

**SUOMINEN CORPORATION
INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2006 (IFRS)**
PERFORMANCE IMPROVED

	7 - 9/2006	7 - 9/2005	1 - 9/2006	1 - 9/2005
Net sales, EUR million	51.4	50.9	148.4	150.6
Operating profit, EUR million	0.3	0.1	0.5	-1.9
Profit/loss for the period, EUR million, continuing operations	-0.4	-0.6	-1.6	-3.2
Earnings/share from continuing operations, EUR	-0.02	-0.02	-0.07	-0.14
Return on invested capital (ROI), %	0.7	2.7	0.5	-0.3
Cash flow from operations/share, EUR	0.20	0.13	0.32	-0.04

As a result of measures taken by Suominen to make operations more efficient, financial performance improved on the previous year. Net sales are expected to be on the level of 2005. Operating profit and profit for the financial year are expected to improve over 2005. However, loss after taxes is still expected.

Financial results

Net sales of Suominen Corporation's continuing operations for the third quarter were EUR 51.4 million (50.9) and operating profit EUR 0.3 million (0.1). Loss before taxes was EUR 0.6 million (-0.8).

Net sales of the continuing operations totalled EUR 148.4 million (150.6) for the nine-month period. Net sales were down by one per cent. Net sales of Wipes and Nonwovens business area decreased and net sales of Flexible Packaging increased. Operating profit of the continuing operations was EUR 0.5 million (-1.9), loss before taxes EUR 2.4 million (-4.7) and loss after taxes EUR 1.6 million (-3.2). Performance was improved resulting from cost cuts of EUR 4.5 million and better management of sales prices. It was eroded by continuing rise in oil-based raw material prices and higher energy costs.

Financing

Interest-bearing liabilities totalled EUR 92.9 million or EUR 6.2 million less than at the beginning of the year. Liabilities include a capital loan of EUR 4 million. Cash flow before change in working capital was EUR 11.4 million (9.8). Net financial costs were EUR 2.9 million (EUR 2.8 million). They were 1.9 per cent (1.9 %) of net sales. The equity ratio was 31.6 per cent (29.1 %) and the ratio of interest-bearing net liabilities to shareholders' equity (gearing ratio) was 162.1 per cent (180.7 %). Cash flow from operations was EUR 7.6 million (-0.9) or EUR 0.32 per share (-0.04).

Investments

The Company's gross investments in production totalled EUR 2.2 million (6.5). Planned depreciation was EUR 11.0 million (11.7). Of total investments Wet Wipes accounted for EUR 0.5 million, Nonwovens EUR 0.6 million and Flexible Packaging EUR 1.0 million. Investments were replacements and in maintenance of machinery.

Segment results

During the period under review, the Wipes and Nonwovens business area recorded net sales of EUR 92.8 million or 5 per cent less than for the same period in 2005. The Wipes and Nonwovens business area recorded an operating loss of EUR 0.8 million (-1.6).

Net sales of Wet Wipes totalled EUR 51.4 million and rose one per cent from the previous year. The volumes of wet wipes delivered rose in baby wipes and personal care wipes, while those of household cleaning wipes fell. Growth in sales was low as start-up of some new customer development projects was postponed to the second half-year. Also new sales to retail chains were more sluggish than planned. The retail chain sales organisation, reorganised at the beginning of the year, was strengthened for Germany and France. The production efficiency program and unit's cost savings program proceeded according to plan. The unit had 80 fewer employees than in September of the previous year.

Net sales of Nonwovens decreased by 8 per cent and were EUR 49.2 million. Decline in sales volumes was due to smaller sales of thermally bonded hygiene product material than that of the previous year. Deliveries of the nonwovens used in wipes to the Wet Wipes unit continued to grow while external sales decreased. Wet wipe manufacturers reduced their stock levels before the summer, which after the holidays discharged as a strong recovery in demand. This fluctuation in demand increased operating costs. Higher energy prices increased the costs of heating, electricity and transport. The now operational solid fuel power plant in Nakkila produces the unit's process heat at less cost than before.

Net sales of Flexible Packaging, which amounted to EUR 55.9 million, were up 5 per cent on the previous year. Flexible Packaging showed an operating profit of EUR 1.8 million (0.2). The growth in net sales was due to the rise in sales prices and to changes in the sales mix. The volumes of hygiene product packaging, food packaging, and special products rose. Sales of retail packaging declined, resulting in a 5 per cent decrease in volume. Growth in production volumes at the Polish plant continued. The cost savings program at Flexible Packaging proceeded as planned. There were some 20 fewer employees than in September of the previous year and production was shifted to Poland. Transfer of production from the Kauhava plant, which focused on the

manufacture of bakery packaging, to other production plants has also proceeded according to plan. Closing of the Kauhava plant is expected to cost approximately half million euros in 2006. Starting in 2007, there will be equivalent annual savings in operating costs. Due to strong growth at the Polish plant, printing capacity was decided to increase. The investment, which amounts close to EUR 2.6 million, will be completed in the summer of 2007.

