



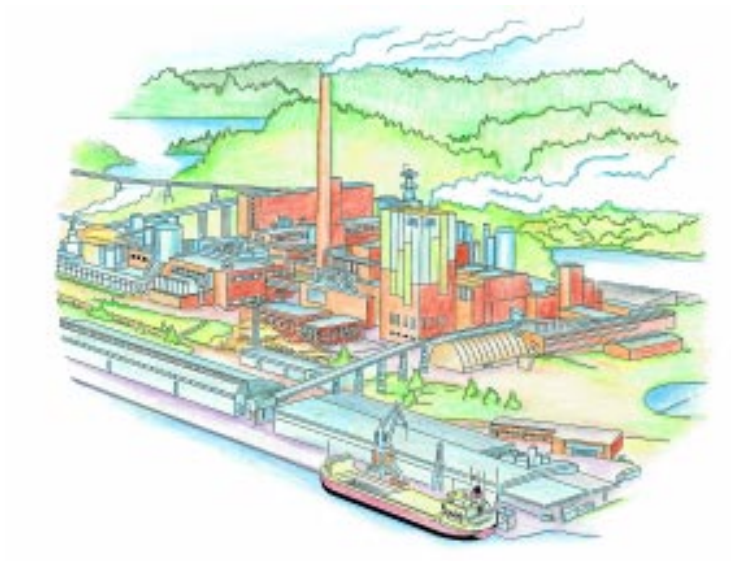
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Annual Report 2001



Sunila Oy

Report of the Board of Directors



Pulp market

Market pulp production in the Nordic countries and North America (Nor-scand) totalled 20.7 million tonnes in 2001. This was 1.7 million tonnes less than in 2000. The operating rate of pulp mills was 85.3 per cent (95.0 per cent in 2000). Market pulp production in Finland remained at the same level as in the previous year, at 1.86 million tonnes. However, due to increased production capacity, the operating rate fell from 91.3 per cent to 83.4 per cent.

Pulp stocks at the beginning of the year were 1.75 million tonnes. At the end of February, the stocks reached a high of slightly over 2 million tonnes, but came down again to 1.5 million tonnes by the end of October. During the last quarter, the operating rate was over 90 per cent, which again increased stocks to 1.7 million tonnes by the end of December.

Due to the excess stocks and low demand, pulp price fell by 37 per cent during the first eight months, reaching the bottom price of USD 450/tonne in August. During the autumn, the price again rose to USD 470.

Operation and result

In 2001, turnover of Sunila Oy was EUR 160 million (EUR 187 million). The average sales price of pulp was EUR 520, meaning a decrease of EUR 93 compared to the previous year. Sunila Oy's operating profit was EUR 33 million (EUR 66 million) and profit before extraordinary items EUR 31 million (EUR 64 million). The decrease in the financial performance compared to 2000 is mainly a result of the decreased pulp price.

The total production volume was 300,536 tonnes (301,097 tonnes). The operating rate was 88 per cent (89 per cent). In addition to production stops determined by the collective labour agreement, there was no production on 28 days due to market reasons. Production stops were utilised by carrying out maintenance work and investment start-ups.

Total sales were 296,911 tonnes (295,856 tonnes). The shareholding companies accounted for the majority of the deliveries. Export sales were 27 per cent (19 per cent) of all deliveries. Pulp stock at the end of the year was 14,703 tonnes (11,079 tonnes), which corresponds to 14 days' production.

A new daily average production record of 1,013 tonnes/d was achieved in May. The previous record, which dates back to 1995, was exceeded by 23 tonnes.

Investments

Investments in 2001 totalled EUR 25.4 million (EUR 15.9 million). EUR 9.5 million (EUR 3.8 million) of this was financed through leasing arrangements.

The main investment of the year was the intensification project for black liquor concentration and combustion, which increases the annual capacity to 350,000 tonnes. At the same time, the electricity production capacity was increased by 10 per cent to 40 MW.

During 2002 and 2003, the chip yard will be improved and chip feeding to production will be adjusted by building new sawmill chip piles and expanding the roundwood chip pile. The purpose of the investment is to be able to produce better pulp of equal quality. Moreover, the investment gives the possibility to produce tailor-made pulp grades.

Personnel

Sunila Oy employed 297 (295) persons on a permanent basis at year-end, the average for the year being 322 (326).

The working atmosphere survey was carried out for the third time. The survey shows that the rate of work satisfaction is still at the good level of 1999.

For the second time in Sunila Oy's history, an extensive strategy process was carried out. The management group, representatives of personnel groups and experts participated in the work.

The safety management system was finalised and the "zero accident" approach was adopted.

Environmental protection

Like in the past few years, emissions into air and water were at a low level.

The collection and combustion system for malodorous gases was improved in connection with the black liquor concentration investment by taking the torch burner into use as auxiliary equipment. However, system malfunctions during start-up caused odour and noise emissions.

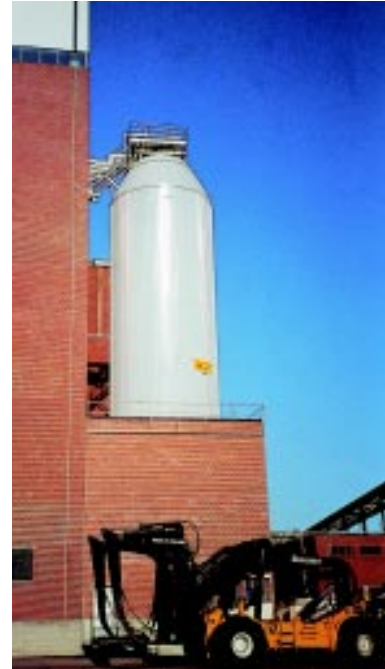
Research and development

The research and development work concentrated on product quality improvement. Focus in the research work was on acquiring additional knowledge of the wood raw material, cooking process and fibre damages which occur on the fibre line.

