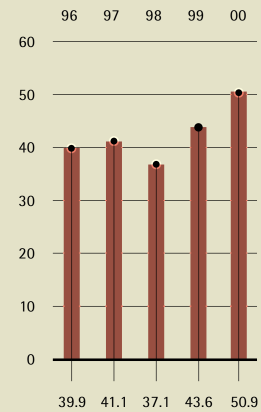
Stromsdal

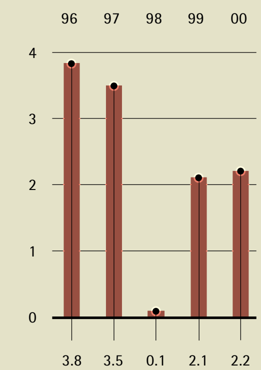
ANNUAL REPORT 2000

STROMSDAL IS A COMPANY THAT FOCUSES ON MANUFACTURING PREMIUM QUALITY, HIGHLY PROCESSED BOARD. THE COMPANY'S KEY OBJECTIVE IS TO OFFER THE BEST QUALITY FOR CUSTOMERS IN THE EXTREMELY DEMANDING GRAPHIC BOARD MARKETS. STROMSDAL INVESTS IN CONTINUOUS PRODUCT DEVELOPMENT, AND ACKNOWLEDGES ITS RESPONSIBILITY FOR THE ENVIRONMENT.

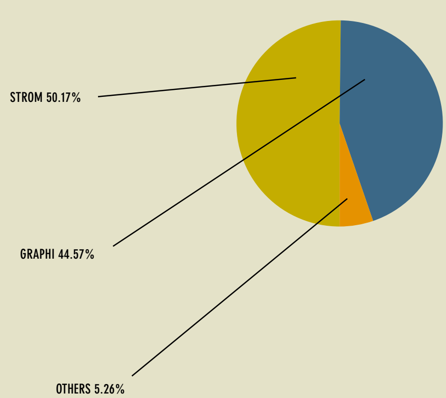
NET SALES, EUR MILLION



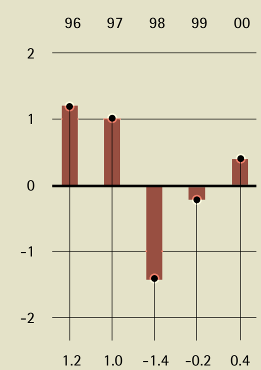
OPERATING PROFIT, EUR MILLION



SALES BY GRADE 2000



PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS, EUR MILLION



CONTENTS

MANAGING DIRECTOR'S REVIEW

INCREASE IN THE MILL'S PRODUCTION VOLUME

The year 2000 can be characterised as a period of strong market situation and ongoing pulp price increases. Due to the strategic investments made in 1998–2000, higher board sales compensated for pulp price increases and the rise in overall raw material and wage costs. Stromsdal also seek to raise its board prices as far as possible. Without the additional production volume achieved, Stromsdal would have failed to improve its performance compared to 1998 and 1999. Our competitiveness in the board market has improved as well.

Thanks to the good year-end performance, the Group's results for the financial year as a whole were in the black. Profit after financial items amounted to EUR 0.4 million, showing a year-on-year growth of EUR 0.6 million. Higher profit was due to the improved efficiency of in-company operations and to the discontinued upward trend in pulp prices as well as to our successful price revisions.

STRONG DEMAND

During the financial year, demand remained strong in our key markets. Despite several price increases implemented during the year, they could not fully compensate for increasing pulp prices. At the beginning of the year, the market price for short-fibre pulp was EUR 580 per tonne, whereas in November it had risen to an all-time high of EUR 800. Several small European paper manufacturers, fully dependent on pulp purchases, ran into difficulty during the year. The purchased pulp raw material accounts for approximately 30 per cent, self-produced bleached mechanical pulp for more than 40 per cent and coating raw material slightly over 25 per cent of the raw materials used in Stromsdal's products.

HIGHER PULP PRODUCTION COMPENSATED FOR HIGHER COSTS

The 13 per cent year-on-year increase in board production compensated, in particular, for the rise in pulp and raw-material prices and wage costs. In the second half of the year, we also received much more positive feedback on quality from our customers.

Of all Stromsdal's market areas, Italy, Spain and Russia showed the most favourable growth. Only 7 per cent of the Group's total sales came from non-European markets.

HIGHER OUTPUT AND IMPROVED COMPETITIVENESS THROUGH STROMSDAL'S YEAR 2000 INVESTMENT PROGRAMME

Due to Stromsdal's year 2000 investment programme launched in 1998, the mill's annual output has increased by 35 per cent. On February 2001, the Board of Directors decided to launch the final phase of this programme, which would raise production capacity to more than 61,000 tonnes in 2002. Consequently, the investment programme will lead to a total output increase of 56 per cent. The growth in the Group's net sales is expected to follow the rise in production volume, while the Group's competitiveness is expected to improve considerably due to investments.

FOCUS ON THE DEVELOPMENT OF FOOD PACKAGING BOARD

In March 2001, we introduced an upgraded version of the dispersion-based barrier-coated board suitable for food packaging. In co-operation with Tampere University of Technology, Stromsdal developed proprietary coating recipes and modernised its coating line with a view to ensuring even quality in its recyclable dispersion-coated products.

BRIGHT PROSPECTS FOR 2001

Stromsdal has good opportunities to improve its financial performance in 2001 as well. The market development and price trends of key raw materials will significantly contribute to company performance. The market trends in early 2001 are apparently weaker than those of a year ago. However, pulp prices are now clearly on the decrease.

Björn Forss

Managing Director

REVIEW OF OPERATIONS

Stromsdal Oyj is a company specialising in premium quality, high value-added board. In its current form, Stromsdal has been in the business for thirteen years. The company's headquarters and production facilities are located in Juankoski, in central Finland, and the company also has a wholly-owned sales company in Britain. Stromsdal Oyj's series B shares are quoted on the Helsinki Exchanges.

STRONG MARKETS THROUGHOUT THE YEAR

Towards the end of 1999, demand for graphic board perked up and remained strong in the main European markets throughout 2000. During the first half of the year, in particular, the volume of orders clearly exceeded the mill's production capacity, leading to prolonged delivery times of four to six weeks for all grades. The primary goal for marketing and sales in 2000 was to put even more dedicated efforts into product sales due to higher output resulting from investments. Thanks to favourable market conditions, this goal was successfully achieved despite paper industry and dock strikes plaguing business operations in April.

Sales were up in all major markets. The market area sales targets were achieved in France, Germany and Benelux. Sales in Italy, Spain and Russia grew more strongly than planned. Due to the brisk demand in Europe, sales and marketing efforts were somewhat de-emphasised in the Far East.

Graphi grades accounted for 44.6 per cent of total sales, while the corresponding figure in 1999 was 47.0 per cent. In particular, GraphiArt Duo sales grew in line with targets and its market share strengthened.