Company shares

The volume of Suominen Corporation's shares traded on Helsinki Exchanges from 1 January through 30 September was 5 077 905 shares or 21.4 per cent of the total. The trading price of the shares varied between EUR 2.80 and 3.85. The final trading price was EUR 3.05. Market capitalisation was EUR 72.3 million on 30 September 2006.

Own shares of the company

On 1 January 2006, the Company held 15 129 of its own shares, with an acquisition value of EUR 5.22 per share.

The Annual General Meeting held on 20 March 2006 authorised the Board of Directors to decide on the acquisition of the Company's own shares, provided that the par value of the shares does not exceed 5 per cent of the Company's total share capital. In the period under review the Board of Directors did not exercise its authority to buy the Company's own shares.

The Annual General Meeting also authorised the Board of Directors to decide on the conveyance of the Company's own shares. Within the authorisation the Company has conveyed 14 008 of its own shares as emoluments to the Board of Directors in the period under review. The price of the conveyed shares was EUR 3.64 per share.

On 30 September 2006 Suominen Corporation held a total of 1 121 of its own shares, accounting for 0.0 per cent of the share capital and votes.

Stock options 2006

Suominen has in place a stock option plan of maximum of 300 000 options. Within the authorisation granted by the

Annual General Meeting, the Board of Directors decided to issue 100 000 stock options according to the 2006A stock option plan to the President and CEO of Suominen Corporation. The share subscription price for the 2006A stock options is the trade volume weighted average price of the Company share on the Helsinki Exchanges in May 2006 or EUR 3.40. The subscription period for the 2006A stock options is from 2 May 2008 until 30 October 2009.

Other authorisation for 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.

Changes in group organisation and management

Petri Rolig started as Vice President and General Manager of Flexible Packaging on 1 October 2006. Juha Henttonen, previous Vice President and General Manager of the business area started to work on projects within the Group. Suominen decided to co-ordinate the development of key functions to increase operational efficiency and take advantage of synergies faster. Group level responsibility of innovation and product development was given to Petri Rolig, operational efficiency to Pekka Rautala, and purchasing and logistics to Sakari Santa-Paavola.

Suominen Corporation's Executive Team comprises Kalle Tanhuanpää, President and CEO, Petri Rolig, Vice President and General Manager, Pekka Rautala, Vice President and General Manager, Sakari Santa-Paavola, Vice President and General Manager, and Arto Kiiskinen, Vice President and CFO.

Outlook

On the basis of market forecast and use forecasts provided by customers, net sales for 2006 are expected to be on the level of 2005.

The cost savings program, decided in autumn 2005, will exceed the planned. Costs for oil-based raw materials and energy are expected to stay on the current high level during the last quarter. The Company's operating profit and profit for the financial year are expected to improve over 2005. However, loss after taxes is still expected.

SUOMINEN CORPORATION CONSOLIDATED 1 JANUARY - 30 SEPTEMBER 2006 (IFRS)

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Suominen has adopted IFRS 2 standard, Share-based payment. Otherwise the principles for preparing the interim report are consistent with those of the annual financial statements for the year 2005. Changes to published accounting standards and interpretations as well as new accounting standards, which came into force on 1 January 2006, are presented in the financial statements for 2005. Suominen has not adopted the new options and changes in its accounting principles allowed by the new standards and interpretations. Adjustments were made to the principles of revenue recognition and presentation of exchange rate differences in the statement of income. They have also changed the comparative information but the effect on financial results and shareholders' equity is minor. The figures in this interim report have not been audited.

