



Suominen Corporation
Interim report 1 Jan–30 Jun 2013

17 July 2013



Suominen
Creating Convenience

Suominen Corporation Interim Report 17 July 2013 at 9:00am (EEST)

**SUOMINEN CORPORATION'S INTERIM REPORT FOR JANUARY 1 – JUNE 30, 2013:
NET SALES FROM CONTINUING OPERATIONS CONTINUED TO GROW, OPERATING PROFIT
EXCLUDING NON-RECURRING ITEMS DOUBLED**

KEY FIGURES	4-6/ 2013	4-6/ 2012	1-6/ 2013	1-6/ 2012	1-12/ 2012
Net sales, EUR million, continuing operations	107.7	102.4	219.4	201.7	410.4
Operating profit before non-recurring items, EUR million, continuing operations	4.3	2.1	9.3	4.6	12.9
Operating profit, EUR million, continuing operations	4.3	-0.6	9.3	2.4	7.4
Profit/loss for the period, EUR million, continuing operations	0.4	-2.8	1.6	-3.3	-5.2
Profit/loss for the period, EUR million, discontinued operations	-17.0	0.2	-17.1	0.3	-6.6
Profit/loss for the period, EUR million, total	-16.6	-2.6	-15.5	-2.9	-11.9
Earnings/share, EUR, continuing operations	0.00	-0.01	0.01	-0.01	-0.02
Earnings/share, EUR, discontinued operations	-0.07	0.00	-0.07	0.00	-0.03
Earnings/share, EUR, total	-0.07	-0.01	-0.06	-0.01	-0.05
Cash flow from operations/share, EUR *	0.01	0.05	0.00	0.02	0.10
Return on invested capital (ROI), % *	-4.3	-0.6	-4.3	-0.6	0.4
Gearing, % *	121.4	109.8	121.4	109.8	101.0

* Including discontinued operations.

All figures in this interim report refer to continuing operations of the Group unless otherwise stated. The figures are compared with those of the corresponding period in 2012, unless otherwise stated. In accordance with IFRS 5, the comparison data of the balance sheets have not been revised and, consequently, include both non-allocated items and discontinued operations.

Highlights in April - June 2013:

- Net sales from the continuing operations grew by 5% and amounted to EUR 107.7 million (102.4)
- Operating profit excluding non-recurring items from the continuing operations increased by 103% to EUR 4.3 million (2.1)
- Suominen agreed to divest its Codi Wipes business unit to Value Enhancement Partners investment company. The deal was closed on 15 July 2013. In this interim report, Codi Wipes is reported in discontinued operations.
- Suominen revises its previous estimate, announced on 17 June 2013, on the net sales development. The company expects its net sales of the continuing operations for the full year 2013 to remain at or slightly exceed the level of 2012. Previously, Suominen estimated that its net sales of the continuing operations for the full year 2013 would remain at the level of 2012. Operating profit excluding non-recurring items is expected to improve from year 2012.

Nina Kopola, President and CEO, commenting on Suominen's second quarter:

"In the European markets, consumers' confidence in their personal financial situation continued to improve slightly according to the euro-area consumer confidence index. North America, Suominen's other main market, saw a more marked rise in the consumer confidence index. However, the development prospects of the general economic situation are still uncertain, especially in Europe.

Suominen's business operations continued to develop positively in the second quarter. Net sales from the Group's continuing operations increased to EUR 107.7 million and operating profit, excluding non-

recurring items, more than doubled to EUR 4.3 million.

We decided to divest our wet wipes business unit, Codi Wipes, to Value Enhancement Partners investment company. The deal clarifies our position as a leading manufacturer of nonwovens in the wipes value chain, and we can now concentrate even more intensively on further strengthening this position as part of our 'In the Lead' strategy. The transaction was closed in July after the end of the reporting period.

We also continued to implement our strategy steadfastly through several other measures, which will increase the share of products with higher added value in our portfolio. In April, we launched two new nonwoven products for higher value-added industrial and household wiping applications. In June, we decided to invest approximately EUR 2.5 million in capacity expansion at the Windsor Locks plant in the USA. The production line that will be renewed is focused on manufacturing Hydraspun® Dispersible nonwovens. The product is flushable as defined in the guidelines issued by the industry associations, European Disposables and Nonwovens Association (EDANA) and The Association of the Nonwoven Fabrics Industry (INDA). With this investment, we will be even better able to respond to the increasing demand for these technically advanced nonwoven materials.

During the reporting period, progress was also made in the strategic development programs launched in our Nonwovens business in the first quarter. The goals of these programs are to harmonize and enhance processes in our supply chain and to improve product development further, which will enable us to accelerate our customers' operations and increase the share of products with higher added value in our portfolio, in keeping with our strategy.

Net sales from the Wiping segment's continuing operations grew to EUR 93.1 million (89.4). The segment's operating profit, excluding non-recurring items, improved from EUR 3.6 million in the corresponding period to EUR 5.8 million in the reporting period. The operating margin continued to increase and was 6.2%.

In the Flexibles segment, the implementation of the extensive business turnaround program initiated at the turn of the year continued. Despite a tight competitive situation, the segment's net sales grew by 14% to EUR 14.6 million. The segment's operating profit, excluding non-recurring items, improved on the corresponding period, but was still negative."

