

Suominen Corporation

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**SUOMINEN CORPORATION
INTERIM REPORT RELEASE 1 JANUARY–30 JUNE 2012**
SUOMINEN'S PERFORMANCE REMAINED STABLE DURING THE SECOND QUARTER; THE CASH FLOW FROM OPERATIONS TURNED POSITIVE

KEY FIGURES	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
Net sales, EUR million	113.1	42.6	224.2	86.2	213.4
Operating profit before non-recurring items, EUR million	2.4	0.3	5.1	-0.1	-1.1
Operating profit, EUR million	-0.3	0.0	2.9	-0.6	-4.8
Profit/loss for the period, EUR million	-2.6	-1.1	-2.9	-2.9	-9.5
Earnings/share, EUR	-0.01	-0.02	-0.01	-0.06	-0.11
Cash flow from operations/share, EUR	0.05	0.05	0.02	0.06	-0.03

President & CEO Nina Kopola:

During second quarter our development continued in the same direction as in the first quarter. The operating profit before non-recurring items, EUR 2.4 million was close to the number from first quarter EUR 2.7 million. Our result before non-recurring items improved clearly also compared to pro forma numbers from last year.

In June we concluded the codetermination negotiations at Suominen Nonwovens Ltd, which will lead to a reduction of maximum 76 positions. We will concentrate on spunlace production in the Nakkila plant, which means the thermobond nonwovens will cease. By closing down one spunlace line we will be more effective and safeguard our competitiveness also in the future.

We are well underway in implementing our savings project and we are assured we can reach our target of about 2 percentage points on net sales.

Our renewed company is coming together and the new Suominen is taking shape, not only financially but also through the work we are doing to establish common operating systems and a common corporate culture. Considering Nonwovens already today represents more than 75% of our total business we will direct more resources to the business and enforce it further.

GROUP FINANCIAL RESULTS

Suominen Corporation generated net sales of EUR 113.1 million (42.6) in the second quarter. Operating profit before non-recurring items was EUR 2.4 million (0.3) and after them EUR -0.3 million (0.0). Profit before taxes was EUR -2.8 million (-1.4) and profit after taxes EUR -2.6 million (-1.1).

Net sales for the first half of the year totalled EUR 224.2 million (86.2). Operating profit before non-recurring items was EUR 5.1 million (-0.6) and after them EUR 2.9 million (-0.6), profit before taxes EUR -2.3 million (-3.6) and profit after taxes EUR -2.9 million (-2.9).

Comparable net sales decreased by 10% on the previous year compared to the EUR 249.6 million in pro forma net sales. The decrease in net sales was affected by a decline in volumes and reduced sales prices in Europe. The most significant factor affecting the decrease in European volumes was the burning down of the spunlace line in Italy in the autumn of last year; the line was not restarted until May. Regionally, demand was stronger in the US markets than in Europe. The strengthening of the dollar against the euro increased the USA share of net sales in the pro forma comparison.

Operating profit before non-recurring items, EUR 5.1 million (-0.6), improved thanks to the Wiping business area's result turning positive. Non-recurring costs equalled EUR 2.2 million. The previous year's pro forma operating profit was EUR 2.1 million, so, the result improved clearly in comparison to that as well. The prices of plastic-based raw materials affecting raw material costs peaked at the start of the second quarter and then turned into a slight decline. Operating expenses were slightly lower than the previous year's comparable expenses.

A decision was made to cut the production capacity of Suominen Nonwovens Ltd's production facility in Nakkila, which will lead to the lay-offs of a maximum of 76 employees. Due to this decision, Suominen wrote down the value of its fixed assets by EUR 2.7 million. The cost does not affect cash flow.

Cash flow from operations in the second quarter was EUR 11.9 million positive when it was EUR 6.4 million negative in the first quarter. For the whole period cash flow from operations was EUR 5.4 million (2.8). Working capital EUR 46.6 million has reduced slightly since March, but because trade receivables and trade payables have been accrued to the balance sheet after the acquisition of Home and Personal business financing EUR 3.4 million has been tied up during 2012. Investments were kept at a low level.

Integration of the acquired operations and efficiency-enhancement measures

The integration of the acquired Home and Personal business's operations is defined in connection with the Summit project, which covers the generation of synergies in sales, procurement, product line optimisations and logistical solutions. Efficiency measures are aimed at creating cost savings, representing about two per cent of net sales.

