SUOMINEN CORPORATION
FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2004

- Net sales: EUR 233.2 million (EUR 179.8 million 1 January - 31 December 2003)
- Operating profit: EUR 8.0 million (EUR15.4 million)
- Earnings/share: EUR 0.14 (EUR 0.43)
- Cash flow from operations/share: EUR 0.22 (EUR 1.01)
- Return on invested capital (ROI): 5.2 % (13.2 %)

Outlook for 2005: Net sales, operating profit and the financial results for the entire year are expected to be on the level of 2004. During the first months of the year results are expected to show loss. The operating profit for the entire year and the financial results are expected to be on the level of 2004, with a substantial part accumulating towards the end of the year.

Suominen Corporation generated EUR 233.2 million in net sales, which was up 30 per cent over 2003. The increase was due to the acquisition in the Wet Wipes business area. Excluding the effect of the acquisition, net sales declined by 7 per cent. Suominen Corporation's profit for the 2004 financial year amounted to EUR 3.2 million (8.9). Earnings per share amounted to EUR 0.14 (0.43). The Board of Directors proposes that no dividend be paid for the financial year.

FINANCIAL RESULTS

Suominen's profit before tax in 2004 amounted to EUR 4.1 million (12.7). The decrease in the corporate tax rate from 29 per cent to 26 per cent reduced taxes by EUR 0.8 million, resulting in EUR 0.9 million in corporate tax. The business area of Wet Wipes recorded an operating profit of EUR 0.3 million (1.2 for three months in 2003), Nonwovens an operating profit of EUR 3.8 million (6.0) and Flexible Packaging an operating profit of EUR 1.6 million (4.4). Operating profit for Other Business Operations amounted to EUR 2.3 million (3.7). Suominen showed an operating loss for the final quarter of the year due to the low sales in Wet Wipes, and to the costs of measures taken to increase efficiency in the business area, and to the sharp rise in prices for the oil-based raw materials of the other business areas.

Net sales recorded by Suominen Wet Wipes amounted to EUR 81.3 million or 15.7 per cent less than in 2003. Reductions in sales volumes and prices contributed to the decrease in net sales. In Europe, growth in sales of wet wipes slowed in comparison with the previous year and competition intensified. Brand manufacturers lost market shares, which in turn had a detrimental effect on the sales of Wet Wipes. Recovering these lost volumes for example by directing sales to retail chains proved to be more time consuming than expected. The volumes of wiping products for all product sectors - baby-care, personal care, and households - declined on 2004. The profitability of Wet Wipes declined considerably as the production volume decreased and prices for converting fell off. Costs were adjusted and this led to EUR 0.6 million in nonrecurring expenses at the end of the year. Refurbishment of production lines and moves related to modernisation of production and to increasing efficiency during the final quarter reduced production volumes and eroded profits.

Net sales recorded by Nonwovens declined by 3.2 per cent and amounted to EUR 75.0 million. Sales volumes increased on last year, although sales prices were down substantially. Moreover, the trend in the sales volumes of the business area was affected by the challenges to brand manufacturers on the European wet wipes market. The sales volumes of hydroentangled wiping product materials rose on the previous year, largely due to an increase in deliveries to the United States. Sales volumes of hygiene product materials increased and volumes of health care product materials remained on the level of 2003. Financial performance was eroded by both the trend in sales prices and continued strong rises in the prices of oil-based raw materials. Rationalisation of production at the beginning of the year increased efficiency and improved the cost position.

Net sales recorded by Flexible Packaging amounted to EUR 69.2 million and were up 0.7 per cent from the previous year. Sales volumes of packaging for food products grew. The volumes of packaging for hygiene products, special products, and the retail trade were on the level of the previous year. Sales prices declined because of intensified competition and fluctuations in exchange rates. Financial performance declined in comparison with that of 2003. Prices for plastic raw materials rose sharply, especially at the end of the year, and similar price increases could not be passed on to sales prices in 2004. Growth in sales volumes in Poland continued. Production volumes at the plant have risen by more than 50 per cent since the expansion was completed in the spring. Sales in Russia were smaller than during 2003.

In Other Business Operations, Inka recorded an operating loss of EUR 0.5 million, which was primarily due to expenses arising from reorganisation of operations. Inka's production was centralised in Virrat, Finland and Estonia. Other Business Operations include a profit of EUR 3.2 from the sale of real estate and investment shares.