GROUP NET SALES AND FINANCIAL RESULT (CONTINUING OPERATIONS)

April–June 2013

In the second quarter of 2013, Suominen's net sales from continuing operations grew by 5% from the comparison period and amounted to EUR 107.7 million (102.4). Operating profit before non-recurring items from continuing operations was EUR 4.3 million (2.1) and after them EUR 4.3 million (-0.6). Suominen did not report any non-recurring items during the reporting period. Profit before taxes from continuing operations was EUR 2.5 million (-3.1) and profit after taxes EUR 0.4 million (-2.8).

The increase in net sales was particularly attributable to the favorable demand for nonwovens materials in North American market. In Wiping segment, the sales volumes grew from the comparison period, but the continued fierce competition, especially in Europe, put pressure on the sales prices.

The Flexibles segment continued to execute the extensive business recovery program, initiated at the turn of the year. The segment increased its net sales in tight competition. Operating profit developed to the right direction, even though remained negative in the quarter.

Cash flow from operations in April–June was EUR 2.9 million (11.9).

January–June 2013

In the first half of the year, Suominen's net sales from continuing operations grew by 9% from the comparison period to EUR 219.4 million (201.7). Operating profit before non-recurring items from continuing operations was EUR 9.3 million (4.6) and after them EUR 9.3 million (2.4). Suominen did not report any non-recurring items during the reporting period. Profit before taxes from continuing operations was EUR 5.2 million (-2.8) and profit after taxes EUR 1.6 million (-3.3).

Cash flow from operations was EUR 0.8 million (5.4) in January - June. As of the beginning of the year,

EUR 5.7 million (3.4) in working capital has been tied up, representing 2.6% of the net sales. The increase in the tied working capital reflects the growth in sales. Capital expenditure was kept at a low level.

DIVESTMENT OF CODI WIPES BUSINESS UNIT AND REPORTING IN DISCONTINUED OPERATIONS

In June 2013, Suominen agreed to sell its Codi Wipes business unit, focused on wet wipes manufacturing, to Value Enhancement Partners investment company. The transaction was announced on 17 June 2013 and the deal was closed on 15 July 2013. Due to the divestment, Codi Wipes business unit has been classified as an asset held for sale and reported in discontinued operations. In the previous interim reports, Codi Wiped was reported as part of Suominen's Wiping segment.

Due to the divestment, Suominen recognized a non-recurring loss of EUR 16.8 million in the second quarter result of its discontinued operations. The profit after taxes from discontinued operations was EUR -17.0 million (0.2) in April-June, and EUR -17.1 million (0.3) in January-June.

GROUP RESULT (INCLUDING DISCONTINUED OPERATIONS)

The Group result in April-June including the discontinued operations was EUR -16.6 million (-2.6).

The Group result in January-June including the discontinued operations was EUR -15.5 million (-2.9).

COMPLETION OF THE HOME AND PERSONAL BUSINESS ACQUISITION

The acquisition of the Brazilian unit belonging to the Home and Personal business operations acquired from Ahlstrom at the end of 2011 has been delayed. Suominen and Ahlstrom are continuing to examine the prerequisites and alternatives for completing the transaction.

FINANCING

The Group's interest-bearing net liabilities amounted to EUR 98.0 million (117.7) at the end of the review period. In accordance with the company's financing agreements, the net debt to EBITDA ratio was not to exceed 4.4 and the gearing ratio not to exceed 135% in the end of the second quarter. At the end of the second quarter, on 30 June 2013, the net debt to EBITDA was 2.7 and the gearing ratio 121.4%.

In January-June, net financial expenses were EUR 4.1 million (5.2), or 1.9% (2.6%) of net sales. A total of EUR 5.7 million was tied up in working capital (3.4). Trade receivables amounting to EUR 13.9 million (12.4) were sold to the bank. The equity ratio was 31.0% (31.5%). Cash flow from operations was EUR 0.8 million (5.4), representing a cash flow of EUR 0.00 per share (0.02).

CAPITAL EXPENDITURE

The gross investments of the continued operations totaled EUR 1.4 million (1.2). Planned depreciation amounted to EUR 8.3 million (9.8). Wiping segment accounted for EUR 0.4 million (0.6), Flexibles segment for EUR 0.7 million (0.2) and the parent company for EUR 0.3 million (0.1) of the total capital expenditure. The investments in Wiping segment were in maintenance. The Flexibles segment invested in new laser perforation equipment. The capital expenditure of discontinued operations, i.e. Codi Wipes business unit, amounted to EUR 0.2 million (0.3) and were for maintenance.

NET SALES AND FINANCIAL RESULT IN SEGMENTS

Wiping segment (continuing operations)

The Wiping segment of Suominen consists of one business unit, Nonwovens. The business unit supplies nonwovens as roll goods for wiping products and medical applications. In the previous interim reports, also the Codi Wipes business unit, focused on converting nonwovens into wet wipes, was reported in the Wiping segment.

April - June 2013

The net sales of the Wiping segment from continuing operations grew by 4% and totaled EUR 93.1 million

(89.4) in April -June 2013. The Wiping segment generated 86% of the Group net sales. The operating profit of the segment from the continuing operations before non-recurring items was EUR 5.8 million (3.6) and after them 5.8 (0.9). The segment did not report any non-recurring items during the reporting period.

The increase in net sales was particularly attributable to the favorable demand for nonwovens materials in North American market. In wiping, the sales volumes grew from the comparison period, but the continued fierce competition, especially in Europe, put pressure on the sales prices.

Suominen decided to invest approximately EUR 2.5 million in capacity expansion of high value added nonwovens at the Windsor Locks plant in the United States. The investment increases Suominen's production capacity particularly in the growing segment of flushable products. The investment project will begin in the latter half of 2013.

