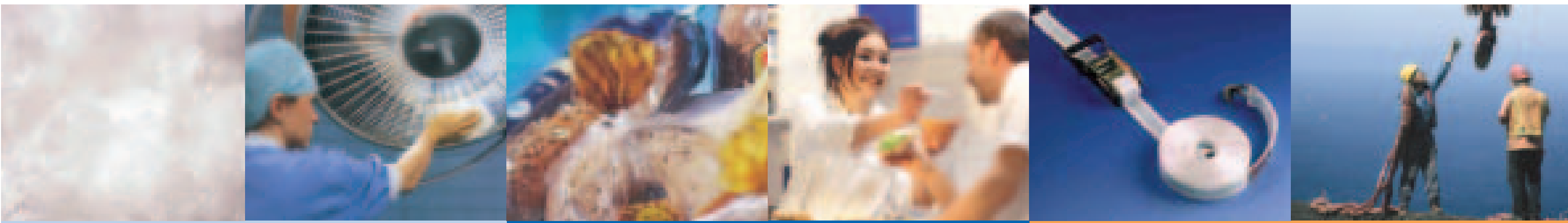
Suominen

Annual Report 2002



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Interim Report January 1 – March 31, issued April 23, 2003
Interim Report January 1 – June 30, issued July 21, 2003
Interim Report January 1 – September 30, issued October 22, 2003

The Annual Report and the Interim Reports are also available on the company's Internet pages at the address www.suominencorporation.com.

The English Annual Report is a translation from the Finnish original, which will prevail in case of any dispute.

Annual General Meeting

The Annual General Meeting of Suominen Corporation will be held on Wednesday, March 12, 2003, at 4 p.m. in the Savoy Restaurant, Eteläesplanadi 14, Helsinki.

Notice of attendance at the Annual General Meeting is requested by 4 p.m. on Thursday, March 6, 2003, either in writing to Suominen Corporation, P.O. Box 380, 33101 Tampere, by fax at +358 10 214 3536, by e-mail at minna.lehtonen@suominencorporation.com, or by telephone at +358 10 214 3535.

To our Shareholders

Suominen's customers comprise leading manufacturers in the hygiene, health care and food product industries and transport companies. We operate in areas where markets are continuing to expand and consolidate. A decreasing number of growing and more expert customers are operating in an ever-larger geographical area. They are also concentrating their purchasing with a smaller number of suppliers, which are in turn the best and most competent in the sector.

The best suppliers are those whose products and operations are of a high standard, who maintain competitive cost structures, who cater sufficiently to customer needs, and who possess the capacity to achieve profitable growth through collaborative development with their customers. Suominen seeks to be one of them.

Strategy

Our goal is to grow more rapidly than the markets in all our business areas – to increase our market shares. We aim to double our net sales by 2010. We are focusing on collaboration with customers and on product and process development. Our aim is to supply development to our customers and we are channelling our operations into products and industries with potential for growth.

In the Nonwovens business area, we are seeking growth in wiping, wound care, and incontinence products. All of these sectors have the potential for growth, and in Europe, Suominen has a strong market position in each one of them. In Flexible Packaging, our goal is to increase sales, especially of packaging for hygiene products and food products. Tamper-evident security bags are another rapidly growing product area. Fast increasing demand for packaging in East Central Europe and Russia will provide abundant scope for Flexible Packaging, and we seek to exploit this opportunity. In Webbing Products, we shall seek growth in particular from disposable lashing products.

Suominen has modern and competitive production capacity in all product lines. Further improvements will be made in the quality of operations and products and cost effectiveness will be increased by concentrating production at the most efficient units, where overall costs are lowest, and by simplifying and standardising operations through the quality system. The goal is to improve productivity more rapidly than our competitors, to reduce unit costs, and to increase our competitiveness and relative profitability by enhancing the structural efficiency of operations.

Structure

Suominen's operations are based on a lean organisation and on trust in people, throughout the company. By lean, we mean that Suominen seeks to minimise purely administrative functions; management must take place close to the action, on the level of everyday operations. To this end, we introduced a business area organisation at the beginning of March 2003. The business areas Nonwovens, Flexible Packaging, and Webbing Products – are each responsible for their own operations and financial performance. They are supported by common product and process development, purchasing and logistics, and a compact group administration.

Trust is between people – it is the trust of management in personnel and vice versa. Trust cannot be decided; it must instead be an outgrowth of personal experience. In building trust, the responsibility of management, mine and that of others, is crucial. A clear management system, clear goals, regular communication, the opportunity to bear responsibility and to be rewarded for good performance create an atmosphere of confidence in which people try, achieve good results, and enjoy job satisfaction.

Dividends

Suominen's policy on dividends is based on financial performance. Shareholders are entitled to that part of profits not required to secure the sound development of the company. For the second consecutive year, the Board of Directors of Suominen Corporation has decided to propose to the Annual General Meeting payment of the entire profit as a dividend to shareholders. The company's profitability in 2002 was good and cash flow from operations strong. The equity ratio increased to 47.0 % and gearing decreased to 66.5 %. Solidity substantially exceeds the target set for it. The proposed dividend will bring solidity closer to the desired level and the efficiency of the financial structure will improve.

As presented above, Suominen's strategy will require a considerable increase in investment above the low level of previous years. Nevertheless, the dividend will not restrict Suominen's planned growth or the investment required for it. Another factor related to the dividend proposal is the uncertainty surrounding taxation of dividends. At present, there is no reason from the shareholders' perspective to increase tax surpluses, i.e. post-tax retained earnings.

Heikki Bergholm
President and CEO

2002 in Brief

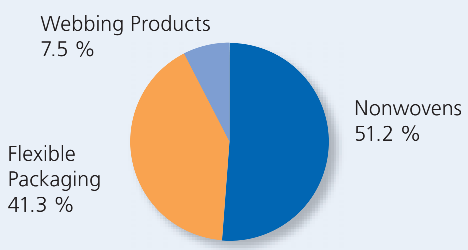
Suominen is a company serving the consumer goods industry. Suominen comprises three business areas: Nonwovens, Flexible Packaging and Webbing Products. Customers are leading manufacturers of hygiene, health care and food products. The company's shares are quoted on the main list of the Helsinki Exchanges.

Key Figures

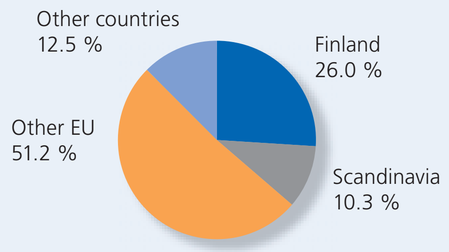
	2002	2001 Pro forma
Net sales, € million	**174.8**	174.1
International operations, € million	**129.4**	125.6
Gross profit, € million	**27.1**	22.0
as % of net sales	**15.5**	12.6
Operating profit, € million	**17.4**	12.2
as % of net sales	**10.0**	7.0
Profit before tax, € million	**15.1**	9.3
Profit for the period, € million	**10.8**	6.5
Earnings/share, €	**0.68**	0.41
Dividend/share, € *	**0.70**	0.40
Cash flow from operations/share, €	**1.38**	1.66
Return on invested capital (ROI), %	**15.6**	10.3
Return on equity (ROE), %	**17.9**	10.9
Equity ratio %	**47.0**	43.5
Gearing %	**66.5**	81.5
Equity/share, €	**4.07**	3.86
P/E ratio	**8.7**	14.6

* Proposal by the Board of Directors

Net sales



Sales by market area



"Suominen´s first business year with the present company structure"

"Profitablity improved"

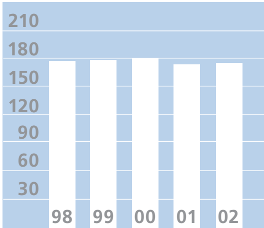
"Growth in Nonwovens thanks to wiping product materials"

"Flexible Packaging on previous year´s level"

"Webbing Products continues streamlining of operations"

Financial Targets

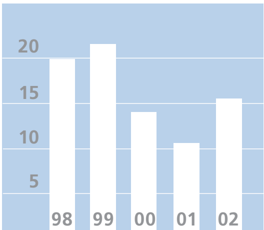
Net sales, million €



Growth

The markets of the Company's business areas will continue to grow and consolidate. Company growth in excess of growth in demand is both a condition for success and a consequence of it. Growth is primarily organic. Acquisitions will be considered if they are related to present operations and aim to increase market share or expand markets. Compatibility and impact on earnings per share are the criteria.

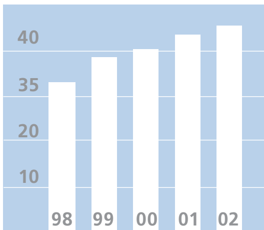
Return on invested capital (ROI), %



Profitability

The company's profitability target is a return on invested capital and shareholders' equity of 15 %. This will require both a good financial performance and effective management of capital.

Equity, %

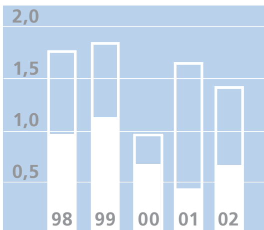


Equity Ratio

The aim is to have the equity ratio at approximately 40 % and gearing at approximately 100 %.

Earnings/share, €

Cash flow/share, €



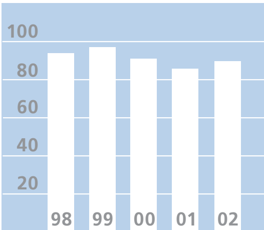
Dividends

The amount of the dividend will depend on the profit for the financial period. That part of the profit not required to ensure a sound growth of the company will be paid out in dividends.

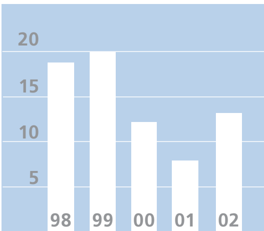
- Hygiene products: customers are manufacturers of diapers, sanitary napkins and incontinence products.
- Wiping products: customers manufacture wet wipes used in personal hygiene and beauty care; industrial applications of Suominen products include wiping and cleaning.
- Health care products: customers are mainly manufacturers of wound-care products.

The mission of Suominen Nonwovens is to make every day living easier for people throughout life and to increase comfort and cleanliness. Suominen develops and manufactures nonwovens for the world's leading manufacturers of hygiene, health care and wiping products.

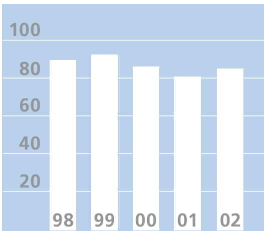
Net sales, million €



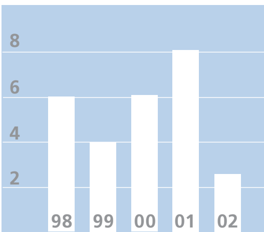
Operating profit, million €



Exports and international operations, million €



Investments, million €



In Europe, Suominen has a significant market in all its product areas. Nonwovens are also supplied to the North American market.

Net sales of Suominen Nonwovens increased on the previous year. Modernisation of the hydroentanglement lines begun in 2001 was continued. Part of production capacity was not in use for a good two months. Thanks to modernisation, product quality rose, runnability of the hydroentanglement lines improved, and capacity increased.

Demand for hydroentangled products continued to increase on the European market. This was particularly true of wiping products, and here sales increased substantially over 2001. Although production capacity in the industry increased, there was no change in the competition situation thanks to growth in demand.

