Annual Report 2006

SUNILA

Contents

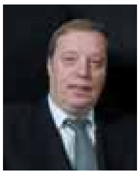
Photos in the Annual Report:
Winter views: Comma
Board of Directors: Kari Palsila

Annual Report 2006
Sunila Oy

Organisation 1 January 2007

Board of Directors

Directors, Members	Deputy Members
Chairman Jarmo Alm Stora Enso Publication Paper GmbH & Co. KG	Jukka Heiko
Deputy Chairman Sverre Norrgård Myllykoski Oyj	Heikki Räty
Member Sakari Eloranta Stora Enso Oyj Research Centre	Ari-Pekka Määttänen
Member Tuomo Tuomela Myllykoski Paper Oy	Jukka Kejonen

Sunila Oy Managing Director
Juhani Kautto

Management Group

Juhani Kautto	Managing Director
Ari Haakana	Business Development Manager
Markku Hynninen	Workers' Representative
Mikko Karppelin	Safety Manager
Seppo Liimatainen	Salaried Employees' Representative
Petri Lundén	Mill Services Manager
Pekka Pelkonen	Personnel 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	Jukka Pahta

Shareholders

Myllykoski Paper Oy	50 %
Stora Enso Oyj	50 %

Pulp Market

The world bleached market pulp capacity was 46 million tonnes in 2006. The capacity rose by 0.5 million tonnes from the previous year. Softwood pulp capacity fell, partly because of mill closures, by 0.5 million tonnes to 22.5 million tonnes. The pulp demand-capacity ratio improved from the previous year, from 93 per cent to 95.5 per cent. Softwood pulp demand increased by three percentage units to 95 per cent.

As a result of the good market situation the pulp price rose from the beginning of the year till the end of December, from USD 600 to USD 730. The pulp price increase in EUR was dampened down by the strengthening of the EUR against the USD, from 1.18 to 1.32.

Operation and Result

The production in 2006, 361,919 tonnes, was a new production record. The earlier record from 2004 was improved by 13,364 tonnes. In November the average daily production was 1,116 tonnes exceeding the 1,100 tonnes/d milestone for the first time. The earlier record improved by 40 tonnes. A three-day strike in May caused a disruption in production. In the previous year 55 days' production was lost due to labour market disturbances.

The pulp stock at the end of the year corresponds to approximately two weeks' production.

	2006	2005	2004
Pulp production, tonnes	361,919	304,082	348,555
Pulp stock, 31 Dec., tonnes	14,373	17,545	15,912
Total number of operating days	353.5	306	349
Total deliveries, tonnes	365,090	302,449	357,532
Deliveries to shareholders, tonnes	314,232	272,180	321,833
Market pulp deliveries, tonnes	50,858	30,269	35,698
Export deliveries, tonnes	162,934	130,316	137,240
Crude tall oil deliveries, tonnes	9,059	5,402	11,505
Turpentine deliveries, tonnes	917	720	1,145

The turnover and operating profit of the accounting period were greatly increased by the higher production and sales volumes as well as higher pulp prices than in the previous year.

	2006	2005	2004
Turnover, EUR million	171	127	157
Operating profit, EUR million	19.8	-2.5	11.7
Operating profit, %	11.6	-2.0	7.5
Profit/loss before extraordinary items, EUR million	17.8	-3.2	10.5
Return on capital employed (ROCE), % *)	12.4	-0.9	6.8
Equity ratio, % *)	50.9	41.4	48.2

*) Group

Investments

In 2006 investments consist of the barking drum feed head renewal, modernisation of the cooking plant chip silo to improve its operational reliability, and implementing an on-line measurement based on the fibre shape, which enables the characterisation of the pulp quality and the renewal of the electric drive of drying machine 4. The redemption of the net book value of the bleaching plant leasing contract is also included in the investments.

	2006	2005	2004
Investments, EUR million	6.1	6.8	4.8

Personnel and Safety

The average number of personnel was for the first time less than 300. At the end of the year Sunila Oy employed 275 (290) persons on a permanent basis. The average number of persons employed during the year was 297 (311). At the beginning of 2007 Sunilan Mittayhtiö Oy was merged into Sunila Oy, which increased the number of personnel by nine persons.