The proportionately sharper increase of Strom grade sales was particularly due to the vigorous demand for those grades in Eastern Europe. Major developments in the mill's operations significantly contributed to improved customer satisfaction in all markets.

At the end of 1999, pulp prices began to rise, and the upward trend continued throughout the financial year. The market situation allowed the first board price increases as early as in the autumn 1999. Price revisions carried out in 2000 compensated for the strongly increased basic raw material, energy and transport costs. Nevertheless, the higher costs were only fully covered by the product price increases in the final quarter of the year.

GRAPHIART DUO SALES ALSO GREW IN 2000. THE KEY MARKETS FOR DUO INCLUDE ITALY, FRANCE, GERMANY, THE UK AND RUSSIA. IN ITALY, BOARD DELIVERIES FOR TELEPHONE DIRECTORY COVERS CONTINUED, AND THE LATEST CONQUESTS INCLUDE POKEMON COLLECTOR'S CARDS. GRAPHIART DUO IS MAINLY USED FOR COSMETICS AND PHARMACEUTICAL PACKAGES IN FRANCE, MOBILE-PHONE PACKAGES AND CD COVERS IN GERMANY AND CALENDARS, POSTCARDS AND CONGRATULATORY CARDS IN THE UK.

Pressure to raise prices prompted an influx of orders at the beginning of the year, in particular. Between February and April particularly, the total order backlog occasionally exceeded the mill's production capacity, which resulted in extended delivery times. In the latter half of the year, the volume of orders and demand levelled off and in the final quarter Stromsdal reached the normal target of 2–3 week delivery time for all grades in all markets. Markets were strong up to the beginning of 2001.

BOARD PRODUCTION

At the beginning of the year, the mill's production was impeded by labour market constraints in terms of the overtime ban and a short-lived strike. Investment projects in the finishing section added to sheeting costs and personnel expenses during installation. The first-half production fell short of the budgeted targets, whereas in the latter half of the year the mill's production efficiency increased considerably and the budgeted 53,000-tonne production target was achieved.

The year-end measures to improve product quality resulted in improved customer satisfaction, manifested in a decreasing number of complaints received by the company. Likewise, Stromsdal was successful in increasing production on a manufacturing-to-order basis. The various fields of production planning will be further developed and enhanced.

GROUP'S STRATEGIC DEVELOPMENT INVESTMENTS

Stromsdal has for three years been implementing a large-scale development programme. This so-called Stromsdal 2000 investment programme has led to an increase of production capacity of more than 12,000 tonnes. Until now, the Group has spent more than EUR 8 million on the various projects included in this programme.

MORE EFFICIENT FINISHING OPERATIONS

The sheet cutter 1 and the slitter-winder, which were replacement and greenfield investment targets completed in late 1999, were put into use in April–May 2000. During their installation, sheeting operations were partly outsourced. These projects did not cause any mill-wide downtimes. By means of a new pulper, the processing of cutter broke in the finishing section increased in efficiency. The annual amount of cutter broke fell by two percentage points of gross output. The mill's finishing section's annual sheeting and packaging capacity has risen to more than 55,000 tonnes.

STRATEGIC DEVELOPMENT PROGRAMME'S TARGETS FOR 2001–2002

Stromsdal 2000 investment programme aims to further increase the board mill's annual production capacity. In addition to higher production capacity, the aim is to upgrade the quality of graphic boards. As a consequence of the investments, the runnability and quality especially of the company's flagship GraphiArt Duo, a symmetrically coated graphic board, will improve. In addition to capacity targets, the investment in the coating machine enables Stromsdal to develop new high-quality special graphic boards. Investments subject to implementation in 2001 focus on renewing the board machine's drying section. The machine's glazing barrel will be removed and the oldest desiccators and web leading rolls will be replaced with nineteen new desiccators and several new rolls subject to installation in the drying section. At the same time, the heat recovery system of the board machine will be modernised. These investments will raise production capacity to some extent. Moreover, the board machine's running speed will be raised and mechanical pulp production will be increased.

The investment programme also includes plans to eliminate other production-process bottlenecks that restrain smoother production. Strategic investments in 2001 amount to approximately EUR 5 million.

BOARD OF DIRECTORS' REPORT

FINANCIAL PERFORMANCE

Year 2000 marked the thirteenth year of operations for Stromsdal Oyj. Consolidated net sales in 2000 were up by 17.9 per cent on the previous year to EUR 51.4 million. The Group booked an operating profit of EUR 2.2 million compared to a profit of EUR 2.1 million a year earlier. Profit before extraordinary items was EUR 0.4 million, while in 1999 the company was EUR 0.2 million in the red. Earnings per share were EUR 0.3 (EUR -0.1 in 1999). The Board proposes that no dividend be paid for the financial year 2000.

The parent company's net sales for the financial year amounted to EUR 50.2 million, with exports accounting for 96.2 per cent (net sales in 1999 totalled EUR 41.9 million and exports 94.5 per cent). The parent company posted a profit of EUR 0.2 million before extraordinary items (1999: EUR 0.1 million).

CAPITAL EXPENDITURE

The parent company's gross capital expenditure in the financial year totalled EUR 1.9 million (1999: EUR 4.0 million). The investment programme, which was launched in 1998 to improve the performance of the board machine and upgrade the quality of the board, was extended with supplementary investments in 2000 which further helped raise production capacity by more than 15 per cent from the previous year. With the investments, the drying power was raised, the efficiency of the groundwood mill was boosted, and the speed of the board machine was increased. Since 1998, a total of EUR 8.0 million have been allocated for the investment programme.

During 2001, Stromsdal is prepared to carry out the final phase of the Stromsdal 2000 project. In addition to capacity increase, the final phase aims for quality upgrading and operational efficiencies.

The replacement and greenfield investments in the sheet cutter and slitter-winder were somewhat delayed due to the strikes in spring, which put off the adoption of the equipment until the summer holiday season. In August, we reached the target production level while abandoning external sheeting capacity.

FINANCING

The Group's liquidity improved in the latter half of the financial year. The Group's final trimester results turned company profits round for the financial year as a whole. The favourable effect of price increases implemented during the year became more tangible towards the end of the year, contributing to financial performance and improving financial position. Furthermore, it was possible to turn company profits and cash flow round due to lower fixed costs and more efficient production.

MARKETS AND PRODUCTION

Markets were strong during the year as a whole. The order backlog was roughly three weeks. Despite a marked improvement in financial performance compared to the previous year, Group profit fell short of the targets. Profit improvement was bolstered by increased production and price increases during the year, which, however, failed to fully compensate for the sharp increase in pulp prices.

Sales were up in almost all major markets. Growth in sales was more vigorous in Eastern Europe than in Western Europe. In the EU, sales to Spain and Italy were the strongest. Graphi grades accounted for 44.6 per cent of total sales (1999: 47.0 per cent).

