Annual report 2005

SUNILA

Contents

Photos in the Annual Report:
Sea views: Comma,
Board of Directors: Kari Palsila,
Sunila harbour quay: Terramare Oy

Organisation 1 January 2006

Sunila Oy Board of Directors
Front row, left to right: Deputy Chairman Sverre Norrgård, Myllykoski Oyj and Chairman Jarmo Alm, Stora Enso Publication Paper GmbH & Co. KG.
Back row, left to right: Member Tuomo Tuomela, Myllykoski Paper Oy, Managing Director Juhani Kautto, Sunila Oy and Member Sakari Eloranta, Stora Enso Pulp Competence Centre.

Board of Directors

Directors, Members		Deputy Members
Jarmo Alm	Chairman	Jukka Heiko
Sverre Norrgård	Deputy Chairman	Heikki Räty
Sakari Eloranta		Ari-Pekka Määttänen
Tuomo Tuomela		Jukka Kejonen

Management Group

Juhani Kautto	Managing Director
Ari Haakana	Business Development Manager
Markku Hynninen	Workers' Representative
Mikko Karppelin	Administration Manager
Seppo Liimatainen	Salaried Employees' Representative
Petri Lundén	Mill Services Manager
Pekka Pelkonen	Personnel Manager
Juha Piipponen	Development Manager
Jarmo Rinne	Production Director
Tea Sundén	Customer Service Manager
Jouni Virtanen	Finance Manager

Auditor

Ari Ahti, Authorised Public Accountant (KHT)

Board Committees

	Chairman
Marketing Committee	Harry Lönnqvist
Forestry Committee	Matti Karjula
Finance Committee	Heikki Räty

Shareholders

Myllykoski Paper Oy	50 %
Stora Enso Oyj	50 %

Pulp market

The world bleached market pulp capacity was 45.8 million tonnes in 2005. Softwood pulp capacity rose by 0.8 million tonnes from the previous year and hardwood pulp capacity by 0.4 million tonnes. In the coming years the softwood pulp capacity is expected to rise less than 1 per cent per year, whereas the average increase in hardwood pulp capacity will be 5 per cent per year on account of the new eucalyptus pulp mills.

The price of pulp was at 640 USD in the first quarter of the year. At its lowest it was during the third quarter at 583 USD. In the fourth quarter the price rose again to approximately 600 USD.

Because of the stoppage caused by labour market disturbance in the paper industry in Finland, market pulp production decreased by 0.4 million tonnes during April – June.

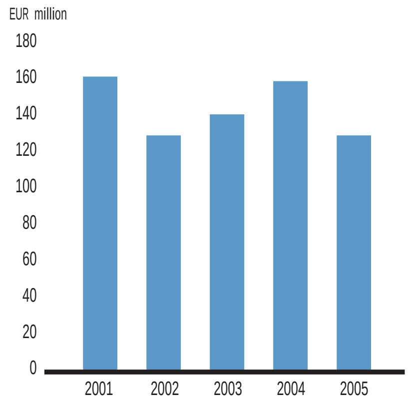
Operation and Result

Sunila Oy's turnover was EUR 127 million (EUR 157 million). Operating profit was EUR –2.5 million (EUR 11.7 million) and profit/loss before extraordinary items EUR –3.2 million (EUR 10.5 million).

The strikes and lockout in the spring and early summer decreased the production by 55,000 tonnes. According to the new collective labour agreement, it is possible to keep the mill running at Christmas time. In 2005 this yielded a production increase of 5,000 tonnes. The annual production was 304,100 tonnes (348,600 tonnes). The average daily production was 995 tonnes (999 tonnes). The operating rate was 82 per cent (95 per cent).

Pulp sales were 303,000 tonnes (357,500 tonnes). Sales to the shareholding companies amounted to 272,200 tonnes (321,800 tonnes) and market pulp sales totalled 30,300 tonnes (35,700 tonnes) and export sales 130,300 tonnes (137,200 tonnes). Pulp stock at the end of the year was 17,500 tonnes (15,900 tonnes), which corresponds to two and a half weeks of production. The average sales price of pulp was EUR 398 (EUR 408).

Both the production and sales of the by-products (crude tall oil and turpentine) were 6,600 tonnes (12,600 tonnes). This production was extremely low due to the dry spruce used as raw material.