FINANCING
On 31 December 2004, interest-bearing liabilities totalled EUR 90.5 million, or EUR 14.2 million more than on January 1, 2004. The company had EUR 8 million in capital loans. Net financial costs were EUR 4.0 million (EUR 2.7 million). They were 1.7 per cent (1.5) of net sales and 49.2 per cent (17.6) of operating profit. EUR 5.7 million in working capital were tied up in the cash flow statement. Taxes paid amounted to EUR 7.7 million, due to accrued taxes paid for previous years. When the company's capital loans are included in shareholders' equity, the equity ratio was 35.6 per cent (40.5) and the ratio of interest-bearing net liabilities to shareholders' equity (the gearing ratio) was 128.9 per cent (86.5). Including the capital loans in liabilities, the corresponding figures were 31.4 (35.5) and 159.2 (112.9). Cash flow from operations per share was EUR 0.22 (1.01).

INVESTMENTS
The Company's gross investments in production totalled EUR 14.9 million (EUR 8.8 million). Planned depreciation amounted to EUR 17.9 million (15.5). Of the total investments the business area of Wet Wipes represented EUR 5.2 million, Nonwovens EUR 1.8 million and Flexible Packaging EUR 7.6 million. The most important investment project was the expansion of the Flexible Packaging plant in Poland, completed in May 2004.

GENERAL MEETINGS OF SHAREHOLDERS
The Annual General Meeting, held on 15 March 2004, re-elected Kari Haavisto, Pekka Laaksonen and Heikki Mairinoja to the Board of Directors for the years 2004 - 2006. The Board of Directors comprises the following persons: Matti Kavetvuo, Kari Haavisto, Pekka Laaksonen, Heikki Mairinoja and Heikki Bergholm. Matti Kavetvuo has served as chairman and Kari Haavisto as deputy chairman of the Board.
PricewaterhouseCoopers Oy, Authorised Public Accountants, with Heikki Lassila, APA, as the principal auditor, were elected as auditors.

The Annual General Meeting decided that a dividend of EUR 0.30 per share be paid for the financial year ended 31 December 2003.

An Extraordinary General Meeting of Suominen Corporation was held on 2 September 2004. The General Meeting decided that an extra dividend of EUR 0.29 be paid for the financial year ended 31 December 2003. Thus the dividend based on the financial results for 2003 totalled EUR 0.59 per share.

CORPORATE GOVERNANCE RECOMMENDATION
As of 1 July 2004, Suominen Corporation decided to observe the issued recommendation for Corporate Governance of listed companies.

SHARE CAPITAL AND SHARES
The registered share capital of Suominen Corporation totals 11,860,056 euros, the number of shares is 23,720,112 and the book countervalue of a share 0.50 euros. The volume of trading in Suominen Corporation's shares traded on the Helsinki Exchanges in the period from 1 January through 31 December 2004 was 7,320,156 shares or 30.9 per cent of the shares in the share capital. The trading price varied between EUR 3.84 and EUR 6.99. The final trading price was EUR 4.04. The market capitalisation was EUR 95.7 million on 31 December 2004.

OWN SHARES OF THE COMPANY
On 1 January 2004 the Company held 38,293 of its own shares, with an acquisition value of 5.22 euros per share. Within the authorisation granted to the Board of Directors in 2003, the Company conveyed 8,999 of its own shares between 1 January and 31 December 2004. The average price of the conveyed shares was EUR 6.31. On 31 December 2004 Suominen Corporation held a total of 29,294 of its own shares, accounting for 0.1 per cent of the share capital and votes.

The Annual General Meeting, held on 15 March 2004, 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 par value of the shares of the Company and it's subsidiaries thus acquired, combined with the par value of own shares acquired previously by the Company and its subsidiaries, does not exceed 5 per cent of the Company's total share capital at the moment of acquisition.

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

The Board of Directors did not exercise its authority to repurchase the Company's own shares.

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

Two of Suominen Corporation's business areas, Wet Wipes and Nonwovens, were combined as of 1 January 2005 to form a single area, Wipes and Nonwovens. Within the business area, the Wet Wipes business unit supplies the wet wipes of international brands and retail chains for distribution and consumption. The Nonwovens business unit manufactures nonwovens for the leading producers of wiping, hygiene and health care products. The organisational change is to benefit the operating chains formed by the units and increased use of Suominen's own nonwoven material.

