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OPERATING RESULT EXCLUDING NON-RECURRING ITEMS IMPROVED TO EUR 11.1 MILLION

In the third quarter, M-real Group's operating result, excluding non-recurring items, rose to a profit of EUR 11.1 million from a loss of EUR 19.9 million in the previous quarter. Compared with the second quarter, the operating result was improved mainly by the growth in the volume of paper delivered. In addition, profitability in the previous quarter was burdened by the costs of annual maintenance shutdowns.

Included as non-recurring items in the operating result were write-downs on fixed assets of the Savon Sellu fluting mill in Finland and the Reflex paper mill in Germany, to a total value of EUR 53.5 million, as well as the recognition of negative goodwill of EUR 14.3 million connected with the purchase of shares in Kemiart Liners Oy. The operating result was a loss of EUR 28.1 million (a loss of 19.9 million).

Key figures for the third quarter:

- Operating result, excluding non-recurring items: a profit of EUR 11.1 million (a loss of 19.9 million in the previous quarter)
- The result before extraordinary items and excluding non-recurring items was a loss of EUR 20.3 million (a loss of 49.6 million).
- Operating result: a loss of EUR 28.1 million (a loss of 19.9 million)
- The result before extraordinary items was a loss of EUR 59.5 million (a loss of 49.6 million)
- Earnings per share: EUR 0.34 negative (0.18 negative)
- Result for the report period: a loss of EUR 62.1 million (a loss of 31.5 million).
- Cash flow from operations: EUR 77.0 million (0.7 negative)
- Return on capital employed: 1.9 per cent negative (1.0 negative)
- Turnover: EUR 1,362.7 million (1,333.3)
- Equity ratio at the end of the period: 37.2 per cent (35.8)
- Key figures adjusted for the effects of the rights issue: equity ratio: 41.9 per cent, gearing: 81 per cent, interest bearing net debt: EUR 2 189 million
- Capacity utilisation rate at the paperboard mills: 96 per cent (86); capacity utilisation rate at the paper mills: 89 per cent (86)

All businesses except for Map Merchants reported an improved operating result, excluding non-recurring items. The improvement in profitability was due mainly to the growth in delivery volumes.

The growth in paper demand continued in the third quarter. M-real's deliveries of paperboard also remained at the good level seen in the first half of the year and production capacity was nearly in full use.

During the quarter the price of coated and uncoated fine paper fell slightly and the price of coated magazine paper remained at nearly the previous quarter's level.

"Thanks to continued strong demand, we are still confident in our ability to implement price increases for both coated and uncoated fine papers, although the effect of this on 2004 is likely to be minor", said Senior Executive Vice President & COO Hannu Anttila, commenting on the market situation. "In respect of folding boxboard, we have announced our intention to

raise prices before the end of the year, but for coated magazine papers, the more significant price increases are considered from the beginning of 2005."

"The 200 million euro cost reduction and profitability improvement programme, which was announced in the beginning of the year, proceeds as planned", Anttila states.

"Although demand will probably hold up well, the seasonal variation will lower delivery volumes, and the fourth-quarter result, excluding extraordinary items, will be weaker than the third quarter," was Anttila's estimate of the near-term outlook.

M-REAL CORPORATION

Corporate Communications

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M-REAL CORPORATION

INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2004

JULY-SEPTEMBER EARNINGS COMPARED WITH THE PREVIOUS QUARTER

In the third quarter, M-real Group's operating result was a loss of EUR 28.1 million (Apr.-June 2004: a loss of EUR 19,9 million). The operating result includes write-downs on fixed assets of the Savon Sella fluting mill in Finland and the Reflex paper mill in Germany, to a total value of EUR 53.5 million, as well as the recognition of EUR 14.3 million of the negative goodwill connected with the purchase of shares in Kemiart Liners Oy. The operating result, excluding non-recurring items, was EUR 11.1 million. The operating result was improved mainly by the growth in the volumes of paper delivered. Kemiart Liners is totally included in the figures of the third quarter. In addition, profitability in the previous quarter was burdened by the costs of annual maintenance shutdowns.

All the businesses except for Map Merchants reported an improved operating result, excluding non-recurring items.

Deliveries of paperboard to customers totalled 310,000 tonnes (275,000 tonnes). Because of the imbalance between supply and demand, production was curtailed by 7,000 tonnes (21,000) in line with demand. The capacity utilisation rate at the mills was 96 per cent (86). Kemiart Liners is included in its entirety in the third-quarter figures.

Paper deliveries from the mills totalled 1,043,000 tonnes (995,000). Production curtailments amounted to 85,000 tonnes (104,000). The capacity utilisation rate at the mills was 89 per cent (86).