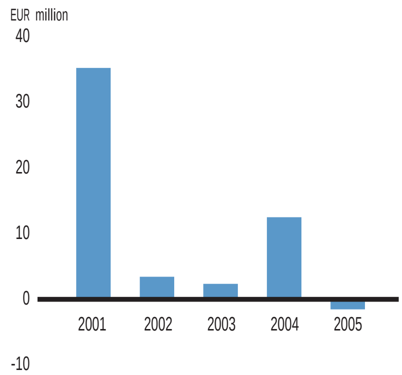
Turnover, group

Investments

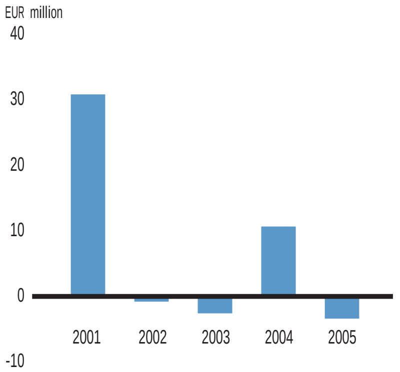
The investments totalled EUR 6.8 million (EUR 4.8 million).

The overhaul of the Sunila harbour quay accounted for more than 60 per cent of the total investments. The quay constructions were totally rebuilt. During the repair work the import of wood and pulp shipments through the Sunila harbour were managed by temporary arrangements.

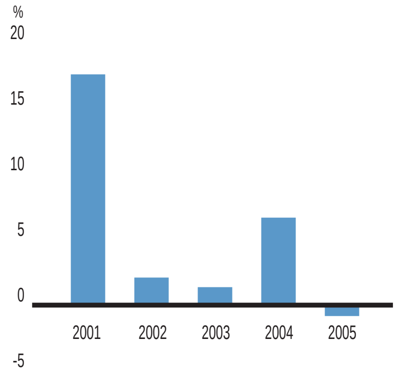
The recovery line preplanning project was completed. The capacity of the back-up electricity line of the mill was increased and electricity feed to the effluent plant was secured. The upgraded pulp delivery and invoicing system was taken into use.



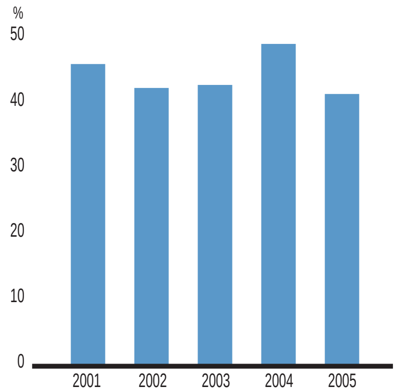
Operating profit, group



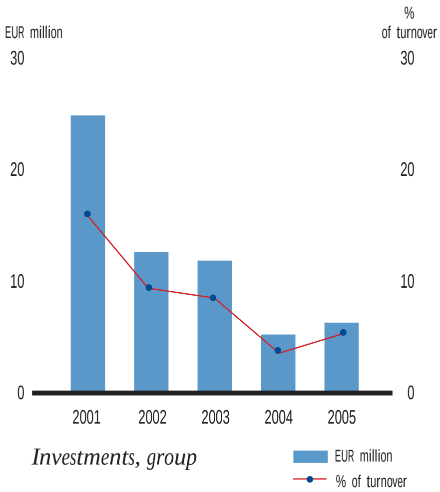
Profit/loss before extraordinary items, group



Return on capital employed (ROCE), group



Equity ratio, group



Investments, group

Personnel

The average number of persons employed during the year was 311 (321). At the end of the year the number of persons employed on a permanent basis was 290 (296).

In September an employee satisfaction survey was carried out. The results are somewhat more critical than those of the previous survey. This was partly due to the labour market disturbances in the spring and early summer. However, the results are above the Finnish standard level.

The number of accidents which caused an absence of more than eight hours was halved to 18 per million work hours as compared to the previous year.

Environmental Protection

A new EMAS environmental report was published in the spring of 2005.

The application for a new environmental permit, which was submitted at the end of 2004, is being examined by authorities and a new permit is expected during the early part of 2006.

Environmental expenses totalled EUR 6.2 million (EUR 6.6 million). Annual environmental costs amounted to EUR 1.9 million (EUR 2.4 million) and depreciations of environmental protection investments to EUR 4.3 million (EUR 4.2 million). A total of EUR 0.9 million (EUR 0.1 million) was spent on environmental investments.

In 2005, 2006 and 2007, Sunila Oy has annually 52,400 tonnes of carbon dioxide emission allowances available for trading. These allowances are due to the use of fossil fuels. In 2005 the emissions were low, 42,100 tonnes, as a consequence of the labour market disturbances. The surplus allowances were not sold in 2005. 95 per cent of the fuels of Sunila Oy are biomass fuels.