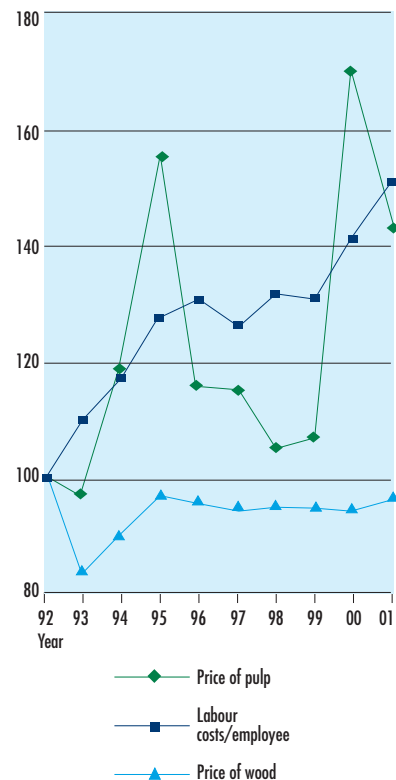
Possibilities to produce TCF pulp using peracetic acid were studied at the bleaching plant. The quality of the pulp produced was good.

Outlook for the year 2002

Demand for pulp continues at a low level. The operating rates of pulp mills will be high as it is not feasible to have production stops in the winter-time. The price is low and the prospects are uncertain. The profitability of North-American pulp mills is poor. However, Nordic pulp mills will profit from the high exchange rate of the US dollar. Sunila Oy's financial performance will weaken, but it is expected to remain positive.



Indices for 2001



Organisation 1 January 2002

Board of Directors

Directors		Deputy members
Jorma Kangas	Chairman	Hannu Korhonen
Sverre Norrgård	Deputy Chairman	Heikki Rätty
Jarmo Alm		Markku Halonen
Erkki Varis		Nils-Eric Wikman

Management Group

Juhani Kautto	Managing Director
Ari Haakana	Development Manager
Auvo Harju	Workers' representative
Jukka Henriksson	Salaried employees' representative
Mikko Karpelin	Safety and Quality Manager
Pekka Pelkonen	Personnel and Procurement Manager
Jarmo Rinne	Production Manager
Tea Sundén	Customer Service Manager
Matti Suokas	Director of Finance

Auditor

Ari Ahti, Authorised Public Accountant (KHT)

Board Committees

	Chairman
Marketing Committee	Harry Lönnqvist
Forestry Committee	Voitto Pölkki
Financial Committee	Heikki Rätty

Shareholders

Myllykoski Paper Oy	50 %
Stora Enso Oyj	50 %

Profit and loss account and balance sheet

EUR million	PARENT COMPANY		GROUP	
	2001	2000	2001	2000
PROFIT AND LOSS ACCOUNT				
Turnover	160.43	186.57	161.18	187.43
Change in inventory of finished goods	1.80	2.90	1.80	2.90
Share in the profit of affiliated companies	0.00	0.00	-0.01	-0.01
Other income	0.70	0.77	0.70	0.77
Materials and supplies	-93.99	-92.79	-94.03	-92.82
Personnel costs	-15.13	-14.25	-15.33	-14.45
Depreciation	-10.06	-8.26	-13.87	-11.56
Other operating expenditure	-11.12	-8.76	-5.73	-4.07
= Operating profit	32.63	66.18	34.70	68.19
- Financial income and expenditure	-1.93	-2.39	-4.32	-4.36
= Profit before extraordinary items	30.71	63.79	30.39	63.82
Extraordinary items	-0.22	0.00	0.00	0.00
Change in accumulated depreciation difference	-12.24	-15.62	0.00	0.00
Direct taxes	-5.29	-14.09	-8.84	-18.70
PROFIT FOR THE YEAR	12.96	34.08	21.54	45.12
BALANCE SHEET				
	2001	2000	2001	2000
Material goods	125.37	119.45	172.20	159.76
Investments	0.92	0.92	0.59	0.60
Inventories	16.08	14.19	16.08	14.19
Receivables, long-term	5.27	6.11	5.27	6.11
Receivables, short-term	21.22	23.01	21.81	22.73
Cash in hand and in bank	12.52	40.02	12.54	40.09
	182.39	203.71	228.50	243.49
Shareholders' equity, restricted	13.00	13.00	13.00	13.00
Shareholders' equity, unrestricted	65.36	73.20	90.42	89.68
Affiliated companies			-0.02	-0.01
Minority interest			0.01	0.01
Accrued provisions	35.61	23.37	0.00	0.00
Liabilities, long-term	37.82	52.48	90.38	95.31
Liabilities, short-term	30.60	41.65	34.70	45.50
	182.39	203.71	228.50	243.49