January-June 2013

The net sales of the Wiping segment from continuing operations grew by 9% to EUR 190.4 million (175.1). The main application areas for nonwoven materials were distributed to baby wipes (accounting for 42% of the sales), personal care wipes (23%), household wipes (18%), and industrial wipes (11%). The share of baby wipes declined, while the share of wipes for personal care increased from the corresponding period. The operating profit of the segment from the continuing operations before non-recurring items was EUR 10.2 million (7.2) and after them 10.2 (4.5). The segment did not report any non-recurring items during the reporting period.

Flexibles segment

The Flexibles segment produces printed plastic film materials for consumer packaging for industry and trade, as well as security and system packaging, for example for companies in the security business and for paper wholesalers.

April-June 2013

In April-June 2013, net sales of the Flexibles segment totaled EUR 14.6 million (12.8), showing an increase of 14% from the previous year. The Flexibles segment generated 14% of the Group net sales. The segment's operating profit was EUR -0.6 million (-0.8) excluding non-recurring items and EUR -0.6 million (-0.8) including them. The segment did not report any non-recurring items during the reporting period.

The Flexibles segment succeeded in increasing its net sales in tight competition. Also its operating profit developed to right direction from the comparison period, even though it remained negative in the quarter. Flexibles continues to execute the extensive business recovery program.

January-June 2013

In January-June 2013, net sales of the Flexibles segment totaled EUR 29.0 million (26.7), showing an increase of 9% from the previous year. The share of hygiene and food packaging increased to 72% of the segment's net sales, while the sales of retail packaging and security & system packaging declined from the comparison period. The operating profit during the first half of the year was EUR -0.6 million (-1.4) before non-recurring items and EUR -0.6 million (-0.9) after them. The segment did not report any non-recurring items during the reporting period.

INFORMATION ON SHARES AND SHARE CAPITAL

Share capital

The registered number of Suominen's issued shares totals 245,934,122 shares, equaling a share capital of EUR 11,860,056.00.

Annual General Meeting

The Annual General Meeting (AGM) of Suominen Corporation was held on 26 March, 2013. The General Meeting decided that no dividend will be paid for the financial year 2012.

The AGM adopted the financial statements and the consolidated financial statements for the financial year 2012 and discharged the members of the Board of Directors and the President and CEO from liability.

The AGM confirmed the number of members of the Board of Directors to be five (5). The AGM re-elected Mr Risto Anttonen, Mr Jorma Eloranta, Ms Suvi Hintsanen, Mr Hannu Kasurinen and Mr Heikki Mairinoja as the members of the Board of Directors for the next term of office, that expires at the end of the first Annual General Meeting of Shareholders following their election. In its constitutive meeting, the Board of Directors elected Jorma Eloranta as its Chairman and Risto Anttonen as Deputy Chairman.

PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as auditor, with Heikki Lassila, Authorized Public Accountant, as the principal auditor of Suominen Corporation.

The AGM resolved to amend the section 1 of the Articles of Association of the company so that the domicile of the company is Helsinki. In addition, the AGM decided that the second sentence regarding the venue of a General Meeting will be deleted from section 10 of the Articles of Association.

The AGM resolved to establish a permanent Nomination Committee. The Nomination Committee consists of the three largest shareholders or representatives of the three largest shareholders of the company and the Chairman of the Board of Directors of Suominen Corporation.

The AGM authorized the Board of Directors to decide on the repurchase of the company's own shares and to decide on a share issue and issuance of special rights entitling to shares.

Establishment of permanent committees

Suominen Corporation's Board of Directors decided on April to establish audit and remuneration committees for the Board.

The main tasks of the Audit Committee relate to ensuring the company's good governance, accounting and financial reporting, internal control systems and monitoring of third-party auditing. The Audit Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on certain matters. Suominen Corporation's Board of Directors elected Hannu Kasurinen as Chairman and Suvi Hintsanen and Heikki Mairinoja as members of the Audit Committee from among the Board's members. In future, the Chairman and members of the committee will be elected annually at the Board's constitutive meeting. At least three members will be elected to the committee. The members of the Audit Committee must be independent of the company, and at least one member must be independent of the company's significant shareholders.

The Remuneration Committee of Suominen Corporation's Board of Directors will prepare the remuneration and appointment matters concerning the company's President and CEO and other members of senior management, as well as principles and procedures related to remuneration of the company's employees. The Remuneration Committee will prepare for the Board matters that fall under its areas of responsibilities, but it does not have independent decision-making powers unless the Board resolves otherwise on individual matters. Suominen Corporation's Board of Directors elected Jorma Eloranta as Chairman and Risto Anttonen as member of the Remuneration Committee from among the Board's members. In future, the Chairman and members of the committee will be elected annually at the Board's constitutive meeting. The minimum number of committee members is two, which deviates from recommendation 22 of the Finnish Corporate Governance Code, which states that Board committees must have at least three members. Suominen Corporation's Board of Directors states that, taking into consideration the number of members of the Board and the scope and nature of the company's business operations, the Remuneration Committee is able to effectively handle the matters assigned to it with only two members. The majority of the members of the Remuneration Committee must be independent of the company. The President and CEO or a member of the company's or Group's management may not be a member of the Remuneration Committee.

