Loans from financial institutions	14	9 471	9 967
Loans from Group companies	14	3 053	3 529
Trade payables and other current liabilities	16	1 664	1 986
Current liabilities, total		16 188	17 482
Liabilities, total		60 988	86 234
Shareholders´ equity and liabilities, total		107 625	134 013

Parent Company Cash Flow Statement

1 January – 31 December € 1 000	Note	2009	2008
Operations			
Profit/loss for the period		-1 466	-1 549
Adjustments on profit/loss for the period	18	1 064	1 556
Cash flow before change in working capital		-402	7
Increase/decrease in current non-interest-bearing receivables		1 283	-2 166
Increase/decrease in current non-interest-bearing liabilities		-97	123
Cash flow before financial income/expenses and taxes		784	-2 036
Interest expenses paid and received		-3 471	-2 268
Direct taxes paid		-29	-29
Cash flow from operations		-2 716	-4 333
Investments			
Investments in tangible and intangible assets		-1	-48
Proceeds from sale of tangible and intangible assets			395
Change in non-current loan receivable		19 655	5 887
Change in current loan receivable		2 000	5 438
Cash flow from investments		21 654	11 672
Financing			
Change in non-current loans		-21 953	5 536
Change in capital loans		-2 000	8 000
Change in current loans		-495	-23 836
Other financial items		2 543	6 591
Cash flow from financing		-21 905	-3 709
Change in cash and cash equivalents		-2 967	3 630
Cash and cash equivalents 1 Jan.		3 984	354
Change in cash and cash equivalents		-2 967	3 630
Cash and cash equivalents 31 Dec.		1 017	3 984

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 from business transactions, receivables, and liabilities are entered in the statement of income as sales deductions or as adjustments to the cost of sales. 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	2009	2008
Other operating income		
Profit from sales of fixed assets		9
Return from insurance reserves	178	
Profit from currency derivatives	12	41
Other	14	100
Total	204	150
Other operating expenses		
Losses on sales and writedown of fixed assets		12
Losses from currency derivatives	31	
Total	31	12

3. Personnel expenses

€ 1 000	2009	2008
Salaries and other compensations	996	847
Pension expenditure		
Defined contribution plans	91	69
Other payroll connected expenses	23	31
Total	1 110	947
Salaries and bonuses paid to management		
Members of the Boards of Directors, and President and CEO	386	481

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

	2009	2008
Average number of personnel	7	7

4. Fees paid to auditors

€ 1 000	2009	2008
Statutory audit	34	52
Other services	11	3
Total	45	55

5. Depreciations and impairment charges

€ 1 000	2009	2008
By function		
Administration	24	37
Impairment losses		2 200
Total	24	2 237
By asset group		
Machinery and equipment	9	19
Other intangible assets	15	18
Impairment losses on goodwill		2 200
Total	24	2 237

6. Financial income and expenses

€ 1 000	2009	2008
Interest income	1 111	2 142
Interest expense	-4 311	-4 431
Impairment losses on loan receivables	-488	
Exchange rate differences (net)	-382	-474
Total	-4 070	-2 763

7. Income taxes

€ 1 000	2009	2008
Income taxes for the financial year		-254
Income taxes total	0	-254

8. Intangible assets

	Intangible rights	
€ 1 000	2009	2008
Acquisition cost 1 Jan.	201	153
Increase	1	48
Acquisition cost 31 Dec.	202	201
Accumulated depreciation 1 Jan.	-130	-112
Depreciation for the financial year	-15	-18
Accumulated depreciation 31 Dec.	-145	-130
Book value 31 Dec.	57	71

9. Tangible assets

€ 1 000	Machinery and equipment	Other tangible assets	Total 2009	Total 2008
Acquisition cost 1 Jan.	224	16	240	300
Decrease/sale			0	-60
Acquisition cost 31 Dec.	224	16	240	240
Accumulated depreciation 1 Jan.	-192	0	-192	-208
Accumulated depreciation on decrease and transfers			0	35
Depreciation for the financial year	-9		-9	-19
Accumulated depreciation 31 Dec.	-201	0	-201	-192
Book value 31 Dec.	23	16	39	48

