SUNILA OY ANNUAL REPORT 2007

Contents

Photos in the Annual Report:
Front cover: Kari Rauhanen
Aerial view: Päijät-Hämeen Ilmakuvapalvelu
Board of Directors: Kari Palsila
Managing Director: Antti Mannermaa
Control room: Kari Rauhanen

SUNILA

Organisation 1 January 2008

Sunila Oy Board of Directors
Front row, left to right: Deputy Chairman Sverre Norrgård, Myllykoski Oyj and Chairman Jarmo Alm, Stora Enso Oyj.
Back row, left to right: Member Tuomo Tuomela, Myllykoski Paper Oy and Member Sakari Eloranta, Stora Enso Pulp Competence Centre.

BOARD OF DIRECTORS

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

AUDITOR

Ari Ahti, Authorised Public Accountant (KHT)

SHAREHOLDERS

Myllykoski Paper Oy	50 %
Stora Enso Oyj	50 %

MANAGEMENT GROUP

Jouni Kostama	Managing Director
Ari Haakana	Business Development Manager
Markku Hynninen	Workers' Representative
Mikko Karppelin	Safety Manager
Kimmo Heinonen	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

BOARD COMMITTEES

	Chairman
Marketing Committee	Harry Lönnqvist
Forestry Committee	Matti Karjula
Finance Committee	Jukka Pahta

Report of the Board of Directors

PULP MARKET

The world bleached market pulp capacity was 48.3 million tonnes in 2007. The capacity rose by 2.2 million tonnes from the previous year. The share of softwood pulp of the total capacity was 48 per cent (49 per cent in 2006), however, the volume increased by 680,000 tonnes to 23.3 million tonnes. The pulp demand-capacity ratio declined from the previous year, from 95.5 per cent to 93 per cent. Softwood pulp demand decreased by one percentage unit to 94 per cent.

The good market situation continued throughout the year. Softwood pulp price rose from the beginning of the year till the end of December, from 730 USD to 870 USD. The pulp price increase in euros was very small as the US dollar weakened considerably during the year.

OPERATION AND RESULT

Sunila Oy's production in 2007 was 336,444 tonnes. Due to a shortage of wood, production was limited by 30,000 tonnes by lowering the production rate from February till the beginning of July and by holding a 6-day midsummer stoppage. Also in the autumn the maintenance stoppage was prolonged by 2 days. A new monthly production record of 34,660 tonnes was achieved in December.

The pulp stock at the end of the year corresponds to approximately three weeks' production while at the end of 2006 the stock was at 2-week level. This stock level is still one week less than the average of market softwood pulp producers as their stock level corresponds to four weeks of production.

	2007	2006	2005
Pulp production, tonnes	336 444	361 919	304 082
Pulp stock, 31 Dec., tonnes	20 734	14 373	17 545
Total number of operating days	349	353.5	318.5
Total deliveries, tonnes	330 083	365 090	302 449
Deliveries to shareholders, tonnes	292 343	314 232	272 180
Market pulp deliveries, tonnes	37 740	50 858	30 269
Export deliveries, tonnes	136 441	162 934	130 316
Crude tall oil deliveries, tonnes	8 646	10 545	5 988
Turpentine deliveries, tonnes	818	830	581

Production curtailment due to the shortage of wood caused the lower sales and decreased profitability. Constant rise in the price of wood and especially the expensive imported wood turned the operations unprofitable during the 2nd half of the year. Wood cost during the 2nd half of the year was 52 per cent higher than in the 2nd half of 2006.

	2007	2006	2005
Turnover, EUR million	165	171	127
Operating profit, EUR million	4.7	19.8	-2.5
Operating profit, %	2.9	11.6	- 2.0
Profit/loss before extraordinary items, EUR million	2.9	17.8	-3.2
Return on capital employed (ROCE), % *)	3.9	12.4	- 0.9
Equity ratio, % *)	51.2	50.9	41.4

*) Group


Jouni Kostama, Managing Director of Sunila Oy as of 1 January 2008.

INVESTMENTS

In 2007 the most important investment was the baling line renewal, which makes it possible to manufacture export pulp simultaneously on both drying machines. The debarking control system was renewed in wood handling. The new system, with the upper level optimizing program, decreases wood losses and the bark content in the chips. Other investments in 2007 were the access control system improving safety in the mill area and the recovery line drain pipe changes to prevent effluent leaks in case of operation disturbances. The redemption of the net book value of the cooking plant leasing contract, 9.1 million EUR, is included in the year's investments.