The number of personnel's absences caused by illness or accidents was high due to several long-term sick leaves.

In the negotiations conducted during the year an agreement on work rearrangements was reached. According to this agreement the number of employees will decrease by 14 persons. The functions affected are cleaning, wood yard operations and pulp stock. The vehicle repair shop work was outsourced.

Safety is one of Sunila Oy's key focus areas. The target is to reduce the number of accidents annually and to increase the number of near miss reports and expressions of concern. In the spring of 2006 an extensive rescue drill was held in co-operation with the local emergency services (Kymenlaakson Pelastuslaitos) simulating a chlorine dioxide leak. A project for a systematic recognition of work safety threats and risks is ongoing in co-operation with a group of experts.

A deposit of the profit sharing system, which is based on the operating profit, is made into the Sunila Oy personnel fund annually. Also a share, decided by the personnel of the fiscal year's productivity bonus, is deposited into the personnel fund. The 2006 share of these, included in the personnel cost, was EUR 0.3 million.

	2006	2005	2004
Average number of personnel	297	311	321
Personnel cost, EUR million	15.6	14.1	15.8
Absence due to sick leave, %	6.2	7.0	6.6
Accidents, incidents *)	12	8	18
Near miss reports/expressions of concern	82	64	42

*) Absence from work more than eight hours

Environmental Protection

The Southeast Finland Regional Environment Centre granted Sunila Oy and Sunilan Puhdistamo Oy new environmental permits in March. Both companies have filed appeals against the decisions to the Administrative Court of Vaasa. The appeals focus on the tightening permit limits of waste water as well as particle emission permit limits for the recovery boiler and lime kiln.

Sunila Oy's emission rights and emissions of carbon dioxide from fossil fuels as well as sold rights are presented in the following table:

	2006	2005
Carbon dioxide emission rights, tonnes	52,400	52,400
Carbon dioxide emissions, tonnes	48,100	42,100
Sale of emission rights, tonnes	10,000	0

An update of the EMAS environmental report from 2004 with the 2006 details will be published in a separate report.

The waste water load was below the permit limits. In the summer 30 m^3 of whitewash leaked from the causticizing process through the filtered water sewer into the sea. The leak did not cause any noticeable environmental damage. To prevent the possibility of a new leak it was decided immediately that the sewer system will be altered. The bark boiler flue gas carbon monoxide emission level and the furnace temperature are reported monthly to the Southeast Finland Regional Environment Centre. The burning circumstances of the bark boiler have been actively developed in 2006.

The Sunila Oy Chain of Custody system for wood procurement management was certified according to the FSC-standard in July. The Chain of Custody system for wood procurement management was certified according to the PEFC-standard already in the spring of 2004.

Sunila Oy participates in the Finnish Forest Industries Federation's study on the occurrence of legionella bacteria in waste water treatment at biological purifying plants.

Environmental expenses	**2006**	**2005**	**2004**
Total environmental expenses, EUR million	4.7	6.2	6.6
Annual costs, EUR million	0.3	1.9	2.4
Depreciations of investments, EUR million	4.4	4.3	4.2
Environmental investments, EUR million	1.3	0.9	0.1

Research and Development

Research and development focused on different wood fractions and running models of the fibre line aiming to improve the product quality and its evenness.

A Master's thesis was made of the factors affecting the pulp strength. In an ongoing product development project the optimal modelling of the various fibre properties of wood raw material fractions is being investigated.

Risks and Insecurities of Operations

The price of pulp has traditionally been cyclical reflecting the general economic trends and pulp supply-demand balance. Pulp pricing is based on the USD and any changes in the exchange rate have a significant impact on the company's profitability. The most important cost factor are the changes in wood prices. The continuous availability of wood is vital for the operation of the mill. Smooth production and high production volume in comparison to capacity are essential for cost and operational efficiency.

The company is protected for property and operation interruption risks by insurance. Risks and production processes are evaluated annually for risk prevention.

The company does not have any currency-based loans in its balance sheet. Some USD-based market pulp accounts receivable are hedged with forward exchange agreements.