Sales of thermally bonded hygiene product materials decreased because the product range was reduced from that of the previous year. Sales of health care products also declined on 2001.

Prices of oil-based raw materials began to rise after a stable first quarter and did not level off until autumn. Sales prices lagged behind changes in raw material prices because of price provisos included in the sales agreements. Profitability during the year reflected the price fluctuations.

Close collaboration with customers in product development continued during the year and transport logistics were improved. Significant new customer relationships were also established.

Net sales in 2002 amounted to EUR 89.4 million. Exports and international operations accounted for EUR 85.5 million of net sales. Operating profit came to EUR 13.0 million, which is EUR 5.2 million more than in the previous year. Gross investment amounted to EUR 2.6 million. Nonwovens employed an average of 288 persons in 2002.

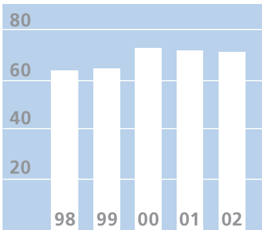
In 2003, Suominen Nonwovens will concentrate on increasing sales. Modernisation of production lines will improve product quality and the competitiveness of the business area.

Suominen Flexible Packaging

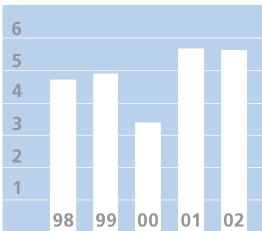
- Packaging for hygiene products, including packaging for tissue and for personal hygiene products
- Packaging for food products, for example baked goods and frozen foods
- Retail service packaging, including a variety of bags and carrier bags
- Special packaging such as tamper-evident security bags and bags for the electronics industry

Suominen Flexible Packaging's mission is to ensure hygienic handling of products, increase their shelf-life, facilitate their transport and help consumers to recognise them. Suominen manufactures flexible packaging for use by industry and trade.

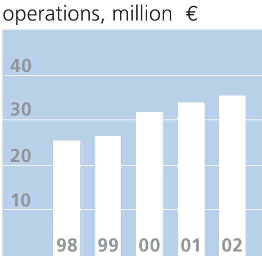
Net sales, million €



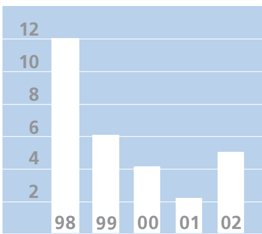
Operating profit, million €



Exports and international operations, million €



Investments, million €



Suominen Flexible Packaging concentrates on products characterised by a high standard of hygiene and cleanliness and high-quality printing.

For Flexible Packaging, net sales as well as operating profit were on the previous year's level. Deliveries of packaging for hygiene products and food products increased on the previous year. Demand increased strongly in Russia and Poland. In special packaging, sales of tamper-evident security bags and tape bags grew substantially, especially in the East European countries. In contrast, deliveries of retail packaging declined on 2001. Although the market situation for flexible packaging worsened and competition intensified, Suominen Flexible Packaging maintained its strong position in Finland and Scandinavia, the principal markets.

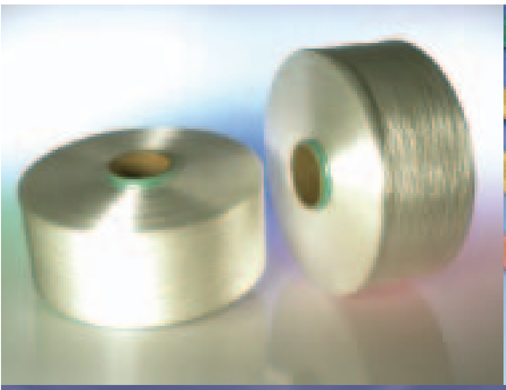
Prices for oil-based raw materials varied greatly during the year. Average prices for the entire year were slightly below those of 2001.

In response to declining sales volumes and intensified competition, operational efficiency was improved by concentrating and standardising production. The piping bags business was sold during the second half of the year. Development of the Polish plant has proceeded on schedule and a new printing press came on stream in summer 2002.

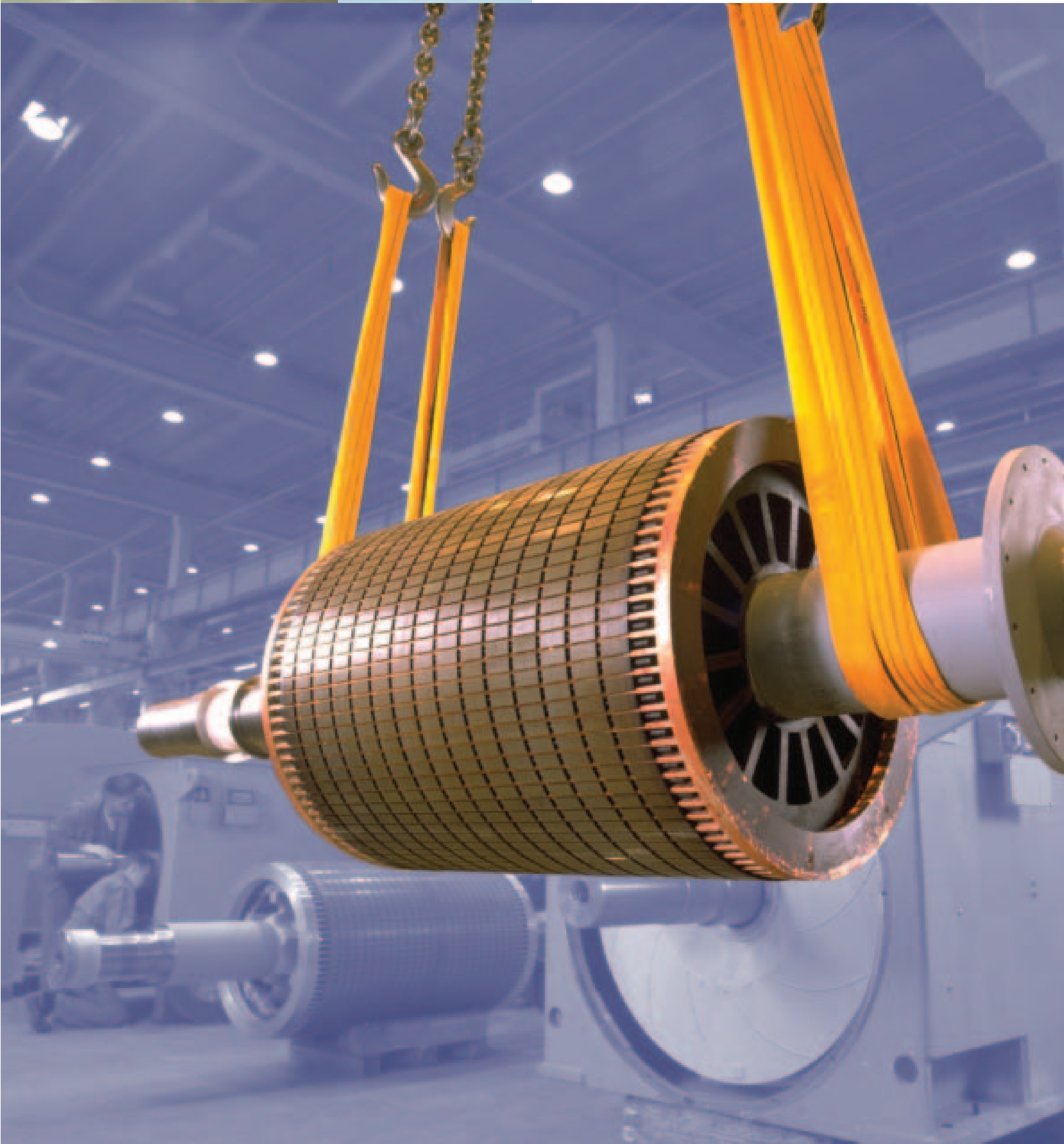
Net sales in 2002 were EUR 72.1 million. Exports and international operations accounted for EUR 36.0 million. Operating profit came to EUR 5.6 million, which is 0.1 million euros less than in the previous year. Gross investment totalled EUR 5.1 million. Flexible Packaging employed an average of 652 persons in 2002.

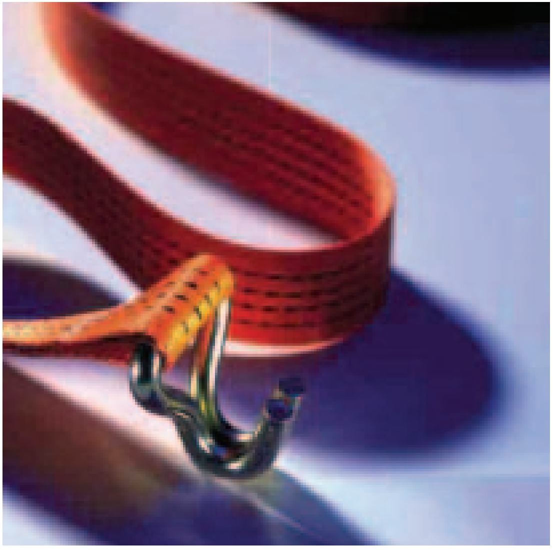
In 2003, Suominen Flexible Packaging will concentrate on improvement of profitability and growth, especially on the markets of Russia, the Baltic countries, and Poland. The sales organisation in Russia and Poland has been strengthened.

Suominen Webbing Products



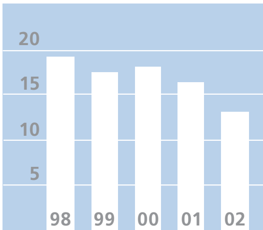
- Products for materials handling: customers are mainly carriers and industry.
- Narrow fabrics: customers are the clothing industry and the retail trade. A large proportion of products is sold through distribution chains.



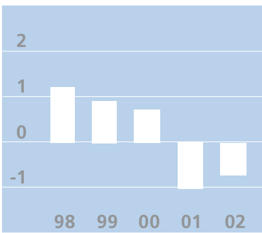


The mission of Suominen Webbing Products is to ensure safe handling of loads during lifting and transport. Webbing Products also serve the textile industry. Products include lashing and lifting products, roundslings, and narrow fabrics for the textile industry.

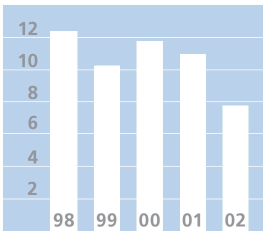
Net sales, million €



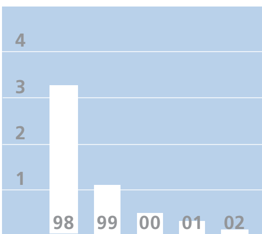
Operating profit, million €



Exports and international operations, million €



Investments, million €



Suominen Webbing Products have a significant market position as a supplier of materials handling products in Finland and the Nordic countries. Narrow fabrics are manufactured mainly for the Finnish clothing industry.

Sales of Webbing Products declined by nearly 20 per cent on the previous year. Demand for materials handling products remained flat through the past year as a result of low volumes in the industry using the products and reduced transport.

In narrow fabrics, exports accounted for a larger percentage as the Finnish clothing industry continued to shift production to countries with lower costs.

The business area showed a loss. Costs were adjusted to the reduced level of operations mainly during the first half of the year. The number of both blue-collar and white-collar employees was reduced, subcontracted services cut, and introduction of the new production control system accelerated. The effects of improved logistics and strict cost control were apparent in more efficient operations during the second half of the year.