	2007	2006	2005
Investments, EUR million	15.8	6.1	6.8

MANAGEMENT AND BOARD OF DIRECTORS

Mr Juhani Kautto was the company's Managing Director in 2007. As of 1 January 2008 Mr Jouni Kostama holds the position of the Managing Director. The Managing Director is responsible for the routine administration of the company in accordance with the directions and orders given by the Board of Directors. In the Annual Shareholders' Meeting on 10 April 2007 the following members were elected to the Board of Directors: Mr Jarmo Alm, Mr Sverre Norrgård, Mr Sakari Eloranta and Mr Tuomo Tuomela. In the organising meeting of the Board of Directors Mr Jarmo Alm was elected Chairman of the Board and Mr Sverre Norrgård Deputy Chairman. The auditor of the company is Mr Ari Ahti, Authorised Public Accountant.

PERSONNEL AND SAFETY

At the end of 2007 Sunila Oy employed 273 (275) persons on a permanent basis. The average number of persons employed during the year was 299 (297). 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.

Safety is one of Sunila Oy's strategic focal areas. The number of accidents, which caused an absence of more than 8 hours, was 11 (12), while the target set in the zero accident programme is a maximum of 6 accidents. A systematic risk identification and evaluation project for the entire mill was completed.

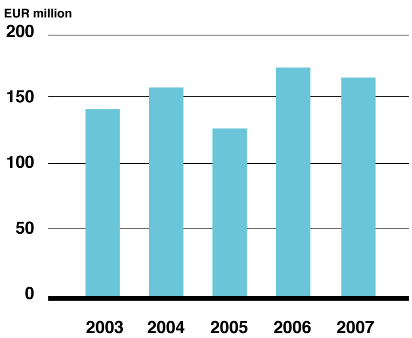
	2007	2006	2005
Average number of personnel	299	297	311
Personnel cost, EUR million	15.2	15.6	14.1
Absences due to sick leaves, %	7.3	6.2	7.0
Accidents, incidents *)	11	12	8
Near miss reports/expressions of concern	98	82	64

*) Absence from work more than eight hours

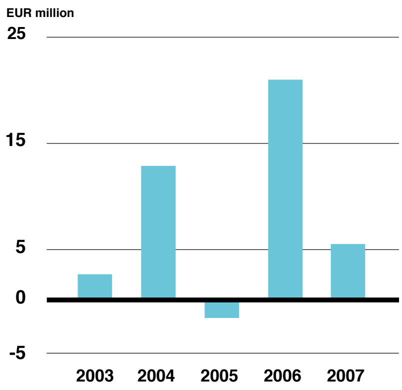
ENVIRONMENTAL PROTECTION

The appeals of Sunila Oy and Sunilan Puhdistamo Oy concerning the new environmental permits are being processed by the Administrative Court of Vaasa. A decision on the appeals is expected during 2008.

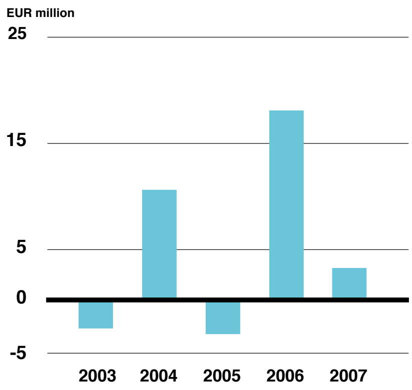
TURNOVER, GROUP



OPERATING PROFIT, GROUP



PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS, GROUP



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

	2007	2006	2005
Carbon dioxide emission rights, tonnes	52 400	52 400	52 400
Carbon dioxide emissions, tonnes	47 200	48 100	42 100
Sale of emission rights, tonnes	8 000	10 000	0

The 2007 EMAS environmental report will be published in 2008.

The waste water load was within the permit limits. The carbon monoxide emission level in the flue gas released from the bark boiler and the furnace temperature are reported monthly to the Southeast Finland Regional Environment Centre. The measurements showed some values which were higher than the permit limit.

	2007	2006	2005
Total environmental expenses, EUR million	5.0	4.7	6.2
Annual costs, EUR million	0.4	0.3	1.9
Depreciations of investments, EUR million	4.6	4.4	4.3
Environmental investments, EUR million	2.2	1.3	0.9

RESEARCH AND DEVELOPMENT

A Master's thesis was made of the effect of the pulp bleaching running models on the operational economy of the bleaching plant and quality of pulp. According to this and other bleaching process studies made during the year, Sunila Oy's bleaching process functions very well enabling low bleaching chemical costs and a good quality of pulp.