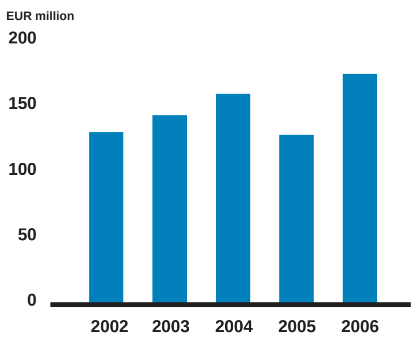
Outlook for the Year 2007

A warm and rainy late autumn and early winter have caused great difficulty for the harvesting of wood and its deliveries to the mill. The volumes of the wood fractions of spruce and saw mill chips, which are important for the product quality, will remain low in the first half of the year.

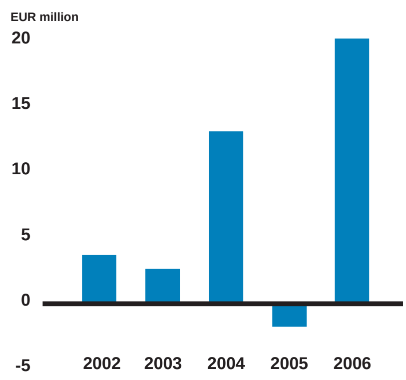
The pulp industry suffers from a lack of wood in the Scandinavian countries and also in Central Europe and Canada.

The softwood pulp market situation is expected to continue good during the early part of the year.

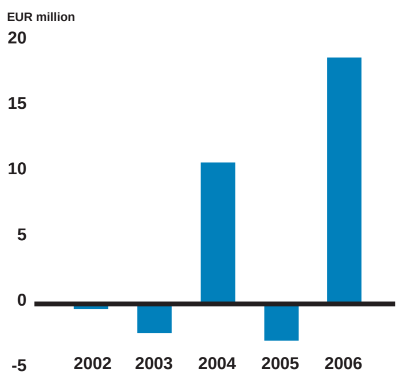
Turnover, group



Operating profit, group



Profit/loss before extraordinary items, group



Proposal of the Board of Directors

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

the profit from the financial year	EUR	14,484,099.91
and the profit from the previous years	EUR	33,471,929.55
be transferred to the profit and loss account		
whereafter the profit and loss account will contain a profit of	EUR	47,956,029.46
Consolidated unrestricted shareholders' equity is	EUR	48,023,719.24
dividends to be paid per share	EUR	55.00/share
totalling	EUR	7,150,000.00
Balance carried forward to the profit and loss account	EUR	40,806,029.46

Annual Report and Financial Statements confirmed by:

Helsinki, 13 February 2007

Jarmo Alm
Chairman

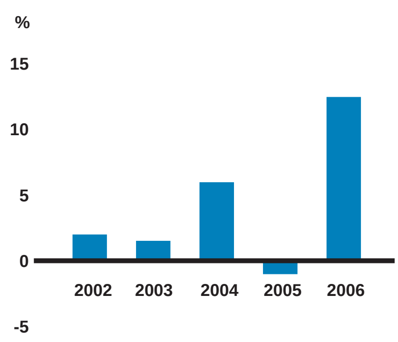
Sverre Norrgård

Sakari Eloranta

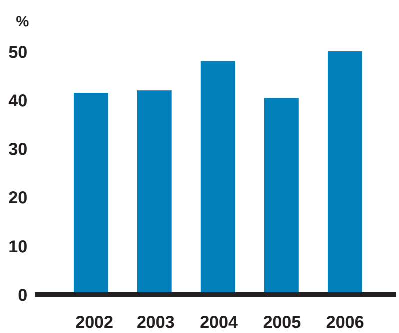
Tuomo Tuomela

Juhani Kautto
Managing Director

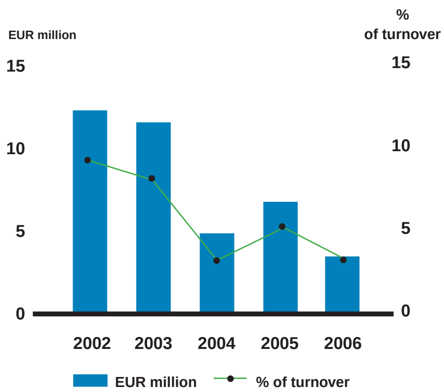
Return on capital employed (ROCE), group