The effect of currency hedging on the operating result was a gain of EUR 4.1 million (a loss of 3.2 million). At the end of September, the exchange rate of the United States dollar against the euro was 2.1 per cent lower and the rate of the British pound against the euro 2.4 per cent lower than at the end of June. On average, the dollar weakened by 1.4 per cent and sterling by 0.8 per cent compared with the previous quarter.

Turnover was EUR 1,362.7 million (1,333.3). Comparable turnover was up 1.6 per cent.

Financial income and expenses were EUR 31.4 million negative (29.7 million negative). The figures include EUR 31.4 million of net interest and other financial expenses (28.9). In the comparison period, financial income and expenses furthermore included EUR 0.8 million of exchange losses on financial items.

Other operating income amounted to EUR 23.9 million (24.1). The sum does not include non-recurring items.

The result before extraordinary items was a loss of EUR 59.5 million (a loss of 49.6 million). The result, excluding the above-mentioned non-recurring items, was a loss of EUR 20.3 million (a loss of 49.6 million)

The result for the report period was a net loss of EUR 62.1 million (a net loss of 31.5 million). Taxes, including the change in the imputed deferred tax liability, were EUR 1.7 million (18.4 negative). Taxes in the previous quarter were reduced by the EUR 21.4 million decrease in the imputed deferred tax liability resulting from the lowering of Finland's corporate tax rate from 29 per cent to 26 per cent.

Earnings per share were EUR 0.34 negative (0.18 negative).

The return on capital employed was 1.9 per cent negative (1.0 negative). The return on equity was 10.6 per cent negative (5.4 negative).

EARNINGS IN JANUARY-SEPTEMBER COMPARED WITH THE SAME PERIOD OF 2003

The operating result in the January-September period was a loss of EUR 47.2 million (a profit of 111.1 million). The operating result, excluding non-recurring items booked in the third quarter, was a loss of EUR 8.0 million (104.1). Profitability was weakened above all by the lower selling price of paper as well as the 10 per cent average fall in the exchange rate of the US dollar. The operating result was also reduced by the divestment of Metsä Tissue in January 2004.

Apart from Cartons, the operating result excluding non-recurring items of all the businesses weakened.

Deliveries of paperboard to customers totalled 850,000 tonnes (757,000 tonnes). Production was curtailed by 65,000 tonnes in line with demand (111,000). The capacity utilisation rate was 90 per cent (86). Kemiart Liners is totally included in the figures of the third quarter.

The total volume of paper deliveries was 3,059,000 tonnes (2,902,000). Production curtailments amounted to 299,000 tonnes (424,000). The capacity utilisation rate of the paper mills was 88 per cent (85).

Turnover was EUR 4,077.5 million (4,569.9). Turnover decreased by the same factors as impacted the operating result. Comparable turnover was down 0.7 per cent.

The consolidated result before extraordinary items was a loss of EUR 137.4 million (a profit of 25.0 million). The result before extraordinary items, excluding non-recurring items booked in the third quarter, was a loss of EUR 98.2 million (a profit of 9.8). The result for the comparison period included a total of EUR 15.2 million of non-recurring income, of which EUR 8.2 million was entered in financial income and expenses.

The result of the reporting period was a profit of EUR 48.8 million (a profit of EUR 1.0 million).

PERSONNEL

The number of personnel at the end of September was 16 392 employees (19,636 employees at 31 December, 2003), of which 5 212 employees worked in Finland (5,835). The net reduction in personnel was 3,244 employees. Acquisitions and divestments resulted in a net decrease of 3,111 employees in the reduced headcount.

The Group's payroll includes 47 per cent of Metsä-Botnia's employees.

CAPITAL EXPENDITURES

Capital expenditures on fixed assets totalled EUR 143 million in January-September (Jan.-Sept. 2003: 136). In addition, EUR 16 million was paid for the shares of companies that were acquired. In the comparison period, EUR 154 million was paid for the shares of companies that were acquired.

The investment project for the new BCTMP mill in Kaskinen, which will have a total price tag of EUR 180 million, is progressing according to plans. The earthworks at the mill site have been completed and construction of the plant building is in progress. The mill will have an annual capacity of 300,000 tonnes of bleached BCTMP pulp and is set to come on stream in August 2005.

ACQUISITIONS, DIVESTMENTS AND RESTRUCTURING

At the beginning of January, a 66 per cent stake in Metsä Tissue was sold to Metsäliitto Osuuskunta in accordance with a Letter of Intent. In addition, 17 per cent was sold to the Tapiola Group. At the end of January, the remaining 17 per cent was sold to Varma Mutual Pension Insurance Company (9.86 per cent) and Sampo Life Insurance Company Limited (7.14 per cent). The transactions were carried out on the same terms and conditions and were based on a debt-free value of EUR 570 million. The after-tax capital gain on the disposals was about EUR 173 million.