Statement of changes in financial position

EUR million	PARENT COMPANY		GROUP	
	2001	2000	2001	2000
OPERATION				
Turnover	162.72	184.46	163.92	182.43
- Operating expenditure, net	-123.23	-113.99	-114.18	-108.48
- Financial expenditure, net	-2.23	-2.23	-4.63	-4.19
- Taxes	-10.04	-4.37	-10.04	-4.37
- Other income and expenditure	-0.22	0.00	0.00	0.00
Share in the profit of affiliated companies			0.00	-0.01
= Cash flow from the year's operation	26.99	63.89	35.07	65.38
INVESTMENTS				
- Investments, material	-16.69	-13.53	-27.35	-14.05
- Investments, shares	0.00	-0.01	0.01	0.00
+ Sales of fixed assets	0.00	0.00	0.00	0.00
= Increase/-decrease in capital after investments	10.30	50.35	7.73	51.33
FINANCING				
- Increase/+decrease in other receivables	0.00	0.00	0.00	0.00
+ Increase/-decrease in short-term liabilities	-3.18	-8.82	-6.83	-7.64
+ Increase/-decrease in long-term liabilities	-13.82	-17.13	-7.64	-19.26
Dividends and other profit distribution	-20.80	0.00	-20.80	0.00
+ Increase in share capital	0.00	0.00	0.00	0.01
= Increase/decrease in liquid assets	-27.50	24.40	-27.55	24.44
Liquid assets 31 Dec.	12.52	40.02	12.54	40.09

Notes to the financial statements

Accounting policies

The financial statements have been prepared in accordance with the Finnish Accounting Act and other standards and regulations governing financial statements. The consolidated financial statements include the parent company and those companies in which the parent company owns more than half of the voting shares plus those affiliated companies in which the parent company owns more than 20 per cent. Intercompany transactions, receivables and liabilities have been eliminated in consolidation.

Fixed assets are stated in the balance sheet at cost less planned straight-line depreciation. Planned depreciation for vital machinery in 1998 has been defined on the basis of the estimated replacement year, with 10 to 25 years of estimated economic lives. The estimated economic lives of buildings range from 20 to 40 years and those of other machinery from 5 to 10 years. Tangible assets leased through financial leasing contracts are stated in the consolidated financial statements as fixed assets, and the obligations of these contracts as interest-bearing liabilities.

Inventories are stated at first in, first out cost, including variable expenses resulting from purchase and manufacture as well as the related proportion of fixed expenses.

Receivables and liabilities in foreign currencies are stated at the average exchange rates at year-end.

Taxes included in the profit and loss account are stated as accounted.

Notes to the profit and loss account

EUR	2001	2000
1. Turnover by market area		
Finland	118 248 938.50	149 597 623.10
Other EU countries	22 661 065.56	30 992 048.86
Other parts of the world	19 515 179.49	5 976 753.22
Parent company	160 425 183.55	186 566 425.18
Subsidiaries	751 183.70	859 769.79
Group total	161 176 367.25	187 426 194.97
2. Other income		
Rental income	702 184.59	769 459.59
	702 184.59	769 459.59
3. Materials and supplies		
Materials purchased	-84 047 618.12	-82 342 929.62
Change in inventory	86 329.77	1 026 525.74
External services purchased	-10 025 515.26	-11 475 088.74
Parent company	-93 986 803.61	-92 791 492.62
Subsidiaries	-45 272.21	-29 353.86
Group total	-94 032 075.82	-92 820 846.48
4. Personnel costs		
Management salaries and bonuses	-113 667.00	-96 465.00
Other salaries and wages	-11 008 435.64	-10 594 212.68
Pension costs	-2 155 342.13	-1 868 845.75
Other indirect personnel costs	-1 803 273.72	-1 640 415.62
Fringe benefits	-47 307.91	-51 476.78
Parent company	-15 128 026.40	-14 251 415.83
Subsidiaries	-201 808.60	-196 586.69
Group total	-15 329 835.00	-14 448 002.52
Average number of		
Salaried employees	82	84
Workers	240	242
Parent company	322	326
Subsidiaries	5	5
Group total	327	331

	2001	2000
5. Planned depreciation		
Buildings	-1 143 485.08	-1 141 577.01
Machinery and equipment	-8 920 764.74	-7 119 094.71
Parent company	-10 064 249.82	-8 260 671.72
Subsidiaries and leasing	-3 806 162.78	-3 304 257.45
Group total	-13 870 412.60	-11 564 929.17
6. Financial income and expenditure		
Dividend income	48 638.04	53 418.05
Interest income	251 784.02	483 939.71
Net exchange rate differences	68 079.99	372 460.38
Interest expenditure	-2 253 904.15	-3 196 858.44
Other financial expenditure	-41 850.46	-103 795.33
Parent company	-1 927 252.56	-2 390 835.63
Subsidiaries and leasing	-2 395 499.46	-1 969 725.33
Group total	-4 322 752.02	-4 360 560.96
7. Extraordinary items and expenditure		
Group contribution	-216 500.00	0.00
	-216 500.00	0.00
8. Change in accumulated depreciation difference	12 241 000.00	15 618 000.00
9. Direct taxes on operations	-5 814 368.65	-8 590 027.60
Change in deferred tax receivable	521 474.98	-5 503 750.46
Parent company	-5 292 893.67	-14 093 778.06
Change in deferred tax	-3 549 890.00	-4 606 770.00
Group total	-8 842 783.67	-18 700 548.06