A TEKES-funded product development project on an optimising model for the wood raw material fractions of pulp based on various fibre properties for different paper grades was completed.

RISKS AND UNCERTAINTIES OF OPERATIONS

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

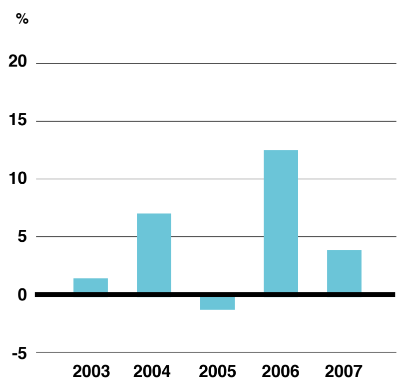
The company is protected against property and operation interruption risks by insurance. Risks and production processes are evaluated annually for risk prevention.

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

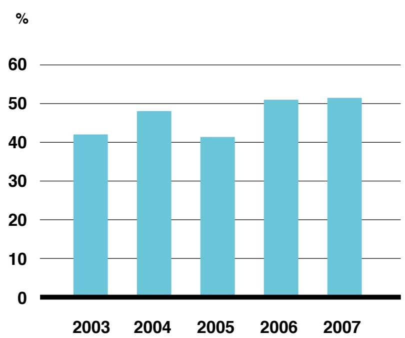
OUTLOOK FOR 2008

The market situation for softwood pulp is expected to remain good. The share of market pulp of the total sales will increase considerably due to structural changes made at the shareholders' paper mills. The profitability of the operations is expected to remain poor due to the high price of wood.

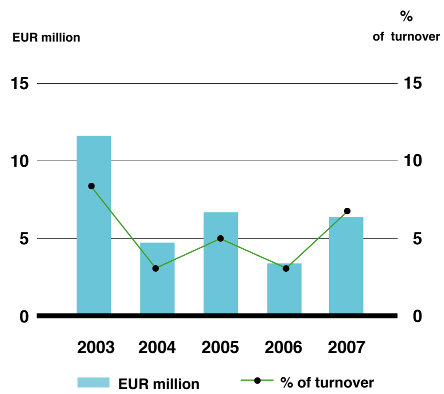
RETURN ON CAPITAL EMPLOYED (ROCE), GROUP



EQUITY RATIO, GROUP



INVESTMENTS, GROUP



Proposal of the Board of Directors

Distributable funds of the parent company are	EUR	42 819 345.47
of which net profit for the year	EUR	2 013 316.01

The Board of Directors proposes to
the Annual Shareholders' Meeting that
- no dividend be paid
- transferred to shareholders' equity EUR 42 819 345.47

Annual Report and Financial Statements confirmed by:

Helsinki, 6 February 2008

Jarmo Alm
Chairman

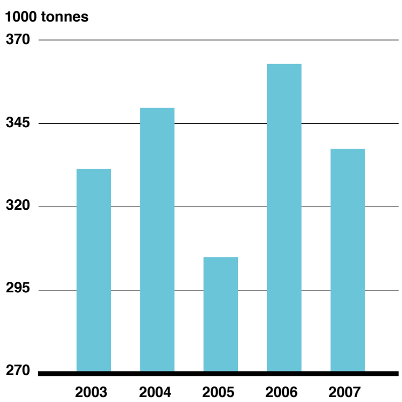
Sverre Norrgård

Tuomo Tuomela

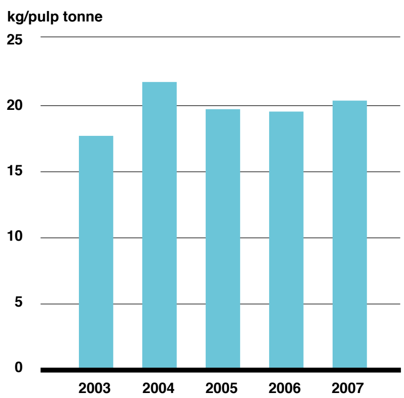
Sakari Eloranta

Jouni Kostama
Managing Director

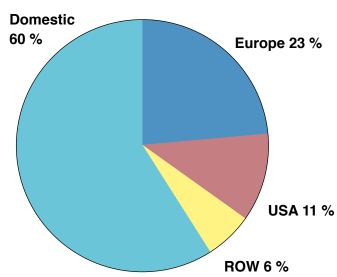
PRODUCTION, PULP



CHEMICAL OXYGEN DEMAND (COD)



