

# Interim Report

## *January 1 – June 30, 2008*

*Huhtamäki Group is a leading manufacturer of consumer and specialty packaging with 2007 net sales totaling EUR 2.3 billion. Consumer goods and foodservice markets are served by some 15,000 people in 65 manufacturing units and several sales offices in 35 countries. The parent company, Huhtamäki Oyj, has its head office in Espoo, Finland and is listed on the OMX Nordic Exchange Helsinki. Additional information is available at [www.huhtamaki.com](http://www.huhtamaki.com).*

**Huhtamäki Oyj**

# INTERIM REPORT JANUARY 1 – JUNE 30, 2008



## Improved earnings in the second quarter after slow start to the year

- Group net sales declined due to adverse currency impact
- Market demand stable in Americas, soft in Oceania and slowing down in Europe
- Improved earnings excluding restructuring charges in the second quarter
- Raw material, energy and distribution costs remained high
- Cash flow improved due to lower working capital and capital expenditure

### Key figures

EUR million	H1 2008	H1 2007	Q2 2008	Q2 2007
Net sales	1,139.1	1,170.8	590.5	606.1
EBIT*	47.0	73.4	27.0	35.7
EBIT margin %	4.1	6.3	4.6	5.9
EPS	0.21	0.43	0.13	0.19
ROI % (12m roll.)	0.2	9.1		

\* H1 2008 and Q2 2008 includes restructuring charges EUR 6.8 million.

### Overview

The demand for consumer packaging in the majority of the markets remained stable to healthy. However, market softness persisted in Oceania and signs of slowing demand were experienced in Europe. The decline in the Group net sales in the reporting period was due to adverse currency translation impact while modest growth was achieved in constant currencies.

Earnings improved in the seasonally important second quarter after a slow start to the year. Excluding the restructuring charges in the UK and in Sweden, profitability in the second quarter came close to the level reached in the previous year, corresponding to an EBIT margin of 5.7% (5.9% in the same period in 2007). Main contributors to this positive development were Rigid Europe and improving performance in Films.

The raw material costs remained on a high level throughout the reporting period and increases in energy and distribution costs became more pronounced in the second quarter. The current cost level together with anticipated cost increases led to the revised full-year outlook on June 18, 2008.

### Business review by segment

The sales distribution in the reporting period was the following: Flexibles and Films Global 32% (31%), Rigid Europe 28% (27%), Molded Fiber Europe 6% (6%), Rigid and Molded Fiber Americas 25% (26%) as well as Rigid and Molded Fiber Asia-Oceania-Africa 9% (10%).

### Flexibles and Films Global

*Flexibles and Films are organized as a global segment. Flexibles are used for food and pet food packaging as well as non-food consumer packaging. Films are mainly used for technical applications in the label, adhesive tape, hygiene and health care industries as well as building and construction, automotive, packaging and graphic arts industries.*

EUR million	H1 2008	H1 2007	Q2 2008	Q2 2007
Net sales	357.2	363.1	177.9	176.2
EBIT	15.7	27.2	9.1	12.5
EBIT margin %	4.4	7.5	5.1	7.1
RONA % (12m roll.)	5.1	11.1		

Sales within the segment declined during the reporting period but modest growth was recorded in the second quarter. Sales development was weak due to adverse currency impact as well as low sales in



Flexibles Europe, North America and Oceania. This was partially offset by robust growth in Flexibles Asia. In Films, strong growth in the second quarter contributed to a minor increase in sales for the reporting period.

Profitability in the period reflects volume shortfall and margin pressure due to higher raw material costs. Films posted recovering profitability in the second quarter after a weak start to the year.

In Flexibles Europe, the implementation of the enterprise resource planning (ERP) platform took place in May 2008. The small facility in Nagpur, India, was closed in the second quarter 2008. Production at the new flexible packaging facility in Bangkok, Thailand, will commence in the third quarter 2008. The reconstructed facility in Thane, India, is scheduled to be operational by year-end 2008.

### **Rigid Europe**

*Rigid paper and plastic packaging serves foodservice and consumer goods markets in Europe with fresh food, dairy, ice cream, beverage and personal care packaging as well as disposable tableware. Rigid packaging is supplied to foodservice operators, fast food restaurants and food manufacturers.*

<b>EUR million</b>	<b>H1 2008</b>	<b>H1 2007</b>	<b>Q2 2008</b>	<b>Q2 2007</b>
Net sales	326.0	320.4	175.0	173.3
EBIT*	2.2	3.6	0.7	3.3
EBIT margin %	0.7	1.1	0.4	1.9
RONA % (12m roll.)	-16.3	-3.5		

\* H1 2008 and Q2 2008 includes restructuring charges EUR 6.8 million.