Notes to the balance sheet

EUR

1. INTANGIBLE AND TANGIBLE ASSETS

PARENT COMPANY	Tangible assets			
	Land areas	Buildings and constructions	Machinery and equipment	In progress
Acquisition value 1 Jan.	1 271 597.18	41 214 581.78	203 562 336.66	2 434 813.85
Additions	0.00	106 485.08	14 253 950.89	1 625 419.47
Reclassification			2 434 813.85	-2 434 813.85
Sales				
Accumulated depreciation		-12 723 581.78	-116 309 336.66	
Depreciation for period		-1 143 485.08	-8 920 764.74	
Balance 31 Dec.	1 271 597.18	27 454 000.00	95 021 000.00	1 625 419.47
GROUP	Tangible assets			
	Land areas	Buildings and constructions	Machinery and equipment	In progress
Acquisition value 1 Jan.	1 443 196.80	44 048 473.63	331 708 466.69	2 434 813.85
Additions	0.00	957 548.29	23 722 456.46	1 625 419.47
Reclassification			2 434 813.85	-2 434 813.85
Sales				
Accumulated depreciation		-14 963 008.63	-204 907 853.69	
Depreciation for period		-1 285 785.29	-12 584 627.31	
Balance 31 Dec.	1 443 196.80	28 757 228.00	140 373 256.00	1 625 419.47

2. STOCK AND SHARES	% of capital	Number of shares	Nominal value	Book value
Subsidiaries:				
Karhulan-Sunilan Rautatie Oy, Kotka	100	300	50 456.37	253 963.76
Sunivalli Oy, Kotka	100	200	33 637.58	34 000.00
Kiinteistö Oy Sunilan Kesäniemi, Kotka	77.8	4740	23 916.32	27 186.33
Participating interest companies:				
Sunilan Kantola Oy, Kotka	50	125	210 234.92	210 250.00
Sunilan Mittayhtiö Oy, Kotka	33.3	8	8 000.00	8 000.00
Sunilan Puhdistamo Oy, Kotka	33.3	8	8 000.00	294 400.00
Other shares:				
RP Kuljetustekniikka Oy, Kotka	5	20	3 363.76	3 363.76
Others			66 967.37	85 531.29
Total			404 576.32	916 695.14
Shares and Stock owned by subsidiaries			310.81	7 543.22

3. INVENTORIES	2001	2000	Change
Materials	9 714 162.87	9 627 833.10	86 329.77
Finished products	6 366 399.00	4 564 548.00	1 801 851.00
	16 080 561.87	14 192 381.10	1 888 180.77

4. RECEIVABLES

	2001		2000
Long-term			
Loans receivable from participating interest companies	5 247 765.37		6 055 067.41
Accrued income from participating interest companies		5 247 765.37	6 055 067.41
Other loans receivable	24 038.51		58 336.67
Other accrued income		24 038.51	58 336.67
		5 271 803.88	6 113 404.08
Short-term			
Receivable from participating interest companies	123.83		2 623.00
Loans receivable from participating interest companies	807 000.00		807 000.00
Accrued income from participating interest companies	320 047.18	1 127 171.01	55 878.20
Receivable from group companies	17 225 198.76		348 376.13
Accrued income from group companies	160 721.72	17 385 920.48	348 376.13
Other receivable	287 385.35		21 762 655.20
Other accrued income	3 422 028.50	3 709 413.85	38 456.61
		22 222 505.34	23 014 989.14
Subsidiaries		-411 865.74	-286 763.12
Group total		21 810 639.60	22 728 226.02

5. CHANGES IN SHAREHOLDERS' EQUITY

	Parent company	Group		
	2001	2000	2001	2000
Share capital 1 Jan.	13 000 000.00	13 000 000.00	13 000 000.00	13 000 000.00
Capitalisation issue				
Share capital 31 Dec.	13 000 000.00	13 000 000.00	13 000 000.00	13 000 000.00
Other reserve				
Retained earnings 1 Jan.	73 201 964.05	39 126 688.53	89 669 473.86	44 545 501.72
Paid dividend	-20 800 000.00		-20 800 000.00	
Profit for the year	12 955 760.00	34 075 275.52	21 539 722.66	45 123 972.14
Retained earnings 31 Dec.	65 357 724.05	73 201 964.05	90 409 196.52	89 669 473.86
Shareholders' equity total 31 Dec.	78 357 724.05	86 201 964.05	103 409 196.52	102 669 473.86
Distributable funds				
Retained earnings 31 Dec.	65 357 724.05	73 201 964.05	90 409 196.52	89 669 473.86
Portion of accumulated depreciation difference transferred to shareholders			-25 285 940.00	-16 594 830.00
Total	65 357 724.05	73 201 964.05	65 123 256.52	73 074 643.86

6. APPROPRIATIONS

Accumulated depreciation	<u>35 614 000.00</u>	<u>23 373 000.00</u>
- Deferred tax liability	<u>10 328 060.00</u>	<u>6 778 170.00</u>
Loans from financial institutions	27 953 783.43	
Pension premium loans	8 563 589.63	
Other long-term liabilities	600 000.00	
Other to group companies	702 184.60	

7. LONG-TERM LIABILITIES

37 819 557.66

	2002	2003	2004	2005	2006	2007 -
Repayment of loans	10 985 467	10 256 700	9 160 000	5 109 000	1 991 000	11 302 858
Repayment of leasing liabilities	3 969 934	4 116 366	4 268 259	4 425 819	3 817 574	20 753 420
Leasing liabilities total 31 Dec. 2001	41 351 372					

