

SUOMINEN CORPORATION INTERIM REPORT JANUARY 1 – MARCH 31, 2005 (IFRS)

A LOSS FOR THE FIRST QUARTER

- Net sales: EUR 51.8 million (EUR 62.1 million January 1 - March 31, 2004)
- Operating profit: EUR -1.0 million (3.1)
- Earnings/share: EUR -0.06 (0.07)
- Cash flow from operations/share: EUR 0.10 (0.13)
- Return on invested capital (ROI): -2.5 % (8.0)
- Prospects for the rest of the year: The operating profit and financial results for the entire year are expected to accumulate towards the end of the year but fall short of those for 2004.

FINANCIAL RESULTS

The net sales of Suominen Corporation for the first quarter were EUR 51.8 million (62.1). The loss before taxes was EUR 2.1 million (+2.1).

The Wipes and Nonwovens business area recorded an operating loss of EUR 0.5 million (+2.2) and Flexible Packaging an operating loss of EUR 0.5 million (+1.1). Other Business Operations broke even: EUR 0.0 million (-0.2). Suominen showed a substantial loss for the first quarter due to a low volume of sales and problems with production at Wet Wipes, and to the high prices of oil-based raw materials for Nonwovens and Flexible Packaging.

The business area of Wipes and Nonwovens recorded net sales of EUR 31.4 million or 26 % less than in the same period of 2004.

The net sales of Wet Wipes, which amounted to EUR 15.5 million, were down by one third and on the level of the final quarter of 2004. Sales volumes, sales prices, and the margins on converting were lower than those of the previous year. The volumes lost in 2004 from brand product manufacturers were partly replaced with sales to retail trade chains, although here the trend was slower than expected. A program was started at the end of 2004 to modernise production lines and to improve production efficiency. Completion of refurbishment of production lines and moves of machinery to new production halls, which are part of this program, has been delayed considerably. Problems related to start-up of these lines generated extra costs. Furthermore, the delays caused some loss of sales. The low volume of sales, decline in production efficiency, and extra costs led to a considerable operating loss.

The net sales of Nonwovens decreased by 9 per cent and amounted to EUR 18.2 million. The volume of sales was smaller than that of the previous year, mainly due to reduced deliveries to the United States.

Internal deliveries to the Wet Wipes unit increased as planned. Sales prices rose, mainly thanks to raw material clauses in contracts. The unit recorded an operating profit, which was nevertheless smaller than that of the previous year. The reduced volume and the rise in prices

for oil-based raw materials since the beginning of the year contributed to the lower profit.

The net sales of Flexible Packaging, which amounted to EUR 17.6 million, were up 6 per cent on the previous year. This growth was mainly due to hygiene product packaging, the sales of which increased by one-fifth. Sales of food packaging and special products also increased. Sales of retail packaging were on the level of the previous year. Sales prices rose from the previous year and from the last quarter of 2004, but not enough to offset a continued strong rise in raw material prices. Increases in sales prices lagged substantially behind the rise of raw material costs, which led to an operating loss.

In Other Business, Inka's operations have been stabilising since the reconstruction carried out in 2004 and operating profit amounted to EUR 0.1 million.

FINANCING

Interest-bearing liabilities totalled EUR 100.7 million or EUR 0.4 million more than at the beginning of the year. Net financial costs were EUR 1.2 million (EUR 1.0 million). They were 2.2 per cent (1.7 %) of net sales. EUR 2.3 million in working capital were tied up in the cash flow statement. Tax refunds amounted to EUR 1.9 million. The equity ratio was 29.0 per cent (30.0) and the ratio of interest-bearing net liabilities to shareholders' equity (the gearing rate) was 170.1 per cent (142.5). Cash flow per share from operations was EUR 0.10 (0.13).

INVESTMENTS

The Company's gross investments in production totalled EUR 1.8 million (EUR 3.9 million). Planned depreciation was EUR 4.0 million (4.1). Of the total investments Wet Wipes represented EUR 1.1 million, Nonwovens EUR 0.2 million and Flexible Packaging EUR 0.5 million. Investment in the Wet Wipes unit focused on the new production line and on modernisation of the lines.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders was held on March 18, 2005. The General Meeting approved the amendment of Articles 5, 7 and 14 of the Articles of Association as proposed by the Board of Directors. The Annual General Meeting decided that no dividend be paid for the year 2004.