The paper industry strike affected product deliveries in April, though without any major impact on the Group's overall performance. During the entire year, production continued without interruptions except for the strike period in the paper industry as well as for the mid-summer and Christmas downtime in accordance with the Collective Agreement.

The mill's net output totalled 52,452 tonnes (1999: 46,753). In addition, coating for external clients represented almost 600 tonnes and barrier coating more than 300 tonnes. Due to the efficiency gains resulted from investments in the board machine, production increased further from the above-mentioned figures. The utilisation rate of the board machine rose from 91.7 per cent to 93.7 per cent.

The delivery volume of the Barrier Pack food packaging board somewhat fell short of the 1999 figures, but its impact on the company's overall financial performance is modest. During 2000, a new barrier coating was developed. In the course of 2001, the Group will apply for food packaging certificate for the product while allocating more resources for marketing operations.

SHARE CAPITAL AND MAJOR SHAREHOLDERS

No changes took place in Stromsdal Oyj's share capital during the financial year. At the end of the year, the share capital totalled EUR 5.1 million. Company's shares are divided into series A and B.

In 2000, share capital was distributed as follows:

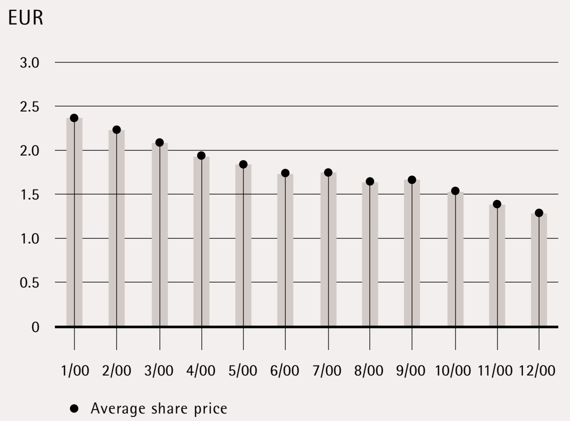
	Shares	% of shares	Votes	% of the votes
Series A	120,200	7.91	2,404,000	63.21
Series B	1,399,300	92.09	1,399,300	36.79

According to the shareholder register in the book-entry securities system, the company had 1,198 shareholders at the end of the financial year. The number of shares on joint accounts was 21,776 at the end of the year, 20,476 of which were B shares. Shares on joint accounts represent 1.4 per cent of share capital. On 29 December 2000, a total of 37,251 B shares were in administrative registration.

Stromsdal Oyj's shares have been quoted on the Helsinki Exchanges since 14 August 1989. During the year, shares were traded as follows:

Trading volume		Share performance highest	lowest	Average daily turnover		Market	Taxable
EUR	No.	EUR	EUR	EUR	No.	value, EUR	value, EUR
974,768	534,793	2.49	1.20	3,884	2,131	1,679,160	0.88

Stromsdal's monthly B share performance in 2000:



Distribution of shareholding by sector as of 29 December 2000:

	Shareholding	%	No. of shares	%	No. of votes	%
Companies	109	9.11	344,237	22.66	2,603,337	68.45
Insurance companies and financial institutions	2	0.17	11,565	0.76	11,565	0.30
Public corporations	2	0.17	1,612	0.11	1,612	0.04
Non-profit organisations	4	0.33	3,200	0.21	3,200	0.08
Households	1,072	89.56	1,099,859	72.38	1,099,859	28.93
Foreign holding and administrative registration	8	0.66	37,251	2.45	37,251	0.98
Total	1,197	100.00	1,497,724	98.67	3,756,824	98.78
Total on waiting list			0	0.00	0	0.00
On joint accounts			21,776	1.43	46,476	1.22
Number of shares issued			1,519,500	100.00	3,803,300	100.00

Distribution of shareholding by number of shares as of 29 December 2000:

No. of shares	No. of shareholders	%	No. of shares	%	No. of votes	%
1–100	388	32.38	10,381	0.68	10,381	0.27
101–200	71	5.93	12,392	0.82	12,392	0.33
201–500	232	19.37	102,914	6.77	102,914	2.71
501–1000	223	18.61	209,802	13.81	209,802	5.52
1001–	284	23.71	1,162,235	76.49	3,421,335	89.95
Total	1,198	100.00	1,497,724	98.57	3,756,824	98.78
On waiting list			0	0.00	0	0.00
On joint accounts			21,776	1.43	46,476	1.22
No. of shares issued			1,519,500	100.00	3,803,300	100.00

Shareholding and voting rights of Stromsdal Oyj's ten major shareholders on the balance sheet date:

	No. of A shares	No. of B shares	%	Votes	%
Juankosken Kehitysmasuuni Oy	53,000	120	3.50	1,060,120	27.87
Savon Voima Oyj	47,200	4,000	3.37	948,000	24.93
Forcera Oy	20,000	4,700	1.63	404,700	10.64
Jylhä Tapio		40,000	2.63	40,000	1.05
Rakennustoimisto Kiilholma Oy		31,000	2.04	31,000	0.82
Oksanen Markku		30,000	1.97	30,000	0.79
Vainikka Mauno		25,000	1.65	25,000	0.66
Merita Pankki Plc		18,900	1.24	18,900	0.50
Suutari Pekka		17,500	1.15	17,500	0.46
Rissanen Osmo		15,000	0.99	15,000	0.39

Some Board members hold an insignificant number of company shares, with the exception of Managing Director Björn Forss with no direct shareholding in the company, but shareholding in the investment company Forcera Oy.

ADMINISTRATION AND PERSONNEL

Stromsdal Oyj's Annual General meeting was held in Juankoski on 9 May 2000. The meeting elected the following members of the Board of Directors: Björn Forss, Osmo Jääskeläinen, Petri Kangasperko, Janne Simelius and Eero Sinkko. Janne Simelius was elected Chairman of the Board of Directors and Ari Ketola was elected Board Secretary. During the financial year, the Board of Directors convened ten times.

Arthur Andersen Oy, Authorised Public Accountants, were elected Stromsdal Oyj's auditor and Pertti Hiltunen, Authorised Public Accountant, was elected deputy auditor.

During the year, the parent company employed an average of 227 people (221). The Group's personnel averaged at 234 (228).

EVENTS AFTER THE FINANCIAL YEAR

On 28 February 2001, the Board of Directors decided to issue a subordinated loan to Juankosken Kehitysmasuuni Oy and Savon Voima Oyj, Stromsdal Oyj's principal shareholders. Both companies have decided to subscribe for a unit of FIM 5 million. The loan will be allocated for the final phase of Stromsdal 2000 investment programme to be implemented during the current year.

OUTLOOK FOR 2001

Compared to the final trimester in 2000, there are signs of slightly duller graphic board markets in the first trimester of 2001. At the same time, pulp prices have been sliding. Unless demand for pulp considerably turns for the worse with the current downward trend in pulp prices, Stromsdal have great opportunities to achieve results for this year exceeding those in 2000.