Foodservice experienced a good, broad based growth within the segment in the reporting period, although the pace slowed in the second quarter. Sales in Consumer Goods were soft throughout the period in Germany and in the UK. In both divisions, growth in Eastern Europe was robust.

Excluding restructuring charges in the UK and in Sweden, profitability in the reporting period reflects favorable price and mix development as well as an improving trend in operational efficiency. Benefits from earlier pricing efforts became more visible in the second quarter.

In the UK, a consultation process in Portadown and in Gosport is ongoing until the end of July 2008. The Consumer Goods rigid plastic production is expected to cease in Portadown at the end of July 2008 and in Gosport at the end of September 2008. In Karlholmsbruk, Sweden, union negotiations ended in the second quarter and the rigid packaging site will be closed by year-end 2008.

### **Molded Fiber Europe**

*Molded fiber is used to make fresh product packaging, such as egg and fruit packaging.*

<b>EUR million</b>	<b>H1 2008</b>	<b>H1 2007</b>	<b>Q2 2008</b>	<b>Q2 2007</b>
Net sales	70.4	69.3	35.0	34.5
EBIT	5.4	4.8	2.4	2.3
EBIT margin %	7.7	6.9	6.9	6.7
RONA % (12m roll.)	9.4	9.6		

Sales and earnings within the segment remained stable in the reporting period. The development in Eastern Europe and in the waste paper trading business was favorable, offset by sales decline in the UK due to a tougher competitive environment and adverse currency translation impact.



### **Rigid and Molded Fiber Americas**

*Rigid paper and plastic packaging, which serves ice-cream and other consumer goods as well as foodservice markets, is complemented with Molded Fiber Chinet® disposable tableware products. Similar market channels are a common denominator.*

<b>EUR million</b>	<b>H1 2008</b>	<b>H1 2007</b>	<b>Q2 2008</b>	<b>Q2 2007</b>
Net sales	289.3	310.0	155.9	167.2
EBIT	24.9	36.5	15.7	19.4
EBIT margin %	8.6	11.7	10.0	11.6
RONA % (12m roll.)	7.5	13.5		

Sales growth in constant currencies was solid with good growth throughout the reporting period in Retail and in South America. In Frozen desserts, sales growth accelerated towards the end of the period. Market softness persisted in Foodservice.

Profitability in the reporting period was stable on a comparable basis; excluding the EUR 6 million one time gain in the first quarter of 2007 as well as adverse currency translation impact. The price increases implemented during the reporting period managed to a large extent to compensate for the higher raw material, energy and distribution costs.

### **Rigid and Molded Fiber Asia-Oceania-Africa**

*Rigid paper and plastic packaging serves foodservice and consumer goods markets. The segment also includes the Molded Fiber business which makes fresh product packaging.*

<b>EUR million</b>	<b>H1 2008</b>	<b>H1 2007</b>	<b>Q2 2008</b>	<b>Q2 2007</b>
Net sales	103.6	114.8	51.2	58.3
EBIT	-1.2	6.0	-1.0	2.7
EBIT margin %	-1.2	5.2	-1.9	4.6
RONA % (12m roll.)	-0.3	6.6		

Sales development was modest in Asia, with slowing growth towards the end of the reporting period due to phasing issues with new business in China. Furthermore, as a result of continued general market softness sales declined in Oceania and in South Africa.

Profitability in the reporting period reflects low sales, the start-up costs in new capacity in Asia as well as adverse currency translation impact.

The relocation from the site in Hong Kong to the new facility in Guangzhou, China, was completed in May 2008. Production in Hong Kong ceased at the end of the second quarter.

### **Financial review**

The Group EBIT in the reporting period was EUR 47 million (EUR 73 million), corresponding to an EBIT margin of 4.1% (6.3%). In the second quarter, the Group EBIT was EUR 27 million (EUR 36 million), corresponding to an EBIT margin of 4.6% (5.9%). However, excluding the restructuring charges of EUR 7 million in the UK and in Sweden, the Group EBIT of EUR 34 million (EUR 36 million) came in the second quarter close to the level reached in the previous year, corresponding to an EBIT margin of 5.7% (5.9%).

At EUR 20 million, the net financial items in the period were unchanged from the previous year. Net financial items for the second quarter amounted to EUR 11 million (unchanged). The income tax



expense was EUR 5 million (EUR 10 million) with the second quarter accounting for EUR 3 million (EUR 5 million).