Research and Development

In 2005, research and development mainly focused on the co-operation projects.

Optimizing the process conditions of the bark boiler, bark properties and utilisation of bark fractions have been studied. The emissions of the bark boiler have been lower due to the information received from the aforementioned study.

Risks and Insecurities of Operations

The following factors have a significant impact on the company's full-year earnings:

	change	impact
- pulp production	+/- 1 000 tonnes	EUR 0.2 million
- pulp price per tonne	+/- 10 USD	EUR 2.5 million
- EUR vs. USD exchange rate	+/- 1 cent	EUR 1.3 million
- price of wood	+/- 1 EUR/m^3	EUR 2.1 million
- price of natural gas	+/- 10 %	EUR 0.3 million.

Outlook for the Year 2006

The demand-capacity ratio will deteriorate slightly. This may have a negative influence on the price. On the other hand, the collapse of the competitiveness of the Canadian pulp industry, which was caused by the rise in raw material costs and the strong Canadian dollar, may strengthen the price trend.

According to plan, Sunila Oy will run at full capacity in 2006.

Financial Statements

Proposal of the Board of Directors

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

the loss from the financial year	EUR	- 5,552,500.36
and the profit from the previous years be transferred to the profit and loss account	EUR	39,024,429.91
whereafter the profit and loss account will contain a profit of	EUR	33,471,929.55
Consolidated unrestricted shareholders' equity is	EUR	34,690,517.95

Dividends will not be paid.

Annual Report and Financial Statements confirmed by:

Helsinki, 17 February 2006

Jarmo Alm
Chairman

Sverre Norrgård

Sakari Eloranta

Tuomo Tuomela

Juhani Kautto
Managing Director

Profit and Loss Account and Balance Sheet

EUR million PROFIT AND LOSS ACCOUNT	Notes Parent company	PARENT COMPANY 31 Dec 2005	31 Dec 2004	GROUP 31 Dec 2005	31 Dec 2004
TURNOVER	1	126.84	156.54	127.11	157.02
Change in inventory of finished goods		0.85	-3.53	0.85	-3.53
Other operating income	2	1.38	2.36	1.45	2.36
Materials and services	3	-93.52	-102.43	-93.54	-102.48
Personnel expenses	4	-14.07	-15.76	-14.24	-15.96
Depreciation	5	-12.36	-11.74	-16.81	-16.02
Other operating expenses		-11.65	-13.72	-6.50	-8.71
OPERATING PROFIT		**-2.53**	**11.73**	**-1.68**	**12.69**
Net financial items	6	-0.73	-1.23	-1.58	-2.18
PROFIT BEFORE EXTRAORDINARY ITEMS		**-3.26**	**10.50**	**-3.26**	**10.51**
Extraordinary items					
PROFIT BEFORE APPROPRIATIONS AND TAXES		**-3.26**	**10.50**	**-3.26**	**10.51**
Appropriations	7	-2.31	-5.70		
Income tax expenses	8	0.01	-1.42	0.86	-1.83
PROFIT FOR THE FINANCIAL YEAR		**-5.55**	**3.38**	**-2.40**	**8.68**

BALANCE SHEET	Notes Parent company	PARENT COMPANY 31 Dec 2005	31 Dec 2004	GROUP 31 Dec 2005	31 Dec 2004
Assets					
NON-CURRENT ASSETS					
Tangible assets	9	114.16	119.66	142.96	152.90
Investments	10	0.88	0.88	0.59	0.59
		115.04	**120.55**	**143.54**	**153.49**
CURRENT ASSETS					
Inventories	11	16.88	15.48	16.88	15.48
Long-term receivables	12	2.02	2.83	2.02	2.83
Short-term receivables	12	27.37	21.68	27.21	21.51
Cash at bank and in hand		3.68	8.74	3.69	8.75
		49.96	**48.73**	**49.81**	**48.57**
		165.00	**169.28**	**193.35**	**202.06**
Shareholders' Equity and Liabilities					
SHAREHOLDERS' EQUITY					
Share capital	13	13.00	13.00	13.00	13.00
Retained earnings		39.02	50.60	69.38	75.65
Net profit for the year		-5.55	3.38	-2.40	8.68
		46.47	**66.97**	**79.98**	**97.33**
ACCUMULATED APPROPRIATIONS	14	**43.62**	**41.31**		
PROVISIONS FOR LIABILITIES AND CHARGES					
LIABILITIES					
Long-term liabilities	15	29.63	22.59	61.87	61.88
Short-term liabilities	15	45.28	38.40	51.51	42.85
		74.91	**60.99**	**113.38**	**104.73**
		165.00	**169.28**	**193.35**	**202.06**