The acquisition of the Brazilian unit belonging to the Home and Personal business has not been possible because the unit has not obtained all of the required permits. The actual operations of the Brazilian plant have developed as planned and its net sales are growing. Plans are to complete the acquisition and its financing during the third quarter of the year.

Financing

The Group's interest-bearing net liabilities amounted to EUR 117.7 million (57.5). Cash and bank receivables included EUR 25 million in escrow account. Repayments of non-current loans were EUR 2.5 million (2.7). Net financial expenses were EUR 5.2 million (3.0) or 2.3% (3.5) of net sales. The increase in financial expenses was caused by the increased borrowing and higher average interest rates on loans. A total of EUR 3.4 million was tied up in working capital (EUR 2.8 million released). The net working capital was increased during the first quarter because the working capital items were not transferred at Home and Personal acquisition and they still kept rising in the review period. Trade receivables amounting to EUR 12.4 million (13.2) were sold to the bank. The equity ratio was 31.5% (24.8) and the net gearing 109.8% (192.9). Cash flow from operations was EUR 5.4 million (2.8) and EUR 0.02 per share (0.06).

Investments

The company's gross investments in production totalled EUR 1.2 million (2.4). Planned depreciation amounted to EUR 9.8 million (4.0). Nonwovens accounted for EUR 0.6 million (0.7), Codi Wipes for EUR 0.3 million (0.1) and Flexibles for EUR 0.2 million (1.4) of total investments. The Group's investments were in maintenance.

SEGMENT RESULTS

The net sales of Wiping totalled EUR 198.0 million (53.1) which is almost four times higher than during the first half of 2011. The segment's operating profit was EUR 4.9 million (-0.2).

Net sales of Nonwovens totaled EUR 175.1 million (28.6). Nonwovens' comparable 6-month-sales (pro forma) was EUR 192.0 million in 2011 which means to a decrease of 10%. Delivery volumes decreased slightly. The application areas for nonwoven materials are distributed as follows: baby wipes accounted for 47% of sales, household wipes for about 19%, personal care wipes for about 16%, and industrial wipes for 10%. Sales of nonwovens used for personal care and household wipes increased, in other application areas sales decreased.

The sales of the North American plants in dollars equalled the pro forma figures for the previous year. Consumer demand in wet wipes consumption areas on the American markets was clearly stronger than in product areas typical for Europe. European net sales were also affected by the tightening competition created by the increased production capacity and the interruption of a production line in Italy due to damage from a fire. The production line came back online in May.

Savings were achieved in operating costs compared to pro forma figures due to previously implemented synergy savings. The prices of oil-based raw materials began to decline slightly in the second quarter. No significant changes took place in the prices of other raw materials.

The codetermination negotiations at Suominen Nonwovens Ltd's Nakkila plant were completed during June. The plant's operations will be renewed with the objective of turning a negative result into a positive one. A decision was made to close down the plant's thermobond production and one spunlace line. In order to improve the efficiency of operations, the number of staff will be reduced by a maximum of 76 employees. A write-down of EUR 2.7 million was recorded due to the closing down of production, but does not affect the cash flow.

Other efficiency measures of the unit are based on the group Summit programme.

Net sales of Codi Wipes stood at EUR 25.4 million (27.6), which was 8% less than in the previous year. Sales of hygiene packaging and moist toilet wipes remained at the same level as in the previous year, so the sales decrease came from baby wipes. Average sales prices were on par with the previous year. The unit's operating expenses were on the same level as in the first six months of 2011.

The operating profit of Wiping business was EUR 7.6 million excluding write-down mentioned earlier. The result improved thanks to the business acquisition. Operating profit improved also compared to pro forma figure EUR 2.4 million of previous year as a result of lower operating costs.

Net sales of Flexibles totalled EUR 26.7 million (33.6), a decrease of 21% from the previous year. Sales of hygiene packaging decreased about one third due to customer losses. Food and retail packaging sales decreased as well but security and technical packaging sales increased. Flexibles has managed to get new business to compensate the customer losses, but sales on this will accumulate to a full amount only gradually.

The operating loss of the business unit was EUR -0.9 million (-0.0). The prices of plastic-based raw materials for flexible packaging had a slight downturn after the sharp increase during the first months of the year. The increased raw material costs can be transferred to sales prices with a delay and the price escalation led into slightly improved sales margins during the second quarter. The margin of the first half of the year was however lower than during the comparison period. Operating expenses were lower than in the previous year thanks to the rationalisation measures carried out in production in 2011.