By intensifying marketing efforts and the operations of distribution channels as well as by sharpening its product strategy, Stromsdal will focus on the traditionally strong Central European market. On the basis of the current market prospects, sales to Eastern Europe, especially to Russia, will remain at a robust level. The operational basis for 2001 is sound considering the mill's increased production capacity, the prevailing market situation and the chosen product strategy.

INCOME STATEMENTS

	Group		Parent company		
EUR	1 Jan.–31 Dec.2000	1 Jan.–31 Dec.1999	1 Jan.–31 Dec.2000	1 Jan.–31 Dec.1999	Note
NET SALES	51,382,871.55	43,640,524.82	50,222,495.80	41,895,428.05	1.1
Increase or decrease in the stock of finished and unfinished products +/-	-518,658.31	-681,213.05	-324,744.28	-520,284.71	
Other income from business operations	319,356.10	252,941.60	291,722.96	253,678.60	1.2
Materials and services	-33,412,394.00	-26,511,558.66	-33,130,918.48	-25,255,673.43	1.3
Personnel costs	-9,223,057.87	-8,974,702.81	-8,923,381.54	-8,545,851.27	1.4
Depreciation and value adjustment	-2,820,579.54	-2,522,936.22	-2,788,677.60	-2,480,541.17	1.5
Other expenses from business operations	-3,487,225.37	-3,142,669.29	-3,325,215.41	-2,965,759.99	1.6
OPERATING PROFIT (LOSS)	2,240,312.56	2,060,386.39	2,021,281.45	2,380,996.08	
Share of associated companies' profits	-1,185.84	-15,188.83			
Financial income and expenses	-1,813,645.86	-2,261,964.20	-1,787,057.61	-2,236,072.73	1.7
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS	425,480.86	-216,766.64	234,223.84	144,923.35	
Extraordinary items +/-	0.00	38,498.21	6,727.51	46,907.61	1.8
PROFIT (LOSS) BEFORE TAXES	425,480.86	-178,268.43	240,951.35	191,830.96	
Income tax	-31,722.48	41,742.00	0.00	0.00	
PROFIT (LOSS) FOR THE FINANCIAL YEAR	393,758.38	-136,526.43	240,951.35	191,830.96	

BALANCE SHEETS

	Group		Parent company		
EUR	31 Dec. 2000	31 Dec. 1999	31 Dec. 2000	31 Dec. 1999	Note
ASSETS					
FIXED ASSETS					
Intangible assets	399,104.31	371,350.55	399,104.31	371,350.55	2.1.1
Tangible assets	15,019,228.45	15,998,139.34	14,650,458.78	15,637,334.66	2.1.1
Participating interests			304,926.56	304,926.56	2.1.2
Other investments	541,433.05	547,328.14	867,754.69	872,463.95	2.1.2
TOTAL FIXED ASSETS	15,959,765.81	16,916,818.03	16,222,244.34	17,186,075.72	
CURRENT ASSETS					
Inventories	3,770,674.57	4,051,746.11	3,071,071.23	3,157,744.01	2.1.3
Long-term receivables	321,992.87	1,403,408.46	415,841.73	1,497,257.32	2.1.4
Current receivables	10,797,215.87	11,591,016.24	11,247,589.29	12,385,217.68	2.1.5
Cash at bank and in hand	3,012,555.84	956,952.27	2,760,731.87	653,253.98	
TOTAL CURRENT ASSETS	17,902,439.15	18,003,123.08	17,495,234.12	17,693,472.99	
TOTAL ASSETS	33,862,204.96	34,919,941.11	33,717,478.46	34,879,548.71	
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital	5,111,231.09	5,111,231.09	5,111,231.09	5,111,231.09	2.2.1
Reserve fund	588,918.20	588,918.20	588,918.20	588,918.20	2.2.2
Currency translation difference	39,515.17	40,195.58			
Profit (loss) brought forward	206,499.14	343,025.57	618,843.00	427,012.04	2.2.3
Profit (loss) for the financial year	393,758.38	-136,526.43	240,951.35	191,830.96	
TOTAL SHAREHOLDERS' EQUITY	6,339,921.98	5,946,844.01	6,559,943.64	6,318,992.29	
LIABILITIES					
Long-term	12,926,879.89	12,960,509.88	12,926,879.89	12,960,509.88	2.2.4
Short-term	14,595,403.09	16,012,587.22	14,230,654.93	15,600,046.54	2.2.5
TOTAL LIABILITIES	27,522,282.98	28,973,097.10	27,157,534.82	28,560,556.42	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	33,862,204.96	34,919,941.11	33,717,478.46	34,879,548.71	

CASH FLOW STATEMENTS

	Group		Parent company	
EUR	1 Jan.–31 Dec.2000	1 Jan.–31 Dec.1999	1 Jan.–31 Dec.2000	1 Jan.–31 Dec.1999
BUSINESS OPERATIONS				
Operating profit/loss	2,240,312.56	2,060,386.39	2,021,281.45	2,380,996.08
Adjustment to operating profit/loss	2,820,579.54	2,455,661.05	2,788,677.60	2,413,266.00
Change in net working capital	–342,312.22	361,873.24	–145,090.44	262,449.53
Interest	–1,385,336.33	–1,178,112.47	–1,352,409.47	–1,125,374.56
Dividends received	3,026.72	40,288.74	9,754.23	48,698.14
Other financial items	–431,336.26	–1,085,642.27	–437,674.86	–1,112,488.70
Taxes	–31,722.48	41,742.00	0.00	0.00
NET CASH FLOW FROM BUSINESS OPERATIONS	2,873,211.53	2,696,196.68	2,884,538.51	2,867,546.49
INVESTMENTS				
Purchases of other fixed assets	–1,869,422.41	–4,020,692.48	–1,829,555.48	–4,002,542.53
Increase in other long-term investments	5,895.09	–18,217.51	4,709.26	–33,406.34
TOTAL CASH FLOW FROM INVESTMENTS	–1,863,527.32	–4,038,910.00	–1,824,846.22	–4,035,948.87
CASH FLOW BEFORE FINANCING	1,009,684.21	–1,342,713.31	1,059,692.29	–1,168,402.39
FINANCING				
Draw of long-term loans	1,846,861.92	1,417,149.21	1,846,861.92	1,417,149.21
Instalments of long-term loans	–1,880,491.91	–611,480.14	–1,880,491.91	–611,480.14
Increase/decrease in long-term receivables	1,081,415.59	213,068.07	1,081,415.59	213,068.07
Others	–1,866.24	5,821.73	0.00	0.00
TOTAL FINANCING	1,045,919.36	1,024,558.87	1,047,785.60	1,018,737.14
Increase/decrease in liquid funds	2,055,603.57	–318,154.44	2,107,477.89	–149,665.24
Liquid funds on 1 Jan.	956,952.27	1,275,106.71	653,253.98	802,919.22
LIQUID FUNDS ON 31 DEC.	3,012,555.84	956,952.27	2,760,731.87	653,253.98

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES 2000

SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

Stromsdal Oyj is the parent company of a Group that comprises the following subsidiaries: Juantehtaan Ympäristö Oy, Stromsdal UK Ltd.