Apart from Wipes and Nonwovens, Suominen also includes the Flexible Packaging business area and Inka Oy, which is included in Other Business Operations.

Esa Palttala was appointed Executive Vice President with responsibility for the Wipes and Nonwovens business area. Pekka Rautala was appointed Vice President, General Manager of the Wet Wipes business unit. He succeeds Boudewijn Lindner.

The Senior Vice President in charge of Marketing and Business Development for the Suominen Corporation resigned as of 30th September.

Suominen Corporation's Executive Team comprises the President and CEO, the Vice Presidents responsible for the two business areas, the Vice President responsible for the Wet Wipes business unit, and the Vice President and CFO.

FINANCIAL EFFECTS OF ADOPTING IFRS

Suominen's financial statements for 2004 are drawn up in accordance with Finnish national accounting standards. The transition date for calculation of comparative figures for IFRS reporting was 1st January 2004. The financial statements and interim reports for 2005 will be drawn up in conformance with IFRS regulations.

Suominen's Board of Directors has approved the principles according to which IFRS financial statements will be made. Data for the transition balance sheet and comparison figures for 2004 have been calculated.

The financial impact of IFRS reporting on the financial results and balance sheet of Suominen Corporation is described in the appendix to this release. The change will increase the corporation's after-tax profit by EUR 1.4 million for the year 2004, and earnings per share by EUR 0.04, mainly due to elimination of goodwill depreciation. Liabilities in the balance sheet will increase by EUR 6.7 million due to growth in defined-benefit pension liabilities, financial leasing liabilities, and deferred taxes. Shareholders' equity will decrease by EUR 1.7 million. As capital loans are treated as liabilities, the equity ratio will decline by 1.9 per cent and the gearing ratio will increase by 7.7 per cent.

OUTLOOK FOR 2005

On the basis of contracts concluded, use forecasts provided by customers, and the present order book, net sales for 2005 are expected to be on the level of those for 2004. Price rises for oil-based raw materials are expected to level off. Sales prices for Nonwovens and Flexible Packaging are expected to increase when rises in raw material prices are passed on to sales prices. Adjustment of costs will continue. Operational profitability is expected to improve gradually during the year. During the first months of the year results are expected to show loss. The operating profit for the entire year and the financial results are expected to be on the level of 2004, with a substantial part accumulating towards the end of the year.

PROPOSAL BY THE BOARD OF DIRECTORS

The following proposal for distribution of profit will be made by the company Board of Directors to the Annual General Meeting to be held on 18 March, 2005:

Distributable assets according to the consolidated balance sheet on 31 December 2004, EUR	6 539 000.00
Parent Company profit 1 January - 31 December 2004 EUR	1 308.33
Distributable assets according to the Parent Company balance sheet on 1 January 2004, EUR	12 413 781.89
Total, EUR	12 415 090.22
The Board of Directors proposes that no dividend be paid for the financial year	0.00
leaving the remainder on the retained earnings account, EUR	12 415 090.22
Total, EUR	12 415 090.22

SUOMINEN CORPORATION CONSOLIDATED, 1 JANUARY - 31 DECEMBER 2004

STATEMENT OF INCOME

EUR 1 000	**1 - 12/2004**	**%**	1 - 12/2003	%	Change %
Net sales	**233 174**	**100.0**	179 750	100.0	29.7
Cost of goods sold	**-211 552**	**-90.7**	-158 065	-87.9	33.8
Gross profit	**216 22**	**9.3**	21 685	12.1	-0.3
Sales and marketing expenses	**-5 735**	**-2.5**	-4 780	-2.7	
Administration expenses	**-9 315**	**-4.0**	-6 149	-3.4	
Other operating income and expenses	**3 223**	**1.4**	5 085	2.8	
Depreciation on goodwill	**-1 762**	**-0.8**	-474	-0.3	
Operating profit	**8 033**	**3.4**	15 367	8.5	-47.7
Financial income and expenses	**-3 951**	**-1.7**	-2 707	-1.5	46.0
Profit before income taxes	**4 082**	**1.8**	12 660	7.0	-67.8
Income taxes	**-851**	**-0.4**	-3 734	-2.1	
Profit for the period	**3 231**	**1.4**	8 926	5.0	-63.8