8. LIABILITIES

2001

2000

Long-term

Advances received from participating interest companies	702 184.60		1 404 369.19	
Accrued liabilities to participating interest companies		702 184.60		1 404 369.19
Loans from financial institutions	27 953 783.43		40 204 146.74	
Pension premium loans	8 563 589.63		10 273 672.26	
Other liabilities	600 000.00		600 000.00	
Other accrued liabilities		37 117 373.06		51 077 819.00
		<u>37 819 557.66</u>		<u>52 482 188.19</u>
Subsidiaries		117 031.13		190 000.00
Leasing		42 115 274.87		35 858 853.00
Deferred tax liability		10 328 060.00		6 778 170.00
Group total		<u>90 379 923.66</u>		<u>95 309 211.19</u>

Short-term

Accounts payable to participating interest companies	78 842.10		53 197.22	
Advances received from participating interest companies	702 184.59		702 184.59	
Other liabilities to participating interest companies	5 840 735.33		5 722 318.48	
Accrued liabilities to participating interest companies		6 621 762.02		6 477 700.29
Other accounts payable	8 612 246.88		10 735 012.44	
Loans from financial institutions	9 138 886.76		12 670 833.20	
Pension premium loans	1 144 396.00		1 296 678.95	
Other	1 015 068.97		2 690 370.15	
Other accrued liabilities	4 063 289.59	23 973 888.20	7 782 998.63	35 175 893.37
		<u>30 595 650.22</u>		<u>41 653 593.66</u>
Subsidiaries		134 270.40		194 627.31
Leasing		3 969 000.00		3 656 000.00
Group total		<u>34 698 920.62</u>		<u>45 504 220.97</u>

9. CONTINGENT LIABILITIES

	Liabilities with mortgages given as security			
	Pension premium loans	Loans from financial institutions	Other mortgages	
Real estate mortgages	39 569 871	3 417 899	20 874 005	7 299 083
Business mortgages	10 763 900		10 763 900	
Free	44 196 170			
Total	<u>94 529 941</u>	<u>3 417 899</u>	<u>31 637 905</u>	<u>7 299 083</u>

10. OPEN DERIVATIVE CONTRACTS

None

Proposal of the Board of Directors

The Board of Directors proposes to the Annual Shareholders' Meeting that

the profit from the financial year	EUR	12 955 760.00
and the profit from the previous years	EUR	52 401 964.05
be transferred to the profit and loss account		
whereafter the profit and loss		
account will contain a profit of	EUR	<u>65 357 724.05</u>
Consolidated unrestricted shareholders' equity is	EUR	65 123 256.52
dividends to be paid per share	EUR	99/share
totalling	EUR	12 870 000.00
Balance carried forward to the next account	EUR	52 487 724.05

Kotka, 24 January 2002

Jorma Kangas
Chairman of the Board

Jarmo Alm

Erkki Varis

Sverre Norrgård

Juhani Kautto
Managing Director

Auditor's report

To the shareholders of Sunila Oy

I have audited the accounting records and the financial statements as well as the administration by the Board of Directors and the Managing Director of Sunila Oy for the year ended on December 31, 2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on the audit, I express an opinion on these financial statements and the company's administration.

The audit has been conducted in accordance with the Finnish Generally Accepted Auditing Standards. Those standards require that the audit is planned and performed in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of the audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In my opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and 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 Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by me. The proposal made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

Helsinki, 4 February, 2002

Ari Ahti
Authorized Public Accountant

Statistical information 1992 – 2001

Parent Company		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Turnover	EUR million	110.39	109.00	137.89	179.18	117.74	129.76	117.82	117.84	187.43	161.18
Change from previous year	%	11.9	-1.3	26.5	29.9	-34.3	10.2	-9.2	0.0	59.1	-14.0
Operating profit	EUR million	-1.62	3.41	24.98	51.47	3.63	13.63	1.35	8.29	68.19	34.70
Operating profit	% of turnover	-1.5	3.1	18.1	28.7	3.1	10.5	1.1	7.0	36.4	21.5
Profit/loss before extraordinary items	EUR million	-16.91	-11.03	8.06	45.17	-0.77	8.10	-2.72	4.60	63.82	30.39
Profit/loss before extraordinary items	% of turnover	-15.3	-10.1	5.8	25.2	-0.7	6.2	-2.3	3.9	34.1	18.9
Profit/loss for accounting period	EUR million	-16.80	-9.13	7.81	24.18	-0.91	9.57	1.89	3.31	45.12	21.54
Dividends paid	EUR million	0	0	0	0	0	0	0	0	0	20.80
Balance sheet total	EUR million	199.11	190.86	183.83	187.25	164.16	176.02	176.69	215.75	243.49	228.05
Fixed assets	EUR million	127.59	121.48	118.17	127.81	120.95	128.41	141.87	159.31	160.37	172.79
Inventories	EUR million	8.33	7.54	11.89	12.90	9.05	11.16	8.87	10.26	14.19	16.08
Current assets	EUR million	38.95	30.85	35.73	46.54	34.16	36.46	25.95	46.17	68.93	39.62
		24.24	30.99	18.04	0.00	0.00	0.00	0.00			
Adjusted equity ¹⁾	EUR million	10.33	8.81	16.69	40.75	42.77	52.34	54.23	57.54	102.68	103.42
Liabilities	EUR million	188.77	182.05	167.14	146.50	121.39	123.68	122.46	158.21	140.81	124.63
Fire insurance value of fixed assets	EUR million	367.07	387.22	417.43	430.22	437.77	424.11	434.24	475.48	459.96	477.76
Gross investments	EUR million	2.64	4.77	7.24	21.25	5.36	19.93	23.50	28.68	12.62	26.30
of which leasing financing	EUR million						11.34	13.55	22.65	3.81	3.74
Average number of personnel	persons	401	369	355	354	334	337	345	332	326	322
Personnel costs	EUR million	12.75	12.89	13.17	14.04	13.50	13.30	14.19	13.38	14.45	15.33
Return on equity ²⁾	%	-135.9	-115.3	23.1	157.3	-1.8	17.0	-5.1	8.2	79.7	29.5
Return on investment ³⁾	%	-0.5	2.2	15.4	34.4	3.1	9.3	1.1	5.2	34.8	17.0
Current ratio ⁴⁾		1.65	0.88	0.91	0.75	0.61	0.90	0.77	1.02	1.69	1.46
Equity ratio ⁵⁾	% of balance	5.2	4.6	9.1	21.8	26.1	29.7	30.7	26.7	42.2	45.3
Gearing ⁶⁾	%	1537.2	1806.4	701.6	199.5	193.6	151.6	166.6	185.3	58.6	79.4
Degree of self-financing of investments ⁷⁾	%	-247.1	35.8	253.5	182.1	211.8	120.2	44.0	9.5	506.2	102.7
Total production costs ⁸⁾	EUR/tonne	431	402	421	429	432	402	405	393	420	441
Interest-bearing net debts ⁹⁾	% of turnover	136.3	146.0	84.9	45.4	70.3	61.2	76.7	90.5	32.1	51.0
Production, pulp	tonnes	296758	299374	305997	319447	269078	307343	292394	285325	301097	300536
Crude tall oil	tonnes	12398	14405	13142	11002	9313	11119	10378	11687	10293	8719
Turpentine	tonnes	1985	1945	1607	1388	1314	1563	1581	1038	654	952
Operating rate	%	92	93	95	94	79	90	86	84	89	86