The sharp increase in the price of the polypropylene used by Webbing Products during the second quarter hampered sales of products manufactured from this raw material. The situation levelled off during the second half of the year.

In 2002, net sales amounted to EUR 13.1 million. Exports and international operations accounted for EUR 8.2 million of net sales. Operating loss amounted to EUR -0.7 million as opposed to a loss of EUR -1.0 million the previous year. Gross investment totalled EUR 0.1 million. Webbing Products employed an average of 155 persons in 2002.

In 2003, Suominen Webbing Products will concentrate on improving profitability by developing sales functions and export distribution channels and by increasing the structural efficiency of operations. Sales of products refined from polypropylene yarn will be increased, in keeping with strategy.

Safety, Environment, Quality

The high quality of Suominen's products and operations and motivated personnel provide a solid foundation for its customer-oriented and successful business. Constant improvement of operations is promoted with encouragement and systematic training of personnel, by ensuring a safe working environment and by providing adequate and functional resources.

Morover, it is company policy to openly inform all stakeholders concerned about quality, safety and environmental issues.

Safety

The guiding principle of Suominen is that all accidents are avoidable. The aim is to improve safety in the long-term and to maintain good working capacity. Recording near misses, analysing accidents and implementing corrective measures are essential in constant improvement of operations. The number and severity of accidents are followed systematically, and immediate action is taken if target levels are exceeded.

The number and severity of accidents that occurred in the Nonwovens business area in 2002 decreased significantly as a result of concerted preventive measures. One of the most important goals of Flexible Packaging in 2003 will be to improve safety programmes and reduce accidents.

Good working capacity is promoted at the company facilities by offering personnel opportunities for physical exercise. Personnel health care services have been purchased from outside occupational health care providers.

Environment

Suominen endorses the principles of the International Chamber of Commerce Business Charter for Sustainable Development. It is the company's policy in environmental protection to constantly improve operations - laws and regulations establish only the minimum level. The aim is to reduce the environmental impact each year relative to output. Product and process development takes the environmental and safety concerns of new products and production methods into account in the planning stage. The objective is to provide customers with products that meet their demands while using all raw materials, energy and other resources as efficiently as possible.

To reduce the environmental impact, ways to save energy and natural resources are sought constantly. The aim is to minimise the volumes of solid waste and wastewater and emissions into the air.

The methods by which environmental impact is monitored and assessed are also improved constantly and the impact of operations is measured exhaustively. Suominen applies an ISO 14001 environmental system in its nonwovens operations.

The polypropylene yarn of webbing products and the products made with it have been awarded the Öko-Tex Standard 100 environmental certificate.

Quality

The quality management system of the Nonwovens business is ISO 9001 certified. In Flexible Packaging and Webbing Products, the quality systems will be updated in accordance with the ISO 9001:2000 standard. The objective is to have the major facilities certified during 2003 and 2004.

A high overall quality of operations is required when operating with major international customers in a quality chain that starts with raw materials and ends with a final product offered to consumers. Constant improvement of the company's systems is ensured with comprehensive internal audits and development projects.

The quality, safety and environmental protection standards of suppliers and other partners are assessed with supplier audits.

Special attention is paid to hygiene at the production facilities; after all Suominen products are supplied to the health care, hygiene and foodstuff sectors. Efficient guidelines and procedures and clean working environments are a means to ensure that production and products are hygienic. Protecting the production process and choosing suitable materials create the external conditions needed to achieve the required standard of hygiene.

Product and Process Development

Suominen's goal is to be a development supplier for its key customers, generating added value for them with its research and development work. To achieve this goal, Suominen invests in maintaining the highest standards in its product and process development. Together with sales and production, cost-effective manufacturing methods and new, innovative products for customers are developed. Product development also takes the entire supplier chain into account and works closely with key customers and suppliers of both raw materials and machinery. The focus is on the needs of end-users and customers.

Continuous investment in analytical equipment, measuring instruments and pilot lines ensures that the product development department is among the best in the industry. At the end of the year, a new hydro entanglement pilot line came on stream; Suominen now has complete lines for the development and testing of nonwovens and multi-layered films. Forty highly trained experts assure the capacity necessary to serve customers. In addition to its business competence, the department also has significant knowledge of polymer and surface chemistry. To ensure the availability of the latest knowledge, the department cooperates with international universities and research institutes.

In 2002, all business areas increased cost effectiveness by providing the same or better features with thinner and lighter products. Thin, strong and highly transparent packaging films for tissue and bread packaging were developed for a new extrusion line that came on stream in Tampere at the end of the year. Functionality and appearance have been improved in both flexible packaging and nonwovens. Formation has been increased in hydroentangled nonwovens and products can now be embossed. Embossing allows product differentiation for instance in wet wipe applications.

Close collaboration with customers in product development often means that the rights to the product belong to the customer. Investment is also made in the company's core competence, which is protected with patents.
At present, Suominen has applications pending for more than ten patents.

Financial Statements

Report by the Board of Directors

In 2002, Suominen Corporation recorded consolidated net sales of EUR 174.8 million*). Pre-tax profit totalled EUR 15.1 million compared with 9.3 million for the previous year. The return on invested capital improved and amounted to 15.6 per cent (10.3% in 2001). Suominen's profitability was up, especially due to improved performance by Nonwovens. Investments totalled EUR 8.0 million. The consolidated equity ratio was 47.0 % and gearing 66.5 %.

Earnings per share were EUR 0.68 (EUR 0.41). Cash flow from operations per share was EUR 1.38 (EUR 1.66). Payment of a dividend of EUR 0.70 per share is proposed by the Board of Directors (EUR 0.40 per share in the previous year).

Financial results

Suominen's pre-tax profit in 2002 was EUR 15.1 million (9.3). Profit after taxes was EUR 10.8 million (6.5).

The business area of Nonwovens recorded an operating profit of EUR 13.0 million (7.8) and Flexible Packaging EUR 5.6 million (5.7). Webbing Products recorded an operating loss of EUR -0.7 million (-1.0).

For Nonwovens, financial results and profitability rose. Sales volumes increased and cost effectiveness improved. Net sales grew by 5 % on the previous year. Sales of hydroentangled wiping product materials increased significantly especially in wet wipes. Sales of hygiene product materials fell on 2001 as a result of the reduced product range. Two hydroentanglement lines were renewed during the year, which improved product quality and also increased capacity to some extent. The prices of oil-based raw materials began to rise after a stable first quarter and did not level off until autumn.

For Flexible Packaging, net sales as well as operating profit were on the previous year's level. Deliveries of packaging for hygiene products and food products increased. Deliveries to Russia and Poland increased substantially. Deliveries of retail packaging declined. Measures to strengthen the cost structure were taken during the second half of the year.

For Webbing Products, the financial results continued to be negative. Net sales fell by 19 % on the previous year. Sales volumes declined as a result of rationalisation of the company's operations and slack demand for materials handling products. Savings achieved by adjustments of production were not adequate to offset the lower sales volumes.

Financing

Interest-bearing liabilities totalled EUR 46.4 million or EUR 5.5 million less than on December 31, 2001. Net financial costs were EUR 2.3 million (EUR 2.9 million). They were 1.3 per cent (1.7 %) of net sales and 13.4 per cent (23.7 %) of operating profit. EUR 3.0 million in working capital were tied up in the cash flow statement. The equity ratio was 47.0 per cent (43.5 %). The ratio of interest-bearing net liabilities to shareholders' equity (the gearing rate) was 66.5 per cent as opposed to 81.5 % a year earlier. Cash flow from operations per share was EUR 1.38 (1.66).

*) Suominen Corporation's figures in this Report are pro forma for the period of 2001 prior to the demerger of the former Lassila & Tikanoja plc.

Net Sales and Operating Profit

Net Sales

1000 €	Jan. 1 - Dec. 31, 2002	Jan. 1 - Dec. 31, 2001 Pro forma	Change %
Nonwovens	89 416	85 264	+4.9
Flexible Packaging	72 118	72 370	-0.3
Webbing Products	13 158	16 328	-19.4
Other*	118	153	
Total	174 810	174 115	+0.4

Operating Profit	Jan. 1 - Dec. 31, 2002		Jan. 1 - Dec. 31, 2001 Pro forma	
	1000 €	% of net sales	1000 €	% of net sales
Nonwovens	13 022	14.6	7 811	9.2
Flexible Packaging	5 616	7.8	5 682	7.9
Webbing Products	-683	-5.2	-986	-6.0
Other*	-559		-349	
Total	17 395	10.0	12 158	7.0

*Includes consolidation items and the parent company.

Quarterly figures

Net Sales

1000 €	I/2002	II/2002	III/2002	IV/2002	I–IV/2002
Nonwovens	20 460	21 991	23 356	23 609	89 416
Flexible Packaging	17 614	18 285	17 352	18 867	72 118
Webbing Products	3 338	3 570	2 923	3 327	13 158
Other*	30	26	29	33	118
Total	41 442	43 872	43 660	45 836	174 810
Operating Profit					
Nonwovens	2 666	3 476	3 204	3 676	13 022
% of net sales	13.0	15.8	13.7	15.6	14.6
Flexible Packaging	1 836	1 370	675	1 735	5 616
% of net sales	10.4	7.5	3.9	9.2	7.8
Webbing Products	-175	-299	-126	-83	-683
% of net sales	-5.2	-8.4	-4.3	-2.5	-5.2
Other*	-36	-195	-129	-199	-559
Total	4 291	4 352	3 624	5 129	17 395
% of net sales	10.4	9.9	8.3	11.2	10.0
Net financial expenses	-660	-646	-577	-452	-2 335
Profit before extraordinary items	3 631	3 706	3 047	4 677	15 061

*Includes consolidation items and the parent company.

Investments

The Company's gross investments in production totalled EUR 8.0 million. The previous year they were EUR 10.7 million. Depreciation according to plan was EUR 15.6 million (15.2). In Nonwovens, investments concentrated on modernisation of the hydroentanglement lines, which improved product quality and production efficiency. In Flexible Packaging, investments focused on increasing printing capacity at the plant in Poland and on increasing and renewing film extrusion capacity in Finland.

Share capital and shares

The share capital of Suominen Corporation is 7 913 154 euros, the number of shares 15 826 308, and the book countervalue of a share is 50 cents. During 2002, 6 724 598 company shares were traded on the Helsinki Exchanges. This represents 42.6 per cent of the number of shares in the share capital. The trading price varied between 6.25 and 4.52 euros. The final trading price was 6.00 euros. The market capitalisation of the company shares at year end was 94 692 648 euros.

On March 27, 2002 the company announced that Heikki Bergholm's holding of the shares and of voting power in Suominen Corporation exceeded 5 per cent.