Statement of Changes in the Financial Position

EUR million	PARENT COMPANY		GROUP	
	2005	2004	2005	2004
OPERATION				
Turnover	118.73	155.60	118.14	159.58
- Operating expenditure, net	-117.07	-131.68	-111.19	-130.41
- Financial expenditure, net	-0.75	-1.30	-1.61	-2.25
- Taxes	-0.57	-0.03	-0.57	-0.03
- Other income and expenditure	0.00	0.00	0.00	0.00
Share in the profit of affiliated companies	0.00	0.00	0.00	0.00
= Cash flow from the year's operation	**0.34**	**22.58**	**4.77**	**26.89**
INVESTMENTS				
- Investments, tangible	-6.86	-4.79	-6.86	-4.79
- Investments, intangible	0.00	0.00	0.00	0.00
+ Sales of fixed assets	0.00	0.00	0.00	0.00
= Increase/decrease in capital after investments	**-6.52**	**17.79**	**-2.09**	**22.10**
FINANCING				
- Increase/+ decrease in other receivables	0.00	0.00	0.00	0.00
+ Increase/- decrease in short-term liabilities	8.56	-5.77	10.32	-5.66
+ Increase/- decrease in long-term liabilities	7.84	-5.80	1.66	-10.23
Dividends and other profit distribution	-14.95	0.00	-14.95	0.00
+ Increase in share capital	0.00	0.00	0.00	0.00
= Increase/decrease in liquid assets	**-5.06**	**6.22**	**-5.06**	**6.21**
Liquid assets 31 Dec.	**3.69**	**8.75**	**3.70**	**8.76**

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.

Turnover comprises sales of pulp, by-products and energy, less indirect tax and sales adjustments items. Sales are recorded when the goods have been delivered to the customer in accordance with the agreed terms of delivery. Delivery costs are not normally invoiced separately but they are included in the value of the invoiced goods if Sunila Oy is responsible for transport; the costs of transport are included in other operating expenditure.

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 liabilities of these contracts are stated as interest-bearing liabilities. Ordinary maintenance and repair charges are expensed as incurred, however, the costs of significant renewals and improvements are capitalized and depreciated over the remaining economic lifetime of the related assets.

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 and depreciation, or at a lower, most probable sales price.

Receivables and liabilities in foreign currencies are stated at the 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 million	2005	2004
1. Turnover by market area		
Finland	71.44	96.59
Other EU countries	41.75	39.04
Other parts of the world	13.64	20.91
Parent company	**126.84**	**156.54**
Subsidiaries	0.27	0.48
Group total	**127.11**	**157.02**
2. Other income		
Capital gains	0.28	0.34
Energy subsidy	1.10	1.84
Insurance indemnity		0.19
	1.38	**2.36**
3. Materials and supplies		
Materials purchased	-86.13	-92.92
Change in inventory	0.55	0.45
External services purchased	-7.94	-9.96
Parent company	**-93.52**	**-102.43**
Subsidiaries	-0.02	-0.05
Group total	**-93.54**	**-102.48**

		2005	2004
4.	**Personnel costs**		
	Management salaries and bonuses	-0.13	-0.11
	Other salaries and wages	-10.70	-11.94
	Pension costs	-1.82	-2.10
	Other indirect personnel costs	-1.37	-1.57
	Fringe benefits	-0.05	-0.05
	Parent company	**-14.07**	**-15.76**
	Subsidiaries	-0.18	-0.20
	Group total	**-14.24**	**-15.96**
	Average number of		
	Salaried employees	82	85
	Workers	229	236
	Parent company	**311**	**321**
	Subsidiaries	5	5
	Group total	**316**	**326**
5.	**Planned depreciation**		
	Buildings	-1.41	-1.26
	Machinery and equipment	-10.95	-10.48
	Parent company	**-12.36**	**-11.74**
	Subsidiaries and leasing	-4.44	-4.28
	Group total	**-16.81**	**-16.02**
6.	**Financial income and expense**		
	Dividend income	0.06	0.10
	Interest income	0.00	0.07
	Net exchange rate differences	0.74	0.06
	Interest expense	-1.47	-1.41
	Other financial expense	-0.06	-0.04
	Parent company	**-0.73**	**-1.23**
	Subsidiaries	-0.86	-0.95
	Group total	**-1.58**	**-2.18**
7.	**Change in accumulated depreciation difference**	-2.31	-5.70
8.	**Direct taxes on operations**	0.01	-0.61
	Change in deferred tax receivable		-0.81
	Parent company	**0.01**	**-1.42**
	Change in deferred tax	0.84	-0.41
	Group total	**0.86**	**-1.83**