The result for the period was EUR 23 million (EUR 44 million) and the earnings per share (EPS) were EUR 0.21 (EUR 0.43). Correspondingly, in the second quarter the result was EUR 13 million (EUR 19 million) and EPS were EUR 0.13 (EUR 0.19). The average number of outstanding shares used in the EPS calculations was 100,426,461 (unchanged) excluding 5,061,089 (unchanged) Company's own shares.

### **Balance sheet and cash flow**

Free cash flow in the reporting period was EUR 73 million (EUR -43 million), with a strong second quarter amounting to EUR 85 million (EUR -6 million). The improvement was due to phasing of working capital and capital expenditure. Capital expenditure for the period was EUR 31 million (EUR 57 million), with the second quarter spending at EUR 18 million (EUR 32 million). Net debt was EUR 710 million (EUR 797 million) at the end of June 2008. This corresponds to a gearing ratio of 0.94 (0.92).

In the short-term, cash generation and net debt reduction continue as key focus areas within the Group.

### **Personnel**

The Group had 15,373 (15,129) employees at the end of June 2008.

### **Changes in Group management**

Mr. Jukka Moisio was appointed by the Board of Directors as Huhtamäki Oyj's CEO effective from April 1, 2008. Mr. Juha Salonen was appointed as Senior Vice President, Administration and General Counsel and member of the Group Executive Team starting on April 22, 2008. Mr. Maurice Petitjean, Executive Vice President, Flexibles and Films Global, and member of the Group Executive Team resigned effective from May 22, 2008.

### **Short-term risks and uncertainties**

Volatile raw material and energy prices as well as movements in currency translations are considered to be relevant short-term business risks and uncertainties in the Group's operations.

### **Outlook for 2008**

In 2008, the Group EBIT is expected to be below the 2007 underlying Group EBIT of EUR 136 million\*. Capital expenditure in 2008 is expected to be below EUR 100 million.

*\*Excluding restructuring, goodwill impairment and tangible asset impairment charges, total amount EUR 108 million.*

### **Financial reporting in 2008**

Huhtamäki will publish the interim report for January 1 – September 30, 2008 on October 22.

Espoo, July 17, 2008  
Huhtamäki Oyj  
Board of Directors

Group Income statement (IFRS)  
Unaudited

EUR million	H1 2008	H1 2007	Q2 2008	Q2 2007	Q1-Q4 2007
<b>Net sales</b>	<b>1 139,1</b>	<b>1 170,8</b>	<b>590,5</b>	<b>606,1</b>	<b>2 311,0</b>
Cost of goods sold	-983,2	-989,8	-508,3	-510,7	-2 028,0
<b>Gross profit</b>	<b>155,9</b>	<b>181,0</b>	<b>82,2</b>	<b>95,4</b>	<b>283,0</b>
Other operating income	7,3	13,4	3,6	3,4	31,9
Sales and marketing	-42,1	-41,4	-22,3	-21,4	-83,6
Research and development	-8,5	-9,6	-4,2	-4,8	-17,8
Administration costs	-58,8	-61,6	-29,6	-31,5	-122,6
Other operating expenses	-6,8	-8,4	-2,7	-5,4	-62,8
	-108,9	-107,6	-55,2	-59,7	-254,9
<b>Earnings before interest and taxes</b>	<b>47,0</b>	<b>73,4</b>	<b>27,0</b>	<b>35,7</b>	<b>28,1</b>
Financial income	7,1	4,9	3,1	3,2	9,2
Financial expenses	-27,1	-25,1	-14,5	-14,3	-51,7
Income of associated companies	0,3	0,2	0,2	0,1	0,4
<b>Result before taxes</b>	<b>27,3</b>	<b>53,4</b>	<b>15,8</b>	<b>24,7</b>	<b>-14,0</b>
Income tax expense	-4,8	-9,6	-2,7	-5,3	-6,2
<b>Result for the period</b>	<b>22,5</b>	<b>43,8</b>	<b>13,1</b>	<b>19,4</b>	<b>-20,2</b>
Attributable to:					
Equity holders of the parent company	21,4	42,8	12,7	19,0	-22,5
Minority interest	1,1	1,0	0,4	0,4	2,3
Basic earnings per share (EUR) for the shareholders of parent company	0,21	0,43	0,13	0,19	-0,22
Diluted earnings per share (EUR) for the shareholders of parent company	0,21	0,42	0,13	0,18	-0,22