PULP DELIVERIES BY MARKET IN 2007



Financial Statements
Profit and Loss Account and Balance Sheet

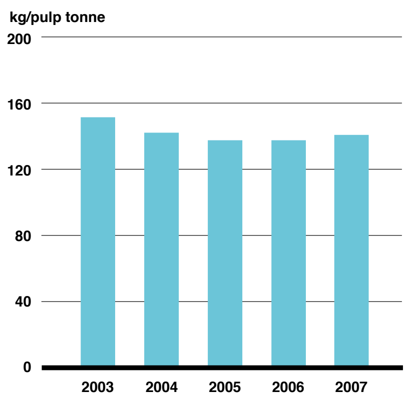
EUR million	Notes	PARENT COMPANY		GROUP	
PROFIT AND LOSS ACCOUNT	**Parent company**	**31 Dec. 2007**	**31 Dec. 2006**	**31 Dec. 2007**	**31 Dec. 2006**
TURNOVER	1	165.43	170.99	165.77	171.57
Change in inventory of finished goods		3.97	-1.41	3.97	-1.41
Other operating income	2	0.11	1.84	0.11	1.86
Materials and services	3	-125.87	-110.05	-125.72	-109.92
Personnel expenses	4	-15.25	-15.59	-15.41	-16.25
Depreciation	5	-13.74	-12.75	-15.39	-16.59
Other operating expenses		-9.93	-13.27	-7.93	-8.39
OPERATING PROFIT		**4.73**	**19.76**	**5.40**	**20.87**
Net financial items	6	-1.82	-1.93	-2.48	-2.75
PROFIT BEFORE EXTRAORDINARY ITEMS		**2.92**	**17.83**	**2.92**	**18.13**
PROFIT BEFORE APPROPRIATIONS AND TAXES		**2.92**	**17.83**	**2.92**	**18.13**
Appropriations	7	-0.18	-0.26		
Income tax expenses	8	-0.72	-3.08	-0.77	-4.60
PROFIT FOR THE FINANCIAL YEAR		**2.01**	**14.48**	**2.15**	**13.53**

BALANCE SHEET	Notes	PARENT COMPANY		GROUP	
	Parent company	**31 Dec. 2007**	**31 Dec. 2006**	**31 Dec. 2007**	**31 Dec. 2006**
Assets					
NON-CURRENT ASSETS					
Tangible assets	9	109.55	107.47	121.34	130.06
Investments	10	0.88	0.90	0.28	0.28
		110.43	**108.37**	**121.62**	**130.34**
CURRENT ASSETS					
Inventories	11	20.05	13.70	20.05	13.70
Long-term receivables	12	0.40	1.21		
Short-term receivables	12	28.84	31.83	27.91	32.00
Cash at bank and in hand		3.37	7.55	3.41	7.67
		52.66	**54.29**	**51.36**	**53.37**
		163.09	**162.66**	**172.98**	**183.71**
Shareholders' Equity and Liabilities					
SHAREHOLDERS' EQUITY					
Share capital	13	13.00	13.00	13.00	13.00
Retained earnings		40.81	33.47	73.65	67.27
Net profit for the year		2.01	14.48	2.15	13.53
		55.82	**60.96**	**88.80**	**93.80**
ACCUMULATED APPROPRIATIONS	**14**	**44.06**	**43.88**		
PROVISIONS FOR LIABILITIES AND CHARGES					
LIABILITIES					
Long-term liabilities	15	23.41	21.58	45.13	53.88
Short-term liabilities	15	39.80	36.24	39.06	36.03
		63.21	**57.82**	**84.18**	**89.91**
		163.09	**162.66**	**172.98**	**183.71**

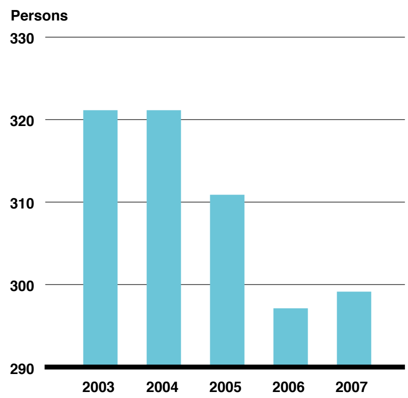
Statement of Changes in the Financial Position