Share trading and price

The number of Suominen Corporation shares traded on NASDAQ OMX Helsinki from 1 January to 30 June 2013 was 2,835,267 shares, accounting for 1.2% of the share capital and votes. The trading price varied between EUR 0.34 and EUR 0.60. The closing trading price was EUR 0.53, giving the company a

market capitalization of EUR 130,313,127 on 30 June 2013.

Own shares

On 1 January 2013 and on 30 June 2013, Suominen Corporation held 60,298 of its own shares, accounting for 0.0% of the share capital and votes.

Stock options

Option right holders hold 100,000 of Suominen's 2009B stock options. During the reporting period 100,000 2009B stock options were returned to the company. The subscription period for the 2009B stock options is from 2 May 2012 to 30 October 2013 and the subscription price is EUR 0.96.

As the registered number of Suominen's issued shares totals 245,934,122, the number of shares may rise to a maximum of 246,034,122 after stock option subscriptions.

Share-based rewards

The target group of Suominen's share-based incentive plan consists of approximately 14 employees. The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 5,050,000 Suominen Corporation shares, including also the cash-settled part. The aim of the plan is to combine the objectives of the shareholders and key employees in order to increase the value of the company, to commit the key employees to the company, and to offer them a competitive reward plan based on long-term shareholding in the company. The plan includes one performance period, the calendar years 2012–2014. The potential reward from the performance period will be based on Suominen Group's cumulative Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and cumulative cash flow, and it will be paid in 2015 partly in the company's shares and partly in cash.

Authorizations of the Board of Directors

The Annual General Meeting authorized the Board of Directors to repurchase a maximum of 3,000,000 of the company's own shares. The authorization shall be valid until 30 June 2014. The Board of Directors is also authorized 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 authorization shall be valid until 30 June 2016.

BUSINESS RISKS AND UNCERTAINTIES

Suominen and Ahlstrom continue to negotiate the prerequisites and alternatives for completing the transaction of the Brazilian unit of Ahlstrom's Home and Personal business. The conditions for achieving a solution are that a common agreement be reached on the acquisition and that financiers approve of the acquisition and its financing. However, the delay or cancellation of the acquisition of the Brazilian unit would not cause financial losses for Suominen.

The estimate on the development of Suominen's net sales is in part based on forecasts and delivery plans received from customers. Changes in these forecasts and plans resulting from changes in the market conditions or in customers' inventory levels may affect Suominen's net sales. Due to the continued uncertainty in the general economic situation and the cautious consumer purchasing habits, the forecasts include uncertainty.

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

The continued positive development of Suominen's business operations in the United States increases the relevance of the exchange rate risk related to USD in the Group's total exchange risk position. Suominen hedges this foreign exchange position in accordance with its hedging policy.

Suominen purchases significant amounts of oil and pulp-based raw materials annually. Raw materials are

the largest cost item for operations. Rapid changes in the global market prices of raw materials affect the company's profitability. Extended interruptions in the supply 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, particularly in Europe. If Suominen is not able to compete through 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.

The Group's damage risks are insured in order to guarantee the continuity of operations. Suominen has valid damage and business interruption insurance according to which it is estimated that the damages can be covered and the financial losses caused by an interruption compensated.

Suominen's credit arrangements include covenants that the company must meet. At the end of 2013, Suominen's net debt to EBITDA ratio may not exceed 3.6 and the company's gearing ratio must be less than 125%. In this interim report, these key figures are 2.7 and 121.4%.

The sensitivity of Suominen's goodwill to changes in business conditions is described in the notes to the financial statements 2012. Actual cash flows may deviate from the forecasted future discounted cash flows, as the long economic lifetime 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 the value in use of assets or businesses in total or in part does 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 the Board of Directors 2012.

BUSINESS ENVIRONMENT

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. Europe and North America are the main market regions for Suominen.

In the European markets, the consumer confidence index continued to improve slightly in the euro area. North America, Suominen's other main market, saw a more marked rise in the consumer confidence index. However, the development prospects of the general economic situation are still uncertain, especially in Europe.

Suominen assesses 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 in 2013, demand for its products will remain at the level of 2012.

Suominen will continue to implement its strategy and executes within this framework two separate business development programs. The goals of these programs are to harmonize the supply chain processes and to further improve product development, which will enable Suominen to accelerate its customers' operations and increase the share of products with higher added value in its portfolio, in keeping with its strategy.

EVENTS AFTER THE REVIEW PERIOD

Suominen Corporation completed the divestment of the Codi Wipes business unit on 15 July 2013. Due to the divestment, Suominen recognized, in accordance with the IFRS 5 standard, a non-recurring loss of MEUR 16.8 in the second quarter result of its discontinued operations.

The Board of Directors of Suominen Corporation has, based on the authorization granted by the Annual General Meeting of Shareholders, resolved on the issuance of 2,000,000 new shares to the company itself without consideration in accordance with chapter 9 section 20 of the Companies Act. The new shares are estimated to be registered in the trade register on 15 August 2013, after which the company will without delay apply for the admission of the shares to public trading on the stock exchange list of NASDAQ OMX Helsinki Ltd. The purpose of the issue of shares to the company itself is to have own

shares held by the company available for the payment of the portion of the annual remuneration of the Members of the Board of Directors, which shall be paid in shares of the company, and for the payment of the share rewards possibly payable based on the company's share based incentive plan. The share rewards possibly payable based on the company's current share based incentive plan for the years 2012 – 2014 will be paid in the year 2015.