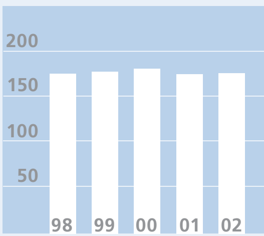
Investments by business area were as follows:

€ million	2002	2001
Nonwovens	2.6	7.9
Flexible Packaging	5.1	2.3
Webbing Products	0.1	0.3
Other	0.2	0.2
Total	8.0	10.7

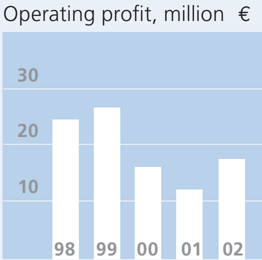
Invested capital

€ million	December 31, 2002	December 31, 2001
Fixed assets	90 309	98 674
Current assets	46 698	41 774
Deferred tax liability	-10 153	-11 829
Trade payables	-7 233	-7 140
Accruals and deferred income	-2 595	-1 335
Other current, non-interest bearing liabilities	-6 093	-7 240
Invested capital	110 933	112 904

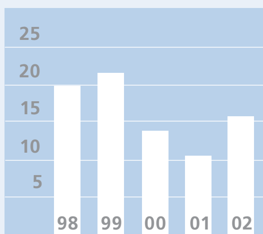
Net sales, million €



Operating profit, million €



Return on invested capital (ROI), %



Acquisition of the Company's own shares

The Annual General Meeting held on March 13, 2002 authorised the Board of Directors to decide on the acquisition of the company's own shares within one year from the Annual General Meeting of Shareholders using assets available for distribution of profits, provided that the combined par value of the shares of the Company and it's subsidiaries thus acquired does not exceed 5 per cent of the Company's total share capital at the moment of acquisition. The authorisation can be used in possible business acquisitions, to finance investments, to carry out incentive programmes and for other purposes.

The Annual General Meeting also authorised the Board of Directors to decide on the conveyance of the Company's own shares.

Within the authorisation granted to the Board of Directors, the Company acquired 44 200 of its own shares between January 1 and December 31, 2002. The average price of the shares was EUR 5.22. On December 31, 2002, Suominen Corporation held 44 200 company shares, accounting for 0.3 per cent of the share capital and votes.

Other authorisation to the Board of Directors

The Board of Directors is not currently authorised to issue shares or to launch a convertible bond or a bond with warrants.

Group structure and organisation

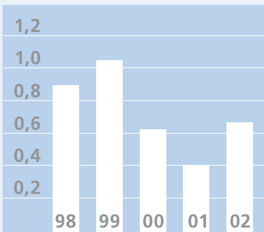
The Annual General Meeting of Shareholders re-elected Members of the Board of Directors Kari Haavisto, Pekka Laaksonen and Heikki Mairinoja. Heikki Bergholm and Matti Kavetvuo remained on the Board of Directors. Heikki Bergholm served as chairman of the Board and Matti Kavetvuo as deputy chairman until November 12, 2002, when Matti Kavetvuo became chairman and Kari Haavisto deputy chairman.

Kari Parviainen was President and CEO of the company until November 12, 2002, when he was succeeded by Heikki Bergholm.

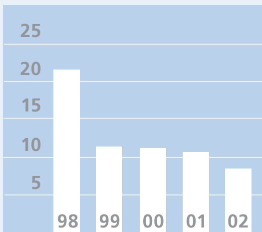
PricewaterhouseCoopers Oy, Authorised Public Accountants, with Heikki Lassila, APA, as Principal Auditor, were elected as auditors of Suominen Coporation by the Annual General Meeting of Shareholders.

Suominen has three business areas: Nonwovens, Flexible Packaging and Webbing Products. At the beginning of 2003 the former functional organisation was replaced by one in which vice presidents in charge of each business area report to the corporate President and CEO. The Senior Vice President is responsible for the corporation's key customers and business development. Product and process development, purchasing and logistics, and financial management support the functions of the entire corporation.

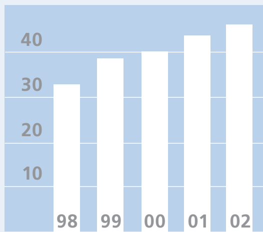
Earnings/share, €



Investments, million €



Equity ratio, %



Average full-time personnel employed

	2002	2001
Nonwovens	228	309
Flexible Packaging	652	640
Webbing Products	155	178
Other	9	8
Total	1 104	1 135

Distribution of the profit

Suominen Corporation's earnings/share were EUR 0.68. The Board of Directors will propose payment of a dividend of EUR 0.70 per share to the Annual General Meeting convening on March 12, 2003. The amount of the dividend to be paid is at the most EUR 11 078 415.60. No dividend is paid on own shares.

Prospects for 2003

Demand for Suominen's products has been rising steadily and the company's business is not particularly sensitive to cyclical fluctuations. However, if tension regarding Iraq continues to increase and the growth of world economy remains slow, there will be an impact on consumer demand in general and consequently on sales of Suominen's products. This could jeopardise demand, which is otherwise growing steadily.

Suominen's net sales in 2003 are expected to be on the same or somewhat higher level than in 2002. On the basis of contracts concluded with Nonwovens' key customers and on needs indicated by customers, sales volumes and profitability for the full year in this business area are expected be to on the level of 2002. However, due to the timing of deliveries, turnover and result for the first quarter will probably fall short of the first-quarter figure for 2002. Sales of Flexible Packaging are expected to rise, especially in Russia and East Central Europe. Webbing Products will concentrate on regaining lost market shares.

Suominen will concentrate on development of operational cost effectiveness and improvement of the cost structure. Total financial performance is expected to remain on the level of the previous year, although the risk involved in the forecast is increased by the overall state of the world economy.

Consolidated Statement of Income

Janyary 1 – December 31 € 1 000	Notes	2002	%	2001 Pro forma	%
Net sales	1	**174 810**	100.0	174 115	100.0
Cost of goods sold		**-147 752**	-84.5	-152 111	-87.4
Gross profit		**27 058**	15.5	22 004	12.6
Sales and marketing expenses		**-4 432**	-2.5	-4 194	-2.4
Administration expenses		**-5 982**	-3.4	-6 642	-3.8
Other operating income	4	**1 252**	0.7	1 550	0.9
Other operating expenses	4	**-488**	-0.3	-532	-0.3
Operating profit before depreciation on goodwill		**17 408**	10.0	12 186	7.0
Depreciation on goodwill		**-13**		-28	
Operating profit	2,3	**17 395**	10.0	12 158	7.0
Financial income and expenses	5	**-2 335**	-1.3	-2 886	-1.7
Profit before taxes		**15 060**	8.6	9 272	5.3
Income taxes	7	**-4 242**	-2.4	-2 801	-1.6
Profit for the financial year		**10 818**	6.2	6 471	3.7

Consolidated Balance Sheet

December 31 € 1 000	Notes	2002	2001
Assets			
Fixed assets			
Intangible assets	8		
Intangible rights		**125**	122
Goodwill		**15**	28
Other capitalised expenditure		**303**	486
		443	636
Tangible assets	9		
Land		**2 342**	2 433
Buildings		**28 941**	30 688
Machinery and equipment		**57 098**	60 346
Other tangible assets		**418**	599
Advance payments and construction in progress		**512**	3 547
		89 311	97 613
Financial assets	10		
Own shares		**171**	
Other shares and holdings		**384**	425
		555	425
Total fixed assets		**90 309**	98 674
Current assets			
Inventories			
Raw materials and consumables		**6 068**	5 669
Work in progress		**3 356**	3 360
Finished products/goods		**7 380**	6 901
Other inventories		**1 796**	1 635
		18 600	17 565
Non-current receivables	11		
Loan receivables			94
Current receivables	11		
Trade receivables		**21 289**	19 635
Other receivables		**124**	40
Prepaid expenses and accrued income		**3 056**	2 350
		24 469	22 025
Cash at bank and in hand		**3 629**	2 090
Total current assets		**46 698**	41 774
Total assets		**137 007**	140 448

Consolidated Balance Sheet

December 31 € 1 000	Notes	2002	2001
Shareholders' equity and liabilities			
Shareholders' equity	12,13		
Share capital		**7 913**	7 913
Share premium account		**7 518**	7 518
Revaluation reserve		**3 128**	3 128
Own shares		**231**	
Legal reserve		**2**	2
Retained earnings		**34 920**	36 006
Profit for the financial year		**10 818**	6 471
Total shareholders' equity		**64 530**	61 038
Liabilities			
Deferred tax liability	13	**10 153**	11 829
Non-current	14		
Loans from financial institutions		**21 448**	24 773
Pension loans		**9 286**	8 895
		30 734	33 668
Current			
Commercial papers		**3 976**	9 899
Loans from financial institutions		**8 334**	5 325
Pension loans		**3 359**	2 974
Advances received		**189**	91
Trade payables		**7 233**	7 140
Other liabilities		**5 904**	7 149
Accruals and deferred income		**2 595**	1 335
		31 590	33 913
Total liabilities		**72 477**	79 410
Total shareholders' equity and liabilities		**137 007**	140 448

Consolidated Statement of Changes in Financial Position

€ 1 000	**2002**	2001 Pro forma
Operations		
Operating profit	**17 395**	12 158
Adjustments:		
Depreciation	**15 618**	15 235
Unrealised exchange rate gains or losses	**54**	-125
Other adjustments	**-182**	-519
Cash flow before change in working capital	**32 885**	26 749
Change in working capital		
Increase/decrease in non-interest-bearing receivables	**-2 153**	1 734
Increase/decrease in inventories	**-1 035**	5 389
Increase/decrease in current non-interest-bearing liabilities	**131**	-386
Cash flow from operations before financial income/expenses and taxes	**29 828**	33 486
Interest expenses and other financial expenses paid	**-2 236**	-3 762
Interest received	**109**	480
Direct taxes paid	**-5 945**	-3 991
Cash flow from operations	**21 756**	26 213
Investments		
Investments in tangible and intangible assets	**-8 068**	-11 408
Proceeds from sale of tangible and intangible assets	**181**	553
Investments in financial assets	**-129**	
Proceeds from sale of financial assets		372
Dividends received	**29**	2
Cash flow from investing activities	**-7 987**	-10 481
Financing		
Changes in current liabilities	**-5 923**	3 934
Changes in non-current liabilities	**462**	-14 342
Dividends paid	**-6 332**	-7 892
Cash flow from financing activities	**-11 793**	-18 300
Changes in cash and cash equivalents	**1 976**	-2 568
Unrealised exchange rate differences	**-437**	376
Cash and cash equivalents Jan. 1	**2 090**	4 282
Cash and cash equivalents Dec. 31	**3 629**	2 090

Parent Company

Statement of Income

January 1 - December 31 € 1 000	Notes	2002	10-12 2001
Net Sales		**1 984**	421
Costs of goods sold		**-121**	-29
Gross Profit		**1 863**	392
Administration expenses		**-2 447**	-706
Other operating income	4	**25**	
Operating profit	2, 3	**-560**	-314
Financial income and expenses	5	**14 584**	-387
Profit before extraordinary items		**14 024**	-701
Extraordinary items	6	**21 150**	13 449
Profit before appropriations and income taxes		**35 174**	12 748
Appropriations			
Depreciation difference increase/decrease		**198**	-72
Income taxes	7	**-10 234**	-3 692
Profit for the financial year		**25 139**	8 984

Statement of Changes in Financial Position

January 1 - December 31 € 1 000	2002	10-12 2001
Operations		
Operating profit	**-560**	-315
Adjustments:		
Depreciation	**222**	54
Other adjustments	**-42**	-372
Cash flow before change in working capital	**-380**	-633
Change in working capital		
Increase/decrease in non-interest-bearing receivables	**-19 556**	
Increase/decrease in current non-interest-bearing liabilities	**-699**	-529
Cash flow from operations before financial income/expenses and taxes	**-20 635**	-1 162
Interest expenses and other financial expenses paid	**-1 956**	-66
Dividends received	**11 433**	1
Interest received	**930**	216
Direct taxes paid	**-369**	-2 999
Cash flow from operations	**-10 597**	-4 010
Investments		
Investments in tangible and intangible assets	**-190**	-180
Investments in financial assets	**-171**	1
Proceeds from sale of financial assets	**42**	372
Dividends received	**27**	
Cash flow from investing activities	**-292**	193
Financing		
Group contribution	**13 449**	
Changes in current liabilities	**6 503**	25 568
Changes in non-current liabilities	**-1 034**	-22 004
Dividends paid	**-6 332**	
Cash flow from financing activities	**12 586**	3 564
Changes in cash and cash equivalents	**1 697**	-253
Unrealised exchange rate differences		-1
Cash and cash equivalents Jan. 1	**1 349**	1 603
Cash and cash equivalents Dec. 31	**3 046**	1 349