INFORMATION ON SHARES AND SHARE CAPITAL

Share capital

The registered number of Suominen's issued shares totals 245,934,122 shares, equaling to EUR 11,860,056.

Share trading and price

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki from 1 January to 30 June 2012 was 1,172,774 shares, accounting for 0.5% of the share capital and votes. The trading price varied between EUR 0.33 and EUR 0.47. The closing trading price was EUR 0.36 giving the company a market capitalization of EUR 88,514,577 on 30 June 2012.

Own shares

On 1 January and 30 June 2012, the company Suominen Corporation held 60,298 of its own shares, accounting for 0.0% of the share capital and votes.

Stock options

Suominen's option right holders of the plan 2009A have 250,000 stock options. The subscription period for the 2009A stock options is from 2 May 2011 to 30 October 2012. A total of 300,000 2009 B stock options have been granted. The subscription period for the 2009B stock options is from 2 May 2012 to 30 October 2013.

As the registered number of Suominen's issued shares totals 245,934,122, the number of shares may rise to a maximum of 246,484,122 after stock option subscriptions.

Authorizing the Board of Directors to decide on the issuance of shares and special rights entitling to shares

The Annual General Meeting approved the proposal of the Board of Directors to authorize the Board of Directors to decide on repurchasing a maximum of 3,000,000 company's own shares. The Board of Directors is also to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. A maximum of 50,000,000 new shares may be issued. The maximum number of new shares that may be subscribed and own shares held by the company that may be conveyed by virtue of the special rights granted by the company is 10,000,000 shares in total which number is included in the maximum number stated earlier (50,000,000). The authorizations shall be valid until 30 June 2013.

BUSINESS RISKS AND UNCERTAINTIES

Suominen concluded an agreement with Ahlstrom at the end of 2011 for the acquisition of its Home and Personal business's Brazilian operations. Some of the permits required for completing the acquisition are still waiting for processing by the authorities. Issues relating to the unit's acquisition and financing are being discussed with Ahlstrom, with the aim of concluding the acquisition by the third quarter of the year. This involves an element of uncertainty.

The estimate of net sales development of Suominen is partly based on the forecasts and delivery plans received from the customers. Changes in in the forecasts and in the plans caused by market situation or by customers' stock changes might change Suominen's net sales forecast. Due to the deterioration in the general economic situation and due to cautious consumer purchasing habits the forecasts include uncertainty.

Suominen's customer base is comparatively concentrated, which adds to the customer specific risks. Long-term contracts are being preferred in the case of the largest customers. In practice the customer relationships are long-term and for several years.

Suominen purchases significant amounts of oil- and pulp-based raw materials annually. The raw materials are the biggest cost of operations. Rapid changes in the global market prices of raw materials affect the company's profitability. Extended interruptions of Suominen's main raw materials could disrupt production and have a negative impact on the Group's overall business operations. As Suominen sources its raw materials from a number of major international suppliers, significant interruptions are unlikely.

Suominen has numerous regional, national and international competitors in its different product groups. There is currently oversupply in several product groups especially in Europe. If Suominen is not able to compete with an attractive product offering, it may lose some of its market share, and the competition may lead to increased pricing pressure on the company's products.

Suominen's efficiency programmes include measures to improve production efficiency, sourcing and logistics solutions, to reduce general costs and to pass on the costs to sale prices more efficiently than in the past. The impact of the efficiency measures is most visible when production volumes increase. Substantial synergy benefits are expected to be realized in the Home and Personal business acquisition. Postponed or failed efficiency measures and synergy exploitation will have a negative impact on the company's profit.

Group's damage risks are insured in order to guarantee continuity of operations. In autumn 2011 a fire broke out at the Mozzate plant in Italy, causing damage to one of the production lines. As Suominen has valid damage and business interruption insurance, it is expected that the damage will be compensated and the financial losses caused by the interruption of business will be covered. The compensation of the interruption loss has not been confirmed yet which means that some risk is included in the compensation level.