Juankoski-based Juantehtaan Ympäristö Oy owns and leases industrial estates and land areas.

Stromsdal UK Ltd., based in Chorley, is a sales company in charge of selling the parent company's products in the UK and Ireland.

The Group also includes an associated company, Koillis-Savon Ympäristöhuolto Oy, founded in 1993 by Stromsdal Oy and the municipalities of Juankoski and Kaavi. The company is engaged in wastewater treatment and environmental management. The company is based in Juankoski.

ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENTS

Financial statements

The euro is used as the parent company's and the Group's accounting currency.

Intra-Group holdings, business transactions and profit margins, and conversion difference

The acquisition cost method is applied to eliminate intra-Group holdings. Intra-Group receivables and payables, income and expenditure as well as profit margins are eliminated. Foreign subsidiary figures are converted into euros using the exchange rate quoted by the European Central Bank on the closing day. The conversion difference is entered as conversion difference under non-restricted shareholders' equity.

Associated companies

The accounts of the associated company are consolidated using the equity method. In proportion to Group holding in the associated company, the Group's proportion of the associated company's profits and losses is shown under financial items.

Fixed assets, depreciation and amortisation

Fixed assets are valued at cost less planned depreciation. Planned depreciation is recorded on a straight-line basis over the expected useful lives of the assets as follows:

Buildings and the groundwood mill	20 years
Board machines	12 years
Coating machines	12 years
Other machinery and equipment	5–10 years
Computer hardware and software	5 years
Other long-term assets	3–5 years

Inventories

Inventories are stated at the lower of acquisition cost or replacement cost or likely net realisable value. Cost is determined on a first-in-first-out (FIFO) basis.

In the inventory valuation, in addition to direct acquisition costs, indirect purchasing and manufacturing costs are capitalised.

R&D expenses and long-term expenditure

Research and development expenses are charged as expenses as incurred. Expenses generating income during a period of three years or more are capitalised as long-term expenditure and are written off within three to five years.

Items denominated in foreign currencies

All receivables and debts denominated in foreign currencies pegged to the euro are valued at a fixed rate while receivables and debts denominated in other currencies are valued at the exchange rate of the closing day. Realised and unrealised conversion differences are entered in the income statement, with the exception of long-term currency loans. Exchange rate losses arising from these long-term currency loans are entered in valuation items in the balance sheet, along with exchange rate losses accumulated from previous years. Exchange rate losses are charged as expenses over the loan period.

NOTES TO THE INCOME STATEMENTS

1.1 Net sales by market area (EUR 1,000)

	Group		Parent company	
	2000	1999	2000	1999
Finland	1,948	1,553	1,948	1,553
EU	29,756	26,731	30,140	25,625
EFTA	1,327	1,129	1,327	1,129
Rest of Europe	14,680	11,898	14,680	11,898
USA and Canada	38	32	38	32
Asia	3,365	1,316	1,820	676
Other countries	269	982	269	982
	51,383	43,641	50,222	41,895

Net sales have been handled in accordance with article 28 of the 4th EU Directive on company law and consist mainly of invoicing in foreign currencies.

1.2 Other income from business operations

Other income from business operations was generated by the sale of refuse bark unsuitable for use in the production process for energy generation, from maintenance and servicing provided for the Group's associated companies and from product development aids as well as from capital gains.

1.3 Materials and services (EUR 1,000)

	Group		Parent company	
	2000	1999	2000	1999
Materials and supplies				
Acquisitions during the financial year	27,417	21,081	27,517	20,282
Change in stocks	-238	-59	-238	-59
	27,178	21,022	27,279	20,223
Services purchased from external service providers	6,233	5,490	5,852	5,033
	33,412	26,512	33,131	25,256

1.4 Personnel costs (EUR 1,000)

Wages of the production personnel	4,761	4,179	4,761	4,179
Other wages and salaries	2,591	2,796	2,340	2,461
Fringe benefits	27	31	27	31
Pension costs	1,157	1,296	1,130	1,234
Other personnel costs	714	704	692	672
	9,250	9,006	8,950	8,577

Management salaries and remuneration	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Managing Directors	124	205	84	83
Members of the Board	48	46	48	46
	172	251	132	129

The average number of personnel employed by the Group and parent company during the financial year				
Office personnel	48	49	40	42
Operative staff	187	179	187	179
	235	228	227	221

1.5 Depreciation and value adjustment (EUR 1,000)

Buildings and constructions	266	258	266	258
Machinery and equipment	2,342	2,109	2,310	2,067
Intangible rights	97	56	97	56
Other long-term expenditure	84	68	84	68
Factory redemption right	32	32	32	32
	2,821	2,523	2,789	2,481

Planned depreciations within the Group are calculated in keeping with consistent principles, by making straight-line depreciations on the original acquisition price, based on the useful life of fixed assets.

1.6. Other operating costs

Other operating costs primarily consist of fixed costs associated with maintenance, marketing, insurances and services purchased from outside the company.

1.7 Financial income and expenses (EUR 1,000)	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Dividends receivable				
From others	3	2	3	2
Interest receivable from long-term investments				
From Group companies	0	0	8	8
From associated companies	35	70	35	71
Total revenue from long-term investments	38	72	46	81
Other interest receivable and financial income				
From Group companies	0	0	41	57
From others	46	100	29	87
Interest receivable from long-term investments, other interest receivable and financial income, total	84	172	116	225
Interest payable and other financial expenses	-1,685	-2,327	-1,684	-2,354
Depreciation of valuation items and currency translation losses	-213	-107	-219	-107
	-1,898	-2,434	-1,903	-2,461
Total financial income and expenses	-1,814	-2,262	-1,787	-2,236

1.8 Extraordinary income and expenses (EUR 1,000)

Extraordinary income	0	38	7	47
Extraordinary expenses	0	0	0	0
	0	38	7	47

Parent company extraordinary income includes Group contribution decided by the subsidiary.