STATEMENT OF INCOME

EUR 1 000	7 - 9/2006	7 - 9/2005	1 - 9/2006	1 - 9/2005	1 - 12/2005
Net sales	51 441	50 874	148 399	150 572	195 161
Cost of goods sold	-48 349	-47 715	-139 268	-142 917	-185 077
Gross profit	3 092	3 159	9 131	7 655	10 084
Other operating income	71	54	428	663	1 754
Sales and marketing expenses	-847	-1 010	-2 674	-3 277	-4 419
Research and development	-446	-465	-1 472	-1 633	-2 468
Administration expenses	-1 527	-1 512	-4 709	-4 822	-6 595
Other operating expenses	-7	-152	-240	-471	-936
Operating profit	336	74	464	-1 885	-2 580
Interest and other financial income and expenses	-979	-856	-2 943	-2 910	-3 864
Fair value gains and losses	10	19	81	111	199
Profit before income taxes	-633	-763	-2 398	-4 684	-6 245
Income taxes	224	177	785	1 451	2 065
Profit/loss for the period, continuing operations	-409	-586	-1 613	-3 233	-4 180
Profit/loss from discontinued operations		940		1 075	1 075
Profit/loss for the period	-409	354	-1 613	-2 158	-3 105
Earnings/share from continuing operations, EUR	-0.02	-0.02	-0.07	-0.14	-0.18
Earnings/share from discontinued operations, EUR		0.04		0.05	0.05
Earnings/share from continuing and discontinued operations, EUR	-0.02	0.01	-0.07	-0.09	-0.13

Tax on the profit for the period under review is calculated according to Group's estimated average tax rate, 32.7 per cent, for 2006 (31 per cent).

KEY FIGURES ON STATEMENT OF INCOME

	7 - 9/2006	7 - 9/2005	1 - 9/2006	1 - 9/2005	1 - 12/2005
Net sales, change, % *	1.1		-1.4		
Gross profit, % **	6.0	6.2	6.2	5.1	5.2
Operating profit, % **	0.7	0.1	0.3	-1.3	-1.3
Financial income and expenses, % **	-1.9	-1.6	-1.9	-1.9	-1.9
Profit before income taxes, % **	-1.2	-1.5	-1.6	-3.1	-3.2
Profit from continuing operations, % **	-0.8	-1.2	-1.1	-2.1	-2.1
Profit from discontinued operations, % **		1.8		0.7	0.6
Profit for the period year, % **	-0.8	0.7	-1.1	-1.4	-1.6

* Compared with the corresponding period of the previous year.

** As of net sales.

BALANCE SHEET

EUR 1 000	9/2006	9/2005	12/2005
Assets			
Non-current assets			
Goodwill	34 195	34 195	34 195
Intangible assets	942	1 040	1 022
Tangible non-current assets	78 291	90 918	88 129
Available-for-sale investments	878	329	878
Held-to-maturity investments	100		
Deferred tax assets	1 592	1 960	1 788
Available-for-sale investments from discontinued operations		600	
Non-current assets, total	115 998	129 042	126 012
Current assets			
Inventories	27 285	28 525	30 214
Trade receivables and other receivables	26 889	25 182	21 765
Loan receivables		270	270
Other current receivables	7 517	5 889	6 822
Receivables from discontinued operations		5 765	
Cash at bank and in hand	834	843	1 166
Current assets, total	62 525	66 474	60 237
Assets, total	178 523	195 516	186 249
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	11 860	11 860	11 860
Share premium account	24 681	24 681	24 681
Fair value and other reserves	2 164	114	368
Translation differences	609	596	760
Other shareholders' equity	17 111	19 682	18 735
Shareholders' equity, total	56 425	56 933	56 404
Liabilities			
Non-current liabilities			
Deferred tax liabilities	7 417	9 049	7 639
Pension liabilities	1 986	4 400	2 283
Provisions	200	420	200
Capital loans	2 000	4 000	4 000
Interest-bearing liabilities	70 222	79 451	68 864
Other non-current liabilities	31	51	30
Non-current liabilities, total	81 856	97 371	83 016
Current liabilities			
Interest-bearing liabilities	18 698	19 165	24 277
Provisions	200	180	200
Capital loans	2 000	2 000	2 000
Income tax liabilities	386	217	472
Trade payables and other current liabilities	18 958	19 650	19 880
Current liabilities, total	40 242	41 212	46 829
Liabilities, total	122 098	138 583	129 845
Shareholders' equity and liabilities, total	178 523	195 516	186 249

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1 000	Share capital	Share premium account	Own shares	Translation differences	Fair value reserves	Retained earnings	Total
Total equity at 1 January 2006 (restated)	11 860	24 681	-79	760	447	18 735	56 404
Cash flow hedges							
Hedge result deferred in equity					2 327		2 327
Translation differences				-151			-151
Deferred tax in equity					-604		-604
Share-based payment						11	11
Net income recognised directly in equity	0	0	0	-151	1 723	11	1 583
Profit/loss for the period						-1 613	-1 613
Total recognised income and expense for the period	0	0	0	-151	1 723	-1 602	-30
Conveyance of own shares			73			-22	51
Balance at 30 September 2006	11 860	24 681	-6	609	2 170	17 111	56 425