Suominen's credit arrangements include covenants that the company must meet. The financial covenants included in the credit agreement of EUR 150 million concluded in October 2011 are the net-debt-to-EBITDA, and the company's debt/equity ratio. At year-end 2012, Suominen's net debts cannot be greater than 3.2 times the EBITDA, and the company's debt/equity ratio must be less than 100%. These key figures in the Q2 2012 report were 5.2 and 109.8% in line with the current agreements. Suominen has started negotiations with its financiers to adjust the covenants and financial needs to reflect the current situation and taking into consideration also the delay in the acquisition of the Brazilian business and its financing. The negotiations are proceeding positively but exact terms and conditions are still to be finalized after the publication of this interim report.

The sensitivity of Suominen's goodwill to changes in business conditions is described in the notes to the financial statements 2011. Actual cash flows may deviate from the forecasted future discounted cash flows, as the long economic life-time of the company's non-current assets, and changes in the estimated product prices, production costs, and interest rates used in discounting may result in write-downs. The fair value based on value in use of assets or businesses in total or in part do not necessarily correspond to the price that a third party would pay for them.

General risks related to business operations are described in the Report of Board of Directors in the Annual Report 2011.

OUTLOOK

Suominen's products are used in daily consumer goods, such as wet wipes and plastic packaging. The general economic situation determines the development of consumer demand, even though the demand for consumer goods is not very cyclical in nature. Consumers' cautious purchasing behavior is expected to continue hand in hand with muted economic growth. Supply exceeds demand for many of Suominen's products, especially in Europe, and new production capacity is even being built in some product groups.

The company estimates the trend in demand for its products on the basis of both the general market situation and, above all, on the basis of the framework agreements drawn up with its clients. Suominen estimates that demand for its products will remain at the level of 2011. In North and South America as well as in Eastern Europe the sales are estimated to grow whereas in Western Europe the sales are anticipated to decrease.

The rise in prices of the raw materials used by Suominen reached their peak in the second quarter and turned thereafter to a decline. In the coming months this decline is anticipated to continue slowly. Suominen will continue to streamline its operating costs and realize the synergy benefits related to the acquisition of the Home and Personal business. The target is to achieve a couple of per cent cost benefits comparable to net sales. Suominen will focus on developing its core business.

The target is to realize the Brazilian unit business transaction of the Home and Personal once approval from the Brazilian authorities has been obtained, which is expected to happen in the third quarter of 2012.

Suominen's net sales will increase considerably as the Home and Personal business's figures are included in the Group's net sales. It is estimated that the result after taxes for the year will improve over that of 2011.

SUOMINEN CORPORATION CONSOLIDATED 1 JANUARY – 30 JUNE 2012

These financial statements have been prepared in compliance with IAS 34 Interim Financial Reporting. Principles for preparing the interim report are the same as those used for preparing the financial statements for 2011, and this interim report should be read parallel to the financial statements for 2011. Changes to published accounting standards and interpretations, together with the new accounting standards that came into force on 1 January 2012, are presented in the financial statements for 2011.

All calculations in this financial statement have been prepared in compliance with the revised IAS 1 standard, 'Presentation of Financial Statements'. This standard is aimed at improving users' ability to analyse and compare the information given in financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity. Non-owner changes in equity will be presented in the statement of comprehensive income.

The figures in these financial statements have not been audited.

BALANCE SHEET

EUR 1 000	6/2012	6/2011	12/2011
Assets			
Non-current assets			
Goodwill	35 222	18 498	34 298
Intangible assets	12 636	747	13 146
Tangible non-current assets	130 345	51 186	139 886
Available-for-sale financial assets	19	212	212
Held-to-maturity investments	453	421	445
Deferred tax assets	3 399	1 894	2 756
Non-current assets, total	182 074	72 958	190 743
Current assets			
Inventories	43 981	27 211	45 972
Trade receivables	54 541	14 884	41 798
Other current receivables	14 009	3 106	17 480
Income tax receivables	2 413	3 71	1 205
Financial assets on escrow	25 000		25 000
Cash at bank and in hand	18 352	3 807	15 887
Current assets, total	158 296	49 379	147 342
Assets, total	340 370	122 337	338 085
Shareholders' equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	11 860	11 860	11 860
Share premium account	24 681	24 681	24 681
Invested non-restricted equity fund	97 054	9 708	97 054
Fair value and other reserves	-449	72	-484
Translation differences	681	555	-637
Other shareholders' equity	-26 597	-17 073	-23 737
Shareholders' equity, total	107 230	29 803	108 737
Liabilities			
Non-current liabilities			
Deferred tax liabilities	1 913	2 524	3 661
Provisions	280	280	280
Capital loans		2 000	920
Other non-current liabilities	1 362		1 234
Interest-bearing liabilities	138 854	39 870	139 961
Non-current liabilities, total	142 409	44 674	146 056
Current liabilities			
Interest-bearing liabilities	21 271	17 424	19 929
Capital loans	920	2 000	920
Income tax liabilities	2 566	231	724
Trade payables and other current liabilities	65 974	28 205	61 719
Current liabilities, total	90 731	47 860	83 292
Liabilities, total	233 140	92 534	229 348
Shareholders' equity and liabilities, total	340 370	122 337	338 085