NOTES TO THE BALANCE SHEETS

2.1.1 Intangible and tangible assets (EUR 1,000)	Group		Parent company	
	2000	1999	2000	1999
Intangible rights				
Acquisition cost on 1 Jan.	682	635	682	635
Increases 1 Jan. - 31 Dec.	201	47	201	47
Decreases 1 Jan. - 31 Dec.	-98	0	-98	0
Acquisition cost on 31 Dec.	785	682	785	682
Accumulated planned depreciation 31 Dec.	-470	-472	-470	-472
Book value 31 Dec.	315	210	315	210
Other long-term expenditure				
Acquisition cost on 1 Jan.	805	677	805	677
Increases 1 Jan. - 31 Dec.	3	128	3	128
Decreases 1 Jan. - 31 Dec.	-561	0	-561	0
Acquisition cost on 31 Dec.	247	805	247	805
Accumulated planned depreciation 31 Dec.	-163	-644	-163	-644
Book value 31 Dec.	84	161	84	161
Total intangible assets	399	371	399	371
Land				
Acquisition cost on 1 Jan.	259	259	0	0
Increases 1 Jan. - 31 Dec.	0	0	0	0
Decreases 1 Jan. - 31 Dec.	0	0	0	0
Acquisition cost on 31 Dec.	259	259	0	0
Buildings and constructions				
Acquisition cost on 1 Jan.	5,315	5,118	5,315	5,118
Increases 1 Jan. - 31 Dec.	84	197	84	197
Decreases 1 Jan. - 31 Dec.	0	0	0	0
Acquisition cost on 31 Dec.	5,399	5,315	5,399	5,315
Accumulated planned depreciation 31 Dec.	-2,660	-2,394	-2,660	-2,394
Book value 31 Dec.	2,739	2,921	2,739	2,921
Redemption right for an industrial hall				
Acquisition cost on 1 Jan.	638	638	638	638
Increases 1 Jan. - 31 Dec.	0	0	0	0
Decreases 1 Jan. - 31 Dec.	0	0	0	0
Acquisition cost on 31 Dec.	638	638	638	638
Accumulated planned depreciation 31 Dec.	-415	-383	-415	-383
Book value 31 Dec.	223	255	223	255
Machinery and equipment				
Acquisition cost on 1 Jan.	28,276	24,741	28,088	24,525
Increases 1 Jan. - 31 Dec.	2,325	3,564	2,317	3,563
Decreases 1 Jan. - 31 Dec.	-597	-29	-597	0
Acquisition cost on 31 Dec.	30,004	28,276	29,808	28,088
Accumulated planned depreciation 31 Dec.	-18,249	-16,521	-18,163	-16,435
Book value 31 Dec.	11,755	11,755	11,645	11,653
Investments in progress				
Acquisition cost on 1 Jan.	808	742	808	742
Change during the year	-765	66	-765	66
Investments in progress on 31 Dec.	43	808	43	808
Total tangible assets	15,019	15,998	14,650	15,637
Production machinery and equipment book value on 31 Dec.	11,407	11,437	11,407	11,437

2.1.2 Participating interests and other investments (EUR 1,000)

Group	Shares Associated companies	Others
Acquisition cost on 1 Jan.	525	22
Increases	0	0
Decreases	-1	-4
Value adjustments	0	0
Acquisition cost on 31 Dec.	524	18

Parent company	Shares Group companies	Shares Associated companies	Share of the joint contribution fund Associated companies	Shares Others
Acquisition cost on 1 Jan.	305	303	547	22
Increases	0	0	0	0
Decreases	0	0	0	-4
Value adjustments	0	0	0	0
Acquisition cost on 31 Dec.	305	303	547	18

Group companies and associated companies	Group holding, %	Parent company holding, %
Subsidiaries		
Juantehtaan Ympäristö Oy	100	100
Stromsdal UK Ltd.	100	100
Associated company		
Koillis-Savon Ympäristöhuolto Oy	45	45

2.1.3 Inventories (EUR 1,000)

	Group		Parent company	
	2000	1999	2000	1999
Materials and supplies	1,926	1,688	1,926	1,688
Work in progress	111	172	111	172
Finished products	1,734	2,192	1,034	1,298
	3,771	4,052	3,071	3,158

2.1.4 Long-term receivables (EUR 1,000)

Receivables from Group companies				
Loan receivables	0	0	94	94
Receivables from associated companies				
Loan receivables	314	1,395	314	1,395
Other receivables	0	0	0	0
Receivables from others				
Loan receivables	8	8	8	8
	322	1,403	416	1,497

2.1.5 Current receivables (EUR 1,000)

Accounts receivable	8,907	9,426	6,388	6,731
Receivables from Group companies				
Accounts receivable	0	0	2,996	3,588
Receivables from associated companies				
Accounts receivable	0	14	0	14
Loan receivables	35	146	35	146
Receivables from others				
Deferred income	1,602	1,683	1,576	1,584
Valuation items	253	322	253	322
	10,797	11,591	11,248	12,385

Deferred income includes a repayment of value-added tax from November–December 2000 in the amount of EUR 1,243,000.
The foreign exchange gains and losses involved in currency loans resulting from changes in the value of the Finnish markka in the period 1992–2000 were entered in aggregate under valuation items in the balance sheet. They will be charged as expenses over the loan periods. Previous foreign exchange gains or losses were entered in the income statement. The item does not include foreign exchange gains or losses on short-term currency loans, which were booked as income.

2.2.1 Share capital

The parent company and the Group's share capital comprises the following shares:

Series	No. of shares 2000	1999	Nominal value, FIM	Share capital (EUR 1,000) 2000	1999
A	120,200	120,200	20	404	404
B	1399300	1,399,300	20	4,707	4,707
	1,519,500	1,519,500		5,111	5,111

Changes in shareholders' equity	Group 2000	1999	Parent company 2000	1999
Share capital on 1 Jan.	5,111	5,111	5,111	5,111
Changes	0	0	0	0
Share capital on 31 Dec.	5,111	5,111	5,111	5,111

2.2.2 Reserve fund

Reserve fund on 1 Jan.	589	589	589	589
Changes	0	0	0	0
Share capital on 31 Dec.	589	589	589	589

2.2.3 Profit brought forward

Profit brought forward on 1 Jan.	247	362	619	427
Payment of dividends	0	0	0	0
Change in translation difference	-1	21	0	0
Profit/loss for the financial year	394	-136	241	192
Profit brought forward on 31 Dec.	640	247	860	619
Total shareholders' equity on 31 Dec.	6,340	5,947	6,560	6,319
Distributable funds	640	247	860	619

2.2.4 Long-term liabilities (EUR 1,000)

Loans from financial institutions	10,317	11,610	10,317	11,610
Pension loans	545	668	545	668
Other long-term debt	2,065	683	2,065	683
Total long-term liabilities	12,927	12,961	12,927	12,961

Debts maturing after five years or later				
Loans from financial institutions	1,664	1,792	1,664	1,792
Pension loans	295	500	295	500
	1,959	2,292	1,959	2,292

2.2.5 Short-term liabilities (EUR 1,000)

Loans from financial institutions	6,644	7,983	6,644	7,974
Accounts payable	5,253	5,569	5,213	5,514
Payables to Group companies	0	0	6	5
Paybales to associated companies	120	90	120	90
Other payables	535	596	243	232
Accruals	2,043	1,775	2,005	1,785
Total short-term liabilities	14,595	16,013	14,231	15,600

Accruals include, among other things, expenses due to the annual holiday pay and other related payments of EUR 1,033,000 and other social expenses of EUR 516,000 and accrued interest of EUR 151,000.