BALANCE SHEET

EUR 1 000	**12/2004**	12/2003
Assets		
Fixed assets		
Intangible assets	**33 503**	37 411
Tangible assets	**98 394**	100 222
Financial assets	**465**	629
Fixed assets, total	**132 362**	138 262
Current assets		
Inventories	**24 191**	24 311
Current receivables	**33 354**	29 980
Cash at bank and in hand	**2 387**	6 702
Current assets, total	**59 932**	60 993
Assets, total	**192 294**	199 255
Shareholders' equity and liabilities		
Shareholders’ equity		
Share capital	**11 860**	11 860
Own shares	**153**	200
Other restricted equity	**27 810**	27 801
Equity in untaxed reserves	**14 202**	16 751
Other unrestricted equity	**6 539**	14 202
Capital loans	**8 000**	10 000
Shareholders’ equity, total	**68 564**	80 814
Provisions	**600**	665
Liabilities		
Deferred tax liability	**8 866**	11 179
Non-current liabilities	**66 715**	57 134
Current liabilities	**47 549**	49 463
Liabilities, total	**123 130**	117 776
Shareholders' equity and liabilities, total	**192 294**	199 255

KEY FIGURES		12/2004		12/2003
Earnings/share, EUR		**0.14**		0.43
Equity/share, EUR		**2.55**		2.98
Dividend/share, EUR		**0.00**	*	0.59
Dividend/earnings, %		**0.0**	*	156.5
Dividend yield, %		**0.0**	*	9.0
P/E ratio		**29.6**		15.3
Cash flow from operations/share, EUR		**0.22**		1.01
Return on equity, % (ROE)		**5.0**		14.6
Return on invested capital, % (ROI)		**5.2**		13.2
Equity ratio, %		**31.4**		35.5
Equity ratio, %, capital loans in equity	**35.6**			40.5
Gearing, %		**159.2**		112.9
Gearing, %, capital loans in equity		**128.9**		86.5
Gross investments, EUR 1 000		**14 938**		66 387
Depreciation, EUR 1 000		**17 892**		15 514

* Proposal by the Board of Directors

CASH FLOW STATEMENT

EUR 1 000	12/2004	12/2003
Cash flow before change in working capital	**22 904**	26 478
Change in working capital	**-5 659**	2 762
Financial items and taxes	**-11 979**	-8 217
Cash flow from operations	**5 266**	21 022
Investments in fixed assets	**-14 289**	-64 087
Proceeds from sale of fixed assets	**6 073**	7 104
Cash flow from investing activities	**-8 216**	-56 982
Proceeds from issuance of share capital	**0**	21 100
Change in capital loans	**-2 000**	10 000
Dividends paid	**-13 988**	-22 102
Change in interest-bearing liabilities	**14 176**	30 012
Effect of exchange rate changes	**447**	23
Change in cash and cash equivalents	**-4 315**	3 073

FIGURES BY BUSINESS AREA

NET SALES

EUR 1 000	12/2004	12/2003	Change %
Wet Wipes	**81 330**	22 425	
Nonwovens	**75 043**	77 490	-3.2
Flexible Packaging	**69 244**	68 791	0.7
Others*	**7 557**	11 044	-31.6
Total	**233 174**	179 750	29.7

OPERATING PROFIT

EUR 1 000	12/2004	%	12/2003	%
Wet Wipes	**308**	**0.4**	1 221	5.4
Nonwovens	**3 799**	**5.1**	6 016	7.8
Flexible Packaging	**1 636**	**2.4**	4 385	6.4
Others*	**2 290**	**30.3**	3 746	33.9
Total	**8 033**	**3.4**	15 368	8.5

* Include Other Business Operations and consolidation items.

QUARTERLY FIGURES

EUR 1 000	I/2004	II/2004	III/2004	IV/2004	I-IV/2004
Net sales					
Wet Wipes	23 082	23 220	19 766	15 262	81 330
Nonwovens	19 891	18 057	17 621	19 474	75 043
Flexible Packaging	16 642	17 405	17 016	18 181	69 244
Others*	2 475	2 394	1 402	1 286	7 557
Net sales, total	62 090	61 076	55 805	54 203	233 174
Operating profit					
Wet Wipes	508	826	145	-1 171	308
% of net sales	2.2	3.6	0.7	-7.7	0.4
Nonwovens	1 472	1 466	578	283	3 799
% of net sales	7.4	8.1	3.3	1.5	5.1
Flexible Packaging	884	602	204	-54	1 636
% of net sales	5.3	3.5	1.2	-0.3	2.4
Others*	188	162	-211	2 151	2 290
% of net sales	7.6	6.8	-15.0	167.3	30.3
Total	3 052	3 056	716	1 209	8 033
% of net sales	4.9	5.0	1.3	2.2	3.4
Net financial expenses	-1 015	-782	-1 084	-1 070	-3 951
Profit before extraordinary items	2 037	2 274	-368	139	4 082

*Include Other Business Operations and consolidation items.