The holdings of Metsäliitto Osuuskunta and UPM-Kymmene in Kemiart Liners Oy (a total of 53% of all the shares in the company) were purchased at the beginning of August for about EUR 13 million. In addition, the M-real Group's interest-bearing net debt increased by about EUR 23 million. The EUR 14.3 million negative goodwill that arose via the transaction was recognized as income in the third quarter.

In a deal that entered into effect at the end of September, the Price & Pierce trading business was sold to Gould Paper Corporation. The transaction does not have a major economic effect on M-real.

FINANCING

Interest-bearing net liabilities amounted to EUR 2,278 million at the end of September (Dec. 2003: 3,109 million).

The equity ratio was 37.2 per cent (Dec. 2003: 31.9) and the gearing ratio 100 per cent (Dec. 2003: 137).

Liquidity is good. Liquidity at the end of September was EUR 1,921 million, of which EUR 1,719 million consisted of binding long-term credit commitments and EUR 201 million represented liquid funds and investments. In addition, to meet its short-term financing needs, the Group had at its disposal non-binding domestic and foreign commercial paper programmes and credit facilities amounting to about EUR 600 million.

At the end of the report period an average of 4 months of net foreign currency exposure was hedged. The degree of hedging during the period has varied between 4 and 5 months. At the end of the period, about 101 per cent of the shareholders' equity not in euros was hedged. At the end of the period the Group's liabilities were tied to fixed interest rates for a period of 19 months. During the report period the interest rate maturity has varied from 18 to 24 months.

In July, Moody's Investors Services placed M-real on Credit Watch Negative for a possible lowering of its credit rating.

After the end of the review period, M-real has authorized five banks to act as the lead managers of a syndicated loan of EUR 500 million that will replace the syndicated loan of EUR 700 million maturing in July 2005. At present, none of this loan has been drawn down. At the time of writing, it is estimated that the final loan agreements will be signed by the end of the year.

SHARES

The highest share issue-adjusted price of the M-real Series B share on the Helsinki Stock Exchange in January–September was EUR 6.43, and the low was EUR 4.18, with an average share price of EUR 5.98. In 2003 the average price was EUR 6.11. The price of the Series B share was EUR 4.65 at the end of the report period on 30 September, 2004.

Turnover of the Series B share was EUR 719 million, or 85 per cent of the shares outstanding. The market value of the Series A and B shares, calculated on the number of shares prior to the rights issue, was EUR 833 million at 30 September, 2004.

At 30 September 2004, Metsäliitto Osuuskunta owned 38.5 per cent of M-real Corporation's shares, and the voting rights conferred by these shares was 64.2 per cent. International investors owned 36.7 per cent of the shares.

On 7 September 2004, the Board of Directors decided, on the basis of an authorization granted by the extraordinary meeting of shareholders on 6 September, 2004, to arrange a rights issue to an amount of EUR 447,498,561. The subscription period for the shares commenced on 15 September, 2004 and ended on 1 October, 2004. The subscription price was EUR 3.00 per share. Each M-real shareholder was entitled to subscribe for five (5) new Series B shares for each six (6) Series A or B shares which the shareholder owned on the record date, 10 September, 2004. The subscription rights were traded publicly on the Helsinki Stock Exchange from 15 to 24 September 2004 and turnover in them amounted to EUR 63 million, or 49 million warrants. The high for the subscription warrant was EUR 1.60 and the low EUR 1.11. According to the final outcome of the rights issue, 148,633,415 Series B shares were subscribed for on the basis of the subscription warrants in the primary offering, corresponding to 99.64 per cent of the total amount of offered shares. In addition, subscription commitments for 31,098,942 Series B shares were submitted in the secondary offering, exceeding the number of shares being offered (532,772 shares) nearly 60-fold.

The shares subscribed for in the primary offering were accepted for public trading on the Helsinki Stock Exchange as interim shares on 4 October, 2004 ("M-real B New Shares"). The corresponding increase in the share capital was entered in the Trade Register and the interim M-real B New Shares were combined with M-real's present Series B share class on 7 October, 2004. The increase in the share capital corresponding to the subscriptions accepted in the secondary offering was entered in the Trade Register on 13 October, 2004.

Following the registration of the shares subscribed for in the secondary offering, M-real's share capital is EUR 557,881,540.40 and consists of 328,165,612 shares, of which 36,340,550 are Series A shares and 291,825,062 are Series B shares.

The net increase in shareholders' equity resulting from the rights issue was EUR 430 million. The share capital rose by EUR 253.6 million to EUR 557.9 million.