STATEMENT OF INCOME

EUR 1 000	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
Net sales	113 082	42 616	224 169	86 173	213 350
Cost of goods sold	-107 788	-40 650	-209 871	-82 423	-205 507
Gross profit	5 294	1 966	14 298	3 750	7 843
Other operating income	2 524	851	4 980	1 814	4 905
Sales and marketing expenses	-1 806	-934	-3 665	-1 777	-4 050
Research and development	-633	-422	-1 344	-924	-1 866
Administration expenses	-5 630	-1 441	-11 145	-3 279	-8 492
Other operating expenses	-55	20	-240	-156	-3 168
Operating profit	-306	40	2 884	-572	-4 829
Financial income and expenses	-2 494	-1 457	-5 225	-3 004	-5 197
Profit before income taxes	-2 800	-1 417	-2 341	-3 576	-10 026
Income taxes	155	289	-595	713	494
Profit/loss for the period	-2 645	-1 128	-2 936	-2 863	-9 531
Earnings/share, EUR	-0.01	-0.02	-0.01	-0.06	-0.11

STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
Profit/loss for the period	-2 645	-1 128	-2 936	-2 863	-9 531
Other comprehensive income					
Currency translation differences on foreign operations	685	20	410	54	-1 594
Fair value changes of cash flow hedges	-16	-425	47	-962	-1 731
Other reclassifications	72	-3	69	-12	-20
Income tax on other comprehensive income	616	105	896	236	906
Other comprehensive income, total	-13	-303	1 422	-684	-2 440
Total comprehensive income for the period	-2 658	-1 431	-1 514	-3 547	-11 972

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

- a. Share capital
- b. Share premium account
- c. Invested non-restricted equity fund
- d. Own shares
- e. Translation differences
- f. Fair value reserves
- g. Retained earnings
- h. Total

EUR 1 000	a.	b.	c.	d.	e.	f.	g.	h.
Total equity on 1 Jan. 2012	11 860	24 681	97 054	-43	-637	-440	-23 737	108 737
Profit/loss for the period							-2 936	-2 936
Other comprehensive income					1 318	35	69	1 422
Share-based payments							7	7
Total equity 30 Jun. 2012	11 860	24 681	97 054	-43	681	-405	-26 597	107 230

EUR 1 000	a.	b.	c.	d.	e.	f.	g.	h.
Total equity at 1 Jan. 2011	11 860	24 681	9 708	-163	515	828	-14 143	33 286
Profit/loss for the period							-2 863	-2 863
Other comprehensive income					40	-712	-12	-684
Share-based payments							13	13
Conveyance of own shares				120			-69	51
Total equity at 30 Jun. 2011	11 860	24 681	9 708	-43	555	116	-17 074	29 803

EUR 1 000	a.	b.	c.	d.	e.	f.	g.	h.
Total equity at 1 Jan. 2011	11 860	24 681	9 708	-163	515	828	-14 143	33 286
Profit/loss for the period							-9 531	-9 531
Other comprehensive income					-1 152	-1 268	-20	-2 440
Share-based payments							26	26
Share issue			87 346					87 346
Conveyance of own shares				120			-69	51
Total equity at 31 Dec. 2011	11 860	24 681	97 054	-43	-637	-441	-23 737	108 737

CASH FLOW STATEMENT

EUR 1 000	1-6/2012	1-6/2011	1-12/2011
Operations			
Operating profit	2 884	-572	-4 829
Total adjustments	12 066	3 868	9 459
Cash flow before change in working capital	14 951	3 296	4 630
Change in working capital	-3 399	2 764	1 907
Financial items	-4 679	-3 240	-9 833
Taxes paid	-1 432	-1	397
Cash flow from operations	5 441	2 819	-2 898
Investment payments			
Investments in tangible and intangible assets	-1 426	-2 501	-4 231
Investments in acquired business operations			-139 810
Proceeds from disposal of fixed assets and other proceeds	1 868	190	1 628
Cash flow from investing activities	441	-2 311	-142 414
Financing			
Non-current loans drawn		2 765	148 250
Repayments of non-current loans	-2 467	-737	-48 563
Repayments of capital loans	-920	-2 000	-4 160
Repurchase and conveyance of own shares		51	51
Share issue			87 346
Cash flow from financing	-3 387	79	182 924
Change in cash and cash equivalents *	2 495	587	37 613

* Includes also the change in restricted financial assets.