## Group balance sheet (IFRS)

## Unaudited

EUR million	Jun 30 2008	Dec 31 2007	Jun 30 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	466,7	471,9	523,4
Other intangible assets	40,2	41,4	35,6
Tangible assets	763,1	799,3	853,1
Investments in associated companies	1,6	1,5	1,7
Available for sale investments	1,9	1,9	1,7
Interest bearing receivables	1,9	0,9	3,0
Deferred tax assets	13,5	13,7	17,5
Employee benefit assets	55,0	59,2	63,4
Other non-current assets	3,8	4,8	5,1
	<b>1 347,7</b>	<b>1 394,6</b>	<b>1 504,5</b>
<b>Current assets</b>			
Inventory	354,8	348,5	374,9
Interest bearing receivables	25,4	4,6	8,4
Current tax assets	12,9	17,9	11,3
Trade and other current receivables	423,3	394,8	443,3
Cash and cash equivalents	42,8	30,8	25,9
	<b>859,2</b>	<b>796,6</b>	<b>863,8</b>
<b>Total assets</b>	<b>2 206,9</b>	<b>2 191,2</b>	<b>2 368,3</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	358,7	358,7	358,7
Premium fund	104,7	104,7	104,7
Treasury shares	-46,5	-46,5	-46,5
Translation differences	-138,8	-121,1	-106,7
Fair value and other reserves	1,3	1,4	2,0
Retained earnings	454,5	475,7	533,5
<b>Total equity attributable to equity holders of the parent company</b>	<b>733,9</b>	<b>772,9</b>	<b>845,6</b>
Minority interest	17,8	20,5	20,4
<b>Total equity</b>	<b>751,7</b>	<b>793,4</b>	<b>866,0</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	399,0	401,1	370,0
Deferred tax liabilities	41,8	38,8	63,6
Employee benefit liabilities	104,2	108,8	111,7
Provisions	57,9	60,3	50,9
Other non-current liabilities	2,3	4,3	3,9
	<b>605,2</b>	<b>613,3</b>	<b>600,1</b>
<b>Current liabilities</b>			
Interest bearing liabilities			
- Current portion of long term loans	18,0	17,9	42,7
- Short term loans	362,8	365,7	421,3
Provisions	11,6	8,0	7,4
Current tax liabilities	13,8	21,1	19,4
Trade and other current liabilities	443,8	371,8	411,4
	<b>850,0</b>	<b>784,5</b>	<b>902,2</b>
<b>Total liabilities</b>	<b>1 455,2</b>	<b>1 397,8</b>	<b>1 502,3</b>
<b>Total equity and liabilities</b>	<b>2 206,9</b>	<b>2 191,2</b>	<b>2 368,3</b>
	<b>Jun 30 2008</b>	<b>Dec 31 2007</b>	<b>Jun 30 2007</b>
Net debt	709,6	748,5	796,7
Net debt to equity (gearing)	0,94	0,94	0,92

Changes in shareholders' equity  
Unaudited

EUR million	Attributable to equity holders of the parent company						Total equity	Minority interest	Total
	Share capital	Share issue premium	Treasury shares	Translation diff.	Fair value and other reserves	Retained earnings			
<b>Balance at Dec 31, 2006</b>	<b>358,7</b>	<b>104,7</b>	<b>-46,5</b>	<b>-106,7</b>	<b>2,1</b>	<b>528,8</b>	<b>841,1</b>	<b>19,3</b>	<b>860,4</b>
Cash flow hedges									
Hedge result deferred to equity					1,4		1,4		1,4
Hedge result recognized in income statement					-1,4		-1,4		-1,4
Translation differences							0,0	0,1	0,1
Deferred tax in equity					-0,1		-0,1		-0,1
Other changes						3,3	3,3		3,3
<b>Income and expense recognized directly in equity</b>					<b>-0,1</b>	<b>3,3</b>	<b>3,2</b>	<b>0,1</b>	<b>3,3</b>
Result for the period						42,8	42,8	1,0	43,8
<b>Total recognized income and expense for the period</b>					<b>-0,1</b>	<b>46,2</b>	<b>46,1</b>	<b>1,1</b>	<b>47,1</b>
Dividend						-42,2	-42,2		-42,2
Share-based payments						0,7	0,7		0,7
<b>Balance at Jun 30, 2007</b>	<b>358,7</b>	<b>104,7</b>	<b>-46,5</b>	<b>-106,7</b>	<b>2,0</b>	<b>533,5</b>	<b>845,6</b>	<b>20,4</b>	<b>866,0</b>
<b>Balance at Dec 31, 2007</b>	<b>358,7</b>	<b>104,7</b>	<b>-46,5</b>	<b>-121,1</b>	<b>1,4</b>	<b>475,7</b>	<b>772,9</b>	<b>20,5</b>	<b>793,4</b>
Cash flow hedges									
Hedge result deferred to equity					-0,3		-0,3		-0,3
Hedge result recognized in income statement					-3,0		-3,0		-3,0
Hedge result transferred to carrying amount of hedged items					3,2		3,2		3,2
Translation differences							-17,7	-3,8	-21,5
Deferred tax in equity					0,0		0,0		0,0
Other changes						-0,8	-0,8		-0,8
<b>Income and expense recognized directly in equity</b>				<b>-17,7</b>	<b>-0,1</b>	<b>-0,8</b>	<b>-18,6</b>	<b>-3,8</b>	<b>-22,4</b>
Result for the period						21,4	21,4	1,1	22,5
<b>Total recognized income and expense for the period</b>				<b>-17,7</b>	<b>-0,1</b>	<b>20,6</b>	<b>2,8</b>	<b>-2,7</b>	<b>0,1</b>
Dividend						-42,2	-42,2		-42,2
Share-based payments						0,4	0,4		0,4
<b>Balance at Jun 30, 2008</b>	<b>358,7</b>	<b>104,7</b>	<b>-46,5</b>	<b>-138,8</b>	<b>1,3</b>	<b>454,5</b>	<b>733,9</b>	<b>17,8</b>	<b>751,7</b>