The following table presents the effects of the rights issue on shareholders' equity as of 30 September, 2004:

EUR million	Shareholders' equity as of 30 September excluding the effects of the offering	Offering	Shareholders' equity as of 30 September including the effects of the offering
Share capital	304.3	253.6	557.9
Share premium account	472.9	193.9	666.8
Revaluation reserve	104.6	0.0	104.6
Reserve fund	1.7	0.0	1.7
Other shareholders' equity	1,357.9	-17.5	1,340.4
Shareholders' equity, total	2,241.4	430.0	2,671.4
Key figures			
Equity ratio, %	35.2		41.9
Gearing, %	115		81
Interest bearing net liabilities	2 619.2		2 189.2
Equity per share, EUR	12.52		8.14
Number of shares	178,999,425	149,166,187	328,165,612

The proceeds of the rights issue have been used to reduce the company's indebtedness.

The Board of Directors does not have current authorizations to carry out share issues or issues of convertible bonds or bonds with warrants.

REVISED STRATEGY, NEW ORGANIZATION AND CORPORATE EXECUTIVE BOARD

The revised business strategy and renewed business-area and organizational structure were announced in August.

The core business areas are Consumer Packaging, Publishing, Commercial Printing and Office Papers. The development possibilities of the Map Merchant paper merchandising business and the related potential for carrying out ownership arrangements are being assessed.

The company's main objective over the next few years is to achieve a clear improvement in profitability and internal efficiency.

The financial targets set were a return on capital employed of on average 10 per cent over a business cycle and a gearing ratio that is to exceed 100 per cent. Total capital expenditures, including any acquisitions, will come to a maximum equal to about the amount of depreciation in 2005 and 2006.

According to the revised business area and organizational structure, the management of each business area has total responsibility for the operations of the businesses including sales, marketing and production. In addition, management is responsible for implementing its business area's strategy and for profitability as well as for the return on capital employed.

Within the new organization, the heads of the business areas are members of the Corporate Executive Board. The tasks of the Corporate Executive Board are, among other things, to assess the strategy of each business area and the strategic investments, taking into account the company's financial targets.

The new organization came into effect on 1 September, 2004.

PRELIMINARY ESTIMATE OF THE IMPACT OF ADOPTING IFRS ACCOUNTING STANDARDS

M-real will make the transition from Finnish Accounting Standards (FAS) to International Financial Reporting Standards (IFRS) in its financial reporting as from the beginning of 2005. In August the company published an advance estimate of the financial effects of making the transition to IFRS.

NEAR-TERM OUTLOOK

The European economy has been slow to recover in 2004. Most of the indicators of the overall trend in the European economy are pointing towards a continuation in growth of approximately the current level. In the United States and Asia, on the other hand, economic growth has remained robust, though there are signs that growth is tapering off. The market price of crude oil has risen to a record level during the report period, raising the costs of industrial production. In addition, a further weakening of the US dollar would influence negatively on the competitiveness of the Western European forest industry.

The growth in demand for paper continued in the third quarter. M-real's paper deliveries to all the main markets increased, though production capacity was still underused. M-real's deliveries of paperboard remained at a good level and production capacity was nearly in full use. Demand for paper and paperboard is expected to hold up well in the last quarter of the year, but seasonal variation is likely to reduce delivery volumes compared with the third quarter. By the end of the year, prices of paper and folding boxboard are forecast to be at a somewhat higher level than in the third quarter.

Because of the high market price of crude oil, the prices of the oil-based raw materials used in M-real's products have risen, and this will have a negative impact on earnings in the last quarter.

M-real's fourth-quarter result before extraordinary items and excluding non-recurring items is forecast to be seasonally weaker than the third quarter.

Espoo, 29 October, 2004

BOARD OF DIRECTORS

BUSINESSES AND MARKET TRENDS

Cartons

	III 04	II 04	I 04	IV 03	III 03	I-III 04	I-III 03	II-III 04 change
Turnover	237.6	210.1	204.1	196.2	200.3	651.8	612.8	+13.1%
Operating result	10.7	9.8	14.0	-2.3	15.1	34.5	35.7	+9.2%
Operating result, %	4.5	4.7	6.9	-1.2	7.5	5.3	5.8	
Return on capital employed, %	5.6	4.9	6.7	-1.1	7.1	5.7	5.5	
Deliveries, 1,000 t	310	275	265	250	246	850	757	+12.7%
Paperboard production, 1,000 t	322	242	253	217	238	817	696	+33.1%
Capacity utilisation rate, %	96	86	89	79	87	90	86	

The operating result of the Cartons business was a profit EUR 10.7 million (a profit of EUR 9.8). The operating result includes write-downs of EUR 22.4 million on the fixed assets of the Savon Sellu fluting mill as well as the recognition of negative good will of EUR 14.3 million connected with the purchase of shares in Kemiart Liners Oy. The operating result excluding non-recurring items was a profit of EUR 18.8 million (a profit of 9.8). Profitability was improved mainly by lower fixed costs. The average capacity utilisation rate of the paperboard machines was 96 per cent (86). The average order book at the end of September was just under three weeks. Kemiart Liners is totally included in the figures of the third quarter.