EUR 1 000	Share capital	Share premium account	Own shares	Translation differences	Fair value reserves	Retained earnings	Total
Total equity at 1 January 2005 (restated)	11 860	24 681	-154	485	-442	21 840	58 270
Cash flow hedges							
Hedge result deferred in equity					858		858
Translation differences				111			111
Deferred tax in equity					-223		-223
Net income recognised directly in equity	0	0	0	111	635	0	746
Profit/loss for the period						-2 158	-2 158
Total recognised income and expense for the period	0	0	0	111	635	-2 158	-1 412
Conveyance of own shares			75				75
Balance at 30 September 2005 (restated)	11 860	24 681	-79	596	193	19 682	56 933

KEY FIGURES	9/2006	9/2005	12/2005
Earnings/share, EUR, continuing operations	-0.07	-0.14	-0.18
Earnings/share, EUR, discontinued operations		0.05	0.05
Earnings/share, EUR, continuing and discontinued operations	-0.07	-0.09	-0.13
Equity/share, EUR	2.38	2.40	2.38
Cash flow from operations/share, EUR	0.32	-0.04	0.01
Return on equity, % (ROE)	-3.8	-5.0	-5.4
Return on invested capital, % (ROI)	0.5	-0.3	-0.5
Equity ratio, %	31.6	29.1	30.3
Gearing, %	162.1	180.7	172.2
Gross investments, EUR 1 000	2 193	6 549	7 714
Depreciation, EUR 1 000	10 991	11 699	15 561

CASH FLOW STATEMENT

EUR 1 000	1 - 9/2006	1 - 9/2005	1 - 12/2005
Operations			
Operating profit	464	-1 885	-2 580
Total adjustments	10 937	11 678	13 320
Cash flow before change in working capital	11 402	9 793	10 739
Change in working capital	441	-7 396	-5 446
Financial items	-3 570	-2 758	-4 156
Taxes paid	-643	-579	-994
Cash flow from operations	7 630	-940	144
Investments			
Investments in tangible and intangible assets	-2 394	-3 826	-8 087
Cash flow from investing activities of discontinued operations		-3 130	5 748
Proceeds from sale of fixed assets and other proceeds	699	258	399
Cash flow from investing activities	-1 695	-6 698	-1 940
Financing			
Non-current loans drawn	5 000	15 000	15 000
Repayments of non-current loans	-3 703	-12 887	-17 368
Capital loans	-2 000	-2 000	-2 000
Change in current loans	-5 519	5 959	4 964
Cash flow from financing	-6 222	6 072	596
Change in cash and cash equivalents	-288	-1 566	-1 200

SEGMENT REPORTING**Wipes and Nonwovens**

EUR 1 000	1 - 9/2006	1 - 9/2005	Change, %	1 - 12/2005
Net sales				
- Wet Wipes	51 412	50 692	1.4	64 911
- Nonwovens	49 234	53 713	-8.3	67 476
- eliminations	-7 849	-6 857		-8 947
Total	92 797	97 548	-4.9	123 440
Operating profit	-786	-1 600		-2 901
% of net sales	-0.8	-1.6		-2.3
Assets	116 902	126 995		123 858
Liabilities	13 156	16 446		14 027
Investments	1 080	4 238		4 893
Depreciation	6 598	7 261		9 682
Average personnel	453	541		532

Flexible Packaging

EUR 1 000	1 - 9/2006	1 - 9/2005	Change, %	1 - 12/2005
Net sales	55 855	53 187	5.0	71 837
Operating profit	1 828	161		72
% of net sales	3.3	0.3		0.1
Assets	55 392	59 435		59 552
Liabilities	7 689	7 163		7 901
Investments	1 049	2 296		2 784
Depreciation	4 352	4 385		5 812
Average personnel	599	608		607

Consolidation Items

EUR 1 000	1 - 9/2006	1 - 9/2005	Change, %	1 - 12/2005
Net sales	-253	-163		-116
Operating profit	-578	-446		249
Assets	6 229	9 086		2 839
Liabilities	101 253	114 974		107 917
Investments	64	15		37
Depreciation	41	53		67
Average personnel	10	11		11

NET SALES BY MARKET AREA

EUR 1 000	1 - 9/2006	1 - 9/2005	1 - 12/2005
Finland	24 542	26 245	34 649
Scandinavia	15 781	15 317	20 299
The Netherlands	17 045	19 883	23 302
Other Europe	73 457	75 892	98 932
Other Countries	17 574	13 235	17 979
Net sales, continuing operations, total	148 399	150 572	195 161

INFORMATION ON RELATED PARTIES

Members of the Board of Directors and the President and CEO of the parent company are related parties. The Company has no investments in associates.