OUTLOOK FOR 2013

Suominen estimates that its net sales for the full year 2013 from continuing operations will remain at or slightly exceed the level of 2012. Operating profit excluding non-recurring items is expected to improve from year 2012. In 2012, Suominen's net sales from continuing operations were EUR 410.4 million. Group operating profit excluding non-recurring items, as reported in the Financial Statements of 2012, was EUR 13.7 million

SUOMINEN GROUP CONSOLIDATED 1 JANUARY – 30 JUNE 2013

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting. The principles for preparing the interim report are the same as those used for preparing the financial statements for 2012, and this interim report should be read parallel to the financial statements for 2012. Changes to published accounting standards and interpretations, together with the new accounting standards that came into force on 1 January 2013, are presented in the financial statements for 2012.

All calculations in this interim report have been prepared in compliance with the revised IAS 1 standard, 'Presentation of Financial Statements'. This standard is aimed at improving users' ability to analyze 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.

According to the revised IAS 19 standard 'Employee Benefits', which came into force on January 1, 2013, the corridor method is not applied to actuarial gains and losses, and changes in actuarial gains and losses are recognized in other comprehensive income. Net interest expenses are determined by multiplying the net debt (or receivables) with the interest rate used in discounting, and the difference between the real return on assets and the return calculated using the interest rate used in discounting is recognized in other comprehensive income. Previously unrecognized actuarial gains and losses are also recognized in other comprehensive income. The same applies to other long-term employee benefits, although changes in recognized items are recorded through profit or loss. The process concerning termination benefits, particularly the date when the entity recognizes its liability for termination benefits, is also defined in more detail.

The IAS 19 standard is not expected to have a material impact on Suominen's financial statements or operating result. The standard does, however, require retroactive application for the financial statement figures of comparison years. Thus, the net debt of the Group's defined benefit pensions and the statement of comprehensive income from the 2012 comparison year has, as a result of the elimination of the corridor approach to recognize actuarial gains and losses, been changed to reflect the retroactive application. As a result of the revision to IAS 19, the Group's pension liabilities increased from EUR 845 thousand to EUR 1,092 thousand as of the December 31, 2012 financial statements, and actuarial losses of EUR 247 thousand for the comparison period have been recognized in the other comprehensive income statement items of the 2012 comparison data.

The figures in this interim report have not been audited.

BALANCE SHEET	EUR 1,000	30 Jun 2013	30 Jun 2012	31 Dec 2012
Assets				
Non-current assets				
Goodwill		15,496	35,222	26,715
Intangible assets		11,647	12,636	12,529
Tangible assets		106,009	130,345	118,019
Available-for-sale financial assets		19	19	19
Held-to-maturity investments		441	453	466
Deferred tax assets		6,241	3,399	6,067
Non-current assets, total		139,853	182,074	163,816
Current assets				
Inventories		36,494	43,981	42,431
Trade receivables		52,428	54,541	45,328
Other current receivables		9,708	14,009	11,772
Income tax receivables		730	2,413	1,293
Financial assets on escrow			25,000	
Cash at bank and in hand		7,318	18,352	14,301
Current assets, total		106,678	158,296	115,125
Assets held for sale		13,525		
Assets, total		260,056	340,370	278,940
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	97,054	97,054
Fair value and other reserves		-731	-449	-1,253
Translation differences		-613	681	-549
Other shareholders' equity *		-51,555	-26,597	-35,782
Shareholders' equity, total *		80,696	107,230	96,011
Liabilities				
Non-current liabilities				
Deferred tax liabilities		5,165	1,913	5,653
Provisions		605	280	280
Other non-current liabilities *		1,325	1,362	1,282
Interest-bearing liabilities		85,742	138,854	90,027
Non-current liabilities, total		92,837	142,409	97,242
Current liabilities				
Interest-bearing liabilities		23,570	21,271	20,571
Capital loans			920	920
Income tax liabilities		1,611	2,566	737
Trade payables and other current liabilities		55,892	65,974	63,460
Current liabilities, total		81,073	90,731	85,688
Liabilities, total		173,910	233,140	182,930
Liabilities related to assets held for sale		5,450		
Shareholders' equity and liabilities, total		260,056	340,370	278,940

* Data from comparison period revised.

STATEMENT OF INCOME

EUR 1,000	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012
Net sales	107,691	102,386	219,361	201,688	410,358
Cost of goods sold	-96,745	-95,330	-196,970	-186,466	-376,269
Gross profit	10,946	7,056	22,391	15,222	34,088
Other operating income	266	2,524	1,008	4,496	6,838
Sales and marketing expenses	-1,708	-1,657	-3,593	-3,346	-6,878
Research and development	-787	-555	-1,735	-1,189	-3,593
Administration expenses	-4,033	-5,206	-8,248	-10,318	-16,945
Other operating expenses	-414	-55	-550	-240	-568
Operating profit before non-recurring items	4,270	2,107	9,273	4,625	12,942
Non-recurring items		-2,700		-2,216	-5,499
Operating profit	4,270	-593	9,273	2,409	7,443
Financial income and expenses	-1,785	-2,468	-4,123	-5,178	-10,474
Profit before income taxes	2,485	-3,061	5,150	-2,769	-3,031
Income taxes	-2,072	221	-3,545	-488	-2,200
Profit/loss for the period, continuing operations	413	-2,840	1,605	-3,257	-5,231
Discontinued operations					
Profit/loss for the period	-221	195	-311	321	637
Impairment loss recognized on the remeasurement to fair value and cost to sell	-16,760		-16,760		-7,278
Profit/loss for the period, discontinued operations	-16,981	195	-17,071	321	-6,641
Profit/loss for the period	-16,568	-2,645	-15,466	-2,936	-11,872
Earnings/share, EUR					
Continuing operations	0.00	-0.01	0.01	-0.01	-0.02
Discontinued operations	-0.07	0.00	-0.07	0.00	-0.03
Total	-0.07	-0.01	-0.06	-0.01	-0.05

STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012
Profit/loss for the period	-16,568	-2,645	-15,466	-2,936	-11,872
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences on foreign operations	-1,643	-685	-169	410	-438
Fair value changes of cash flow hedges	388	-16	691	47	-1,007
Other reclassifications	-160	72	-328	69	-6
Total	-1,415	-629	194	526	-1,451
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gains and losses *					-247
Total					-247
Income tax on other comprehensive income	83	616	-64	896	765
Total other comprehensive income	-1,332	-13	130	1,422	-933
Total comprehensive income for the period	-17,900	-2,658	-15,336	-1,514	-12,805
Total comprehensive income arises from:					
Continuing operations	-919	-2,853	1,735	-1,835	-6,164
Discontinued operations	-16,981	195	-17,071	321	-6,641
Total comprehensive income for the period	-17,900	-2,658	-15,336	-1,514	-12,805

* Data from comparison period revised.

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 at 1 Jan 2013	11,860	24,681	97,054	-43	-549	-1,210	-35,783	96,011
Profit/loss for the period							-15,466	-15,466
Other comprehensive income					-64	522	-328	130
Share-based payments							21	21
Total equity at 30 Jun 2013	11,860	24,681	97,054	-43	-613	-687	-51,556	80,696
EUR 1,000	a.	b.	c.	d.	e.	f.	g.	h.
Total equity at 1 Jan 2012	11,860	24,861	97,054	-43	-637	-441	-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 at 30 Jun 2012	11,860	24,681	97,054	-43	681	-406	-26,597	107,230
EUR 1,000	a.	b.	c.	d.	e.	f.	g.	h.
Total equity at 1 Jan 2012	11,860	24,681	97,054	-43	-637	-441	-23,737	108,737
Profit/loss for the period							-11,872	-11,872
Other comprehensive income *					88	-769	-253	-934
Share-based payments							79	79
Total equity at 31 Dec 2012	11,860	24,681	97,054	-43	-549	-1,210	-35,783	96,011

* Data from comparison period revised.

CASH FLOW STATEMENT

EUR 1,000	1-6/2013	1-6/2012	1-12/2012
Operations			
Operating profit	-7,863	2,884	947
Total adjustments	20,862	12,066	31,775
Cash flow before change in working capital	13,000	14,951	32,722
Change in working capital	-5,658	-3,399	4,961
Financial items	-3,884	-4,679	-9,705
Taxes paid	-2,693	-1,432	-3,040
Cash flow from operations	764	5,441	24,938
Investment payments			
Investments in tangible and intangible assets	-1,823	-1,426	-3,619
Proceeds from disposal of fixed assets and other proceeds	48	1,868	2,115
Cash flow from investing activities	-1,775	441	-1,504
Financing			
Repayments of non-current loans	-7,625	-2,467	-38,713
Repayments of capital loans	-920	-920	-920
Change in current loans	6,300		-10,550
Cash flow from financing	-2,245	-3,387	-50,183
Change in cash and cash equivalents *	-3,255	2,495	-26,749
Cash and cash equivalents	14,301	40,887	40,887
Unrealized exchange rate differences	312	-32	164
Change in cash and cash equivalents	-3,255	2,495	26,749
Cash and cash equivalents	11,358	43,351	14,301
Assets held for sale, cash and cash equivalents	-4,040		
Cash and cash equivalents, continuing operations	7,318		

* Also includes the change in financial assets on escrow.

KEY FIGURES	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012
Net sales, change, % *	5.2	230.9	8.8	227.2	151.5
Gross profit, % **	10.2	6.9	10.2	7.5	8.3
Operating profit, % **	4.0	-0.6	4.2	1.2	1.8
Financial income and expenses, % **	-1.7	-2.4	-1.9	-2.6	-2.6
Profit before income taxes, % **	2.3	-3.0	2.3	-1.4	-0.7
Profit for the period, % **	-15.4	-2.6	-7.1	-1.5	-2.9
Earnings/share, EUR, continuing operations	0.00	-0.01	0.01	-0.01	-0.02
Earnings/share, EUR, discontinued operations	-0.07	0.00	-0.07	0.00	-0.03
Earnings/share, EUR, total	-0.07	-0.01	-0.06	-0.01	-0.05
Equity/share, EUR			0.33	0.44	0.39
Cash flow from operations/share, EUR			0.00	0.02	0.10
Return on equity (ROE), % ***			-24.9	-12.6	-11.2
Return on invested capital (ROI), %			-4.3	-0.6	0.4
Equity ratio, % ***			31.0	31.5	34.4
Gearing, % ***			121.4	109.8	101.0
Gross investments, EUR 1,000, continuing operations			1,417	927	3,298
Depreciation, EUR 1,000, continuing operations			8,312	8,811	17,518
Impairment losses, EUR 1,000, continuing operations				2,700	5,538
* Compared with the corresponding period of the previous year.					
** As of net sales.					
*** Data from comparison period revised.					
Non-current interest-bearing liabilities			85,742	138,854	90,027
Current interest-bearing liabilities			23,570	22,191	21,491
Interest-bearing receivables, continuing operations			-7,318	-43,352	-14,301
Interest-bearing receivables, discontinued operations			-4,040		
Interest-bearing net liabilities			97,955	117,693	97,217