Deliveries by west European folding boxboard producers totalled were at the level of the previous quarter. M-real's folding boxboard deliveries, excluding the growth in deliveries, which are due to the Kemiart Liners transaction were at the previous quarter's level. No major change took place in the selling price of folding boxboard.

The delivery volume of linerboard was at the previous quarter's level excluding the growth impact caused by the Kemiart Liners acquisition. There was no significant change in selling prices.

The delivery volume of fluting increased from the previous quarter. The delivery volume and selling price were increased especially in lower profitability markets outside Europe.

The Cartons business reported an operating profit in January-September of EUR 34,5 million (35.7). The operating profit, excluding the non-recurring items mentioned above, was EUR 42.6 million (35.7). The operating profit was improved by the growth in delivery volumes in all product groups as well as by the realized cost savings. The strengthening in the euro depressed the euro-denominated selling price within all product groups. Kemiart Liners is included in its entirety in the third-quarter result.

Graphics products and Speciality papers

	III 04	II 04	I 04	IV 03	III 03	I-III 04	I-III 03	II-III 04 change
Turnover	589.5	581.1	591.1	572.6	578.7	1,761.7	1,775.4	+1.4
Operating result	-33.2	-11.9	2.5	-12.8	10.0	-42.6	37.0	
Operating result, %	-5.6	-2.1	0.4	-2.2	1.7	-2.4	2.1	
Return on capital employed, %	-5.1	-1.6	0.5	-1.7	1.6	-2.0	-2.0	
Deliveries, 1,000 t	797	767	767	745	729	2,331	2,220	+3.9
Production, 1,000 t	814	763	775	708	719	2,352	2,204	+6.7
Capacity utilisation rate, %	90	85	87	80	83	87	85	

The Graphics products and Speciality papers business reported an operating loss of EUR 33.2 million (a loss of 11.9 million). The operating result includes write-downs of EUR 31.0 million on the fixed assets of the Reflex mill in Germany. Stripping out the write-downs, the operating result was a loss of EUR 2.2 million (a loss of 11.9 million). Profitability was improved mainly by the growth in delivery volumes. In addition, profitability in the previous quarter was burdened by the costs of annual maintenance shutdowns. The average order book at the end of September was just under three weeks.

Deliveries by west European producers of coated fine paper rose by 3 per cent and deliveries by producers of coated magazine paper rose by 2 per cent. M-real's delivery volume of coated fine paper rose by 6 per cent and the volume of coated magazine paper fell by 2 per cent. The volume of speciality paper delivered by M-real rose somewhat.

The capacity utilisation rate of the paper machines was 90 per cent (85). The order book at the end of September was slightly less than three weeks.

The average price of coated fine paper fell slightly and the price of coated magazine paper remained nearly at the previous quarter's level. The prices of speciality paper were on average down slightly on the previous quarter's level.

Compared with the previous year, the operating result in January-September was weakened by the 5 per cent fall in the price of coated fine paper and the 3 per cent fall in the price of coated magazine paper. The average price of speciality paper also fell. The strengthening in the euro depressed the average selling price within all product groups. The delivery volume of coated fine paper rose by 8 per cent and that of speciality paper by 1 per cent. The delivery volume of coated magazine paper fell by 8 per cent.

Offices

	III 04	II 04	I 04	IV 03	III 03	I-III 04	I-III 03	II-III 04 change
Turnover	167.1	158.5	180.3	169.5	151.3	505.9	513.4	+5.4%
Operating result	0.0	-6.2	3.5	8.6	3.9	-2.7	39.6	
Operating result, %	0.0	-3.9	2.0	5.1	2.6	-0.5	7.7	
Return on capital employed, %	0.0	-3.2	2.1	4.1	2.0	-0.4	5.8	
Deliveries, 1,000 t	246	228	254	209	207	728	682	+7.9%
Production, 1,000 t	241	243	247	203	200	731	670	-0.8%
Capacity utilisation rate, %	86	87	92	75	73	88	85	

The operating result of the Offices business was EUR 0.0 million (a loss of 6.2 million). Profitability was improved mainly by the growth in delivery volumes. Second-quarter profitability was furthermore burdened by the costs of annual maintenance shutdowns. Average selling prices fell somewhat.

Deliveries by west European producers of uncoated fine paper decreased by 2 per cent. The volume of products delivered by the Offices business grew by 8 per cent. The capacity utilisation rate of the paper machines was 86 per cent (87). The order book at the end of September was about two weeks.