QUARTERLY FIGURES

EUR 1 000	IV/2005	I/2006	II/2006	III/2006	IV/2005 -III/2006
Net sales					
Wipes and Nonwovens					
- Wet Wipes	14 219	16 813	16 773	17 826	65 631
- Nonwovens	13 763	16 922	15 281	17 031	62 997
- eliminations	-2 090	-2 991	-2 824	-2 034	-9 939
Total	25 892	30 744	29 230	32 823	118 689
Flexible Packaging	18 650	18 596	18 491	18 768	74 505
Consolidation items and eliminations	47	-38	-65	-150	-206
Net sales, continuing operations, total	44 589	49 302	47 656	51 441	192 988
Operating profit					
Wipes and Nonwovens	-1 301	-338	-433	-15	-2 087
% of net sales	-5.0	-1.1	-1.5	0.0	-1.8
Flexible Packaging	-89	991	362	475	1 739
% of net sales	-0.5	5.3	2.0	2.5	2.3
Consolidation items and eliminations	695	-52	-402	-124	117
Operating profit from continuing operations	-695	601	-473	336	-231
% of net sales	-1.6	1.2	-1.0	0.7	-0.1
Net financial expenses	-866	-927	-966	-969	-3 728
Profit before income taxes, continuing operations	-1 561	-326	-1 439	-633	-3 959

CHANGES IN FIXED ASSETS

EUR 1 000	1 - 9/2006		1 - 9/2005		1 - 12/2005	
	Tangible	Intangible	Tangible	Intangible	Tangible	Intangible
Book value at the beginning of the period	88 129	1 022	98 878	1 064	98 878	1 064
Investments	2 028	65	6 426	123	7 557	157
Decreases	-687		-3 349		-3 608	
Depreciation and impairments	-10 844	-147	-11 557	-142	-15 362	-199
Translation differences and other changes	-335	2	520	-5	664	
Book value at the end of the period	78 291	942	90 918	1 040	88 129	1 022

CONTINGENT LIABILITIES

EUR 1 000	9/2006	9/2005	12/2005
For own debt			
Real estate mortgages	5 046		
Corporate mortgages	1 177	1 177	1 177
Other own commitments			
Leasing payments and commitments	8 497	2 301	2 268
Rent commitments	11 498	10 069	10 206
Guarantee commitment for financial lease of discontinued operations	1 662	1 741	1 721

NOMINAL VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1 000	9/2006	9/2005	12/2005
Currency derivatives			
Intended for trading	10 824	9 984	11 791
Interest rate derivatives			
Intended for hedge accounting			
Maturity under 1 year	6 967	300	6 967
Maturity 2 - 5 years	55 333	47 300	50 633
Maturity 6 - 10 years			5 000
Total	62 300	47 600	62 600
Intended for trading			
Maturity 2 - 5 years	5 000	5 000	5 000
Total	5 000	5 000	5 000
Electricity derivatives			
Intended for hedge accounting			
Maturity under 1 year	2 061	1 461	912
Maturity 2 - 5 years	3 574	2 687	2 529
Total	5 635	4 148	3 441
Intended for trading			
Maturity under 1 year	556	464	1 905
Maturity 2 - 5 years	106	66	69
Total	662	530	1 974

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1 000	9/2006	9/2005	12/2005
Currency derivatives			
Intended for trading	-10	-94	-84
Interest rate derivatives			
Intended for hedge accounting	704	-923	-304
Intended for trading	-23	-165	-104
Electricity derivatives			
Intended for hedge accounting	2 273	1 184	909
Intended for trading	179	66	282

Suominen uses derivatives only to hedge against operating risks. In line with IAS standards, derivatives are divided into contracts that qualify for hedge accounting and into other derivatives i.e. derivatives held for trading. The Company applies cash flow hedge accounting to interest swap contracts to fix the interest flow of floating rate loans in accordance with IAS 39. Cash flow hedge accounting is also applied to the procurement of electricity, whereby the fluctuations in the price of electricity are fixed for the desired period. Hedging must be effective in both prospective and retrospective testing. The effectiveness of the hedge is documented at the inception of the hedge transaction and tested during the hedging period. The effective portions of interest rate derivatives and electricity derivatives are recognised in fair value reserve under equity.

Suominen Corporation does not apply hedge accounting according to IAS 39 for its currency risk hedging. The outstanding currency forward deals are valued at fair value, and changes in fair value are entered in the statement of income as other operating income and expenses.

Fair values of all derivative contracts are recognised in balance sheet under receivables and payables.

Helsinki, 26 October 2006

SUOMINEN CORPORATION

Board of Directors

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