Group cash flow statement (IFRS)

Unaudited

EUR million	H1 2008	H1 2007	Q2 2008	Q2 2007	Q1-Q4 2007
<b>Result for the period*</b>	<b>22,5</b>	<b>43,8</b>	<b>13,1</b>	<b>19,4</b>	<b>-20,2</b>
Adjustments*	72,4	74,2	41,5	40,6	243,2
- Depreciation, amortization and impairment*	46,2	49,1	23,1	24,6	203,3
- Gain on equity of minorities*	-0,3	-0,2	-0,3	-0,1	-0,4
- Gain/loss from disposal of assets*	-0,5	0,3	-0,5	0,1	-8,1
- Financial expense/-income*	20,0	20,3	11,4	11,2	42,5
- Income tax expense*	4,8	9,6	2,8	5,2	6,2
- Other adjustments, operational*	2,2	-4,9	5,0	-0,4	-0,3
Change in inventory*	-14,7	-31,0	7,3	3,7	-14,8
Change in non-interest bearing receivables*	-21,5	-48,5	-13,2	-28,9	-3,7
Change in non-interest bearing payables*	62,8	1,1	62,9	3,0	-38,5
Dividends received*	0,2	0,3	0,1	0,2	0,9
Interest received*	0,9	0,7	0,1	0,1	1,3
Interest paid*	-20,5	-20,6	-10,5	-8,4	-42,7
Other financial expense and income*	2,7	0,4	0,7	0,6	-1,1
Taxes paid*	-3,0	-7,6	-1,5	-5,6	-18,6
<b>Net cash flows from operating activities</b>	<b>101,8</b>	<b>12,8</b>	<b>100,5</b>	<b>24,7</b>	<b>105,8</b>
Capital expenditure*	-31,3	-57,1	-17,8	-31,5	-147,9
Proceeds from selling fixed assets*	2,0	1,6	1,8	0,5	14,3
Proceeds from long-term deposits	1,2	0,5	0,2	0,0	7,2
Payment of long-term deposits	-2,2	-1,5	-1,8	-1,5	-6,1
Proceeds from short-term deposits	5,0	0,5	0,3	0,0	11,5
Payment of short-term deposits	-25,7	-3,9	-22,6	-3,8	-11,0
<b>Net cash flows from investing</b>	<b>-51,0</b>	<b>-59,9</b>	<b>-39,9</b>	<b>-36,3</b>	<b>-132,0</b>
Proceeds from long-term borrowings	156,0	240,2	27,3	75,4	520,2
Repayment of long-term borrowings	-158,0	-187,3	-14,4	-18,3	-434,4
Proceeds from short-term borrowings	1 450,6	1 568,6	601,5	876,8	2 987,4
Repayment of short-term borrowings	-1 443,8	-1 528,7	-630,0	-879,3	-2 995,0
Dividends paid	-42,2	-42,2	-42,2	-42,2	-42,2
<b>Net cash flows from financing</b>	<b>-37,4</b>	<b>50,6</b>	<b>-57,8</b>	<b>12,4</b>	<b>36,0</b>
<b>Change in liquid assets</b>	<b>12,0</b>	<b>3,6</b>	<b>2,3</b>	<b>0,7</b>	<b>8,5</b>
Cash flow based	13,4	3,5	2,8	0,8	9,8
Translation difference	-1,4	0,1	-0,5	-0,1	-1,3
Liquid assets period start	30,8	22,3	40,5	25,2	22,3
Liquid assets period end	42,8	25,9	42,8	25,9	30,8
Free cash flow (including figures marked with *)	72,5	-42,7	84,5	-6,3	-27,8

NOTES FOR THE INTERIM REPORT

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Except for accounting policy changes listed below, the same accounting policies have been applied in the interim financial statements as in annual financial statements for 2007.