Equity ratio, group



Investments, group



Financial Statements
Profit and Loss Account and Balance Sheet

EUR million	Notes	PARENT COMPANY		GROUP	
PROFIT AND LOSS ACCOUNT	**Parent company**	**31 Dec. 2006**	**31 Dec. 2005**	**31 Dec. 2006**	**31 Dec. 2005**
TURNOVER	1	170.99	126.84	171.57	127.11
Change in inventory of finished goods		-1.41	0.85	-1.41	0.85
Other operating income	2	1.84	1.38	1.86	1.45
Materials and services	3	-110.05	-93.52	-109.92	-93.54
Personnel expenses	4	-15.59	-14.07	-16.25	-14.24
Depreciation	5	-12.75	-12.36	-16.59	-16.81
Other operating expenses		-13.27	-11.65	-8.39	-6.50
OPERATING PROFIT		**19.76**	**-2.53**	**20.87**	**-1.68**
Net financial items	6	-1.93	-0.73	-2.75	-1.58
PROFIT BEFORE EXTRAORDINARY ITEMS		**17.83**	**-3.26**	**18.13**	**-3.26**
Extraordinary items					
PROFIT BEFORE APPROPRIATIONS AND TAXES		**17.83**	**-3.26**	**18.13**	**-3.26**
Appropriations	7	-0.26	-2.31		
Income tax expenses	8	-3.08	0.01	-4.60	0.86
PROFIT FOR THE FINANCIAL YEAR		**14.48**	**-5.55**	**13.53**	**-2.40**

BALANCE SHEET	Notes	PARENT COMPANY		GROUP	
	Parent company	**31 Dec. 2006**	**31 Dec. 2005**	**31 Dec. 2006**	**31 Dec. 2005**
Assets					
NON-CURRENT ASSETS					
Tangible assets	9	107.47	114.16	130.06	142.96
Investments	10	0.90	0.88	0.28	0.59
		108.37	**115.04**	**130.34**	**143.54**
CURRENT ASSETS					
Inventories	11	13.70	16.88	13.70	16.88
Long-term receivables	12	1.21	2.02		2.02
Short-term receivables	12	31.83	27.37	32.00	27.21
Cash at bank and in hand		7.55	3.68	7.67	3.69
		54.29	**49.96**	**53.37**	**49.81**
		162.66	**165.00**	**183.71**	**193.35**
Shareholders' Equity and Liabilities					
SHAREHOLDERS' EQUITY					
Share capital	13	13.00	13.00	13.00	13.00
Retained earnings		33.47	39.02	67.27	69.38
Net profit for the year		14.48	-5.55	13.53	-2.40
		60.96	**46.47**	**93.80**	**79.98**
ACCUMULATED APPROPRIATIONS	**14**	**43.88**	**43.62**		
PROVISIONS FOR LIABILITIES AND CHARGES					
LIABILITIES					
Long-term liabilities	15	21.58	29.63	53.88	61.87
Short-term liabilities	15	36.24	45.28	36.03	51.51
		57.82	**74.91**	**89.91**	**113.38**
		162.66	**165.00**	**183.71**	**193.35**

Statement of Changes in the Financial Position

EUR million	PARENT COMPANY 2006	PARENT COMPANY 2005	GROUP 2006	GROUP 2005
OPERATION				
Turnover	168.82	118.73	171.66	118.14
- Operating expenditure, net	-136.73	-117.07	-133.82	-111.19
- Financial expenditure, net	-1.94	-0.75	-2.75	-1.61
- Taxes	-0.26	-0.57	-0.26	-0.57
= Cash flow from the year's operation	**29.89**	**0.34**	**34.84**	**4.77**
INVESTMENTS				
- Investments, tangible	-6.06	-6.86	-6.07	-6.86
- Investments, intangible	-0.02	0.00	-0.02	0.00
= Increase/decrease in capital after investments	**23.81**	**-6.52**	**28.74**	**-2.09**
FINANCING				
- Increase/+ decrease in other receivables	0.00	0.00	0.00	0.00
+ Increase/- decrease in short term liabilities	-12.71	8.56	-17.23	10.32
+ Increase/- decrease in long-term liabilities	-7.24	7.84	-7.54	1.66
Dividends and other profit distribution	0.00	-14.95	0.00	-14.95
= Increase/decrease in liquid assets	**3.86**	**-5.06**	**3.97**	**-5.06**
Liquid assets 31 Dec.	**7.55**	**3.69**	**7.67**	**3.70**