The Annual General Meeting approved the financial statements for 2004 and released the members of the Board of Directors and the President and CEO from liability for the financial period.

The General Meeting elected Heikki Bergholm, Matti Kavetvuo, Pekka Laaksonen, Juhani Lassila, Mikko Maijala and Heikki Mairinoja to the Board of Directors. In its initial meeting the Board of Directors elected Matti

Kavetvuo as chairman and Mikko Maijala as deputy chairman.

PricewaterhouseCoopers Oy, Authorised Public Accountants, with Heikki Lassila, APA, as the principal auditor, were elected as auditors.

The Annual General Meeting 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 its 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.

COMPANY SHARES

The volume of Suominen Corporation's shares traded on Helsinki Exchanges from January through March was 1 688 764 shares or 7.1 per cent of the total. The trading price of the shares varied between EUR 3.58 and 4.52. The final trading price was EUR 3.61. The market capitalisation was EUR 85.9 million on March 31, 2005.

OWN SHARES OF THE COMPANY

On January 1, 2004 the Company held 29 294 of its own shares, with an acquisition value of 5.22 euros per share. In the period under review the Board of Directors did not

exercise its authorities to buy or to convey the Company's own shares. On March 31, 2005 Suominen Corporation held a total of 29 294 of its own shares, accounting for 0.1 per cent of the share capital and votes.

After the review period, 14 165 own shares were conveyed as emoluments to the Board of Directors.

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.

PROSPECTS FOR THE REST OF THE YEAR

On the basis of contracts concluded, use forecasts provided by customers and orders in hand, net sales for 2005 are expected to be slightly below those of 2004. Prices for oil-based raw materials are estimated to have reached the peak and start to decrease towards the end of the year. Sales prices for Nonwovens and Flexible Packaging are expected to strengthen from the level of the beginning of the year as rises in raw material prices are passed on to sales prices. Cost adjustments will continue in all units. The operating profit and the financial results for the entire year are expected to accumulate towards the end of the year but fall short of those for 2004.

SUOMINEN CORPORATION CONSOLIDATED JANUARY 1 - MARCH 31, 2005 (IFRS)

STATEMENT OF INCOME

EUR 1 000	1 - 3/2005	%	1 - 3/2004	%	Change %	1 - 12/2004	%
Net sales	51 806	100.0	62 090	100.0	-16.6	233 174	100.0
Cost of goods sold	-49 230	-95.0	-55 194	-88.9	-10.8	-207 988	-89.2
Gross profit	2 576	5.0	6 896	11.1	-62.6	25 186	10.8
Other operating income	160	0.3	853	1.4		4 107	1.8
Sales and marketing expenses	-1 311	-2.5	-1 389	-2.2		-5 736	-2.5
Research and development	-593	-1.1	-694	-1.1		-2 618	-1.1
Administration expenses	-1 754	-3.4	-2 306	-3.7		-9 315	-4.0
Other operating expenses	-44	-0.1	-227	-0.4		-2 011	-0.9
Operating profit	-966	-1.9	3 133	5.0	-130.8	9 613	4.1
Financial income and expenses	-1 161	-2.2	-1 026	-1.7	13.2	-4 270	-1.8
Profit before income taxes	-2 127	-4.1	2 107	3.4	-200.9	5 343	2.3
Income taxes *	798	1.5	-521	-0.8		-682	-0.3
Profit for the period	-1 329	-2.6	1 586	2.6	-183.8	4 661	2.0
Earnings/share, EUR	-0.06		0.07			0.20	

* Tax on the profit for the review period, including the effect of changed tax rate in the Netherlands.