10. Shares and participations

€ 1 000	Participations in Group companies	Other shares	Total 2009	Total 2008
Acquisition cost 1 Jan.	88 735	9	88 744	90 595
Increase			0	361
Decrease/sale			0	-12
Impairment losses			0	-2 200
Acquisition cost 31 Dec.	88 735	9	88 744	88 744
Book value 31 Dec.	88 735	9	88 744	88 744

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 Ikamer Ltd., Tampere, Finland	100.0

Real estate companies

	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	25.0	1	8	8	112	0

11. Other current receivables

€ 1 000	2009	2008
Other receivables	40	81
Accrued income and prepaid expenses		
Social security and healthcare	1	2
Direct taxes	29	
Loan provisions and arrangement fees	401	587
Other		50
Accrued income and prepaid expenses, total	431	639
Receivables from Group companies		
Loan receivables		2 000
Other receivables	3 568	4 573
Total	3 568	6 573
Other current receivables, total	4 039	7 293

12. Shareholders´ equity

€ 1 000	2009	2008
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.	-51	-116
Increase		-34
Decrease	51	99
Reserve for own shares 31 Dec.	0	-51
Retained earnings 1 Jan.	11 284	12 882
Transfer to reserve for own shares	-7	-49
Retained earnings 31 Dec.	11 277	12 833
Profit for the financial year	-1 466	-1 549
Shareholders´ equity 31 Dec.	46 352	47 774
Distributable assets		
Retained earnings 1 Jan.	11 277	12 833
Own shares		-51
Retained earnings 31 Dec.	11 277	12 782
Profit for the financial year	-1 466	-1 549
Distributable assets	9 811	11 233

13. Share capital

See note 13 in notes to the consolidated financial statements.

14. Interest-bearing liabilities

€ 1 000	2009	2008
Current *)		
Repayment of capital loans	2 000	2 000
Repayment of non-current liabilities		
Loans from financial institutions	8 500	8 996
Pension loans	971	971
Repayment of non-current liabilities	9 471	9 967
Current loans		
Loans from Group companies	3 053	3 529
Total current interest-bearing liabilities	14 524	15 496

€ 1 000	2009	2008
Non-current		
Capital loans	6 000	8 000
Loans from financial institutions	34 750	55 716
Pension loans	3 657	4 629
Loans from Group companies	393	407
Total non-current interest-bearing liabilities	44 800	68 752
Interest-bearing liabilities, total	59 324	84 248

*) In the balance sheet under current liabilities.

Repayments

€ 1 000	2010	2011	2012	2013	2014	2015–
Repayments of non-current loans in future						
Loans from financial institutions	8 500	16 500	8 500	8 500	500	750
Pension loans	971	971	971	571	571	571
Capital loans	2 000	2 000	2 000	2 000		
Total	11 471	17 471	9 471	9 071	1 071	1 321

15. Provisions

Compulsory provision against estimated financial losses on rental liability of discontinued business operation.

€ 1 000	2009	2008
Provisions 1 Jan.		100
Provisions used during the year		-100
Increase in provisions	280	
Provisions 31 Dec.	280	

16. Trade payables and other current liabilities

€ 1 000	2009	2008
Trade payables	412	360
Other current liabilities	64	67
Accrued expenses		
Interest	899	984
Payroll and social security	270	100
Income tax payables		226
Other accrued expenses	17	171
Accrued expenses, total	1 186	1 481
Liabilities to Group companies		
Other liabilities	2	78
Trade payables and other current liabilities, total	1 664	1 986

17. Contingent liabilities

€ 1 000	2009	2008
Guarantees		
Guarantees for loans		
Guarantees on behalf of Group companies	4 892	6 091
Other contingent liabilities		
Guarantees on behalf of Group companies	5 575	5 791
Guarantees on behalf of third parties	1 752	1 468
Total	12 219	13 350
Nominal values of mortgages		
Business mortgages	3 000	3 000
Total	3 000	3 000
Operating leases		
Falling due next year	36	51
Falling due in subsequent years	54	130
Total	90	181

18. Adjustments on cash flow statement

Adjustments on operations cash flow

1 January–31 December € 1 000	2009	2008
Adjustments on profit/loss for the period		
Income taxes		254
Change in depreciation difference		-5
Group contributions	-3 019	-3 957
Financial income and expenses	4 070	2 762
Depreciation	24	37
Depreciation on tangible assets (intragroup shares)		2 200
Other adjustments	-11	265
Total	1 064	1 556