Compared with the previous year, the operating result in January-September was weakened by the 9 per cent fall in the average selling price. The delivery volume rose markedly.

Map Merchant Group

	III 04	II 04	I 04	IV 03	III 03	I-III 04	I-III 03	II-III 04 change
Turnover	332.4	339.2	354.0	347.6	332.5	1,025. 6	1,045. 0	-2.0%
Operating result	0.9	3.0	3.8	0.4	-2.7	7.6	6.1	
Operating result, %	0.3	0.9	1.1	0.1	-0.8	0.7	0.6	
Return on capital employed, %	0.9	3.2	4.6	0.4	-2.3	3.0	2.5	
Deliveries, 1,000 t	321	319	338	327	312	978	956	+2.2%

The Map Merchant paper merchanting business reported an operating profit of EUR 0.9 million (3.0). Earnings were weakened by the rise in delivery expenses as well as by seasonal factors.

Earnings in the January-September period were at the level of the same period last year.

M-REAL-GROUP (all figures are unaudited)

PROFIT AND LOSS ACCOUNT (EUR million)	1-9/04	1-9/03	Change	1-12/03	7-9/04
Turnover	4 077.5	4 569.9	-492.4	6 044.1	1 362.7
Interest in associated companies	-4.7	-1.1	-3.6	-5.2	-1.0
Other operating income	63.7	50.0	13.7	73.8	23.9
Operating expenses	3 821.7	4 147.4	325.7	5 557.9	1 265.9
Depreciation	362.0	360.3	-1.7	481.0	147.8
Operating profit	-47.2	111.1	-158.3	73.8	-28.1
% of turnover	-1.2	2.4		1.2	-2.1
Net exchange gains/losses	4.4	11.0	-6.6	20.7	0.0
Other financial income and expenses	-94.6	-97.1	2.5	-174.7	-31.4
Profit before extraordinary items	-137.4	25.0	-162.4	-80.2	-59.5
% of turnover	-3.4	0.5		-1.3	-4.4
Extraordinary items	195.0	0.0	195.0	-15.1	0.0
Profit before taxes and minority interest	57.6	25.0	32.6	-95.3	-59.5
% of turnover	1.4	0.5		-1.6	-4.4
Taxes	-7.1	-23.0	15.9	-0.7	-1.7
Minority interest	-1.7	-1.0	-0.7	1.0	-0.9
Profit for the period	48.8	1.0	47.8	-95.0	-62.1
% of turnover	1.2	0.0		-1.6	-4.5

Taxes include taxes corresponding to profit for the period.

BALANCE SHEET (EUR million)	9/2004	%	9/2003	%
Assets				
Fixed assets	4 222.6	65.5	4 806.2	67.0
Current assets				
Inventories	747.7	11.6	822.2	11.5
Other current assets	1 275.6	19.8	1 381.6	19.3
Liquid funds	200.6	3.1	158.4	2.2
Total	6 446.5	100.0	7 168.4	100.0
Liabilities				
Shareholders' equity	2 241.4	34.8	2 349.7	32.8
Minority interest	28.3	0.4	22.3	0.3
Provisions for liabilities and charges	55.6	0.9	58.6	0.8
Long-term liabilities	1 997.3	31.0	2 904.3	40.5
Short-term liabilities	2 123.9	32.9	1 833.5	25.6
Total	6 446.5	100.0	7 168.4	100.0

BALANCE SHEET (EUR million)	12/2003	%
Assets		
Fixed assets	4 768.7	67.1
Current assets		
Inventories	802.0	11.3
Other current assets	1 351.9	19.0
Liquid funds	183.6	2.6
Total	7 106.2	100.0
Liabilities		
Shareholders' equity	2 245.3	31.6
Minority interest	18.9	0.3
Provisions for liabilities and charges	77.4	1.1
Long-term liabilities	3 030.6	42.6
Short-term liabilities	1 734.0	24.4
Total	7 106.2	100.0

CASH FLOW STATEMENTS (EUR million)	1-9/04	1-9/03	1-12/03	7-9/04
Profit before extraordinary items	-137.4	25.0	-80.2	-59.5
Depreciation	362.0	360.3	481.0	147.8
Taxation	-19.1	-38.7	-19.0	-10.9
Other changes	14.3	8.2	35.5	11.8
Funds from operations	219.8	354.8	417.3	89.2
Change in working capital	-64.0	-62.3	7.8	-12.2
Cash flow from operations	155.8	292.5	425.1	77.0
Gross capital expenditures ¹⁾	-159.1	-289.9	-396.7	-74.9
Disposal and other changes in fixed assets	425.9	0.0	-2.5	0.0
Cash flow after capital expenditure	422.6	2.6	25.9	2.1
Share issue	340.8	0.0	0.0	340.8
Interest-bearing net debt of companies acquired and divested	121.0	-8.5	-8.5	-6.9
Dividend	-53.7	-107.4	-107.4	0.0
Change in interest-bearing liabilities (+ decrease/- increase)	830.7	-113.3	-90.0	336.0

¹⁾ Excl. interest-bearing net debt of acquired companies.