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, and these have no effect on the financial result of the fiscal year or shareholders' equity. 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		2006	2005
1.	**Turnover by market area**		
	Finland	94.66	71.44
	Other EU countries	53.75	41.75
	Other parts of the world	22.58	13.64
	Parent company	**170.99**	**126.84**
	Subsidiaries	0.58	0.27
	Group total	**171.57**	**127.11**
2.	**Other income**		
	Capital gains	0.87	0.28
	Energy subsidy	0.97	1.10
		1.84	1.38
3.	**Materials and supplies**		
	Materials purchased	-100.02	-86.13
	Change in inventory	-1.77	0.55
	External services purchased	-8.25	-7.94
	Parent company	**-110.05**	**-93.52**
	Subsidiaries	0.12	-0.02
	Group total	**-109.92**	**-93.54**

		2006	2005
4.	**Personnel costs**		
	Management salaries and bonuses	-0.13	-0.13
	Other salaries and wages	-11.95	-10.70
	Pension costs	-2.15	-1.82
	Other indirect personnel costs	-1.30	-1.37
	Fringe benefits	-0.05	-0.05
	Parent company	**-15.59**	**-14.07**
	Subsidiaries	-0.66	-0.18
	Group total	**-16.25**	**-14.24**
	Average number of		
	Salaried employees	78	82
	Workers	219	229
	Parent company	**297**	**311**
	Subsidiaries	9	5
	Group total	**306**	**316**
5.	**Planned depreciation**		
	Buildings	-1.41	-1.41
	Machinery and equipment	-11.34	-10.95
	Parent company	**-12.75**	**-12.36**
	Subsidiaries and leasing	-3.84	-4.44
	Group total	**-16.59**	**-16.81**
6.	**Financial income and expense**		
	Dividend income	0.09	0.06
	Interest income	-0.01	0.00
	Net exchange rate differences	-0.36	0.74
	Interest expense	-1.61	-1.47
	Other financial expense	-0.04	-0.06
	Parent company	**-1.93**	**-0.73**
	Subsidiaries	-0.81	-0.86
	Group total	**-2.75**	**-1.58**
7.	**Change in accumulated depreciation difference**	**-0.26**	**-2.31**
8.	**Direct taxes on operations**	-3.08	0.01
	Change in deferred tax receivable		
	Parent company	**-3.08**	**0.01**
	Change in deferred tax	-1.51	0.84
	Group total	**-4.60**	**0.86**

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
Acquisitions 1 Jan.	1.27	55.29	242.85	
Additions		0.09	6.32	0.56
Reclassification				0.29
Disposals	-0.06		-0.03	-0.56
Accumulated depreciation		-19.06	-166.74	
Depreciation for period		-1.41	-11.34	
Balance 31 Dec.	**1.22**	**34.90**	**71.06**	**0.29**
				107.47

GROUP	**Tangible assets** Land areas	Buildings and structures	Machinery and equipment	In progress
Acquisitions 1 Jan.	1.44	55.30	299.03	
Additions		0.09	3.94	0.56
Reclassification	-0.06			0.29
Disposals				-0.56
Accumulated depreciation		-19.08	-194.32	
Depreciation for period		-1.41	-15.18	
Balance 31 Dec.	**1.39**	**34.90**	**93.48**	**0.29**
				130.06