Balance Sheet

December 31 € 1 000	Notes	2002	2001
Assets			
Fixed assets			
Tangible assets	9		
Land		**735**	735
Buildings		**1 168**	1 231
Machinery and equipment		**162**	157
Other tangible assets		**92**	66
		2 158	2 189
Financial assets	10		
Shares in Group companies		**48 684**	48 684
Own shares		**171**	
Other shares and holdings		**80**	80
		48 935	48 764
Total fixed assets		**51 093**	50 953
Current assets			
Non-current receivables	11		
Receivables from Group companies		**19 600**	
Loan receivables			94
Current receivables	11		
Receivables from Group companies		**18 032**	22 759
Own shares		**60**	
Prepaid expenses and accrued income		**156**	166
		18 247	22 925
Cash at bank and in hand		**3 047**	1 349
Total current assets		**40 894**	24 368
Total assets		**91 987**	75 321
Shareholders' equity and liabilities			
Shareholders' equity	12		
Share capital		**7 913**	7 913
Share premium account		**7 518**	7 518
Own shares		**231**	
Retained earnings		**13 203**	10 780
Profit for the financial year		**25 139**	8 984
Total shareholders' equity		**54 004**	35 195
Appropriations			
Depreciation difference		**382**	581
Liabilities			
Non-current	14		
Loans from financial institutions		**14 238**	14 460
Pension loans		**6 764**	5 867
		21 002	20 327
Current			
Commercial papers		**3 976**	9 899
Loans from financial institutions		**3 222**	5 316
Pension loans		**2 855**	2 469
Trade payables		**11**	45
Liabilities to Group companies			27
Other liabilities		**265**	904
Accruals and deferred income		**6 270**	558
		16 599	19 218
Total liabilities		**37 601**	39 545
Total shareholders' equity and liabilities		**91 987**	75 321

Notes to the Financial Statements
Principles for preparing the financial statements

Extent of the consolidated financial statements

The consolidated financial statements include those companies in which Suominen Corporation held, either directly or indirectly, over 50 % of the voting rights during the financial year. The financial statements of foreign subsidiaries have been brought into line with the accounting principles of the group. The subsidiaries not included in the consolidated financial statements (real-estate companies with state-subsidised mortgages) have a minor effect on the distributable assets of the group. Companies are included in the consolidated financial statements from the date of acquisition or establishment to the last day of holding. The parent company Suominen Corporation is the holding company for the group. More detailed information on companies in the group are found under 'Group companies'.

Accounting principles

Mutual share ownership
The consolidated financial statements were prepared with the acquisition cost method. The shareholders' equity of a subsidiary at the time of acquisition was deducted from the purchase price of that subsidiary's shares, including accumulated appropriations net of tax. The depreciation period for the goodwill resulting from consolidation and unallocated to balance sheet items is 5 years.

Intra-group transactions and margins
All intra-group transactions, balances and unrealised margins on intra-group deliveries, intra-group receivables and liabilities were eliminated.

Translation differences
The statements of income of the foreign group companies were 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 were entered as a valuation item under consolidated retained earnings. Translation differences arising from loans to subsidiaries regarded as capital investments are treated in a similar manner as translation differences for the subsidiaries' shareholders' equity.

Accumulated appropriations
When entered in the consolidated balance sheet, accumulated appropriations are divided between shareholders' equity and the deferred tax liability and the resulting change in the consolidated statement of income, divided between the change in deferred tax liability and the profit for the financial year. The deferred tax liability was calculated with the tax rate for the following years approved when the books were closed and entered in the balance sheet as a separate item under liabilities. The deferred tax liability and tax receivable in the balance sheet are net figures.

Income taxes
The consolidated statement of income includes the accrual-based taxes determined on the basis of the financial results of the group companies and the change in the deferred tax liability calculated from the accumulated appropriations. The tax credit related to payment of intercorporate dividends was deducted from the income tax for the financial year. No tax liability arising from revaluations of real estate in conjunction when sold was entered in the financial statements.

A deferred tax receivable and a tax liability have been entered for the differences between bookkeeping and taxation and for the approved losses a deferred tax receivable to the extent that its use is probable during the next few years.

Valuation of fixed assets

Fixed assets were entered in the balance sheet at direct acquisition cost less planned depreciation. Planned straight-line depreciation was calculated from the original acquisition cost on the basis of probable economic life. The depreciation periods are as follows:

Buildings and structures	12.5 – 40 years
Machinery and equipment	4 – 15 years
Goodwill on consolidation	5 years
Intangible rights and other capitalised expenditure	5 – 10 years
Other tangible assets	5 years

Depreciation on fixed assets acquired during the financial year was calculated from the day on which they became operational. No depreciation was made on land and revaluations. Other capitalised expenditure comprises start-up costs for investments. Expenditure for maintenance and repair are entered as expenses for the financial year, with the exception of major renovations, which are capitalised and depreciated during the period in which they have an effect.

Leasing

Leasing fees were treated as rent expenses. The group does not have any significant financial leasing contracts. Payments due under leasing contracts in future years are presented under contingent liabilities.

Valuation of inventories

Inventories were valuated in the balance sheet on the fifo principle at the variable costs of acquisition or manufacture or the probable lower replacement or sale price. No indirect costs were capitalised.

Net sales

Indirect sales taxes, discounts granted and foreign exchange rate differences on sales were deducted from sales revenues. Sales freights and other costs incurred in sales and deliveries were treated according to their nature, as either costs of goods sold or sales expenses. Bad debts were entered under other operating expenses.

Rent income of parent company real estate was entered under net sales. The costs incurred were entered as costs of goods sold.

Expenditure for research and development

Research and development expenditure was entered as an expense.

Matching of expenditure on pensions

Statutory pension coverage for employees in Finnish companies was provided by private pension insurance companies. Pension insurance premiums were matched with salaries for the financial year. Foreign subsidiaries provide pension coverage in compliance with local practice.

Items denominated in foreign currencies

The business transactions of Finnish group companies denominated in foreign currencies were entered at the rates of the date of the transaction. Receivables and liabilities denominated in foreign currencies were translated into euros at the reference rate of the European Central Bank on the day the books were closed. The exchange rate differences were entered in the statement of income. Foreign exchange rate differences on forward contracts were translated at the rates of the day the books were closed. The interest components of forward deals were accrued as interest income or expense for the duration of the contracts. Foreign exchange rate differences on forward contracts hedging sales income were entered as exchange rate differences for sales.

Company shares owned by Suominen Corporation

The company shares owned by the group were entered at acquisition price under other short-term and long-term investments on the basis of use. In shareholders' equity the acquisition price of company shares has been transferred from retained earnings to a reserve for own shares. Company shares were eliminated from shareholders' equity and from the number of shares for calculation of the key figures.

Pro forma -figures for 2001

Pro forma -figures for 2001 were calculated on the basis of the financial statements of the demerged Lassila & Tikanoja Group for the period January 1 - September 30, 2001, and the financial statements of Suominen Corporation for the period October 1 - December 31, 2001. The consolidated financial statements of the new companies formed in the demerger were drawn up so that their combined shareholders' equities correspond to the equity of the demerged group as on September 30, 2001. The balance sheet according to the Demerger Plan was used as the balance sheet for the parent company. Internal eliminations were adjusted to correspond to the post-demerger group structure. Dividend was calculated to correspond to half the dividends of the former Lassila & Tikanoja plc for 2000. The pro forma calculations are explained in more detail in the Demerger Prospectus/Tender Offer Document of March 1, 2001, updated September 26, 2001.

1. Net sales

€ 1 000	2002	%	2001 Pro forma	%
Net sales by business area				
Nonwovens	**89 416**	51.2	85 264	49.0
Flexible packaging	**72 118**	41.3	72 370	41.6
Webbing products	**13 158**	7.5	16 328	9.4
Other	**118**	0.1	153	0.1
Total	**174 810**	100.0	174 115	100.0
Net sales by market area				
Finland	**45 417**	26.0	48 540	27.9
Other Nordic countries	**18 087**	10.3	20 355	11.7
Other EU countries	**89 508**	51.2	85 086	48.9
Other Europe	**16 605**	9.5	16 829	9.7
Other countries	**5 193**	3.0	3 305	1.9
Total	**174 810**	100.0	174 115	100.0

2. Personnel and administrative bodies

	Group		**Parent Company**	
	2002	2001 Pro forma	**2002**	10-12 2001
Average personnel by business area				
Nonwovens	**288**	309		
Flexible packaging	**652**	640		
Webbing products	**155**	178		
Other	**9**	8	**9**	8
Total	**1 104**	1 135	**9**	8
1 000 €				
Personnel expenses for the financial year				
Salaries and other compensations	**27 715**	27 885	**1 078**	215
Pension expenditure	**4 127**	4 261	**99**	54
Other salary-related expenses	**2 724**	3 223	**32**	9
Total	**34 566**	35 369	**1 209**	278
Salaries and bonuses paid to management				
Members of the Boards of Directors and the President and CEO	**284**	58	**284**	58

The figures for 2001 consist of emoluments to the Members of the Board of Directors for the period Oct. 1 - Dec. 31, 2001.

The President and CEO of the company has statutory pension insurance.
No loans were granted to members of administrative bodies of Group companies.

3. Depreciation

	Group		**Parent Company**	
€ 1 000	**2002**	2001 Pro forma	**2002**	10-12 2001
Depreciation by function				
Acquisition and production	**14 926**	14 656	**165**	42
Sales and marketing	**18**	23		
Administration	**661**	528	**57**	12
Consolidated goodwill	**13**	28		
Total	**15 618**	15 235	**222**	54

Depreciation is itemised under intangible and tangible assets.

4. Other operating income and expenses

€ 1 000	Group 2002	Group 2001 Pro forma	Parent Company 2002	Parent Company 10-12 2001
Other operating income				
Profit from sales of fixed assets	**188**	593	**8**	
Contributions and indemnities	**377**	706		
Rents	**56**	20		
Recovery of bad debts	**9**	4		
Other	**622**	227	**17**	
Total	**1 252**	1 550	**25**	0
Other operating expenses				
Losses on sales and writedown of fixed assets	**79**	74		
Damage expenses	**34**	2		
Bad debts	**335**	209		
Other	**41**	246		
Total	**489**	531	**0**	0

5. Financial income and expenses

€ 1 000	Group 2002	Group 2001 Pro forma	Parent Company 2002	Parent Company 10-12 2001
Dividend income				
from Group companies			**15 572**	
from associated companies		2		
from others	**40**	2	**37**	
Total	**40**	4	**15 609**	0
Interest income on long-term investments	**7**		**7**	
Other interest and financial income	**97**	496	**924**	231
Interest and financial expenses	**-2 479**	-3 387	**-1 955**	-618
Total financial income and expenses	**-2 335**	-2 886	**14 584**	-387
Financial income and expenses include				
Interest income	**97**	445	**930**	224
Interest expenses	**-2 423**	-3 353	**1 954**	-618
Exchange rate differences (net)	**-27**	24	**-1**	7

Exchange rate differences apply to financing. Positive net exchange rate differences are included under 'Other interest and financial income' and negative net exchange rate differences under 'Interest and financial expenses' in the Statement of Income. Differences arising from sales and purchases are entered as valuation items for either sales or purchases.