KEY FIGURES	1-9/04	1-9/03	1-12/03	7-9/04
Earnings per share, EUR	-0.69	0.01	-0.51	-0.34
Return on capital employed, %	-0.8	2.9	1.6	-1.9
Return on equity, %	-7.2	0.1	-3.8	-10.6
Gross capital expenditures, EUR million ¹⁾	159	290	397	75
Personnel, average	16 726	20 562	20 372	16 843

¹⁾ Excl. interest-bearing net debt of acquired companies.

	9/04	9/03	12/03
Shareholders' equity per share, EUR	12.52	13.13	12.54
Equity ratio, %	37.2	33.1	31.9
Gearing ratio, %	100	132	137

Securities and guarantees, EUR million	9/04	9/03	12/03
For own loans	218	400	287
For associated companies	1	0	1
For affiliated companies	7	5	5
For others	11	10	15
Total	237	415	308

Open derivative contracts, EUR million	9/04	9/03	12/03
Interest rate derivatives	14 476	13 214	13 017
Currency derivatives	4 752	6 616	4 601
Other derivatives	5	0	0
Total	19 233	19 830	17 618

The fair value of open derivative contracts calculated at market value at the end of the review period was -11.9 EUR million (-32.2).

TURNOVER EUR Million	Quarter		Quarterly				
	I-III 2004	I-III 2003	III 04	II 04	I 04	IV 03	III 03
Cartons	651.8	612.8	237.6	210.1	204.1	196.2	200.3
Graphics products and Speciality papers	1761.7	1775.4	589.5	581.1	591.1	572.6	578.7
Offices	505.9	513.4	167.1	158.5	180.3	169.5	151.3
Map Merchant Group	1025.6	1045.0	332.4	339.2	354.0	347.6	332.5
Internal sales and other operations	132.4	623.3	36.1	44.4	52.0	188.3	204.4
GROUP TOTAL	4077.5	4569.9	1362.7	1333.3	1381.5	1474.2	1467.2

TURNOVER EUR Million	II 03	I 03	IV 02
Cartons	196.9	215.6	212.5
Graphics products and Speciality papers	574.6	622.1	586.6
Offices	170.5	191.6	200.8
Map Merchant Group	345.0	367.5	375.0
Internal sales and other operations	220.8	198.1	212.4
GROUP TOTAL	1507.8	1594.9	1587.3

OPERATING PROFIT AND RESULT EUR Million	Quarter		Quarterly				
	I-III 2004	I-III 2003	III 04	II 04	I 04	IV 03	III 03
Cartons	34.5	35.7	10.7	9.8	14.0	-2.3	15.1
Graphics products and Speciality papers	-42.6	37.0	-33.2	-11.9	2.5	-12.8	10.0
Offices	-2.7	39.6	0.0	-6.2	3.5	8.6	3.9
Map Merchant Group	7.6	6.1	0.9	3.0	3.8	0.4	-2.7
Other operations	-44.0	-7.3	-6.5	-14.5	-23.0	-31.2	2.6
OPERATING PROFIT	-47.2	111.1	-28.1	-19.9	0.8	-37.3	28.9
% of turnover	-1.2	2.4	-2.1	-1.5	0.1	-2.5	2.0
Net exchange gains/ losses	4.4	11.0	0.0	-0.8	5.2	9.7	-0.5
Other financial income and expenses	-94.6	-97.1	-31.4	-28.9	-34.3	-77.6	-32.3
PROFIT BEFORE EXTRAORDINARY ITEMS	-137.4	25.0	-59.5	-49.6	-28.3	-105.2	-3.9
% of turnover	-3.4	0.5	-4.4	-3.7	-2.1	-7.1	-0.3

OPERATING PROFIT AND RESULT EUR Million	II 03	I 03	IV 02
Cartons	2.5	18.1	6.7
Graphics products and Speciality papers	-2.1	29.1	25.7
Offices	13.9	21.8	19.6
Map Merchant Group	3.4	5.4	-9.3
Other operations	-2.9	-7.0	8.0
OPERATING PROFIT	14.8	67.4	50.7
% of turnover	1.0	4.2	3.2
Net exchange gains/ losses	5.3	6.2	5.0
Other financial income and expenses	-29.8	-35.0	-45.6
PROFIT BEFORE EXTRAORDINARY ITEMS	-9.7	38.6	10.1
% of turnover	-0.6	2.4	0.6