AVERAGE PERSONNEL	**12/2004**	12/2003
Wet Wipes *	**329**	86
Nonwovens	**196**	227
Flexible Packaging	**621**	621
Inka	**140**	145
Product and Process Development	**32**	36
Group Management, Finance and Procurement	**14**	13
Total	**1 332**	1 128

* At the end of 2003 the personnel of the business area were 337.

CONTINGENT LIABILITIES

EUR 1 000	**12/2004**	12/2003
For own debt		
Real estate mortgages	**14 612**	14 612
Business mortgages	**5 707**	5 707
Other own commitment		
Leasing payments and liabilities	**3 653**	3 758
Rent commitments	**9 588**	13 542

DERIVATIVE CONTRACTS

EUR 1 000	**12/2004**	12/2003
Currency derivatives		
Nominal value	**8 831**	7 896
Current value	**39**	94
Interest rate derivatives		
Nominal value	**52 900**	43 200
Current value	**-929**	-526
Electricity derivatives		
Nominal value	**4 391**	3 864
Current value	**122**	388

The figures have not been audited.

Helsinki, on 15 February, 2005

SUOMINEN CORPORATION

Board of Directors

APPENDIX: FINANCIAL EFFECTS OF ADOPTING IFRS

APPENDIX TO FINANCIAL STATEMENT RELEASE 16 FEBRUARY 2005

SUOMINEN CORPORATION: FINANCIAL EFFECTS OF ADOPTING IFRS

As of 1 January 2005 Suominen Corporation has adopted the International Financial Reporting Standards (IFRS). Prior to the adoption of IFRS Suominen Corporation has reported under Finnish Accounting Standards (FAS). The opening IFRS balance sheet of the transition date has been prepared.

Suominen will issue a release supplementing this statement before the interim report for the first quarter of 2005. The release will also present the IFRS comparative figures for the four quarters of 2004.

The significant effects of the adoption of IFRS on the financial position of the company are explained in the following summary.

EFFECTS ON SHAREHOLDERS' EQUITY

Below is a summary of the effects of adopting IFRS on Suominen Corporation's shareholders' equity on 1 January 2004 and 31 December 2004.

EUR 1 000		Total
Shareholders' equity, 31 December 2003 (FAS)		**70 814**
Effects of adopting IFRS		
IFRS 1	First time adoption of IFRS, revaluations	769
IAS 2	Inventories	2 732
IAS 12	Income taxes	-399
IAS 17	Leases	-1 383
IAS 19	Employee benefits	-5 565
IAS 39	Financing instruments	-13
IAS 40	Investment property	1 122
IAS 39	Available-for-sale investments	594
IAS 32	Own shares	-200
Adjusted shareholders' equity, 1 January 2004 (IFRS)		**68 471**
Conveyance of own shares		56
Translation differences		485
Cash flow hedges		-433
Available-for-sale investments		-422
Dividend		-13 975
Profit for the period		4 661
Shareholders' equity, 31 December 2004 (IFRS)		**58 843**

EFFECTS OF ADOPTING IFRS IN FINANCIAL STATEMENTS

OPENING BALANCE SHEET, 1 January 2004

EUR 1 000	FAS 1 Jan. 2004	Effect of adopting IFRS	IFRS 1 Jan. 2004
Assets			
Non-current assets	138 366	4 158	142 524
Current assets	60 889	3 371	64 260
Assets, total	199 255	7 529	206 784
Equity and liabilities			
Shareholders' equity	70 814	-2 343	68 471
Deferred tax liability	11 179	2 420	13 600
Pension liabilities	0	5 565	5 565
Capital loans	10 000	0	10 000
Other non-current liabilities	57 583	1 872	59 455
Current interest-bearing liabilities	19 282	0	19 282
Other current liabilities	30 397	15	30 412
Liabilities, total	128 441	9 872	138 314
Shareholders' equity and liabilities, total	199 255	7 529	206 784