Signing of the Financial Statements

Proposal of the Board of Directors for the distribution of profit

The Board of Directors proposes to the Annual General Meeting to be held on 23 March 2010 for the distribution of profit as follows:

Parent Company profit for 1 January – 31 December 2009	€	-1,466,111.74
Distributable assets according to the parent company balance sheet	€	11,277,678.91
Own shares	€	-488.44
Total	€	9,811,118.73

The Board of Directors proposes that a dividend of EUR 0.02 be paid on each of the 23 719 430 shares held outside the company	€	474,388.60
Leaving on the retained earnings account	€	9,336,730.13

The financial position of the company has not materially changed after the balance sheet date, and it is the Board of Directors´opinion that the proposed distribution of funds does not comprise the company´s liquidity.

Helsinki, 11 February 2010

Mikko Maijala Chairman	Heikki Mairinoja	Heikki Bergholm
Kai Hannus	Juhani Lassila	Petri Rolig President and CEO

The Auditor´s Note

Our auditor´s report has been issued today.

Helsinki, 17 February 2010

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, 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement 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 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 and of the report of the Board of Directors, 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 and the report of the Board of Directors 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.

Helsinki, 17 February 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Share Capital and Shareholders

Distribution of share ownership on 31 December 2009

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
1 – 100	281	12.1%	16 758	0.1%
101 – 500	717	30.9%	219 256	0.9%
501 – 1 000	458	19.7%	375 394	1.6%
1 001 – 5 000	603	26.0%	1 481 227	6.2%
5 001 – 10 000	122	5.3%	875 865	3.7%
10 001 – 50 000	110	4.7%	2 376 432	10.0%
50 001 – 100 000	10	0.4%	711 195	3.0%
100 001 – 500 000	11	0.5%	2 298 931	9.7%
over 500 000	10	0.4%	15 344 104	64.7%
	2 322	100.0%	23 699 162	99.9%
Shares held by the company			682	0.0%
Shares not transferred to the book-entry system			20 268	0.1%
Total	**2 322**		**23 720 112**	**100.0%**
of which registered in a nominee´s name	3		19 952	0.1%

Shareholders by category on 31 December 2009

	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and voting power
Companies	149	6.4%	6 408 292	27.0%
Financial institutions and insurance companies	2	0.1%	8 050	0.0%
Public institutions	4	0.2%	3 220 602	13.6%
Non-profit organisations	34	1.5%	2 755 960	11.6%
Individuals	2 121	91.5%	10 677 541	45.0%
Foreign shareholders	9	0.4%	608 765	2.6%
	2 319	100.0%	23 679 210	99.8%
Shares registered in a nominee´s name	3		19 952	0.1%
Shares held by the company			682	0.0%
Shares not transferred to the book-entry system			20 268	0.1%
Total	**2 322**		**23 720 112**	**100.0%**

The largest shareholders on 31 December 2009

Shareholder	Number of shares	Percentage of shares and voting power
1. Oy Etra Invest Ab	4 315 660	18.2%
2. Evald and Hilda Nissi Foundation	2 138 490	9.0%
3. Ilmarinen Mutual Pension Insurance Company	1 911 552	8.1%
4. Heikki Bergholm	1 738 286	7.3%
5. Tapiola Mutual Pension Insurance Company	1 283 850	5.4%
6. Mikko Maijala	1 075 839	4.5%
7. Juhani Maijala	1 041 360	4.4%
8. Eeva Maijala	725 627	3.1%
9. Arvo Finland Value Mutual Fund	578 240	2.4%
10. Veikko Laine Oy	535 200	2.3%
11. Argonius Oy	355 050	1.5%
12. Samfundet Folkhälsan i Svenska Finland rf	300 000	1.3%
13. Harald Relander	300 000	1.3%
14. Jorma Takanen	267 900	1.1%
15. Oy Fincorp Ab	245 837	1.0%
16. Jarkko Takanen	190 540	0.8%
17. Matti Kavetvuo	162 184	0.7%
18. Liikesivistysrahaston kannatusyhdistys ry	134 610	0.6%
19. Renkkeli Oy	120 000	0.5%
20. Lassi Antila	117 810	0.5%