DISCONTINUED OPERATIONS

EUR 1,000	1-6/2013	1-6/2012	1-12/2012
Net sales	22,626	25,396	49,436
Costs	-23,046	-24,968	-55,868
Profit before income taxes from discontinued operations	-420	428	-6,432
Income taxes	109	-107	-209
Profit after income taxes from discontinued operations	-311	321	-6,641
Impairment loss recognized on the remeasurement to fair value and cost to sell	-16,670		
Profit/loss for the period from discontinued operations	-17,071	321	-6,641

Assets held for sale

Tangible and intangible assets	81
Inventories	5,672
Trade receivables and other current receivables	3,733
Cash at bank and in hand	4,040
Total	13,525

Liabilities related to assets held for sale

Other liabilities	361
Trade payables and other current liabilities	5,089
Total	5,450

Cash flow from discontinued operations

Cash flow from operations	1,490
Cash flow from investing activities	-254
Change in cash and cash equivalents	1,236

SEGMENT REPORTING
Wiping (continuing operations)

EUR 1,000	1-6/2013	1-6/2012	Change %	1-12/2012
Net sales	190,361	175,067	8.7	357,873
Operating profit before non-recurring items	10,220	7,150	42.9	18,014
% of net sales	5.4	4.1		5.0
Operating profit	10,220	4,450	129.6	12,031
% of net sales	5.4	2.5		3.4
Assets	179,850	205,243		180,256
Liabilities	45,762	50,778		47,176
Net assets	134,089	154,465		133,082
Investments	553	637		1,899
Depreciation	6,228	6,668		13,270
Impairment losses		2,700		5,538
Average personnel	527	598		594

Flexibles

EUR 1,000	1-6/2013	1-6/2012	Change %	1-12/2012
Net sales	28,998	26,671	8.7	52,698
Operating profit before non-recurring items	-601	-1,392	56.9	-2,786
% of net sales	-2.1	-5.2		-5.3
Operating profit	-601	-908	33.9	-2,302
% of net sales	-2.1	-3.4		-4.4
Assets	37,478	37,333		35,668
Liabilities	9,870	9,718		8,634
Net assets	27,607	27,616		27,034
Investments	697	193		554
Depreciation	1,347	1,462		2,868
Average personnel	476	456		453

Non-allocated items

EUR 1,000	1-6/2013	1-6/2012	1-12/2012
Net sales	2	-50	-213
Operating profit	-346	-1,134	-2,286
Assets *	29,203	97,794	63,015
Liabilities *	118,279	172,644	127,121
Investments *	167	377	1,555
Depreciation *	738	1,713	3,468
Impairment losses *			7,278
Average personnel *	18	163	173

* Following the IFRS 5 standard the data for the comparison periods is not restated but includes non-allocated items and discontinued operations.

NET SALES BY MARKET AREA

EUR 1,000	1-6/2013	1-6/2012	1-12/2012
Finland	11,759	11,714	23,677
Europe, other	90,318	82,431	166,329
North and South America	112,435	102,099	210,249
Other countries	4,849	5,444	10,156
Net sales, total	219,361	201,688	410,412

QUARTERLY FIGURES

EUR 1 000	Q3/2012	Q4/2012	Q1/2013	Q2/2013	Q3/2012- Q2/2013
Net sales					
Wiping	97,917	84,890	97,233	93,129	373,168
Flexibles	12,658	13,369	14,427	14,571	55,024
Non-allocated items	-25	-134	11	-9	-107
Net sales, total, from continuing operations	110,549	98,121	111,670	107,691	428,031
Operating profit					
Wiping	8,122	2,741	4,458	5,762	21,083
% of net sales	8.3	3.2	4.6	6.2	5.6
Flexibles	-576	-818	1	-602	-1,994
% of net sales	-4.5	-6.1	0.0	-4.1	-3.6
Non-allocated items	-901	-252	544	-879	-1,498
Operating profit before non-recurring items	6,645	1,672	5,003	4,270	17,590
% of net sales	6.0	1.7	4.5	4.0	4.1
Non-recurring items	-445	-2,838			-3,283
Operating profit, total	6,200	-1,166	5,003	4,270	14,307
% of net sales	5.6	-1.2	4.5	4.0	3.3
Net financial expenses	-2,928	-2,367	-2,338	-1,785	-9,418
Profit before income taxes	3,272	-3,533	2,665	2,485	4,889

TAXES FOR THE PERIOD UNDER REVIEW

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

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, including its subsidiaries and associated companies. The company has no investments in associated companies. Salaries paid to the related parties amounted to EUR 983 thousand, obligatory pension payments EUR 52 thousand, voluntary pension payments EUR 52 thousand and share-based payments EUR 70 thousand.

Other related-party transactions

EUR 1,000	1-6/2013	1-6/2012	1-12/2012
Sales of goods and services	9,140	10,280	19,653
Purchases of goods and services	31,134	23,968	54,191
Trade and other receivables	1,551	1,680	1,049
Trade and other payables	1,416	2,831	2,165

Other related-party transactions are transactions with Ahlstrom Corporation and its subsidiaries and associated companies.