Notes to the Balance Sheet

EUR million

9. INTANGIBLE AND TANGIBLE ASSETS

PARENT COMPANY	**Tangible assets** Land areas	Buildings and structures	Machinery and equipment	In progress
Acquisition value 1 Jan.	1.27	50.94	239.50	
Additions	0.00	4.21	2.10	1.39
Reclassification		0.14	1.25	0.56
Disposals				-1.39
Accumulated depreciation		-17.65	-155.79	
Depreciation for period		-1.41	-10.95	
Balance 31 Dec.	**1.27**	**36.22**	**76.11**	**0.56**
				114.16

GROUP	**Tangible assets** Land areas	Buildings and structures	Machinery and equipment	In progress
Acquisition value 1 Jan.	1.44	50.96	295.69	
Additions		4.21	2.10	1.39
Reclassification		0.14	1.25	0.56
Disposals				-1.39
Accumulated depreciation		-17.67	-178.91	
Depreciation for period		-1.41	-15.39	
Balance 31 Dec.	**1.44**	**36.22**	**104.73**	**0.56**
				142.96

10. INVESTMENTS

10. INVESTMENTS	Group ownership, %	Parent co. ownership, %	Book value, group	Book value, parent co.
Shares in Group companies				
Karhulan-Sunilan Rautatie Oy, Kotka	100	100	0.254	0.254
Kiinteistö Oy Sunilan Kesäniemi, Kotka	77.8	77.8	0.027	0.027
Participating interest companies				
Sunilan Kantola Oy, Kotka	50	50	0.210	0.210
Sunilan Mittayhtiö Oy, Kotka	33.3	33.3	0.008	0.008
Sunilan Puhdistamo Oy, Kotka	33.3	33.3	0.294	0.294
Other shares				
RP Kuljetustekniikka Oy, Kotka	10.7	10.7	0.002	0.002
Others			0.070	0.085
Total			**0.866**	**0.881**
Shares and stock owned by subsidiaries			0.0003	

11. INVENTORIES, GROUP AND PARENT COMPANY

11. INVENTORIES, GROUP AND PARENT COMPANY	**2005**	**2004**	**Change**
Materials	9.72	9.17	0.55
Finished goods	7.16	6.31	0.85
	16.88	**15.48**	**1.40**

12. RECEIVABLES

Long-term				
Loan receivables from participating interest companies	2.02	2.02	2.83	2.83
Other loan receivable	0.00	0.00	0.00	0.00
		2.02		**2.83**
Short-term				
Loans receivable from participating interest companies	0.81		0.81	
Accrued income from participating interest companies	0.03	0.84	0.03	0.84
Accrued income from Group companies	0.18	0.18		
Other accounts receivable	24.66		19.12	
Other short-term receivables	0.01		0.01	
Other accrued income	1.68	26.35	1.71	20.84
		27.37		**21.68**
Subsidiaries		-0.16		-0.17
Group total		**27.21**		**21.51**

13. CHANGES IN SHAREHOLDERS' EQUITY

	PARENT COMPANY		GROUP	
	2005	**2004**	**2005**	**2004**
Share capital 1 Jan.	13.00	13.00	13.00	13.00
Share capital 31 Dec.	13.00	13.00	13.00	13.00
Retained earnings 1 Jan.	53.97	50.60	84.32	75.64
Paid dividend	-14.95		-14.95	
Profit for the year	-5.55	3.38	-2.40	8.68
Retained earnings 31 Dec.	33.47	53.97	66.97	84.32
Shareholders' equity total 31 Dec.	**46.47**	**66.97**	**79.97**	**97.32**
Distributable funds				
Retained earnings 31 Dec.	33.47	53.97	66.97	84.32
Portion of accumulated depreciation difference transferred to shareholders' equity			-32.28	-30.57
Total	33.47	53.97	34.69	53.75

14. APPROPRIATIONS

	2005	2004
Accumulated depreciation difference	43.62	41.31
Of which deferred tax liability	**11.34**	**10.74**