10. INVESTMENTS

	Group ownership, %	Parent company ownership, %	Book value, group	Book value, parent company
Shares in group companies				
Sunilan Mittayhtiö Oy, Kotka	100	100	0.024	0.024
Karhulan-Sunilan Rautatie Oy, Kotka	100	100	0.254	0.254
Sunilan Puhdistamo Oy, Kotka	66.7	66.7	0.300	0.300
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
Other shares				
RP Kuljetustekniikka Oy, Kotka	10.7	10.7	0.002	0.002
Others			0.090	0.085
Total			**0.907**	**0.903**
Shares and stock owned by subsidiaries			0.0003	

11. INVENTORIES, GROUP AND PARENT COMPANY

	2006	**2005**	**Change**
Materials	7.95	9.72	-1.77
Finished goods	5.75	7.16	-1.41
	13.70	**16.88**	**-3.18**

12. RECEIVABLES

Long-term				
Loan receivables from participating interest companies			2.02	2.02
Loan receivables from group companies1,21	1.21			
Other loan receivables			0.00	0.00
		1.21		**2.02**
Subsidiaries		-1.21		
Group total				**2.02**
Short-term				
Loan receivables from participating interest companies			0.81	
Accrued income from participating interest companies			0.03	0.84
Accounts receivable from group companies	0,00			
Loan receivables from group companies	0.81			
Accrued income from group companies	0.19	1.00	0.18	0.18
Other accounts receivable	29.39		24.66	
Other short-term receivables	0.01		0.01	
Other accrued income	1.43	30.83	1.68	26.35
		31.83		**27.37**
Subsidiaries		0.17		-0.16
Group total		**32.00**		**27.21**

13. CHANGES IN SHAREHOLDERS' EQUITY

	Parent company 2006	Parent company 2005	Group 2006	Group 2005
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.	33.47	53.97	66.97	84.32
Paid dividend		-14.95		-14.95
Profit for the year	14.48	-5.55	13.53	-2.40
Retained earnings 31 Dec.	47.96	33.47	80.50	66.97
Shareholders' equity total 31 Dec.	**60.96**	**46.47**	**93.50**	**79.97**
Distributable funds				
Retained earnings 31 Dec.	47.96	33.47	80.50	66.97
Portion of accumulated depreciation difference transferred to shareholders' equity			-32.47	-32.28
Total	47.96	33.47	48.02	34.69

14. APPROPRIATIONS

	2006	2005
Accumulated depreciation difference	43.88	43.62
Of which deferred tax liability	**11.41**	**11.34**

15. LONG-TERM LIABILITIES **21.58**

	2007	2008	2009	2010	2011	2012 -
Repayment of loans	8.05	5.41	4.87	4.40	0.00	6.89
Repayment of leasing liabilities	1.61	1.67	1.74	12.08	5.24	
Leasing liabilities total 31 Dec.	22.34					

LIABILITIES		**2006**		**2005**
Long-term				
* Loans from financial institutions	17.11		24.59	
* Pension premium loans	3.87		4.43	
* Other liabilities	0.60	21.58	0.60	29.63
* Other accrued liabilities				
		21.58		**29.63**
* Subsidiaries		0.16		
* Leasing		20.74		22.34
* Deferred tax liability		11.41		9.90
Group total		**53.88**		**61.87**
Short-term				
* Accounts payable to participating interest companies	0.00		0.00	
* Other liabilities to participating interest companies		0.00	3.76	3.76
* Other accounts payable	4.94		11.67	
* Loans from financial institutions	11.49		24.11	
* Pension premium loans	0.56		0.86	
* Other	1.50		1.28	
* Other accrued liabilities	14.86	33.35	3.60	41.52
		36.24		**45.28**
* Subsidiaries		-1.81		0.03
* Leasing		1.61		6.20
Group total		**36.03**		**51.51**

16. CONTINGENT LIABILITIES

		Liabilities with mortgages given as security		
		Pension premium loans	Loans from financial institutions	Other mortgages
Real estate mortgages	5.14	1.65	-0.30	3.80
Business mortgages	10.76		10.76	
Free	70.85			
Total	**86.75**	**1.65**	**10.46**	**3.80**

17. OPEN DERIVATE CONTRACTS

On 31 December there were no accounts receivable for market pulp hedged with a forward exchange agreement. The deliveries to shareholders are not hedged. Of the long-term loans, 53 per cent were based on fixed interest rate. The average interest rate of loans was 3.3 per cent.