Interim report is unaudited.

Changes in accounting principles

The Group has adopted the following IFRS standards and interpretations considered applicable to Huhtamäki, with effect from January 1, 2008:

- IFRS 8 Operating segments. IFRS 8 assumes that segment reporting reflects the Group's management and internal reporting structure. The five new segments are in line with Huhtamäki's internal management structure and will replace the former geographical segments.
- IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction. The interpretation provides guidance on assessing the amount of the surplus that can be recognized as defined benefit asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

These newly adopted standards have not had a material impact on the reported results.

Segments

Segment information is presented according to the IFRS standards. Items below EBIT - financial items and taxes - are not allocated to the segments.

Net sales

	Q2	Q1	H1	Q4	Q3	Q2	Q1	Q1-Q4
EUR million	2008	2008	2008	2007	2007	2007	2007	2007
Flexibles and Films Global	176,2	178,4	354,6	167,9	176,3	175,1	185,7	705,0
- Intersegment net sales	1,7	0,9	2,6	0,8	1,2	1,0	1,2	4,2
Rigid Europe	173,5	149,9	323,4	148,7	161,7	172,1	146,0	628,5
- Intersegment net sales	1,5	1,1	2,6	1,5	1,6	1,2	1,1	5,4
Molded Fiber Europe	34,9	35,4	70,3	36,5	33,5	34,2	34,3	138,5
- Intersegment net sales	0,1	0,0	0,1	0,2	0,0	0,4	0,3	0,9
Rigid and Molded Fiber Americas	154,7	132,5	287,2	143,6	153,5	166,5	142,2	605,8
- Intersegment net sales	1,3	0,8	2,1	0,9	0,9	0,7	0,7	3,2
Rigid and Molded Fiber AOA	51,1	52,5	103,6	61,1	57,4	58,2	56,5	233,2
- Intersegment net sales	0,0	0,0	0,0	-0,2	0,1	0,1	0,1	0,1
Elimination of intersegment net sales	-4,5	-2,9	-7,4	-3,2	-3,8	-3,4	-3,4	-13,8
Total	590,5	548,6	1139,1	557,8	582,4	606,1	564,7	2 311,0

EBIT

	Q2	Q1	H1	Q4	Q3	Q2	Q1	Q1-Q4
EUR million	2008	2008	2008	2007	2007	2007	2007	2007
Flexibles and Films Global <sup>(1)</sup>	9,1	6,6	15,7	-0,5	11,8	12,5	14,7	38,5
Rigid Europe <sup>(2)</sup>	0,7	1,5	2,2	-74,3	3,5	3,3	0,2	-67,3
Molded Fiber Europe	2,5	2,9	5,4	3,5	2,5	2,3	2,4	10,7
Rigid and Molded Fiber Americas <sup>(3)</sup>	15,7	9,2	24,9	-6,2	13,1	19,4	17,2	43,5
Rigid and Molded Fiber AOA <sup>(4)</sup>	-1,0	-0,2	-1,2	-1,3	1,8	2,7	3,3	6,5
Other activities	0,0	0,0	0,0	0,3	0,5	-4,5	-0,1	-3,8
Total <sup>(5)</sup>	27,0	20,0	47,0	-78,5	33,2	35,7	37,7	28,1

<sup>1)</sup> Q4 2007 includes goodwill impairment charges MEUR 8.3.

<sup>2)</sup> H1 and Q2 2008 include restructuring charges MEUR 6.8, Q4 2007 includes restructuring charges MEUR 1.4, goodwill impairment charges MEUR 31.6 and tangible asset impairment charges MEUR 46.0.

<sup>3)</sup> Q4 2007 includes goodwill impairment charges MEUR 5.1 and tangible asset impairment charges MEUR 11.8.

<sup>4)</sup> Q4 2007 includes restructuring charges MEUR 2.3 and goodwill impairment charges MEUR 1.6.