OTHER NOTES

3.1 Contingent liabilities and pledges given (EUR 1,000)

	Parent company and the Group	
For own debt	2000	1999
Mortgages on buildings and leases	5,174	5,174
Mortgage on company assets	7,064	8,241
Pledges given	8,116	8,878
Shares given as pledge	303	303
Guarantees on Group company's debt	0	0
	20,657	22,596

The mortgages and pledged shares are collateral for loans worth EUR 11 million in total, and the other pledges given are collateral for loans totalling EUR 6.3 million. Stromsdal Oyj guarantees the operations of Stromsdal UK Ltd. for the coming 12 months.

3.2 Deferred tax assets

Deferred tax assets of EUR 0.8 million due to depreciation not made to full extent permitted by tax law are not entered as receivables in the financial statements.

3.3 Leasing liabilities (EUR 1,000)

	Parent company and the Group	
	2000	1999
Leasing payments in 2001	122	100
Payments to be made later	168	319
Total leasing liabilities on 31 Dec.	290	419

3.4 Liabilities resulting from derivative contracts (EUR 1,000)

Forward exchange agreements		
Current value	1,920	0
Value of the underlying security	1,977	0

3.5 Pension scheme and pension liabilities

All the Group's employees in Finland are covered by the Employee's Pension Act (TEL), and the pension schemes of those working abroad are arranged as required by the legislation of the country in question. Future unemployment and disability pension liabilities amount to EUR 200,000 subject to allocation in 2002–2004.

BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

The Group's distributable funds total EUR 639,772.69. The parent company's distributable funds amount to EUR 859,794.35 including a net profit of EUR 240,951.35 for the financial year. The Board proposes that no dividend be paid on Stromsdal Oyj series A and B shares for 2000 and that the profit be included in retained earnings.

Juankoski, March 22, 2001

Janne Simelius

Eero Sinkko

Petri Kangasperko

Osmo Jääskeläinen

Björn Forss

AUDITORS' REPORT

To the shareholders of Stromsdal Oyj

We have audited the accounts, the accounting records and the administration of Stromsdal Oyj for the financial year from 1 January to 31 December 2000. The financial statements prepared by the Board of Directors and the Managing Director include a report on operations, an income statement and balance sheet for the Group and the parent company, and notes to the accounts. Based on our audit, we give our opinion on the financial statements and administration.

We have conducted our audit in accordance with the Finnish Generally Accepted Auditing Standards. Those standards require that we examine the accounting records and the preparation principles, the contents and presentation of the financial statements to a sufficient extent to obtain reasonable assurance on whether the financial statements are free of material misstatement or deficiencies. The purpose of our audit of company administration has been to ensure that the Board of Directors and Managing Director have complied with the rules of the Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Bookkeeping Act or other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Bookkeeping Act, of the Group's and the parent company's result of operations, as well as of their financial position. The financial statements, including the consolidated financial statement, can be approved, and the members of the parent company's Board of Directors and the Managing Director can be discharged from liability for the period audited by us. The proposal by the Board of Directors on the distribution of the non-restricted shareholders' equity shown on the balance sheet is in compliance with the Companies Act.

Helsinki, March 30, 2001

Arthur Andersen Oy

Authorised Public Accountants

Hannu Vänskä, Authorised Public Accountant

BOARD OF DIRECTORS, MANAGEMENT GROUP AND AUDITORS

STROMSDAL OYJ'S BOARD OF DIRECTORS

Chairman Mr Janne Simelius, 56, M. Sc. (Eng.), Director, Board member since 1996
Mr Björn Forss, 52, M. Sc. (Eng.), Managing Director, Board member 1987–1994, 1996–
Mr Osmo Jääskeläinen, 58, M. Sc. (For.), Board member since 1996
Mr Petri Kangasperko, 47, M. Sc. (Social Sciences), City Manager, Board member since 1996
Mr Eero Sinkko, 52, M. Sc. (Eng.), Deputy Managing Director, Board member since 1996

BACK ROW FROM LEFT TO RIGHT: BOARD MEMBERS OSMO JÄÄSKELÄINEN, PETRI KANGASPERKO AND BOARD'S SECRETARY ARI KETOLA.

FRONT ROW FROM LEFT TO RIGHT: BOARD MEMBER EERO SINKKO, CHAIRMAN JANNE SIMELIUS AND BOARD MEMBER BJÖRN FORSS.

STROMSDAL OYJ'S MANAGEMENT GROUP

Mr Björn Forss, 52, Managing Director
Mr Erkki Karjalainen, 58, Engineer, Technical Director
Mr Ari Ketola, 49, M. Sc. (Econ.), B.A., Financial Director
Mr Matti Mäkeläinen, 58, M. Sc. (Eng.), Mill Manager
Mr Pauli Pitkänen, 58, Wood Yard Worker, Staff Representative
Ms Elina Rehn, 51, M. Sc. (Eng.), Marketing Director

AUDITORS

Auditor: Arthur Andersen Oy, Authorised Public Accountants
Deputy auditor: Mr Pertti Hiltunen, Authorised Public Accountant

FINANCIAL INDICATORS

	2000	1999	1998	1997	1996
Production output, tonnes	52,452	46,753	39,174	41,305	41,934
Net sales, EUR million	51.4	43.6	36.9	41.1	39.9
Research and development costs, EUR million	0.19	0.33	0.15	0.44	0.30
% of net sales	0.4	0.8	0.4	1.1	0.8
Investments in fixed assets, EUR million	1.9	4.0	4.3	1.9	1.1
% of net sales	3.7	9.2	11.5	4.7	2.7
Personnel, on average	235	228	227	220	219
Operating profit, EUR million	2.2	2.1	0.1	3.5	3.8
% of net sales	4.4	4.7	0.3	8.6	9.4
Profit before extraordinary items, EUR million	0.4	-0.2	-1.4	1.0	1.2
% of net sales	0.8	-0.5	-3.9	2.5	2.9
Profit before appropriations and taxes, EUR million	0.4	-0.2	-1.4	1.0	1.2
% of net sales	0.8	-0.4	-3.9	2.5	3.1
Return on equity, % (ROE)	6.4	-2.9	-21.5	13.9	18.0
Return on investment, % (ROI) *)	8.4	7.8	0.5	13.2	14.3
Current ratio	1.2	1.0	1.1	1.3	1.3
Equity ratio, %	18.6	17.0	19.5	23.4	21.1
Interest-bearing liabilities, EUR million	19.6	20.9	18.9	19.2	20.2

*) Translation differences from long-term foreign currency loans have been capitalised.

Calculation of key indicators is presented on page 30.