6. Extraordinary income and expenses

€ 1 000	Group 2002	Group 2001 Pro forma	Parent Company 2002	Parent Company 10-12 2001
Extraordinary income				
Group contribution			**21 150**	13 449

7. Income taxes

€ 1 000	Group 2002	Group 2001 Pro forma	Parent Company 2002	Parent Company 10-12 2001
Income taxes for the financial year	**5 709**	3 678	**10 239**	3 674
Income taxes from previous financial years	**208**	-131	**-5**	17
Changes in the deferred tax liability	**-1 676**	-745		
Total	**4 242**	2 801	**10 234**	3 691

8. Intangible assets

Group

€ 1 000	Intangible rights	Goodwill on consolidation	Other capitalised expenditure	Total
Acquisition cost Jan. 1, 2002	223	195	1 249	1 667
Translation difference			5	5
Fully depreciated	-7			-7
Increase	30			30
Acquisition cost Dec. 31, 2002	**246**	**195**	**1 254**	**1 695**
Accumulated depreciation Jan. 1, 2002	-101	-167	-763	-1 031
Translation difference			-5	-5
Fully depreciated	7			7
Depreciation for the financial year	-27	-13	-183	-223
Accumulated depreciation Dec. 31, 2002	**-121**	**-180**	**-951**	**-1 252**
Book value Dec. 31, 2002, total	**125**	**15**	**303**	**443**

9. Tangible assets

Group

€ 1 000	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Acquisition cost Jan. 1, 2002	2 197	48 380	128 171	1 652	3 547	183 947
Translation difference	-103	-440	-392		57	-878
Fully depreciated		-1 931	-7 825	-147		-9 903
Increase	12	560	3 650	14	3 944	8 180
Decrease			-482			-482
Writedown			-69			-69
Transfers between items		288	6 710	38	-7 036	0
Acquisition cost Dec. 31, 2002	**2 106**	**46 857**	**129 763**	**1 557**	**512**	**180 795**
Accumulated depreciation Jan. 1, 2002		-21 392	-67 825	-1 053	0	-90 270
Translation difference		17	20	7		44
Fully depreciated		1 931	7 825	147		9 903
Accumulated depreciation on decrease and transfers			296			296
Depreciation for the financial year		-2 172	-12 981	-240		-15 393
Accumulated depreciation Dec. 31, 2002	**0**	**-21 616**	**-72 665**	**-1 139**	**0**	**-95 420**
Revaluations Jan. 1 and Dec. 31	236	3 700				3 936
Book value Dec. 31, 2002, total	**2 342**	**28 941**	**57 098**	**418**	**512**	**89 311**

Balance sheet value of machinery and equipment	
Dec. 31, 2002	**51 193**
Dec. 31, 2001	58 871

Parent Company

€ 1 000	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Acquisition cost Jan. 1, 2002	735	4 225	164	95		5 219
Fully depreciated		-1 400				-1 400
Increase			2	9	179	190
Transfers between items		102	40	38	-179	0
Acquisition cost Dec. 31, 2002	**735**	**2 927**	**205**	**141**	**0**	**4 009**
Accumulated depreciation Jan. 1, 2002	0	-3 499	-7	-28	0	-3 534
Fully depreciated		1 400				1 400
Depreciation for the financial year		-165	-36	-21		-222
Accumulated depreciation Dec. 31, 2002	**0**	**-2 264**	**-43**	**-49**	**0**	**-2 356**
Revaluations Jan. 1 and Dec. 31		505				505
Book value Dec. 31, 2002, total	**735**	**1 168**	**162**	**92**	**0**	**2 158**

10. Financial assets

Group

€ 1 000	Other shares and holdings	Own shares	Total
Acquisition cost Jan. 1, 2002	425		425
Increase		171	171
Decrease	-42		-42
Acquisition cost Dec. 31, 2002	**384**	**171**	**555**

Parent company

€ 1 000	Holdings in Group companies	Other shares and holdings	Own shares	Total
Acquisition cost Jan. 1, 2002	48 684	80		48 764
Increase			171	171
Acquisition cost Dec. 31, 2002	**48 684**	**80**	**171**	**48 935**

Group companies

	Percentage of total number of shares and of voting power
Suominen Nonwovens Ltd., Nakkila	100.0
Suominen Flexible Packaging Ltd., Tampere	100.0
Suominen Webbing Products Ltd., Turku	100.0
Owned through subsidiaries:	
Suominen Flexible Packaging AB, Norrköping, Sweden	100.0
Suominen Polska Sp. z o.o., Grodzisk Mazowiecki, Poland	100.0
ZAO Suominen, St. Petersburg, Russia	100.0
Suominen GmbH, Munich, Germany	100.0
Suominen Sverige AB, Norrköping, Sweden	100.0
Inka-Norsafe AS, Tallinn, Estonia	100.0

Companies not included in the consolidated financial statements
(Included in the balance sheet under 'Other shares and holdings')

	Percentage of total number of shares and of voting power	Number of shares	Nominal value of shares € 1 000	Book value of shares € 1 000	Amount of company shareholders' equity € 1 000	Profit/loss according to most recent financial statements € 1 000
Group companies						
Kiinteistö Oy Inkanmäki, Turku	100.0	100	42	43	42	0
Kiinteistö Oy Killinkivi, Virrat	58.3	14	12	12	7	0
Participating interest company						
Kiinteistö Oy Killinpolku, Virrat	25.0	1	8	8	200	42

11. Receivables

€ 1 000	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Receivables from Group companies				
Current loan receivables			**18 032**	22 759
Non-current loan receivables*		77	**19 600**	77
Total	**0**	77	**37 632**	22 836

*) Receivable from a real-estate company with state subsidised mortgage loan

€ 1 000	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Other non-current loan receivables		17		17
Other receivables				
Own shares	**60**		**60**	
Other receivables	**63**	40		
Total	**123**	40	**60**	0
Prepaid expenses and accrued income				
Employees' health care compensation	**207**	137		
Statutory personal insurance	**148**	302		126
Insurance receivables	**175**	96	**6**	10
Indirect taxes	**959**	1 105		20
Direct taxes	**26**	86		
Royalty and licence		3		
Discounts	**576**	200		
Foreign exchange rate differences on forward contracts	**147**		**147**	
Other	**818**	421	**3**	9
Total	**3 056**	2 350	**156**	166

12. Shareholders' equity

€ 1 000	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Share capital Jan. 1 and Dec. 31	**7 913**	7 913	**7 913**	7 913
Share premium account Jan. 1 and Dec. 31	**7 518**	7 518	**7 518**	7 518
Revaluation fund Jan. 1 and Dec. 31	**3 128**	3 128		
Legal reserve Jan. 1 and Dec. 31	**2**	2		
Reserve for own shares Jan. 1				
Increase	**231**		**231**	
Reserve for own shares Dec. 31	**231**	0	**231**	0
Retained earnings Jan. 1	**42 477**	43 425	**19 764**	18 693
Dividends paid	**-6 331**	-7 913	**-6 331**	-7 913
Translation difference	**-995**	494		
Transferring to a reserve for own shares	**-231**		**-231**	
Retained earnings Dec. 31	**34 920**	36 006	**13 203**	10 780
Profit for the financial year	**10 818**	6 471	**25 139**	8 984
Shareholders' equity Dec. 31	**64 530**	61 038	**54 003**	35 195
Distributable assets				
Retained earnings	**34 920**	36 006	**13 203**	10 780
Profit for the financial year	**10 818**	6 471	**25 139**	8 984
Equity share of accumulated appropriation and optional reserves	**-20 291**	-23 867		
Distributable assets	**25 447**	18 610	**38 342**	19 764

13. Accumulated appropriations and deferred tax liability

€ 1 000	Dec. 31, 2002	Change	Jan. 1, 2002
Accumulated appropriations			
Accumulated depreciation difference	35 536	-4 958	40 494
Other reserves		-294	294
Total	35 536	-5 252	40 788
Deferred tax liability	-10 153	1 676	-11 829
Equity share of subsidiaries at time of acquisition	-5 092		-5 092
Transferred to shareholders' equity	20 291	-3 576	23 867
Deferred tax liability			
Based on appropriations	10 298	-1 366	11 664
Based on consolidation	55	-110	165
Total	10 353	-1 476	11 829
Deferred tax receivable			
From timing differences	200	200	
Deferred tax liability, net	10 153	-1 676	11 829

14. Liabilities

€ 1 000	2003*	2004	2005	2006
Repayment of non-current liabilities in coming years				
Group				
Loans from financial institutions	8 334	6 740	11 994	429
Pension loans	3 359	2 265	2 145	1 465
Total	11 693	9 005	14 139	1 894
Parent company				
Loans from financial institutions	3 221	1 540	10 984	429
Pension loans	2 855	1 761	1 641	961
Total	6 076	3 301	12 625	1 390

*) In the balance sheet under current liabilities

	Group		Parent Company	
€ 1 000	**2002**	2001	**2002**	2001
Liabilities which fall due within five years or more				
Loans from financial institutions	**2 296**		**1 286**	
Pension loans	**3 411**	2 287	**2 400**	771
Total	**5 707**	2 287	**3 686**	771
Non-interest bearing liabilities				
Non-current	**10 153**	11 829		
Current	**15 920**	15 715	**6 546**	1 505
Total	**26 073**	27 544	**6 546**	1 505
Liabilities to Group companies				
Accounts payable				27
Accruals and deferred income				
Deferred interest	**478**	540	**277**	387
Foreign exchange rate differences on forward contracts		121		121
Discounts	**40**	184		
Sales receivable credit balance	**34**	19		
Bonuses	**337**		**153**	
Income tax liability	**939**		**5 710**	
Other matched expenses	**766**	471	**130**	50
Total	**2 595**	1 335	**6 270**	558

15. Contingent liabilities

Secured indebtedness and assets

€ 1 000	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Loans from financial institutions	**25 110**	25 043	**12 778**	13 889
Other company commitments	**3 298**	3 952		264
Total	**28 408**	28 995	**12 778**	14 153
Real estate mortgages	**20 944**	20 944	**1 009**	1 009
Business mortgages	**7 388**	11 257		
Total	**28 332**	32 201	**1 009**	1 009
Leasing liabilities				
Falling due next year	**58**	26		
Falling due in subsequent years	**96**	5		
Total	**154**	31	**0**	0
Guarantees				
For Group companies				
for loans			**5 046**	3 532
for other commitments			**671**	554
For others		2		2
Total	**0**	2	**5 717**	4 088

The Group has given no pledges, mortgages or guarantees on behalf of third parties.

16. Derivative contracts

€ 1 000	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Currency derivatives				
Current value	**154**	-122	**154****	-122*
Nominal value	**8 506**	5 995	**8 506****	5 995*
Interest rate derivatives				
Current value	**-706**	-331	**-660**	-368
Nominal value	**20 200**	15 200	**15 000**	10 000
Electricity derivatives				
Current value	**1 093**		**1 093**	
Nominal value	**2 926**		**2 926**	

The derivative contracts were made for hedging purposes and were valuated at market value on the day the books were closed.

*) Contracts between Group companies not included.