15. LONG-TERM LIABILITIES **29.63**

	2006	2007	2008	2009	2010	2011 -
Repayment of loans	12.97	8.05	5.41	4.87	4.40	6.89
Repayment of leasing liabilities	6.20	1.61	1.67	1.74	12.08	5.24
Leasing liabilities total 31 Dec. 2005	28.54					

LIABILITIES

		2005		**2004**
Long-term				
* Loans from financial institutions	24.59		16.70	
* Pension premium loans	4.43		5.29	
* Other liabilities	0.60	29.63	0.60	22.59
* Other accrued liabilities				
		29.63		**22.59**
* Subsidiaries				
* Leasing		22.34		28.54
* Deferred tax liability		9.90		10.74
Group total		**61.87**		**61.88**
Short-term				
* Accounts payable to participating interest companies	0.00			
* Other liabilities to participating interest companies	3.76	3.76	4.55	4.55
* Other accounts payable	11.67		12.08	
* Loans from financial institutions	24.11		15.54	
* Pension premium loans	0.86		1.07	
* Other	1.28		1.08	
* Other accrued liabilities	3.60	41.52	4.08	33.85
		45.28		38.40
* Subsidiaries		0.03		0.03
* Leasing		6.20		4.43
Group total		**51.51**		**42.85**

16. CONTINGENT LIABILITIES

		Liabilities with mortgages given as security		
		Pension premium loans	Loans from financial institutions	Other mortgages
Real estate mortgages	10.01	1.98	3.72	4.31
Business mortgages	10.76		10.76	
Free	65.00			
Total	**85.77**	**1.98**	**14.48**	**4.31**

17. OPEN DERIVATE CONTRACTS

On 31 December, USD 2.14 million of accounts receivable for market pulp were hedged with a forward exchange agreement. Deliveries to the shareholders are not hedged. Of the long-term loans, 47 per cent were based on fixed interest rate. The average interest rate of loans was 3.2 per cent.

Statistical Information 1996 – 2005

GROUP		1996	1997	1998
Turnover	EUR million	117.74	129.76	117.82
change from previous year	%	-34.3	10.2	-9.2
Operating profit	EUR million	3.63	13.63	1.35
Operating profit	% of turnover	3.1	10.5	1.1
Profit/loss before extraordinary items	EUR million	-0.77	8.10	-2.72
Profit/loss before extraordinary items	% of turnover	-0.7	6.2	-2.3
Profit/loss for accounting period	EUR million	-0.91	9.57	1.89
Balance sheet total	EUR million	164.16	176.02	176.69
Fixed assets	EUR million	120.95	128.41	141.87
Inventories	EUR million	9.05	11.16	8.87
Current assets	EUR million	34.16	36.46	25.95
Valuation items		0.00	0.00	0.00
Adjusted equity 1)	EUR million	42.77	52.34	54.23
Dividends paid	EUR million	0	0	0
Liabilities	EUR million	121.39	123.68	122.46
Fire insurance value of fixed assets	EUR million	437.77	424.11	434.24
Gross investments	EUR million	5.36	19.93	23.50
of which leasing financing	EUR million		11.34	13.55
Depreciation	EUR million	12.22	12.46	10.04
Average number of personnel	Persons	339	342	350
Personnel cost	EUR million	13.50	13.30	14.19
Return on equity 2)	%	-1.8	17.0	-5.1
Return on capital employed 3)	%	3.1	9.3	1.1
Current ratio 4)		0.61	0.90	0.77
Equity ratio 5)	% of balance	26.1	29.7	30.7
Gearing 6)	%	193.6	151.6	166.6
Degree of self-financing of investments 7)	%	211.8	120.2	44.0
Price of pulp, EXW	EUR/tonne	409	407	378
Total production cost 8)	EUR/tonne	422	393	397
Interest-bearing net debts 9)	% of turnover	70.3	61.2	76.7
Production, pulp	tonnes	269078	307343	292394
Sales, pulp	tonnes	274006	302564	295859
Crude tall oil	tonnes	9313	11119	10378
Turpentine	tonnes	1314	1563	1581
Operating rate	%	79	90	86

Notes to Statistical Information

1) Adjusted equity

Equity + Reserves +- Difference between actual and planned depreciation – Tax credit

2) Return on equity %

$$100 \times \frac{\text{Profit/loss before extraordinary items – Direct taxes}}{\text{Shareholders' equity}^{a)}}$$