PER-SHARE RATIOS

(Calculated on the basis of the general instructions issued by the Finnish Accounting Standards Board)	2000	1999	1998	1997	1996
Earnings per share (EPS)	0.26	-0.09	-0.96	0.65	0.72
Total earnings per share	0.26	-0.09	-0.96	0.65	0.72
Shareholders' equity, EUR/share	4.15	3.91	3.99	4.95	4.37
Dividend, EUR/B share *)	-	-	-	-	0.08
Dividend on profit, %/B share *)	-	-	-	-	9.9
Share-issue adjusted dividend/B share *)	-	-	-	-	0.08
Payout ratio, %/B share *)	-	-	-	-	11.7
Effective dividend yield, %/B share *)	-	-	-	-	3.5
Price/earnings ratio, B share	4.6	-22.8	-2.0	5.7	3.4
Share price on 31 Dec., EUR/B share	1.20	2.05	1.88	3.68	2.42
Lowest price, EUR/B share	1.20	1.80	1.77	2.49	1.51
Highest price, EUR/B share	2.49	2.70	4.49	5.38	3.36
Share-issue adjusted average price, EUR/B share	1.82	2.15	3.30	4.15	2.70
Market capitalisation, B share, EUR million	1.7	2.9	2.6	5.2	3.4
Development of share trading, B share					
Thousand shares	535	452	1,046	2,095	1,195
Trading, %	38.2	32.3	74.8	149.7	85.4
Share-issue adjusted number of shares, B share, thousands					
Weighted average during the year	1,399.30	1,399.30	1,399.30	1,399.30	1,353.40
at the end of the year	1,399.30	1,399.30	1,399.30	1,399.30	1,399.30

*) Board's proposal to the Annual General Meeting.

Calculation of key indicators is presented on page 30.

CALCULATION OF KEY INDICATORS

1) RETURN ON EQUITY (ROE)

$$\frac{\text{(Profit before extraordinary items - taxes for the financial year)}}{\text{Shareholders' equity + minority interest + provisions (on average during the year)}} \times 100$$

2) RETURN ON INVESTMENT (ROI)

$$\frac{\text{(Profit before extraordinary items + interest cost and other financial expenses)}}{\text{Balance sheet total - interest-free liabilities (on average during the year)}} \times 100$$

3) EQUITY RATIO

$$\frac{\text{(Shareholders' equity + minority interest}}{\text{Balance sheet total - payments received in advance}} \times 100$$

4) CURRENT RATIO

$$\frac{\text{Financial assets + inventories}}{\text{Current liabilities}}$$

5) EARNINGS PER SHARE (EPS)

$$\frac{\text{Profit before extraordinary items - taxes - minority interest}}{\text{Share issue adjusted average number of shares}}$$

6) TOTAL EARNINGS PER SHARE

$$\frac{\text{Profit before appropriations - taxes for the financial year}}{\text{Share issue adjusted average number of shares}}$$

7) DIVIDEND RATIO

$$\frac{\text{Share issue adjusted dividend per share}}{\text{Earnings per share}}$$

8) EFFECTIVE DIVIDEND YIELD

$$\frac{\text{Share issue adjusted dividend per share}}{\text{Share issue adjusted quoted price on the closing day}} \times 100$$

9) SHAREHOLDERS' EQUITY PER SHARE

$$\frac{\text{Restricted and non-restricted equity}}{\text{Share issue adjusted average number of shares}}$$

10) PRICE PER EARNINGS (P/E) RATIO

$$\frac{\text{Share issue adjusted quoted price on the closing day}}{\text{Profit per share}}$$

11) SHARE ISSUE ADJUSTED AVERAGE PRICE

$$\frac{\text{Total turnover of shares in EUR}}{\text{Share issue adjusted number of shares traded during the financial year}}$$

12) MARKET CAPITALISATION

Number of shares x quoted price at the end of the financial year

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

Stromsdal Oyj's Annual General Meeting will be held in Juankoski, at Stromsdal's conference facilities on 14 May 2001, at 11 a.m. All shareholders registered on the company shareholder register, maintained by the Finnish Central Securities Depository Ltd. by 4 May 2001 are entitled to attend the meeting.

Furthermore, shareholders whose shares have not been transferred into the book-entry securities system are also entitled to attend the AGM, provided that they can present their share certificates at the Meeting, or have other proof that their shares have not been transferred to a book-entry securities account.

Shareholders who wish to attend the Annual General Meeting must notify the company by noon on 11 May 2001 either by letter addressed to Stromsdal Oyj, Share Register, P.O. Box 33, FIN-73501 Juankoski, or by phone on +358 17 688 641 (Ms Sari Pitkänen). Written notifications should arrive by the date mentioned above. Any proxies should be submitted together with notifications.

FINANCIAL INFORMATION

In addition to the financial statement bulletin and annual report for 2000, Stromsdal will disclose two interim reports as follows:

• Interim report for January–March 2001	3 May 2001
• Interim report for January–June 2001	3 August 2001
• Interim report for January–September 2001	9 November 2001

The annual report and interim reports will be published in Finnish and English. Copies are available from Stromsdal Oyj, P.O. Box 33, FIN-73501 Juankoski, tel. +358 17 688 641, fax +358 17 612 008, e-mail: stromsdal@stromsdal.fi. Financial information is also available on company website at www.stromsdal.com.

SHARES

The company has a total of 1,519,500 shares, 120,200 of which are series A and 1,399,300 series B shares. B shares are quoted on the Helsinki Exchanges. Stromsdal switched over to the book-entry securities system in 1997. After the registration date, shareholders can only receive dividends and exercise their subscription rights after the share certificates have been exchanged for book-entry securities.

Stromsdal Oyj has not adopted the new Insider Guidelines recommended for listed companies, effective as of 1 March 2000, according to which the number of permanent insiders is expanded and trading restrictions on shares are set prior to the disclosure of company results.

2000 IN BRIEF

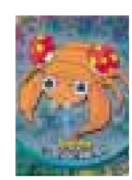
- Consolidated net sales totalled EUR 51.4 million.
- Consolidated operating profit of EUR 2.2 million.
- Implementation of the third phase of the Stromsdal 2000 investment programme (finishing section modernisation).
- Production capacity in excess of 50,000 tonnes.

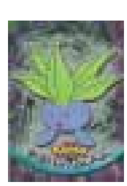
GRAPHIART DUO

GraphiArt Duo, the only one of its kind on the market, is a symmetrical, two-side fully blade-coated board with bleached groundwood in the middle layer. Its smoothness, gloss and other printing performance enhancing features on both sides provide great opportunities for presswork planning and implementation. The middle-layer bleached groundwood and chemical pulp make GraphiArt Duo stiffer and lighter compared to solid chemical pulp boards. In addition, thanks to the better opacity of the groundwood layer, it is possible to use lower substance when printing board on both sides. Due to its unique structure, GraphiArt Duo can be processed the same way as folding boxboard, but, when it comes to printing features it ranks among the best performers.

GRAPHIART HERITAGE

GraphiArt Heritage is uncoated graphical board. GraphiArt Heritage stands out from other uncoated folding boxboard due to its fully symmetrical structure. The middle-layer groundwood adds to stiffness and opacity and guarantees excellent processing features. The soft and natural appearance of uncoated board provide intriguing opportunities for designers – indeed, GraphiArt Heritage is ideal for cards, covers and brochures.





Kauppamainos FCB/Erikoispaino Oy

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