Financing and Financial Risk Management

The financing policy approved by the Board of Directors of Suominen Corporation defines the authority, responsibility and principles observed in the group. Financing and financial risk management is concentrated in the group's financial administration. The purpose of financial risk management is to hedge against significant financial risks.

Refinancing and liquidity risk

Refinancing risk is managed by diversification across financial sources and financial institutions. In addition, loan maturities are diversified. The average loan maturity at the end of the year was 2.2 years. Section 14 of the Notes to the Financial Statements presents the annual repayments of long-term loans.

Different sources of financing are used to secure the company's adequate funding at a competitive price. Cooperation with banks is based on long-term relationships. The company's commercial paper programs total EUR 45 million, and commercial papers worth EUR 4 million were issued at the end of the year.

To meet its short-term commitments, the group needs adequate financing buffers. The company's estimated cash flow from operations, liquid assets, undrawn committed facilities and binding borrowing agreements must cover the financing needs for the next 12 months. The liquidity position, which includes liquid assets and undrawn committed facilities less short-term credits, amounted to EUR 22.9 million at the end of the year.

The liquidity is invested in reputable banks and commercial papers with high liquidity and credit rating. The Board of Directors has approved a counterparty list for these investments.

Foreign exchange risk

The aim of the company's foreign exchange risk management is to hedge earnings from business operations by avoiding exchange rate losses. The purpose of currency transactions is solely to lower the foreign exchange risks.

Foreign exchange risk comprises the transaction risk arising from cash flows from operations and the translation risk from translation of balance sheet items denominated in foreign exchange. Most exports are euro-denominated. The transaction position is composed mainly of Swedish crowns and US dollars.
Foreign exchange items in the balance sheet are mainly in Swedish crowns and Polish zlotys. Open, unhedged foreign exchange position for a 12-month period can be a maximum of 10 per cent of net sales. At the end of the year the transaction position amounted to EUR 6.0 million and the translation position to EUR 9.4 million.

Conventional derivative contracts are used in hedging and their pricing is to be verified on the market.

Interest rate risk

The company's business operations are not sensitive to cyclic fluctuations. Business is capital-intensive and the economic lifetime of production equipment is long. Such factors recommend the use of fixed interest rates in the company's loan portfolio. However, lower interest costs are achieved over the long term with short-term interest rates. The company's loan portfolio is diversified so that it comprises both variable and fixed interest rates distributed over different 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 18 and 30 months. At the end of the year it was 26 months.

Raw material risk

Oil-based raw materials such as polypropylene and polyester have a significant impact on the company's cost structure. However, derivatives of these raw materials are neither quoted on commodity exchanges nor otherwise generally available. To hedge against raw material price risks, the company seeks to use fixed prices in purchase contracts and to furnish sales agreements with price mechanisms that allow sales prices to follow changes in raw material prices.

The company handles electricity price risks with a hedging programme that will cover two-thirds of electricity consumption in 2003 with electricity derivatives. In part, this programme also extends to 2004 and 2005.

Share Capital and Shareholders

Share capital

The share capital of Suominen Corporation totals 7 913 154 euros. The shares do not have a nominal value. The number of shares is 15 826 308, and the book countervalue of a share is 50 cents. The Suominen Corporation share is quoted on the Helsinki Exchanges.

The minimum share capital of the Company is 5 000 000 euros and the maximum share capital 20 000 000 euros, within which limits the share capital can be increased or decreased without amending the Articles of Association. The company has a minimum of 10 000 000 shares and a maximum of 40 000 000 shares, within which limits the number can be increased or decreased without amending the Articles of Association.

Each Suominen Corporation share carries one (1) vote at the General Meeting of Shareholders. According to the Articles of Association, no shareholder may cast more than one fifth (1/5) of the total number of votes represented at the General Meeting of Shareholders. The shares afford equal rights to the distribution of the Company's assets.

In order to participate in the General Meeting of Shareholders, a shareholder must inform the Company of the participation at the latest on the date mentioned on the invitation.

Redemption obligation

The Articles of Association contain a clause stating that a shareholder whose holding of all shares of the Company, or the votes afforded by the shares, reaches or exceeds 33 1/3 or 50 %, has an obligation upon request by other shareholders to redeem their shares in accordance with the procedure stipulated in the Articles of Association.

Share trading

In the period January 1 - December 31, 2002, 6 724 598 company shares were traded on the Helsinki Exchanges. This represents 42.6 per cent of the number of shares in the share capital. The trading price of the shares varied between 6.25 and 4.52 euros. The final trading price was 6.00 euros. The market capitalisation of the company shares at year end was 94 692 648 euros.

The Company's own shares

The Annual General Meeting held on March 13, 2002 authorised the Board of Directors to decide on the acquisition of the Company's own shares within one year from the Annual General Meeting of Shareholders using assets available for distribution of profits, provided that the combined par value of the shares of the Company and its subsidiaries thus acquired does not exceed 5 per cent of the Company's total share capital at the moment of acquisition. The authorisation can be used in possible business acquisitions, to finance investments, to carry out incentive programmes and for other purposes.

The Annual General Meeting also authorised the Board of Directors to decide on the conveyance of the Company's own shares.

Within the authorisation granted to the Board of Directors, the Company acquired 44 200 of its own shares between January 1 and December 31, 2002. The average price of the shares was 5.22 euros. On December 31, 2002, Suominen Corporation held 44 200 own shares, accounting for 0.3 per cent of the share capital and votes.

Other authorisation to the Board of Directors

The Board of Directors is not currently authorised to issue shares or to launch a convertible bond or a bond with warrants.

Shares held by management

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 the controlling power 1 303 258 shares on December 31, 2002. These shares entitle their holders to 8.3 per cent of the voting rights.

Policy regarding dividend payment

The amount of Suominen Corporation's dividend depends on the financial results for the accounting period. That part of the profit not considered necessary to ensure the sound development of the Company is paid to shareholders.

Shareholders by category

	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and of voting power
Companies	174	9.5	1 303 231	8.2
Financial institutions and insurance companies	37	2.0	3 470 931	21.9
Public institutions	33	1.8	2 794 872	17.7
Non-profit organisations	71	3.9	2 396 356	15.1
Individuals	1 508	82.0	5 593 196	35.4
Foreign shareholders	16	0.9	94 210	0.6
	1 839	100.0	15 652 796	98.9
Shares registered in a nominee's name			108 920	0.7
Shares held by the company			44 200	0.3
Shares not transferred to the book-entry system			20 392	0.1
Total			15 826 308	100.0

Distribution of share ownership

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and of voting power
1-100	300	16.3	21 420	0.1
101-500	550	29.9	172 852	1.1
501-1 000	315	17.1	263 265	1.7
1 001-5 000	447	24.3	1 173 591	7.4
5 001-10 000	105	5.7	756 795	4.8
10 001-50 000	80	4.4	1 659 349	10.5
50 001-100 000	21	1.1	1 394 339	8.8
100 001-500 000	14	0.8	3 068 401	19.4
over 500 000	7	0.4	7 142 784	45.1
	1 839	100.0	15 652 796	98.9
Shares registered in a nominee's name			108 920	0.7
Shares held by the company			44 200	0.3
Shares not transferred to the book-entry system			20 392	0.1
Total			15 826 308	100.0

Investor Relations

Suominen Corporation's investor relations are the responsibility of President and CEO Heikki Bergholm. Investor communications are the responsibility of Vice President and CFO Arto Kiiskinen.

Statements regarding corporate finances and performance are issued exclusively by the Board of Directors and the President and CEO. No appointments will be arranged for investors with company representatives, nor will they comment on financial performance during the silent period observed between the end of a financial period and disclosure of the results for that period.

The financial performance of the company is monitored and assessed by at least the analysts listed below:

FIM Securities	Mikko Linnanvuori	tel. +358-50-531 1870
Mandatum Stockbrokers Ltd	Erkka Pälä	tel. +358-10 236 4794
Nordea Securities	Joakim Paul	tel. +358-9-3694 9426
Opstock Securities	Jari Räisänen	tel. +358-9-404 4408

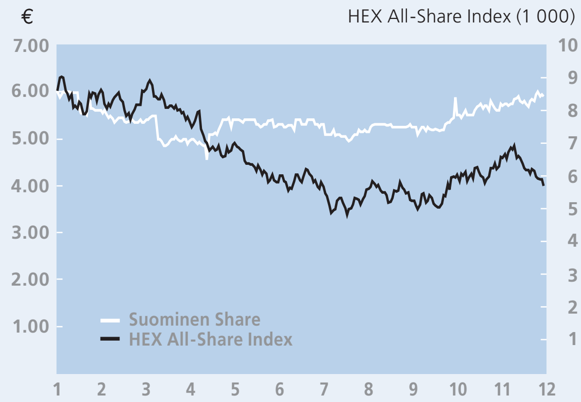
Suominen Corporation is not responsible for any comments or estimates made by the analysts.

The largest shareholders on December 31, 2002

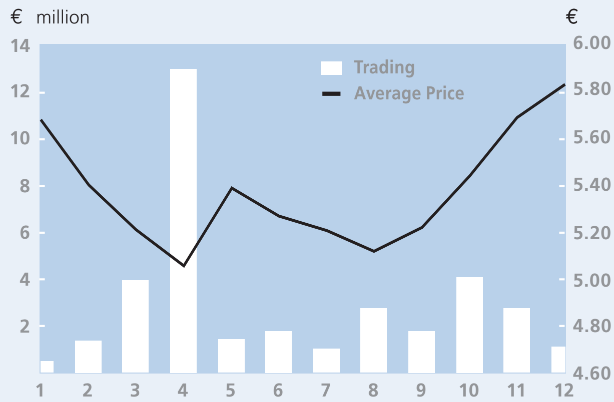
Shareholder		Number of shares	% of shares and of voting power
1.	**Ilmarinen Mutual Pension Insurance Company**	**1 464 701**	**9.3**
2.	**Evald and Hilda Nissi Foundation**	**1 305 660**	**8.3**
3.	**Heikki Bergholm**	**1 163 600**	**7.4**
4.	**Sampo Life Insurance Company Ltd.**	**974 083**	**6.2**
5.	**Tapiola Mutual Pension Insurance Company**	**855 900**	**5.4**
6.	**Juhani Maijala**	**694 240**	**4.4**
7.	**Pohjola Non-Life Insurance Company Ltd.**	**684 600**	**4.3**
8.	**Suomi Group**		
	Suomi Insurance Company Ltd.	183 700	1.2
	Suomi Mutual Life Assurance Company	235 200	1.5
	Suomi Group, total	**418 900**	**2.7**
9.	**Kaleva Mutual Insurance Company**	**416 800**	**2.6**
10.	**Chemec Oy Ab**	**351 700**	**2.2**
11.	**Mikko Maijala**	**350 660**	**2.2**
12.	**The Local Government Pension Institution**	**309 500**	**2.0**
13.	**WIP Small Titans Special Unit Trust**	**280 100**	**1.8**
14.	**Foundation for Economic Education**	**200 607**	**1.3**
15.	**Nordea Nordic Small Cap Unit Trust**	**199 900**	**1.3**
16.	**FIM Fenno Unit Trust**	**176 300**	**1.1**
17.	**Eeva Maijala**	**151 300**	**1.0**
18.	**Finanssi-Sampo Ltd.**	**110 000**	**0.7**
19.	**Matti Kavetvuo**	**102 634**	**0.7**
20.	**Berling Capital Ltd.**	**100 000**	**0.6**

All information concerning the Company's shares is based on the book-entry securities register, as on December 30, 2002.