Statistical Information1997-2006

GROUP		1997	1998	1999
Turnover	EUR million	129.76	117.82	117.84
change from previous year	%	10.2	-9.2	0.0
Operating profit	EUR million	13.63	1.35	8.29
Operating profit	% of turnover	10.5	1.1	7.0
Profit/loss before extraordinary items	EUR million	8.10	-2.72	4.60
Profit/loss before extraordinary items	% of turnover	6.2	-2.3	3.9
Profit/loss for accounting period	EUR million	9.57	1.89	3.31
Balance sheet total	EUR million	176.02	176.69	215.75
Fixed assets	EUR million	128.41	141.87	159.31
Inventories	EUR million	11.16	8.87	10.26
Current assets	EUR million	36.46	25.95	46.17
Valuation items		0.00	0.00	
Adjusted equity 1)	EUR million	52.34	54.23	57.54
Dividends paid	EUR million	0	0	0
Liabilities	EUR million	123.68	122.46	158.21
Fire insurance value of fixed assets	EUR million	424.11	434.24	475.48
Gross investments	EUR million	19.93	23.50	28.68
of which leasing financing	EUR million	11.34	13.55	22.65
Depreciation	EUR million	12.46	10.04	11.24
Average number of personnel	Persons	342	350	337
Personnel cost	EUR million	13.30	14.19	13.38
Return on equity 2)	%	17.0	-5.1	8.2
Return on capital employed 3)	%	9.3	1.1	5.2
Current ratio 4)		0.90	0.77	1.02
Equity ratio 5)	% of balance	29.7	30.7	26.7
Gearing 6)	%	151.6	166.6	185.3
Degree of self-financing of investments 7)	%	120.2	44.0	9.5
Price of pulp, EXW	EUR/tonne	407	378	387
Total production cost 8)	EUR/tonne	393	397	385
Interest-bearing net debts 9)	% of turnover	61.2	76.7	90.5
Production, pulp	tonnes	307343	292394	285325
Sales, pulp	tonnes	302564	295859	290659
Crude tall oil	tonnes	11119	10378	11687
Turpentine	tonnes	1563	1581	1038

Notes to the 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 %

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

2000	2001	2002	2003	2004	2005	2006
187.43	161.18	128.25	140.02	157.02	127.11	171.57
59.1	-14.0	-20.4	9.2	12.1	-19.0	35.0
68.19	34.70	3.42	2.44	12.69	-1.68	20.87
36.4	21.5	2.7	1.7	8.1	-1.3	12.2
63.82	30.38	-0.10	-2.57	10.51	-3.26	18.12
34.1	18.8	-0.1	-1.8	6.7	-2.6	10.6
45.12	21.54	-0.07	-1.83	8.68	-2.40	13.53
243.49	228.05	216.09	209.85	202.06	193.35	183.71
160.37	172.79	170.64	164.72	153.49	143.54	130.34
14.19	16.08	20.80	18.57	15.48	16.88	13.70
68.93	39.62	24.65	26.57	33.08	32.93	39.67
102.68	103.42	90.47	88.65	97.32	79.97	93.50
0	20.80	12.87	0.00	0.00	14.95	0.00
140.81	124.63	125.62	121.20	104.74	113.38	90.22
459.96	477.76	489.81	494.72	522.41	526.38	535.02
12.62	26.30	12.30	11.65	4.79	6.86	3.39
3.81	3.74					
11.56	13.87	14.46	16.42	16.02	16.81	16.59
331	327	321	326	326	316	302
14.45	15.33	14.82	15.45	15.96	14.24	16.25
79.7	29.5	-0.1	-2.9	11.3	-3.7	20.9
34.8	17.0	1.9	1.3	6.8	-0.9	12.4
1.69	1.45	0.97	0.84	1.07	0.93	1.48
42.2	45.3	41.9	42.2	48.2	41.4	50.9
58.6	79.4	103.2	110.3	77.6	113.9	63.4
506.2	102.7	86.5	110.9	561.1	69.6	1028.1
613	520	419	378	408	398	438
410	426	422	407	393	416	401
32.1	51.0	72.8	69.8	48.1	71.6	34.5
301097	300536	301840	330587	348555	304082	361919
295856	296911	286861	335380	357532	303038	365090
10293	8719	8312	12732	11506	5988	10545
654	952	896	1219	1144	581	830

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 cost

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

9) Interest-bearing net debts

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

[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 2006. 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.