<sup>5)</sup> Q4 2007 includes restructuring charges MEUR 3.7, goodwill impairment charges MEUR 46.6 and tangible asset impairment charges MEUR 57.7, total amount MEUR 108.0.

Depreciation and amortization

	Q2	Q1	H1	Q4	Q3	Q2	Q1	Q1-Q4
EUR million	2008	2008	2008	2007	2007	2007	2007	2007
Flexibles and Films Global	6,1	5,9	12,0	6,3	5,7	5,8	5,2	23,0
Rigid Europe	6,9	7,0	13,9	7,7	8,5	7,8	8,2	32,2
Molded Fiber Europe	1,9	1,9	3,8	1,8	1,9	1,9	1,9	7,5
Rigid and Molded Fiber Americas	5,0	5,0	10,0	5,6	5,8	5,9	6,0	23,3
Rigid and Molded Fiber AOA	3,0	3,1	6,1	3,1	3,0	3,0	2,9	12,0
Other activities	0,2	0,2	0,4	0,2	0,2	0,2	0,3	0,9
Total	23,1	23,1	46,2	24,7	25,1	24,6	24,5	98,9

Net assets allocated to the segments <sup>(6)</sup>

	Q2	Q1	Q4	Q3	Q2	Q1
EUR million	2008	2008	2007	2007	2007	2007
Flexibles and Films Global	513,9	526,7	542,9	547,7	528,0	513,9
Rigid Europe	378,2	399,9	407,6	494,0	502,9	494,4
Molded Fiber Europe	121,8	121,5	119,1	118,7	116,4	116,1
Rigid and Molded Fiber Americas	403,3	413,1	417,1	456,9	478,6	474,2
Rigid and Molded Fiber AOA	189,5	188,0	201,3	204,5	209,3	197,1

<sup>(6)</sup> Net assets include the following balance sheet items: intangible and tangible assets, other non-current assets, inventories, trade and other current receivables (excluding accrued interest income), other non-current liabilities and trade and other current liabilities (excluding accrued interest expense).

#### Capital expenditure

EUR million	Q2 2008	Q1 2008	H1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q1-Q4 2007
Flexibles and Films Global	9,6	6,8	16,4	15,3	15,1	12,6	8,6	51,6
Rigid Europe	3,2	2,2	5,4	9,8	8,6	7,9	9,5	35,8
Molded Fiber Europe	0,4	0,6	1,0	7,3	0,8	0,8	0,8	9,7
Rigid and Molded Fiber Americas	2,9	1,3	4,2	15,7	6,0	3,3	1,9	26,9
Rigid and Molded Fiber AOA	1,8	1,8	3,6	6,4	4,8	6,6	4,5	22,3
Other activities	0,0	0,7	0,7	0,9	0,1	0,3	0,3	1,6
Total	17,8	13,5	31,3	55,4	35,4	31,5	25,6	147,9

#### RONA, % (12m roll.)

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Flexibles and Films Global	5,1%	5,7%	7,2%	10,2%	11,1%	11,5%
Rigid Europe	-16,3%	-14,6%	-14,2%	-1,3%	-3,5%	-2,8%
Molded Fiber Europe	9,4%	9,3%	9,0%	8,9%	9,6%	10,2%
Rigid and Molded Fiber Americas	7,5%	8,0%	9,5%	13,3%	13,5%	13,6%
Rigid and Molded Fiber AOA	-0,3%	1,5%	3,2%	5,8%	6,6%	6,6%

#### Operating Cash Flow

EUR million	Q2 2008	Q1 2008	H1 2008	Q4 * 2007	Q3 * 2007	Q2 * 2007	Q1 * 2007	Q1-Q4 * 2007
Flexibles and Films Global	14,3	7,2	21,5	7,2	-18,9	9,6	-4,0	-6,1
Rigid Europe	30,2	1,1	31,3	17,2	16,2	-7,7	-7,7	18,0
Molded Fiber Europe	3,9	1,6	5,5	5,1	1,5	4,0	1,2	11,8
Rigid and Molded Fiber Americas	27,5	-2,5	25,0	25,6	21,9	9,7	-3,2	54,0
Rigid and Molded Fiber AOA	4,7	3,8	8,5	-0,8	0,5	-3,1	-5,8	-9,2

\*) In 2007 operating cashflow calculations the FX translation has been changed.

As net sales and EBIT of reportable segments form Groups' total net sales and EBIT, reconciliations to corresponding amounts are not presented.