KEY FIGURES	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
Net sales, change, % *	165.4	-3.5	160.1	1.7	23.0
Gross profit, % **	4.7	4.6	6.4	4.4	3.7
Operating profit, % **	-0.3	0.1	1.3	-0.7	-2.3
Financial income and expenses, % **	-2.2	-3.4	-2.3	-3.5	-2.4
Profit before income taxes, %**	-2.5	-3.3	-1.0	-4.1	-4.7
Profit for the period, % **	-2.3	-2.6	-1.3	-3.3	-4.5
Earnings/share, EUR	-0.01	-0.02	-0.01	-0.06	-0.11
Equity/share, EUR			0.44	0.63	0.44
Cash flow from operations/share, EUR			0.02	0.06	-0.03
Return on equity (ROE), %			-5.4	-18.2	-20.9
Return on invested capital (ROI), %			2.1	-1.3	-3.7
Equity ratio, %			31.5	24.8	32.2
Gearing, %			109.8	192.9	111.0
Gross investments, EUR 1 000			1 206	2 377	3 964
Depreciation, EUR 1 000			9 844	4 013	9 835
Impairment losses, EUR 1 000			2 700		

* Compared with the corresponding period of the previous year.

** As of net sales.

SEGMENT REPORTING
Wiping

EUR 1 000	1-6/2012	1-6/2011	Change%	1-12/2011
Net sales				
- Codi Wipes	25 396	27 571	-7.9	55 623
- Nonwovens	175 067	28 560	513.0	99 182
- eliminations	-2 508	-3 042	-17.6	-5 431
Total	197 955	53 090	272.9	149 374
Operating profit before impairment losses	7 625	-238		-3 072
% of net sales	3.9	-0.4		-2.1
Operating profit	4 925	-238		-3 072
% of net sales	2.5	-0.4		-2.1
Assets	259 761	73 898		242 028
Liabilities	57 610	17 809		49 616
Net assets	202 152	56 089		192 412
Investments	916	886		1 910
Depreciation	7 701	2 440		6 524
Average personnel	751	341		418
Impairment losses	2 700			

Flexibles

EUR 1 000	1-6/2012	1-6/2011	Change%	1-12/2011
Net sales	26 671	33 580	-20.6	64 848
Operating profit	-908	-47		-69
% of net sales	-3.4	-0.1		-0.1
Assets	39 496	46 496		44 372
Liabilities	9 718	11 429		11 175
Net assets	29 778	35 067		33 197
Investments	193	1 417		1 851
Depreciation	1 462	1 556		3 049
Average personnel	456	494		479

Non-allocated items

EUR 1 000	1-6/2012	1-6/2011	1-12/2011
Net sales	-457	-496	-873
Operating profit	-1 132	-287	-1 688
Assets	41 113	1 943	51 685
Liabilities	165 812	63 296	168 557
Investments	97	73	203
Depreciation	681	18	262
Average personnel	9	11	10

NET SALES BY MARKET AREA

EUR 1000	1-6/2012	1-6/2011	1-12/2011
Finland	11 922	13 660	27 547
Europe, other	102 255	65 550	141 622
North and South America	103 631	5 948	41 665
Other countries	6 361	1 015	2 515
Net sales, total	224 169	86 173	213 350