Share price January 1 – December 31, 2002



Monthly trading in shares and average share price in 2002



Key Figures

Key figures on shares

	2002	2001 Pro forma	2000 Pro forma	1999 Pro forma	1998 Pro forma
Earnings/share (EPS), €	**0.68**	0.41	0.63	1.06	0.90
Cash flow from operations/share, €	**1.38**	1.66	0.96	1.85	1.77
Equity/share, €	**4.07**	3.86	3.92	3.78	3.23
Dividend/share, € *	**0.70**	0.40			
Dividend/earnings, % *	**102.4**	97.6			
Dividend/cash flow from operations, % *	**50.7**	24.1			
Dividend yield, % *	**11.7**	6.7			
P/E ratio	**8.7**	14.6			
Share price					
lowest, €	**4.52**	3.90			
highest, €	**6.25**	7.20			
average, €	**5.25**	4.39			
at year end, €	**6.00**	6.00			
Market capitalisation on Dec. 31, € million	**94.7**	95.0			
Number of shares held outside the Company					
average during the year	**15 815 624**	15 826 308			
at year end	**15 782 108**	15 826 308			
Number of shares traded	**6 724 598**	1 874 111			
as percentage of the average during the year	**42.5**	11.8			

*) Proposal by the Board of Directors

Key figures on financial performance

	2002	2001 Pro forma	2000 Pro forma	1999 Pro forma	1998 Pro forma
Net sales, € million	**174.8**	174.1	181.3	178.0	176.7
Exports and international operations, € million	**129.4**	125.6	129.9	129.4	127.7
as % of net sales	**74.0**	72.1	71.7	72.7	72.3
Operating profit, € million	**17.4**	12.2	16.3	26.6	24.6
as % of net sales	**10.0**	7.0	9.0	15.0	13.9
Profit before income taxes, € million	**15.1**	9.3	16.0	23.7	22.2
as % of net sales	**8.6**	5.3	8.8	13.3	12.5
Profit for the period, € million	**10.8**	6.5	11.9	16.3	15.7
as % of net sales	**6.2**	3.7	6.5	9.2	8.9
Cash flow from operations, € million	**21.8**	26.2	15.1	29.3	28.0
Balance sheet total, € million	**137.0**	140.4	154.2	156.1	156.0
Return on equity (ROE), %	**17.9**	10.9	16.3	30.2	30.0
Return on invested capital (ROI), %	**15.6**	10.3	14.0	21.7	20.1
Equity ratio, %	**47.0**	43.5	40.2	38.4	32.8
Gearing, %	**66.5**	81.5	93.6	106.2	145.1
Gross investments, € million	**8.0**	10.7	11.1	11.4	21.7
as % of net sales	**4.6**	6.1	6.1	6.4	12.3
Expenditure on R&D, € million	**2.6**	2.9	3.4	2.6	2.8
as % of net sales	**1.5**	1.7	1.9	1.5	1.6
Average personnel	**1 104**	1 135	1 156	1 131	1 228

Calculation of the Key Figures

Earnings/share	$\dfrac{\text{Profit before extraordinary items – income taxes including change in deferred tax liability +/- minority interest}}{\text{Adjusted number of shares held outside the group (average)}}$
Cash flow from operations per share	$\dfrac{\text{Cash flow from operations as in the statement of changes in financial position}}{\text{Adjusted number of shares held outside the group (average)}}$
Equity/share	$\dfrac{\text{Shareholders' equity – own shares}}{\text{Adjusted number of shares held outside the group at year end}}$
Dividend/share	$\dfrac{\text{Dividend/share for the financial year}}{\text{Adjustment coefficient for share issues after the financial year}}$
Dividend/earnings, %	$\dfrac{\text{Dividend/share x 100}}{\text{Earnings/share}}$
Dividend/cash flow from operations, %	$\dfrac{\text{Dividend/share x 100}}{\text{Cash flow from operations/share}}$
Dividend yield, %	$\dfrac{\text{Dividend/share x 100}}{\text{Adjusted share price at year end}}$
P/E ratio	$\dfrac{\text{Adjusted share price at year end}}{\text{Earnings per share}}$
Market capitalisation	Number of shares held outside the group at year end x adjusted share price at year end
Return on equity (ROE), %	$\dfrac{\text{Profit before extraordinary items – income taxes including change in deferred tax liability x 100}}{\text{Shareholders' equity – own shares + minority interest (quarterly average)}}$
Return on invested capital (ROI), %	$\dfrac{\text{Profit before extraordinary items +interest and other financial expenses x 100}}{\text{Balance sheet total – non-interest bearing liabilities – own shares (quarterly average)}}$
Equity ratio, %	$\dfrac{\text{Shareholders' equity – own shares + minority interest x 100}}{\text{Balance sheet total – advances received – own shares}}$
Gearing, %	$\dfrac{\text{Interest-bearing liabilities – cash at bank and in hand x 100}}{\text{Shareholders' equity + minority interest – own shares}}$

Proposal by the Board of Directors to the General Annual Meeting

Distributable equity according to the consolidated balance sheet on December 31, 2002	25 447 250.00 €
Parent company profit, January 1 - December 31, 2002	25 138 848.93 €
Distributable equity according to the parent company balance sheet on January 1, 2002	13 203 125.30 €
Total	38 341 974.23 €
The Board of Directors proposes that a dividend of € 0.70 be paid on each of the 15 826 308 shares	11 078 415.60 €
leaving on the retained earnings account	27 263 558.63 €
Total	38 341 974.23 €

The record date is March 17, 2003. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on March 25, 2003. No dividend is paid on own shares of the record date.

Helsinki, on February 4, 2003

Matti Kavetvuo
Chairman

Kari Haavisto

Pekka Laaksonen

Heikki Mairinoja

Heikki Bergholm
President and CEO

Auditors' Report

To the Shareholders of Suominen Corporation

We have audited the accounting, the financial statements and the corporate governance of Suominen Corporation for the period January 1 - December 31, 2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President and CEO. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President and CEO have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable assets is in compliance with the Companies' Act.

Tampere, on February 11, 2003

PRICEWATERHOUSECOOPERS OY
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Corporate Governance

Board of Directors
In accordance with the Articles of Association, the Board of Directors of Suominen Corporation comprises a minimum of three members and a maximum of seven. The members of the Board of Directors are elected by the Annual General Meeting, which is held annually before the end of April. The term of the members of the Board ends on conclusion of the second Annual General Meeting after the election.

The Board of Directors elects a chairman and a deputy chairman from among its members.

The Board of Directors convened 12 times in the period January 1 - December 31, 2002.

President and CEO
The President and CEO of Suominen Corporation is chosen by the Board of Directors. The President and CEO is responsible for day-to-day operations in keeping with the instructions of the Board of Directors.

Business organisation
Suominen Corporation is organised into three business areas: Nonwovens, Flexible Packaging and Webbing Products. Financially accountable vice presidents head each business area. They report to the President and CEO of Suominen Corporation. The Senior Vice President bears responsibility for major key customers and business development. Product and process development, purchasing and logistics, and financial management support the functions of the entire corporation.

The company's Management Group comprises the President and CEO as chairman, the Senior Vice President, the Vice Presidents responsible for the business areas, the Vice President in charge of product and process development, and the Vice President and CFO.

Salaries and emoluments
The Annual General Meeting determines the emoluments paid to the members of Suominen Corporation's Board of Directors in advance, for one year at a time. The Board of Directors determines the salary, emoluments and other benefits of the President and CEO.

Separate emoluments are not paid to the members of the Boards of Directors of the subsidiaries. The Board of Directors determines the salaries, emoluments and other benefits of the Management Group serving under the President and CEO.

For key personnel, the company provides an incentive scheme based on EVA (Economic Value Added). The use of company shares to reward personnel is an essential element of this scheme. The criteria for the incentive scheme are approved annually by the Board of Directors.

Guidelines for insiders
As of October 1, 2001 Suominen Corporation observes the guidelines for insiders issued by the Helsinki Exchanges.

The Company's statutory insiders comprise the members of the Board of Directors, the President and CEO and the Principal Auditor. The Company's Management Group and named members of the administrative staff are also defined as insiders.

According to the Finnish Securities Market Act, the share ownership of persons regarded as insiders is public. The insider register of Suominen Corporation can be inspected at the Finnish Central Securities Depository.

Board of Directors

Matti Kavetvuo, b. 1944
Chairman of the Board since 2002
Elected until Annual General Meeting in 2003
M.Sc. (Eng.), B.Sc. (Econ.)
Member of the Board of Alma Media Corporation, Marimekko Oyj and KCI Konecranes International plc
Number of shares held in Suominen Corporation: 102 634.

Kari Haavisto, b. 1941
Deputy Chairman of the Board since 2002
Elected until Annual General Meeting in 2004
Licenciate of Science in Economics and Business Administration
Senior Vice President and CFO of the Metsäliitto Group
Chairman of the Board of Exel Oyj and Tunturi Oy Ltd, Deputy Chairman of the Board of Finland Post Corporation, Member of the Board of Aspo Plc, Evli Bank Plc and Neomarkka Plc, and
Member of the Supervisory Board of Tapiola General Insurance Company
Number of shares held in Suominen Corporation: 1 362.

Heikki Bergholm, b. 1956
President and CEO of Suominen Corporation
Member of the Board
Elected until Annual General Meeting in 2003
M.Sc. (Eng.)
Member of the Board of Componenta Corporation and Sponda Oyj
Number of shares held in Suominen Corporation: 1 163 600.

Pekka Laaksonen, b. 1956
Member of the Board
Elected until Annual General Meeting in 2004
M.Sc. (Econ.)
Senior Executive Vice President of Stora Enso Oyj
Number of shares held in Suominen Corporation: 30 000.

Heikki Mairinoja, b. 1947
Member of the Board
Elected until Annual General Meeting in 2004
M.Sc. (Eng.), B.Sc. (Econ.)
CEO of G.W. Sohlberg Corporation
Member of the Board of Perlos Corporation and Ensto Oy
Number of shares held in Suominen Corporation: 5 662.

President and CEO

Heikki Bergholm

Auditors

PricewaterhouseCoopers Oy
Authorized Public Accountants
Principal Auditor **Heikki Lassila**, APA

Management Group

Esa Palttala
b. 1943
B.Sc. (Eng.)
Vice President
Nonwovens
Joined a Suominen company in 1972
Number of shares held in Suominen Corporation: 4 000.

Arto Kiiskinen
b. 1953
M.Sc. (Econ.)
Vice President and CFO
Joined Suominen Corporation in 2001
Number of shares held in Suominen Corporation: 4 000.

Harri Myllylä
b. 1955
M.Sc. (Eng.)
Senior Vice President
Key Customers, Business Development
Joined a Suominen company in 1999
Number of sharers held in Suominen Corporation: 350.

Margareta Huldén,
b. 1955
Dr.Sc. (Tech.)
Vice President
Product and Process Development
Joined a Suominen company in 1993
Number of shares held in Suominen Corporation: 2 592.

Heikki Bergholm
b. 1956
M.Sc. (Eng.)
President and CEO since 2002
Member of the Board since 2001,
Chairman 2001-2002
Joined a Suominen company in 1985
Number of shares held in Suominen Corporation: 1 163 600.

Juha Henttonen
b. 1948
M.Sc. (Eng.)
Vice President
Flexible Packaging, Webbing Products
Joined a Suominen company in 1976
Number of shares held in Suominen Corporation: 5 000.

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