BALANCE SHEET

EUR 1 000	3/2005	3/2004	12/2004
Assets			
Non-current assets			
Goodwill	34 195	34 200	34 195
Intangible assets	1 046	815	1 064
Tangible non-current assets	97 112	101 625	99 249
Financial assets	348	454	362
Deferred tax assets	2 469	2 128	2 029
Non-current assets, total	135 170	139 222	136 899
Current assets			
Inventories	30 300	26 993	26 724
Trade receivables and other receivables	31 960	35 654	32 988
Cash at bank and in hand	2 293	4 757	2 387
Current assets, total	64 553	67 404	62 099
Assets, total	199 723	206 626	198 998
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	11 860	11 860	11 860
Share premium account	24 681	24 673	24 683
Fair value reserve	-44	-207	-442
Other shareholders' equity	21 341	25 730	22 742
Shareholders' equity, total	57 838	62 056	58 843
Liabilities			
Non-current liabilities			
Deferred tax liabilities	9 810	12 792	10 421
Pension liabilities	4 310	5 656	4 265
Capital loans	6 000	8 000	6 000
Interest-bearing liabilities	57 477	63 634	68 406
Other non-current liabilities	512	581	512
Non-current liabilities, total	78 109	90 663	89 604
Current liabilities			
Interest-bearing liabilities	35 203	19 551	23 876
Capital loans	2 000	2 000	2 000
Trade payables and other current liabilities	26 573	32 356	24 675
Current liabilities, total	63 776	53 907	50 551
Liabilities, total	141 885	144 570	140 155
Shareholders' equity and liabilities, total	199 723	206 626	198 998

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1 000	Share capital	Share premium account	Translation differences	Fair value reserves	Retained earnings	Total
Total equity at 1 Jan. 2004	11 860	24 671	0	413	31 527	68 471
Available-for-sale investments						
Valuation gain transferred to income statement				-594		-594
Cash flow hedges						
Hedge result deferred in equity				-584		-584
Translation differences			485			485
Deferred tax in equity				323		323
Other changes		10			46	56
Net income recognised directly in equity	0	10	485	-855	46	-314
Net income for the period					4 661	4 661
Total recognised income and expense for the period	0	10	485	-855	4 707	4 347
Dividend					-13 975	-13 975
Balance at 31 Dec. 2004	11 860	24 681	485	-442	22 259	58 843
Cash flow hedges						
Hedge result deferred in equity				538		538
Translation differences			-74			-74
Deferred tax in equity				-140		-140
Other changes						0
Net income recognised directly in equity	0	0	-74	398	0	324
Net income for the period					-1 329	-1 329
Total recognised income and expense for the period	0	0	-74	398	-1 329	-1 005
Dividend						0
Acquisition of treasury shares						0
Balance at 31 March 2005	11 860	24 681	411	-44	20 930	57 838

KEY FIGURES

	3/2005	3/2004	12/2004
Earnings/share, EUR	-0.06	0.07	0.20
Equity/share, EUR	2.44	2.62	2.48
Cash flow from operations/share, EUR	0.10	0.13	0.22
Return on equity, % (ROE)	-9.1	9.7	7.4
Return on invested capital, % (ROI)	-2.5	8.0	5.9
Equity ratio, %	29.0	30.0	29.6
Gearing, %	170.1	142.5	166.4
Gross investments, EUR 1 000	1 833	3 890	14 938
Depreciation, EUR 1 000	3 966	4 143	16 130

CASH FLOW STATEMENT

EUR 1 000	1 - 3/2005	1 - 3/2004	1 - 12/2004
Cash flow before change in working capital	2 927	6 758	23 013
Change in working capital	-2 348	-1 894	-5 659
Financial items and taxes	1 846	-1 897	-12 088
Cash flow from operations	2 425	2 967	5 266
Investments	-2 684	-3 838	-14 375
Proceeds from sale of fixed assets	38	956	6 159
Cash flow from investing activities	-2 645	-2 882	-8 216
Change in capital loans			-2 000
Dividends paid	-13	-7 089	-13 988
Change in interest-bearing liabilities	583	5 064	14 176
Effect of exchange rate changes	-444	-4	447
Change in cash and cash equivalents	-95	-1 944	-4 315