QUARTERLY FIGURES

EUR 1 000	III/2011	IV/2011	I/2011	II/2012	III/2011-II/2012
Net sales					
Wiping					
- Codi Wipes	14 936	13 116	13 118	12 278	53 447
- Nonwovens	12 189	58 433	85 673	89 394	245 689
- eliminations	-778	-1 611	-1 333	-1 175	-4 897
Total	26 347	69 937	97 458	100 496	294 239
Flexibles	16 210	15 059	13 906	12 766	57 940
Non-allocated items	-227	-149	-278	-180	34
Net sales, total	42 330	84 847	111 087	113 082	351 346
Operating profit					
Wiping	-1 674	-260	3 751	3 874	5 691
% of net sales	-6.4	-0.4	3.8	3.9	1.9
Flexibles	340	-69	-576	-816	-1 121
% of net sales	2.1	-0.5	-4.1	-6.4	-1.9
Non-allocated items	-72	672	-468	-664	-532
Operating profit before non-recurring costs	-1 406	344	2 707	2 394	4 038
% of net sales	-3.3	-0.4	2.4	2.1	1.1
Non-recurring items	-492	-2 702	484	-2 700	-5 410
Operating profit, total	-1 899	-2 359	3 190	-306	-1 373
% of net sales	-4.4	-2.8	2.9	-0.3	-0.4
Net financial expenses	-1 255	-938	-2 731	-2 494	-7 418
Profit before income taxes	-3 153	-3 297	459	-2 800	-8 791

TAXES FOR THE PERIOD UNDER REVIEW

Income tax expense is calculated on the basis of taxable results and income tax rates by country.

INFORMATION ON RELATED PARTIES

Suominen has related party relationships with the members of the Board of Directors, and the members of the Corporate Executive Team, and Ahlstrom Corporation. The company has no investments in associated companies. Salaries paid to the related parties amounted to EUR 772 thousand, obligatory pension payments EUR 55 thousand and share-based payments EUR 7 thousand.

Other related-party transactions

EUR 1 000	1-6/2012	1-6/2011	1-12/2011
Sales of goods and services	10 280		1 402
Purchases of goods and services	23 968		1 517
Trade and other receivables	1 680		5 337
Trade and other payables	2 831		2 370

Other related-party transactions are transactions with Ahlstrom.

MOVEMENTS IN BORROWINGS

EUR 1 000	1-6/2012	1-6/2011
Total borrowings on 1 January	161 730	61 282
Current loans from financial institutions on 1 January	19 929	17 000
Change in current loans from financial institutions	1 342	-564
Current loans from financial institutions on 30 June	21 271	16 436
Commercial papers on 1 January		988
Change in commercial papers		
Commercial papers on 30 June		988
Non-current loans on 1 January	139 961	37 294
Change in non-current loans	-1 107	2 576
Non-current loans on 30 June	138 854	39 870
Capital loans on 1 January	1 840	6 000
Change in capital loans	-920	-2 000
Capital loans on 30 June	920	4 000
Total borrowings on 30 June	161 045	61 294

CHANGES IN FIXED ASSETS

EUR 1 000	1-6/2012		1-6/2011		1-12/2011	
	Tangible	Intangible	Tangible	Intangible	Tangible	Intangible
Carrying value at the beginning of the period	139 886	13 146	53 873	776	53 873	776
Business combinations					89 124	12 584
Investments	1 143	64	2 232	78	3 678	220
Decreases	-1 401		-967		-1 226	
Depreciation	-11 779	-767	-3 907	-106	-9 399	-436
Translation differences and other changes	2 496	194	-45		3 836	1
Carrying value at the end of the period	130 345	12 636	51 186	747	139 886	13 146

CONTINGENT LIABILITIES

EUR 1 000	1-6/2012	1-6/2011	12/2011
For own debt			
Secured loans	157 409	56 435	158 264
Nominal values of pledges			
Real estate mortgages	23 019	26 045	22 914
Floating charges	215 299	50 000	211 515
Pledged subsidiary shares and loans	216 274	82 982	213 554
Other own commitments			
Operating leases, real estates	28 743	11 902	29 532
Operating leases, machinery and equipment	2 523	5 462	3 482
Guarantee commitments	1 231	1 894	1 432

NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1 000	1-6/2012	1-6/2011	12/2011
Currency derivatives			
Nominal value	14 053	6 464	8 501
Fair value	67	-17	11
Interest rate derivatives			
Nominal value	77 706	9 333	76 492
Fair value	-288	-14	-216
Electricity derivatives			
Nominal value	2 525	3 596	2 860
Fair value	-470	127	-458

Helsinki, 17 July 2012

SUOMINEN CORPORATION

Board of Directors

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Mr. Arto Kiiskinen, Vice President and CFO, tel. +358 (0)10 214 300

Suominen supplies industry and retailers with nonwovens wet wipes, and flexible packaging for use in consumer products that people use every day – through two business areas: Wiping and Flexibles.

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