Key Figures

Adjusted key figures per share

	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Earnings/share (EPS) before impairment losses, €	**0.04**	-0.20	-0.07	-0.08	-0.20
Earnings/share (EPS) from continuing operations, €	**0.04**	-0.31	-0.43	-0.08	-0.20
Earnings/share (EPS) from discontinued operations, €					0.05
Earnings/share (EPS) from continuing and discontinued operations, €	**0.04**	-0.31	-0.43	-0.08	-0.15
Cash flow from operations/share, €	**1.13**	0.80	0.12	0.53	0.01
Equity/share, €	**1.55**	1.50	1.96	2.40	2.44
Dividend/share, € *	**0.02**			0.06	
Dividend/earnings, % *	**55.2**			-79.6	
Dividend/cash flow from operations, % *	**1.8**			11.4	
Dividend yield, % *	**1.3**			2.0	
P/E ratio from continuing operations	**43.83**	-2.16	-4.84	-39.5	-15.9
Share price					
lowest, €	**0.65**	0.60	2.01	2.80	3.17
highest, €	**1.93**	2.25	3.79	3.85	4.52
average, €	**1.27**	1.50	3.21	3.32	3.67
at year end, €	**1.59**	0.66	2.07	2.97	3.18
Market capitalisation on 31 Dec., € million	**37.7**	15.6	49.0	70.3	75.4
Number of shares held outside the Company					
average during the year	**23 707 065**	23 699 569	23 679 266	23 709 255	23 701 335
at year end	**23 719 430**	23 665 055	23 683 769	23 668 991	23 704 983
Number of shares traded as	**3 306 822**	4 251 828	8 765 455	7 000 722	6 955 745
percentage of the average during the year	**13.9**	17.9	37.0	29.5	29.3

No dividends were recognised during the financial year.

*Proposal by the Board of Directors

Key figures on financial performance

	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005
Net sales, € million	**179.4**	214.6	215.2	202.6	195.2
Export and international operations, € million	**149.5**	179.7	181.1	169.5	160.3
as % of net sales	**83.3**	83.7	84.2	86.9	82.1
Operating profit before impairment losses, € million	**6.7**	-1.6	1.7	1.2	-3.1
as % of net sales	**3.7**	-0.7	0.8	0.6	-1.6
Operating profit, € million	**6.7**	-4.0	-6.8	1.2	-3.1
as % of net sales	**3.7**	-1.9	-3.1	0.6	-1.6
Profit before taxes, € million	**1.0**	-8.8	-10.7	-2.7	-6.8
as % of net sales	**0.6**	-4.1	-5.0	-1.4	-3.5
Profit from continuing operations, € million	**0.9**	-7.2	-10.1	-1.8	-4.7
as % of net sales	**0.5**	-3.4	-4.7	-0.9	-2.4
Profit from discontinued operations, € million					1.1
as % of net sales					0.6
Profit for the financial year, € million	**0.9**	-7.2	-10.1	-1.8	-3.7
as % of net sales	**0.5**	-3.4	-4.7	-0.9	-1.9
Cash flow from operations, € million	**26.8**	18.9	2.7	12.5	0.1
Balance sheet total, € million	**122.8**	143.8	172.4	175.9	185.8
Return on equity (ROE), %	**2.4**	-16.7	-18.8	-3.1	-6.2
Return on invested capital (ROI), %	**6.4**	-2.9	-4.5	0.9	-0.8
Equity ratio, %	**29.9**	24.6	26.9	32.3	31.2
Equity ratio, %, capital loans in equity	**36.4**	31.6	28.0	34.5	34.4
Gearing, %	**161.2**	229.9	210.5	154.4	167.6
Gearing, %, capital loans in equity	**114.4**	157.2	197.7	137.7	142.5
Gross investments, € million	**4.5**	3.9	11.3	4.3	7.7
as % of net sales	**2.5**	1.8	5.2	2.1	4.0
Expenditure on R&D, € million	**2.3**	2.2	2.1	2.0	2.7
as % of net sales	**1.3**	1.0	1.0	1.0	1.4
Average personnel	**944**	1 019	1 070	1 058	1 242

Calculation of the Key Figures

Key figure	Numerator	Denominator
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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