Notes to statistical information

- 1) Adjusted equity
Equity + Reserves ± Difference between actual and planned depreciations – tax credit
- 2) Return on equity %
$$100 \times \frac{\text{Profit/loss before extraordinary items – Direct taxes}}{\text{Equity}^{\text{a)}}$$
- 3) Return on investment %
$$100 \times \frac{\text{Profit/loss before extraordinary items + Interest and other financial expenses}}{\text{Balance sheet total – Non-interest-bearing liabilities}^{\text{a)}}$$
- 4) Current ratio
$$100 \times \frac{\text{Inventories + Short-term receivables + Cash in bank and in hand}}{\text{Short-term liabilities}}$$
- 5) Equity ratio
$$100 \times \frac{\text{Adjusted equity + Minority interest + Accrued provisions}}{\text{Balance sheet total – Advances received}}$$
- 6) Gearing %
$$100 \times \frac{\text{Interest bearing debts – Liquid funds}}{\text{Shareholders' equity + Minority interest + Accrued provisions}}$$
- 7) Degree of self-financing of investments
$$100 \times \frac{\text{Income from year's operations in the funds statement}}{\text{Net investments}}$$
- 8) Total production costs
$$100 \times \frac{\text{Turnover – Profit/loss before extraordinary items}}{\text{Sales (tonnes)}}$$
- 9) Interest-bearing net debts
$$100 \times \frac{\text{Interest-bearing liabilities – Interest-bearing current assets}}{\text{Turnover}}$$

a) Average at the beginning and end of the year

Departmental reviews

Production

Total production in 2001 amounted to 300,536 tonnes. Until the Midsummer stoppage, the produced volumes were above the budget. In addition to the production stops determined by the collective labour agreement, the summer stoppage had to be prolonged by 17 days and the Christmas stoppage by 11 days because of market reasons. This only means a total of 329.2 operating days, and 34,500 tonnes less production that budgeted.

Runnability problems still occurred on wet lap forming machine 6 especially at the end of the summer and in early autumn. Efforts to improve the operation of the machine continued throughout the year.

Production of semi-bleached pulp was discontinued in May.

		2001	2000
Total output	t	300 536	301 097
Bleached pulp	t	284 047	270 417
Operating days	d	329,2	339,4
Crude tall oil	t	8 718	10 293
Turpentine	t	952	654
Pulp stock 31 Dec.	t	14 703	11 079

Energy

97 per cent of the energy used by the mill was produced through its own wood-based fuels. The volume of natural gas used was 24.1 million m³ (23.9 million m³), of which the lime kilns accounted for 62 per cent (66 per cent). Net sales of

electricity in 2001 were only 7.7 GWh (10.2 GWh). This is explained by the increased use of electricity at the mill and by the AEG turbine revision, which continued two weeks after the summer stoppage.

Wood procurement

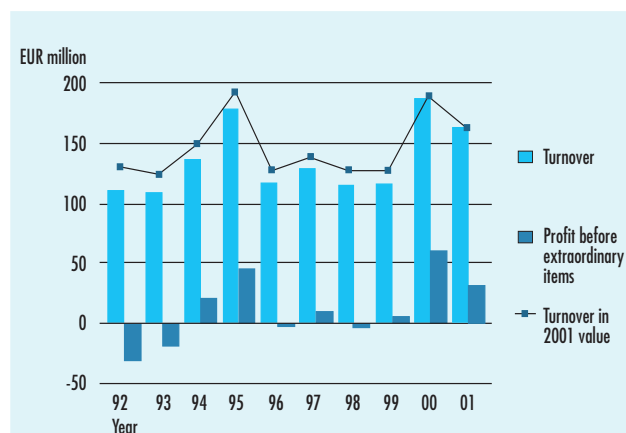
Metsäliitto and Stora Enso Metsä were responsible for wood procurement in equal shares.