BALANCE SHEET, 31 December 2004

EUR 1 000	FAS 31 Dec. 2004	Effect of adopting IFRS	IFRS 31 Dec. 2004
Assets			
Non-current assets	132 743	4 157	136 900
Current assets	59 551	2 548	62 099
Assets, total	192 294	6 704	198 998
Equity and liabilities			
Shareholders equity	60 564	-1 721	58 843
Deferred tax liabilities	8 866	1 555	10 421
Pension liabilities	0	4 265	4 265
Capital loans	8 000	0	8 000
Other non-current liabilities	67 122	1 796	68 918
Current interest-bearing liabilities	23 876	0	23 876
Other current liabilities	23 866	809	24 675
Liabilities, total	131 730	8 425	140 155
Shareholders' equity and liabilities, total	192 294	6 704	198 998

STATEMENT OF INCOME, 1 January - 31 December 2004

EUR 1 000	FAS 2004	Effect of adopting IFRS	IFRS 2004
Net sales	233 174	0	233 174
Operating profit	8 033	1 580	9 613
Financial income and expenses	-3 951	-319	-4 270
Profit before tax	4 082	1 261	5 343
Taxes	-851	169	-682
Profit for the financial year	3 231	1 430	4 661

KEY FIGURES

	FAS 2004	Effect of adopting IFRS	IFRS 2004
Earnings/ share, EUR	0.14	0.06	0.20
Equity/share, EUR	2.55	-0.07	2.48
Return on equity (ROE), %	5.0	1.9	6.9
Return on investment (ROI), %	5.2	0.6	5.8
Equity, %	31.4	-1.9	29.5
Gearing, %	159.2	7.7	166.9

FINANCING
No cash flow statement for 2004 is presented in this connection, since there is no essential difference between cash flow statements prepared in accordance with IFRS and FAS.

PRINCIPLES FOR PREPARING THE FINANCIAL STATEMENTS

GOODWILL AND DEPRECIATION ON GOODWILL
The differences between FAS and IFRS reporting on the accounting principles for goodwill originate from standards IAS 36 (Impairment of Assets) and IFRS 3 (Business Combinations). The IFRS 1 standard was applied to acquisition cost calculations for corporate acquisitions made before the year 2004, and the calculations have not been remade to comply with IFRS 3. Observance of the stipulations in IAS 36 has led to the book values of assets being tested for impairment. This testing has not resulted in any impairment in the opening IFRS balance sheet at the transition date.

According to the revised IFRS 3, no goodwill amortisation arising in connection with the acquisition of Codi International BV has been calculated since January 1, 2004. This has improved the consolidated result for 2004 in comparison with the FAS standard by EUR 1.8 million.

INVENTORIES
The fixed production overhead costs have been recognised as part of the costs of conversion of inventories in accordance with IAS 2. This increased inventory by 2.7 million euros in the transition balance sheet. As a result of the revaluation of the inventories, the change in stock in the statement of income has fallen in comparison with the FAS standard, resulting in a reduction of EUR 0.2 million to the profit for 2004.

VALUATION OF NON-CURRENT ASSETS
IFRS 1, First-time Adoption of International Financial Reporting Standards, allows for the valuation of non-current assets at fair value at the time of the transition. The revaluation of the plant buildings at Nakkila has been cancelled but, on the other hand, the property has been valued at fair value. Annual depreciation has been calculated on the fair value in accordance with the original depreciation plan of the non-current assets.

The fair value of the plant property at Nakkila in the transition balance sheet was EUR 15.8 million. The book value according to FAS was EUR 14.6 million, including a revaluation of EUR 3.1 million.

The revaluations of land areas, EUR 0.3 million, have been included in the deemed cost at the time of revaluation in accordance with IFRS 1.

INVESTMENT PROPERTIES
Investment properties have been presented in the balance sheet in accordance with IAS 40. In Finnish bookkeeping practice investment properties have been classified as tangible non-current assets. In IFRS reporting the investment properties have been valued at fair values, which have been obtained from outside experts. During 2004 the company disposed of all its investment properties.

AVAILABLE-FOR-SALE INVESTMENTS
According to the basic rule in IAS 39 the valuation of available-for-sale investments is based on fair value. Long-term investments in the transition balance sheet included quoted shares valued at EUR 0.6 million. According to the FAS, their bookkeeping value was EUR 3 thousand. During 2004 the company disposed of all its available-for-sale investments.