3) Return on capital employed %

$$100 \times \frac{\text{Profit/loss before extraordinary items + Interest and other financial expenses}}{\text{Balance sheet total – Non-interest-bearing liabilities}^{a)}}$$

4) Current ratio

$$100 \times \frac{\text{Inventories + Short-term receivables + Cash at bank and in hand}}{\text{Short-term liabilities}}$$

5) Equity ratio

$$100 \times \frac{\text{Shareholders' equity + Minority interest + Accrued provisions}}{\text{Balance sheet total – Advances received}}$$

6) Gearing %

$$100 \times \frac{\text{Interest-bearing debts – Liquid funds}}{\text{Shareholders' equity + Minority interest + Accrued provisions}}$$

1999	2000	2001	2002	2003	2004	2005
117.84	187.43	161.18	128.25	140.02	157.02	127.11
0.0	59.1	-14.0	-20.4	9.2	12.1	-19.0
8.29	68.19	34.70	3.42	2.44	12.69	-1.68
7.0	36.4	21.5	2.7	1.7	8.1	-1.3
4.60	63.82	30.38	-0.10	-2.57	10.51	-3.26
3.9	34.1	18.8	-0.1	-1.8	6.7	-2.6
3.31	45.12	21.54	-0.07	-1.83	8.68	-2.40
215.75	243.49	228.05	216.09	209.85	202.06	193.35
159.31	160.37	172.79	170.64	164.72	153.49	143.54
10.26	14.19	16.08	20.80	18.57	15.48	16.88
46.17	68.93	39.62	24.65	26.57	33.08	32.93
57.54	102.68	103.42	90.47	88.65	97.32	79.97
0	0	20.80	12.87	0.00	0.00	14.95
158.21	140.81	124.63	125.62	121.20	104.74	113.38
475.48	459.96	477.76	489.81	494.72	522.41	526.38
28.68	12.62	26.30	12.30	11.65	4.79	6.86
22.65	3.81	3.74				
11.24	11.56	13.87	14.46	16.42	16.02	16.81
337	331	327	321	326	326	316
13.38	14.45	15.33	14.82	15.45	15.96	14.24
8.2	79.7	29.5	-0.1	-2.9	11.3	-3.7
5.2	34.8	17.0	1.9	1.3	6.8	-0.9
1.02	1.69	1.45	0.97	0.84	1.07	0.93
26.7	42.2	45.3	41.9	42.2	48.2	41.4
185.3	58.6	79.4	103.2	110.3	77.6	113.9
9.5	506.2	102.7	86.5	110.9	561.1	69.6
387	613	520	419	378	408	398
385	410	426	422	407	393	416
90.5	32.1	51.0	72.8	69.8	48.1	71.6
285325	301097	300536	301840	330587	348555	304082
290659	295856	296911	286861	335380	357532	303038
11687	10293	8719	8312	12732	11506	5988
1038	654	952	896	1219	1144	581
84	89	88	86	90	95	82

7) Degree of self-financing of investments

$$100 \text{ X } \frac{\text{Income from year's operations in the funds statement}}{\text{Net investments}}$$

8) Total production cost

$$100 \text{ X } \frac{\text{Turnover – Profit/loss before extraordinary items – Delivery cost}}{\text{Sales (tonnes)}}$$

9) Interest-bearing net debts

$$100 \text{ X } \frac{\text{Interest-bearing liabilities – Interest bearing current assets}}{\text{Turnover}}$$

[a] *Average at the beginning and end of the year*

Auditor's Report

To the Shareholders of Sunila Oy

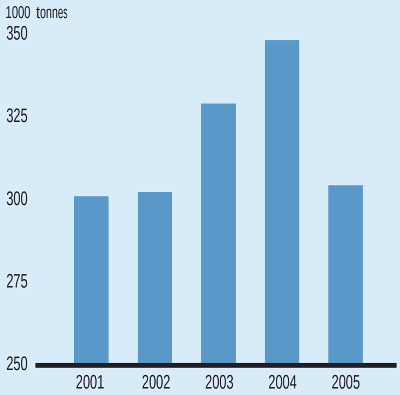
I have audited the accounting records, the annual report, and the financial statements as well as administration of Sunila Oy for the year ended on 31 December 2005. The Managing Director and the Board of Directors have prepared the annual report and the financial statements, which include the consolidated and parent company income statements, balance sheets, a statement of changes in the financial position and notes to the financial statements. Based on the audit, I express an opinion on the annual report and the 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 performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