#### Other information

EUR million	H1 2008	H1 2007	Q1-Q4 2007
Equity per share (EUR)	7,31	8,42	7,70
ROE, %	-5,3	9,6	-2,4
ROI, %	0,2	9,1	1,8
Personnel	15 373	15 129	15 092
Result before taxes (12m roll.)	-40,1	94,0	-14,0
Depreciation	42,5	46,2	92,9
Amortization of other intangible assets	3,7	2,8	6,0

#### Share capital and shareholders

At the end of the reporting period, the Company's registered share capital was EUR 358,657,670.00 (unchanged) corresponding to a total number of outstanding shares of 105,487,550 (unchanged) including 5,061,089 (unchanged) Company's own shares. The Company's own shares had the total accountable par of EUR 17,207,702.60, representing 4.8% of the total number of shares and voting rights. The amount of outstanding shares net of Company's own shares was 100,426,461 (unchanged).

There were 22,120 (21,025) registered shareholders at the end of June 2008. Foreign ownership including nominee registered shares accounted for 22.8% (27.3%).

#### Share developments

The Company's share is quoted on the OMX Nordic Exchange Helsinki on the Nordic Mid Cap list under the Materials sector. At the end of June 2008, the Company's market capitalization was EUR 573.9 million (EUR 1,310.2 million) and EUR 546.3 million (EUR 1,247.3 million) excluding Company's own shares. With a closing price of EUR 5.44 (EUR 12.42) the share price decreased by 33% (0%) from the beginning of the year, while the OMX Helsinki CAP PI Index decreased by 20% (+13%). In January-June 2008, the volume weighted average price for the Company's share was EUR 6.97 (EUR 13.14). The highest price paid was EUR 8.36 on January 2, 2008 and the lowest price paid was EUR 5.20 on June 23, 2008.

During the reporting period the cumulative value of the Company's share turnover was EUR 397.3 million (EUR 703.8 million). The trading volume of 57.0 million (53.6 million) shares equaled an average daily turnover of EUR 3.2 million (EUR 5.7 million) or, correspondingly 455,689 (432,116) shares. In total, turnover of the Company's 2003 A, B and C option rights was EUR 401,818, corresponding to a trading volume of 437,807.

**Contingent liabilities**

	Jun 30 2008	Dec 31 2007	Jun 30 2007
<b>EUR million</b>			
Mortgages	14,6	14,5	14,5
Guarantee obligations	1,9	2,8	4,8
Lease payments	59,7	55,6	57,3
Capital expenditure commitments	30,7	19,4	45,0

**Nominal values of derivative instruments**

	Jun 30 2008	Dec 31 2007	Jun 30 2007
<b>EUR million</b>			
Currency forwards, transaction risk hedges	51	45	58
Currency forwards, translation risk hedges	47	101	110
Currency swaps, financing hedges	137	143	138
Currency options	0	-1	2
Interest rate swaps	158	164	131
Electricity forwards	-	1	-

The following EUR rates have been applied to GBP, INR, AUD and USD

		Q2/08	Q2/07
Income statement, average:	GBP 1 =	1,290	1,482
	INR 1 =	0,016	0,018
	AUD 1 =	0,604	0,608
	USD 1 =	0,653	0,752
		Q2/08	Q2/07
Balance sheet, month end:	GBP 1 =	1,262	1,484
	INR 1 =	0,015	0,018
	AUD 1 =	0,611	0,630
	USD 1 =	0,634	0,740

**Definitions for key indicators**

<b>Earnings per share =</b>	$\frac{\text{Result before taxes - minority interest - taxes}}{\text{Average number of shares outstanding}}$
<b>Earnings per share = (diluted)</b>	$\frac{\text{Diluted result before taxes - minority interest - taxes}}{\text{Average fully diluted number of shares outstanding}}$
<b>Net debt to equity (gearing) =</b>	$\frac{\text{Interest bearing net debt}}{\text{Equity + minority interest (average)}}$
<b>RONA, % =</b>	$\frac{100 \times \text{Earnings before interest and taxes (12 m roll.)}}{\text{Net assets (12 m roll.)}}$
<b>Operating cash flow =</b>	Ebit + depreciation and amortization (including impairment) - capital expenditures + disposals +/- change in inventories, trade receivables and trade payables
<b>Shareholders' equity per share =</b>	$\frac{\text{Equity}}{\text{Issue-adjusted number of shares at period end}}$
<b>Return on equity (ROE) =</b>	$\frac{100 \times (\text{Result for the period})}{\text{Equity + minority interest (average)}}$
<b>Return on investment (ROI) =</b>	$\frac{100 \times (\text{Result before taxes + interest expenses + net other financial expenses})}{\text{Balance sheet total - Interest-free liabilities (average)}}$