DERIVATIVE CONTRACTS
Suominen Corporation uses derivative contracts for currency hedging, interest rate hedging and electricity price hedging. Hedge accounting in accordance with IFRS 39 is applicable to the last two mentioned. As far as effective hedging is concerned, changes in the fair values of derivative contracts have been deferred in equity and they will be released from equity into the statement of income when the external cash flow is taking place.

The value in the transition balance sheet of the derivatives recorded under hedge accounting was EUR -9 thousand, the equivalent value at 31 December 2004 being EUR -597 thousand.

SALE AND LEASEBACK AGREEMENT ON THE KILLINKOSKI PROPERTY
Sale and leaseback agreements included as financial leases in IFRS reporting are entered in the balance sheet in accordance with IFRS 17. The sale and leaseback agreement on the Killinkoski property has been cancelled and the profit of EUR 1.4 million generated through the arrangement has been deducted from the Group's equity. The profit is not entered as income during the term of the lease due to the repurchasing obligation included in the arrangement. The financial leasing agreement has increased the interest-bearing liabilities in the transition balance sheet by EUR 1.8 million.

PENSION SCHEMES
Most of the individual pension schemes at the companies which are part of Suominen Corporation are defined contribution plans, in which contributions are entered as expenditure in the period to which the contribution relates. The treatment of defined contribution pension schemes in FAS accounts is consistent with IAS 19 (Employee Benefits).

In defined benefit schemes the pension costs, according to IAS 19, are booked to the income statement, spreading the regular costs over the service time of the employee by using the unit credit method calculated by the actuaries every year. The pension obligation is measured as the present value of the estimated future cash outflows by using interest rates of government securities or similar benchmarks. Actuarial gains and losses are accrued to the income statement over the expected average remaining service time of employees. The corporation has taken the opportunity afforded by IFRS 1 to enter all the cumulative actuarial gains and losses of all the pension schemes in the balance sheet at the time of the transition.

The pension scheme in Holland is defined-benefit-based and EUR 3.7 million of it was entered as liability in the transition balance sheet. The liability was increased by EUR 0.4 million in the 2004 balance sheet, with a respective impact on the pension costs of the year.

The disability element of the Finnish Pension Scheme (TEL) is treated in the transition balance sheet as a defined benefit. Of the disability pensions, EUR 1.8 million has been recorded as a long-term, interest-free liability, which, deducted by deferred taxes, reduces the Company's equity.

As a result of an alteration to the Finnish disability pension scheme, the liability entered in the transition balance sheet has been reduced by EUR 1.6 million through a reduction in pension expenditure during 2004. Most of the liability will be written off in the 2005 year-end accounts.

TAXES
Deferred tax assets and liabilities in accordance with IAS 12 were entered for the adjustments made in shareholders' equity. IFRS-adjustments increase the deferred tax assets by 2.0 million euros and the tax liabilities by 2.4 million euros in the transition balance sheet. The corresponding figures on 31 December 2004 were 1.5 million euros and 1.6 million euros.

EUR million	1 Jan. 2004	31 Dec. 2004
Tax assets		
- pension liabilities	1.6	1.1
- cancelling a sales and leaseback arrangement	0.4	0.4
Tax liabilities		
- valuation of non-current assets over equivalent taxable value	1.5	0.9
- change in the valuation of inventories.	0.8	0.7

OTHER CHANGES

STATEMENT OF INCOME

Suominen Corporation has used in FAS the expense by function method that it will continue to use in the IFRS reporting. However, some cost items, as costs for product and process development, have been redefined. Therefore, the gross profit is not comparable with that of the Finnish Accounting Standards.

SEGMENT REPORTING

Suominen Corporation's primary segment reporting system is based on the business segments that on 1 January 2004 are formed of the existing business areas in accordance with IFRS 14. Inter-segment sales are reported as part of the net sales of the segments.

The business areas form the cash generating units of the company.

With the integration of the Nonwovens and Wet Wipes business areas on January 1, 2005, the development will be towards a uniform segment in which product supply, pricing and the management of the operations will observe joint interests. The financial responsibility will be integrated and the administrative organisation changed correspondingly. The new segment reporting will start at the beginning of 2005. The rearrangement of the organisational and reporting structure will probably change the contents of the units that accumulate the cash flow in such a way that Nonwovens and Wet Wipes will together form a cash generating unit.