Purchases of wood were 1,725,000 m³, which is somewhat higher than last year. All the strategic quality standards set for the wood were met slightly better than in the earlier years. Of the total raw material input, the share of chips was as high as 34 per cent (33 per cent in 2000), the share of spruce remained the same as in the previous five years (40 per cent), and the share of fresh wood reached the record level of last year despite the summer stoppage.

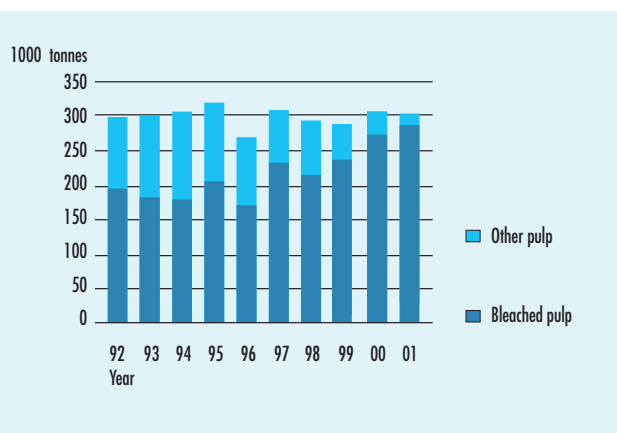
The proportion of domestic raw material came down to 67 per cent (76 per cent). The majority of the imported wood came from



Turnover 1992-2001



Pulp production 1992-2001



Estonia, 59 per cent (56 per cent). The other Baltic countries accounted for 20 per cent (20 per cent), Russia 19 per cent (12 per cent) and Germany 2 per cent (12 per cent).

As far as the delivery method is concerned, 54 per cent (57 per cent) of the wood was delivered by road, 15 per cent (21 per cent)

by rail and, due to the increased proportion of imported wood, 31 per cent (22 per cent) by sea.

Total imports/exports through the Sunila harbour amounted to 490,000 tonnes.

Customer service

Throughout the year, the demand for pulp was rather poor. This resulted in a production stop in June – July. A large shipment to the United States in the autumn reduced the need for stoppages at the end of the year. Pulp stock at the end of the year was 14,703 tonnes, which corresponds to approximately two week's operation.

In order to improve the customer service, a Customer Service Engineer was hired in April. With her input, intensified co-operation with the domestic customers could be started. In the spring, a joint Customer Seminar was arranged for the first time. Representatives of both owner-customers had the opportunity to hear expert lectures and exchange views and experiences.

Our own harbour and the harbour warehouse have enabled flexible and efficient execution of export deliveries even with the increased volumes.

Total deliveries increased by 0.4 per cent, export deliveries grew by 40 per cent and market pulp deliveries decreased by 59 per cent as compared to last year.

Deliveries of crude tall oil decreased by 15 per cent and turpentine deliveries increased by 45 per cent as compared to 2000.

		2001	2000
Deliveries to shareholders	†	291 768	283 227
Market pulp deliveries	†	5 143	12 629
Total deliveries	†	296 911	295 856
- of which export	†	78 981	56 413
Pulp stock 31 Dec.	†	14 703	11 079

Investments and development

During the period under review, the development investments totalled EUR 19.0 million and maintenance investments EUR 6.4 million.

A new bark conveyor from wood handling to the bark boiler and a super concentrator were taken into use. The AEG turbine power was increased by 4 MW to 20 MW. Also, the caustic burning capacity of one recovery boiler was increased, and a torch burner was taken into use as auxiliary equipment in the treatment of undiluted malodorous gases. The guarantee run for the fan dryer of the wet lap forming machine was carried out and accepted. However, the availability of the fan dryer did not reach the set targets, and measures to further improve it continued throughout the year.

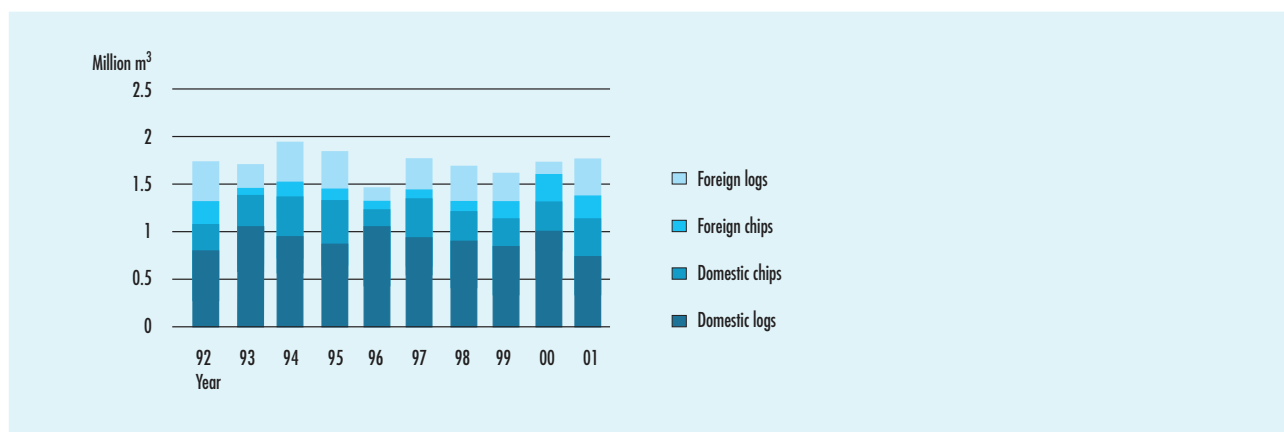
The new bark conveyor system has decreased the use of electricity and evened out the operation of the bark boiler, thus

diminishing emissions from the boiler into air. With the black liquor concentration and combustion capacity increase, the annual capacity of the mill will rise to 350,000 tonnes.