OPERATING PROFIT, %	Quarter		Quarterly				
	I-III 2004	I-III 2003	III 04	II 04	I 04	IV 03	III 03
Cartons	5.3	5.8	4.5	4.7	6.9	-1.2	7.5
Graphics products and Speciality papers	-2.4	2.1	-5.6	-2.1	0.4	-2.2	1.7
Offices	-0.5	7.7	0.0	-3.9	2.0	5.1	2.6
Map Merchant Group	0.7	0.6	0.3	0.9	1.1	0.1	-0.8
GROUP TOTAL	-1.2	2.4	-2.1	-1.5	0.1	-2.5	2.0

OPERATING PROFIT, %	II 03	I 03	IV 02
Cartons	1.2	8.4	3.2
Graphics products and Speciality papers	-0.4	4.7	4.4
Offices	8.2	11.4	9.8
Map Merchant Group	1.0	1.5	-2.5
GROUP TOTAL	1.0	4.2	3.2

RETURN ON CAPITAL EMPLOYED, %	Quarter I-III 2004	Quarter I-III 2003	Year 2003
Cartons	5.7	5.5	3.9
Graphics products and Speciality papers	-2.0	2.0	1.0
Offices	-0.4	5.8	5.4
Map Merchant Group	3.0	2.5	2.0
GROUP TOTAL	-0.8	2.9	1.6

CAPITAL EMPLOYED, EUR Million	30.9.04	30.9.03	31.12.03
Cartons,	897.6	908.5	882.1
Graphics products and Speciality papers	2 662.5	2 852.9	2 849.7
Offices	902.4	860.0	839.0
Map Merchant Group	397.5	381.9	383.2
Other assets	-32.2	792.3	734.4
GROUP TOTAL	4 827.8	5 795.6	5 688.4

PERSONNEL, average	Quarter I-III 2004	Quarter I-III 2003	Year 2003
Cartons	2 888	3 024	2 970
Graphics products and Speciality papers	6 713	7 039	6 957
Offices	2 048	2 123	2 107
Map Merchant Group	2 524	2 566	2 554
Other operations	2 553	5 810	5 784
GROUP TOTAL	16 726	20 562	20 372

DELIVERIES 1000 tons	Quarter		Quarterly				
	I-III 2004	I-III 2003	III 04	II 04	I 04	IV 03	III 03
Cartons ¹⁾	850	757	310	275	265	250	246
Graphics products and Speciality papers	2331	2220	797	767	767	745	729
Offices	728	682	246	228	254	209	207
Paper businesses total	3059	2902	1043	995	1021	955	937
Map Merchant Group	978	956	321	319	338	327	312

DELIVERIES 1000 tons	II 03	I 03	IV 02
Cartons ¹⁾	246	265	270
Graphics products and Speciality papers	727	763	717
Offices	229	246	211
Paper businesses total	956	1009	928
Map Merchant Group	317	328	317

PRODUCTION 1000 tons	Quarter		Quarterly				
	I-III 2004	I-III 2003	III 04	II 04	I 04	IV 03	III 03
Cartons paperboard mills ¹⁾	817	696	322	242	253	217	238
Graphics products and Speciality papers	2352	2204	814	763	775	708	719
Offices	731	670	241	243	247	203	200
Paper mills total	3083	2873	1055	1006	1022	912	919
Metsä-Botnia's pulp ²⁾	869	854	290	279	300	270	305
M-real's pulp	1134	1071	384	369	381	368	350

PRODUCTION 1000 tons	II 03	I 03	IV 02
Cartons paperboard mills ¹⁾	208	250	247
Graphics products and Speciality papers	718	767	713
Offices	233	237	207
Paper mills total	950	1004	921
Metsä-Botnia's pulp ²⁾	269	280	249
M-real's pulp	355	366	358

¹⁾ Equals to M-real's ownership (47 % in Kemiart Liners until QII 2004 and 100% in QIII 2004).

²⁾ Equals to M-real's ownership (47 % in Metsä-Botnia).

OPERATING RATES, %	Quarter		Quarterly				
	I-III 2004	I-III 2003	III 04	II 04	I 04	IV 03	III 03
Cartons paperboard mills	90	86	96	86	89	79	87
Graphics products and Speciality papers	87	85	90	85	87	80	83
Offices	88	85	86	87	92	75	73
Paper mills total	88	85	89	86	88	79	80

OPERATING RATES, %			
	II 03	I 03	IV 02
Cartons paperboard mills	78	94	93
Graphics products and Speciality papers	83	89	82
Offices	89	93	79
Paper mills total	84	90	82

M-REAL CORPORATION

Hannu Anttila
Senior Executive Vice President and COO