EUR million	PARENT COMPANY		GROUP	
	2007	2006	2007	2006
OPERATION				
Turnover	168.57	168.82	170.13	171.66
- Operating expenditure, net	-151.51	-136.73	-151.71	-133.82
- Financial expenditure, net	-1.80	-1.94	-2.47	-2.75
- Taxes	-3.18	-0.26	-3.18	-0.26
= Cash flow from the year's operating activities	**12.09**	**29.89**	**12.48**	**34.84**
INVESTMENTS				
- Investments, tangible	-15.83	-6.06	-15.96	-6.07
- Investments, intangible	0.02	-0.02	0.01	-0.02
= Cash flow from investing activities	**-15.80**	**-6.08**	**-15.95**	**-6.09**
FINANCING				
+ Increase/- decrease in short-term liabilities	4.05	-12.71	3.34	-17.23
+ Increase/- decrease in long-term liabilities	2.63	-7.24	2.72	-7.54
Dividends and other profit distribution	-7.15	0.00	-7.15	0.00
= Cash flow from financing activities	**-0.47**	**-19.94**	**-1.09**	**-24.78**
Cash and cash equivalents, 1 Jan.	**7.55**	**3.69**	**7.67**	**3.70**
Cash and cash equivalents, 31 Dec.	**3.37**	**7.55**	**3.41**	**7.67**

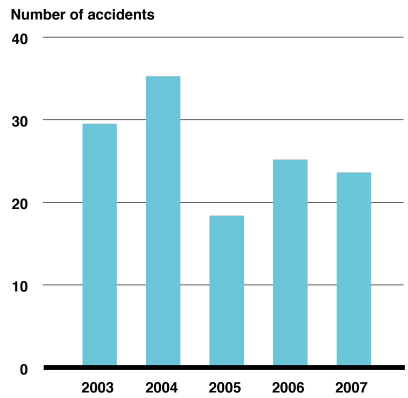
FOSSIL CO_2 EMISSION



PERSONNEL



ACCIDENTS PER MILLION WORK HOURS (ABSENCE MORE THAN 8 HOURS)



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 machinery from 5 to 10 years. Tangible assets leased through financial leasing contracts are stated in the consolidated financial statements as non-current 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. USD-based accounts receivable for market pulp are hedged with forward exchange agreements and these receivables are valued at the market value of the balance sheet date using the exchange rate of the balance sheet date. Changes in hedging value are stated in accounts receivables in the balance sheet and in financial income and expense in the income statement.

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

NOTES TO THE PROFIT AND LOSS ACCOUNT

EUR million		**2007**	**2006**
1.	**Turnover by market area**		
	Finland	96.98	94.66
	Other EU countries	38.99	53.75
	Other parts of the world	29.46	22.58
	Parent company	**165.43**	**170.99**
	Subsidiaries	0.34	0.58
	Group total	**165.77**	**171.57**
2.	**Other income**		
	Capital gains	0.11	0.87
	Energy subsidy		0.97
		0.11	**1.84**
3.	**Materials and supplies**		
	Materials purchased	-122.47	-100.02
	Change in inventory	2.37	-1.77
	External services purchased	-5.77	-8.25
	Parent company	**-125.87**	**-110.05**
	Subsidiaries	0.16	0.12
	Group total	**-125.72**	**-109.92**

EUR million		2007	2006
4.	**Personnel costs**		
	Managements salaries and bonuses	-0.16	-0.13
	Other salaries and wages	-12.14	-11.95
	Pension costs	-1.89	-2.15
	Other indirect personnel costs	-0.99	-1.30
	Fringe benefits	-0.07	-0.05
	Parent company	**-15.25**	**-15.59**
	Subsidiaries	-0.17	-0.66
	Group total	**-15.41**	**-16.25**
	Average number of		
	Salaried employees	87	78
	Workers	212	219
	Parent company	**299**	**297**
	Subsidiaries	4	9
	Group total	**303**	**306**
5.	**Planned depreciations**		
	Buildings	-1.42	-1.41
	Machinery and equipment	-12.33	-11.34
	Parent company	**-13.74**	**-12.75**
	Subsidiaries and leasing	-1.65	-3.84
	Group total	**-15.39**	**-16.59**
6.	**Financial income and expense**		
	Dividend income	0.10	0.09
	Interest income	0.14	-0.01
	Net exchange rate differences	-0.86	-0.36
	Interest expense	-1.16	-1.61
	Other financial expense	-0.04	-0.04
	Parent company	-1.82	-1.93
	Subsidiaries	-0.67	-0.81
	Group total	-2.48	-2.75
7.	**Change in accumulated depreciation difference**	-0.18	-0.26
8.	**Direct taxes on operations**	-0.72	-3.08
	Parent company	**-0.72**	**-3.08**
	Change in deferred tax receivable	-0.05	-1.51
	Group total	**-0.77**	**-4.60**