The building of a test area for the landscaping project of the old dumping place started in the mill area. Studies to further improve the use of energy continued.

Focus in the research and development work was on pulp quality improvement. Areas of research were among others acquiring more knowledge on the wood raw material, cooking process and fibre damages which occur on the fibre line. Furthermore, possibilities to produce TCF pulp using peracetic acid were studied at the bleaching plant, which was started in 1998. The signing of a co-operation agreement with Stora Enso at the end of the year intensified networking in the area of research and development.

Wood deliveries 1992-2001



Safety and environment

Environmental protection

In conjunction with the black liquor concentration investment, a torch burner was acquired as auxiliary equipment for more efficient treatment of undiluted malodorous gases. System malfunctions encountered during the start-up of the concentrator led to some odour and noise problems in the second half of the year. These account for the majority of the environmental inquiries received during 2001 (total 30 inquiries).

Three incidents of green liquor and fuel oil emissions to the sea were reported to the environmental authorities. These emissions were of temporary nature and small in quantity.

Planning work for the landscaping of the old dumping place was started in 2001. A test area was set up to validate the chosen working methods and to test the water permeability of the structures. The old dumping place will be landscaped in 2002 – 2003.

Not counting the above mentioned temporary problems, emissions into air and water were well under control in 2001.

Safety

In January 2001, Sunila Oy submitted to the authorities a Seveso II-directive based management system for the treatment of hazardous chemicals. Sunila Oy, together with other local industry and the rescue co-ordination centre, put together a leaflet on safety instructions for chemical accidents. This information leaflet was distributed to every household in Kotka in May.

In connection with the black liquor concentration project, security interlocking systems for both recovery boilers were modified to conform to the current procedures, thus also applying new types of safety solutions.

In April, it was decided that the “zero accident” approach will be one of the basic principles of Sunila Oy’s overall operations. The number of accidents was the same (31) as in 2000. 22 (16) accidents led to absence from work.

The mill area traffic safety improvement plan was finalised at the end of the year. The plan will be implemented in stages during the coming years.

Personnel



At the end of the year, Sunila Oy employed 297 (295 in 2000) permanent employees, the average of the year being 322 (326) persons.

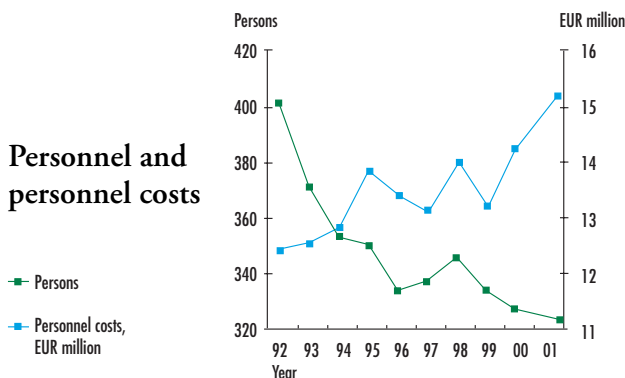
The personnel’s absences caused by illness and accidents increased to 6.3 per cent (4.8 per cent in 2000).

Supervisors and representatives of the employee

groups attended communication training. Department-specific training was arranged for the employees of the various plants. The whole personnel will go through a training programme on financial matters. This training started at the end of the year.

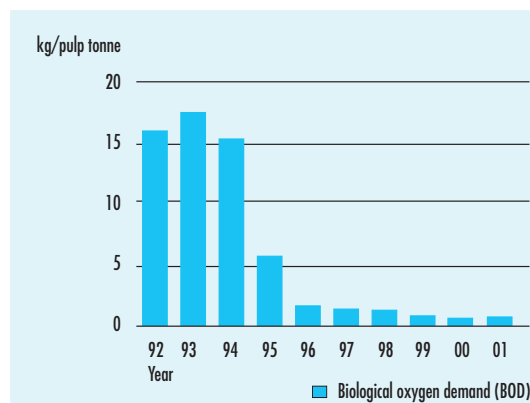
A working atmosphere survey was conducted at the end of the year. The results of the survey show that the rate of work satisfaction is as good as in 1999, on average 5 on a scale of 1 to 7, which is a good result.

Personnel and personnel costs

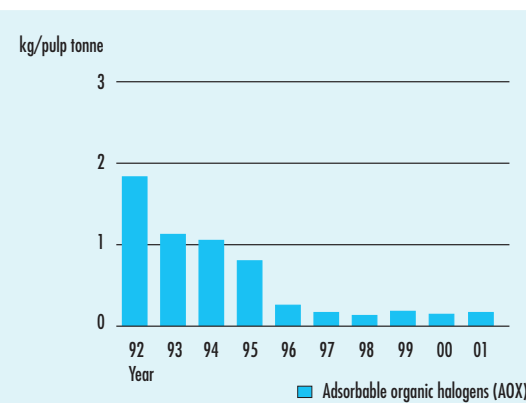


Waste waters of Sunila Oy

Biological oxygen demand (BOD₅)



Adsorbable organic halogens (AOX)





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