CHANGES IN BORROWINGS

EUR 1,000	1-6/2013	1-6/2012	1-12/2012
Total borrowings on 1 January	111,518	161,730	161,730
Current loans from financial institutions on 1 January	20,571	19,929	19,929
Change in current loans from financial institutions	2,999	1,342	642
Current loans from financial institutions on 30 June	23,570	21,271	20,571
Non-current loans on 1 January	90,027	139,961	139,961
Change in non-current loans	-4,284	-1,107	-49,934
Non-current loans on 30 June	85,742	138,854	90,027
Capital loans on 1 January	920	1,840	1,840
Change in capital loans	-920	920	-920
Capital loans on 30 June	0	920	920
Total borrowings on 30 June	109,313	161,045	111,518

CHANGES IN FIXED ASSETS

EUR 1,000	1-6/2013		1-6/2012		1-12/2012	
	Tangible	Intangible	Tangible	Intangible	Tangible	Intangible
Book value at the beginning of the period	118,019	12,529	139,886	13,133	139,886	13,333
Investments	1,091	326	1,143	64	3,261	747
Decreases	-18		-1,377		-1,385	
Discontinued operations	-5,365	-115				
Depreciation	-7,556	-756	-11,779	-767	-23,603	-1,542
Translation differences and other changes	-163	-337	2,473	7	-140	-8
Book value at the end of the period	106,009	11,647	130,345	12,636	118,019	12,529

CONTINGENT LIABILITIES

EUR 1,000	1-6/2013	1-6/2012	12/2012
For own debt			
Secured loans	106,154	157,409	107,861
Nominal values of pledges			
Real estate mortgages	27,042	23,019	27,045
Floating charges	190,624	215,299	193,988
Pledged subsidiary shares and loans	209,172	216,274	209,160
Other own commitments			
Operating leases, real estates	24,700	28,743	27,177
Operating leases, machinery and equipment	2,798	2,523	2,705
Guarantee commitments	1,433	1,231	1,199

FINANCIAL ASSETS BY CATEGORY

- a. Financial assets at fair value through profit or loss
- b. Held-to-maturity investments
- c. Loans and receivables
- d. Available-for-sale financial assets
- e. Derivatives held for hedge accounting
- f. Book value
- g. Fair value

Classes by instruments' nature

EUR 1,000	a.	b.	c.	d.	e.	f.	g.
Available-for-sale financial assets				19		19	19
Held-to-maturity investments		427				427	427
Trade receivables			52,428			52,428	52,428
Other receivables	23		128		6	157	157
Cash and cash equivalents			7,318			7,318	7,318
Total at 30 Jun 2013	23	427	59,874	19	6	60,349	60,349

Classes by instruments' nature

EUR 1,000	a.	b.	c.	d.	e.	f.	g.
Available-for-sale financial assets				19		19	19
Held-to-maturity investments		466				466	466
Trade receivables			45,328			45,328	45,328
Other receivables	60		590			650	650
Cash and cash equivalents			14,301			14,301	14,301
Total at 31 Dec 2012	60	466	60,220	19		60,763	60,763

Principles in estimating fair value for financial assets for 2013 are the same as those used for preparing the financial statements for 2012.

FINANCIAL LIABILITIES

EUR 1,000	30 Jun 2013		31 Dec 2012	
	Book value	Fair value	Book value	Fair value
Non-current				
Loans from financial institutions	84,885	84,869	88,884	88,901
Pension loans	857	869	1,143	1,185
Total	85,742	85,737	90,027	90,085
Current *)				
Repayment of non-current liabilities				
Loans from financial institutions	22,999	23,041	20,000	20,054
Pension loans	571	601	571	611
Capital loans			920	924
Derivatives not held for hedge accounting	65	65	62	62
Derivatives held for hedge accounting	992	992	1,822	1,822
Trade payables	43,977	43,977	46,381	46,381
Total	68,605	68,677	69,756	69,854
Total	154,347	154,414	159,783	159,939

*) In the balance sheet under current liabilities.

Principles in estimating fair value for financial liabilities for 2013 are the same as those used for preparing the financial statements for 2012.

FAIR VALUE MEASUREMENT HIERARCHY

EUR 1,000	Level 1	Level 2	Level 3
Assets measured at fair value			
Assets held for sale			19
Total			
Derivatives measured at fair value			
Currency derivatives		-42	
Interest rate derivatives		-599	
Electricity derivatives		-387	
Total			
		-1,028	

Principles in estimating fair value for financial assets and their hierarchies for 2013 are the same as those used for preparing the financial statements for 2012.

ANALYST AND PRESS CONFERENCE

Nina Kopola, President and CEO, and Tapio Engström, CFO, will present the financial result in Finnish at an analyst and press conference in Helsinki today, on Wednesday, 17 July at 12.00 (noon) Finnish time. The conference will take place at Sokos Hotel Vaakuna, Kaivokatu 3 (10th floor), Helsinki. The presentation material will be available after the analyst and press conference at www.suominen.fi/financial_presentations.

NEXT INTERIM REPORT

Suominen will publish its Interim report for January-September 2013 on October 23, 2013 approximately at 8.30 EEST.

Helsinki, 17 July 2013

SUOMINEN CORPORATION
Board of Directors

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Suominen in brief

Suominen supplies its industrial and retail customers with nonwovens and flexible packaging for use in consumer products worldwide. Suominen is the global market leader in nonwovens for wipes. The company employs more than 1,000 people in Europe and in the United States. Suominen's net sales in 2012 amounted to MEUR 410.4 and operating profit excluding non-recurring items was MEUR 12.9 (continuing operations). The Suominen share (SUY1V) is listed in NASDAQ OMX Helsinki Stock Exchange. Read more at www.suominen.fi.