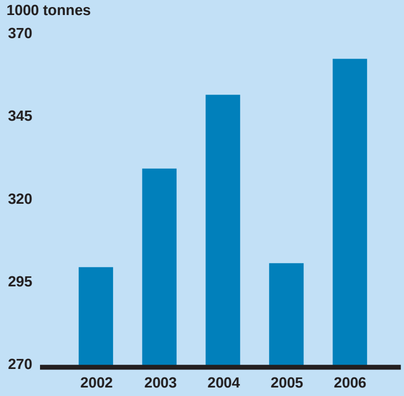
The audit has been conducted in accordance with the Finnish Generally Accepted Auditing Standards. Those standards require that the audit is performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. The purpose of the audit of the administration 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.

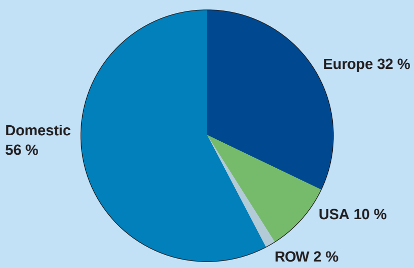
Helsinki, 22 February 2007

Ari Ahti
Authorized Public Accountant

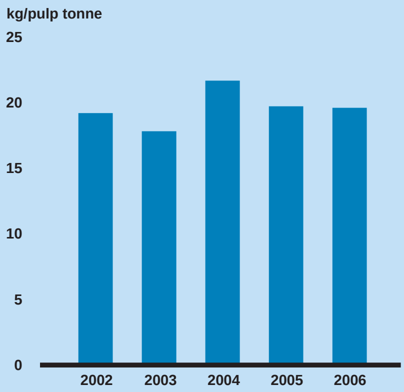
Production, pulp



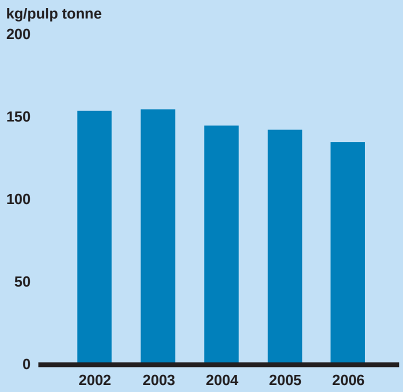
Pulp deliveries by market in 2006



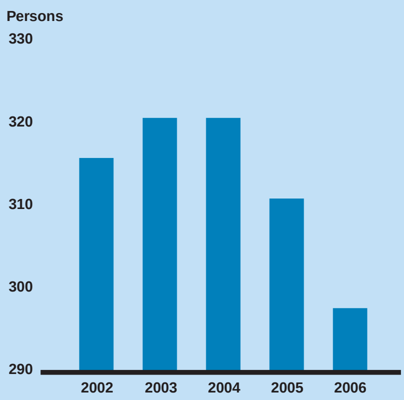
Chemical oxygen demand (COD)



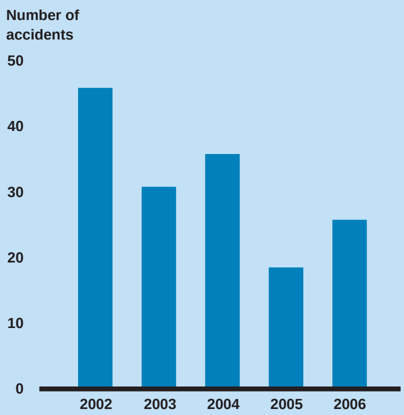
Fossil CO_2 emission



Personnel



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



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-000046

SUNILA OY
Sunilantie 1
FI-48900 KOTKA
FINLAND
Tel. +358 5 2298 111
Fax +358 5 2298 277
www.sunila.fi