FIGURES BY BUSINESS AREA**NET SALES**

EUR 1 000	1 - 3/2005	1 - 3/2004	Change %	1 - 12/2004
Wipes and Nonwovens				
- Wet Wipes	15 465	23 082	-33.0	81 330
- Nonwovens	18 185	19 891	-8.6	75 043
- eliminations	-2 281	-572		-3 360
Total	31 369	42 401	-26.0	153 013
Flexible Packaging	17 634	16 642	6.0	69 244
Others*	2 803	3 047	-8.0	10 917
Total	51 806	62 090	-16.6	233 174

OPERATING PROFIT

EUR 1 000	1 - 3 /2005	%	1 - 3/2004	%	1 - 12/2004	%
Wipes and Nonwovens	-462	-1.5	2 231	5.3	5 501	3.6
Flexible Packaging	-497	-2.8	1 080	6.5	1 834	2.6
Others*	-7	-0.2	-178	-5.8	2 278	20.9
Total	-966	-1.9	3 133	5.0	9 613	4.1

* Include Other Business Operations and consolidation items.

RETURN ON INVESTED CAPITAL, %

	1 - 3/2005	1 - 3/2004	1 - 12/2004
Wipes and Nonwovens	-1.6	8.1	4.9
Flexible Packaging	-3.9	8.9	3.7
Total	-2.5	8.0	5.9

NET SALES BY MARKET AREA

EUR 1 000	1 - 3/2005	1 - 3/2004	1 - 12/2004
Finland	9 642	10 359	41 774
Scandinavia	5 579	5 425	21 741
The Netherlands	8 132	7 901	31 589
Other Europe	24 556	31 375	114 509
Other Countries	3 897	7 030	23 561
Total	51 806	62 090	233 174

QUARTERLY FIGURES

EUR 1 000	II/2004	III/2004	IV/2004	I/2005	II/2004-I/2005
Net sales					
Wipes and Nonwovens					
- Wet Wipes	23 220	19 766	15 262	15 465	73 713
- Nonwovens	18 057	17 621	19 474	18 185	73 337
- eliminations	-732	-905	-1 151	-2 281	-5 069
Total	40 545	36 482	33 585	31 369	141 981
Flexible Packaging	17 405	17 016	18 181	17 634	70 236
Others*	3 126	2 307	2 437	2 803	10 673
Net sales, total	61 076	55 805	54 203	51 806	222 890
Operating profit					
Wipes and Nonwovens	2 753	1 086	-569	-462	2 808
% of net sales	6.8	3.0	-1.7	-1.5	2.0
Flexible Packaging	758	78	-82	-497	257
% of net sales	4.4	0.5	-0.5	-2.8	0.4
Others*	-122	-69	2 647	-7	2 449
% of net sales	-3.9	-3.0	108.6	-0.2	22.9
Operating profit, total	3 389	1 095	1 996	-966	5 514
% of net sales	5.5	2.0	3.7	-1.9	2.5
Net financial expenses	-797	-1 098	-1 349	-1 161	-4 405
Profit before income taxes	2 592	-3	647	-2 127	1 109

*Include Other Business Operations and consolidation items.

AVERAGE PERSONNEL	1 - 3/2005	1 - 3/2004	1 - 12/2004
Wet Wipes	319	338	329
Nonwovens	213	244	231
Flexible Packaging	603	601	621
Inka	120	142	140
Group Management and Administration	10	12	11
Total	1 265	1 337	1 332

CONTINGENT LIABILITIES

EUR 1 000	3/2005	12/2004
For own debts		
Real estate mortgages	14 612	14 612
Business mortgages	5 707	5 707
Other own commitments		
Leasing payments and commitments	2 119	3 653
Rent commitments	10 573	9 588

DERIVATIVE CONTRACTS

EUR 1 000	3/2005	12/2004
Currency derivatives		
Nominal value	9 933	8 831
Current value	21	39
Interest rate derivatives		
Nominal value	52 900	52 900
Current value	-864	-929
Electricity derivatives		
Nominal value	4 635	4 391
Current value	645	122

Current values of derivative contracts are recognised in balance sheet under receivables and payables. The effective portions of interest rate derivatives and electricity derivatives are recognised in fair value reserve under equity.

The figures have not been audited.

Helsinki, 26 April 2005

SUOMINEN CORPORATION

Board of Directors

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