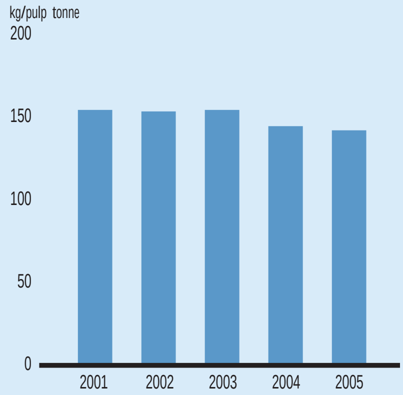
In my opinion, the annual report and the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of the annual report and financial statements in Finland. The annual report and the financial statements give a true and fair view, as defined in the Accounting Act, of both the group and parent company result of operations, as well as of the financial position. The financial statements with the consolidated 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, 24 February 2006

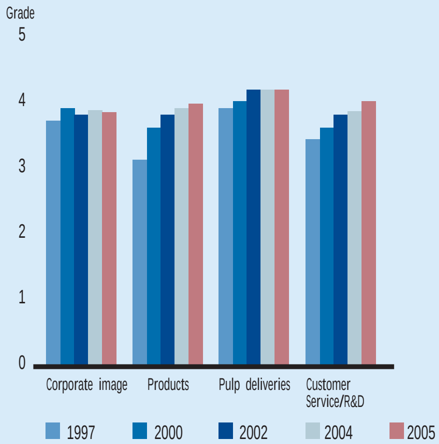
Ari Ahti
Authorized Public Accountant



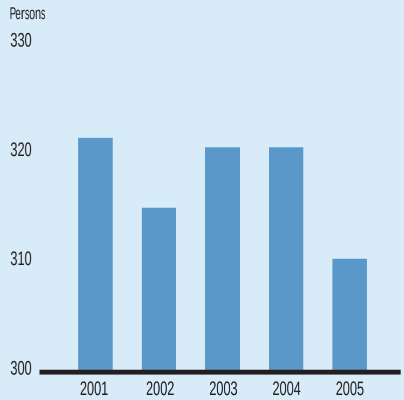
Production, pulp



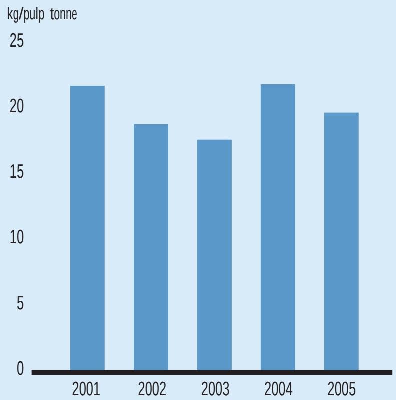
Fossil CO_2 emission



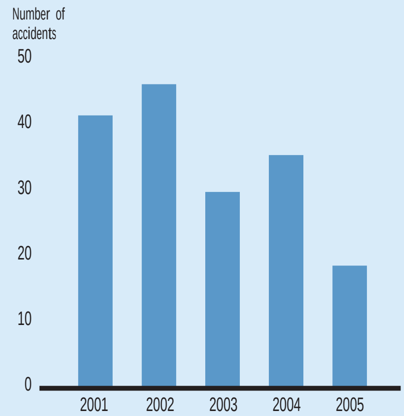
Customer satisfaction survey, average grades, all respondents



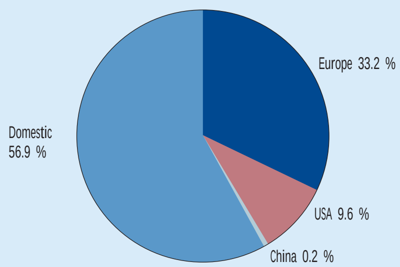
Personnel



Chemical oxygen demand (COD)



Accidents per million work hours (absence more than 8 hours)



Pulp deliveries by market year 2005

Sunila Oy values and principles

Customer Satisfaction

We supply both our external and internal customers with products and services that meet their needs. This takes place reliably and at the right time.

Profitable Operation

We guarantee the continuation of our operations by utilising our production capability fully and cost-efficiently.

Continuous Improvement

We develop our production and operating processes, our own work and our capabilities continuously.

Responsibility for People and the Environment

We recognise the environmental and safety impacts of our operations. We reduce the harmful impacts of our operations and prevent problems and realisation of risks by applying the best available practises. We follow the principles of sustainable development.

Successful Co-operation

We encourage a positive working environment and good human relations. We interact with the surrounding community and inform of our operations openly.

EMAS

Verified
environmental
management

REG.NO. FI-000048

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