NOTES TO THE BALANCE SHEET

9. INTANGIBLE AND TANGIBLE ASSETS

PARENT COMPANY	**Tangible assets**			
	Land areas	Buildings and structures	Machinery and equipment	In progress
Acquisitions 1 Jan.	1.27	55.38	249.14	
Additions		0.02	14.75	0.29
Reclassifications		0.01	0.28	1.06
Disposals	-0.06			-0.29
Accumulated depreciation		-20.48	-178.08	
Depreciation for period		-1.42	-12.33	
Balance 31 Dec.	**1.22**	**33.51**	**73.76**	**1.06**
				109.55

GROUP	**Tangible assets**			
	Land areas	Buildings and structures	Machinery and equipment	In progress
Acquisitions 1 Jan.	1.44	55.40	302.94	
Additions		0.02	5.60	0.29
Reclassifications	-0.06	0.01	0.28	1.06
Disposals				-0.29
Accumulated depreciation		-20.49	-209.48	
Depreciation for period		-1.42	-13.97	
Balance 31 Dec.	**1.39**	**33.51**	**85.38**	**1.06**
				121.34

10. INVESTMENTS

	Group ownership%	Parent company ownership%	Book value, group	Book value, parent company
Shares in group companies				
Karhulan-Sunilan Rautatie Oy, Kotka	100	100		0.254
Sunilan Puhdistamo Oy, Kotka	66.7	66.7		0.300
Kiinteistö Oy Sunilan Kesäniemi, Kotka	77.8	77.8		0.027
Participating interest companies				
Sunilan Kantola Oy, Kotka	50	50	0.19	0.210
Other shares				
RP Kuljetustekniikka Oy, Kotka	10.7	10.7	0.002	0.002
Others			0.085	0.085
Total			**0.278**	**0.879**
Shares and stock owned by subsidiaries			0.0035	

11. INVENTORIES, GROUP AND PARENT COMPANY

	2007		**2006**	**Change**
Materials	10.32		7.95	2.37
Finished goods	9.72		5.75	3.97
	20.05		**13.70**	**6.35**

12. RECEIVABLES

Long-term				
Loan receivables from group companies	0.40	0.40	1.21	
		0.40		**1.21**
Subsidiaries		- 0.40		
Group total		**0.00**		**1.21**
Short-term				
Loan receivables from group companies	0.81		0.81	
Accrued income from group companies	0.16	0.97	0.19	1.00
Other accounts receivable	26.25		29.39	
Other short-term receivables	0.00		0.01	
Other accrued income	1.61	27.87	1.43	30.83
		28.84		**31.83**
Subsidiaries		- 0.93		0.17
Group total		**27.91**		**32.00**

13. CHANGES IN SHAREHOLDERS' EQUITY

	PARENT COMPANY		GROUP	
Restricted equity	**2007**	**2006**	**2007**	**2006**
Share capital 1 Jan.	13.00	13.00	13.00	13.00
Share capital 31 Dec.	13.00	13.00	13.00	13.00
Unrestricted equity				
Retained earnings 1 Jan.	47.96	33.47	80.50	66.97
Paid dividend	-7.15		-7.15	
Profit for the year	2.01	14.48	2.15	13.53
Retained earnings 31 Dec.	42.82	47.96	75.50	80.50
Shareholders' equity total 31 Dec.	**55.82**	**60.96**	**88.50**	**93.50**
Distributable equity	42.82	47.96		

14. APPROPRIATIONS

Accumulated depreciation difference	44.06	43.88
of which deferred tax liability	**11.46**	**11.41**

15. LONG-TERM LIABILITIES **23.41**

	2008	2009	2010	2011	2012	2013 -
Repayment of loans	7.21	6.58	6.12	1.93	1.92	6.87
Repayment of leasing liabilities	0.89	0.93	4.50	5.24		
Leasing liabilities total 31 Dec.	11.56					

LIABILITIES		**2007**		**2006**
Long-term				
* Loans from financial institutions	19.36		17.11	
* Pension premium loans	3.44		3.87	
* Other liabilities	0.60	23.41	0.60	21.58
		23.41		**21.58**
* Subsidiaries		-0.40		
* Leasing		10.67		22.34
* Deferred tax liability		11.46		9.90
Group total		**45.13**		**53.82**
Short-term				
* Other liabilities to group companies	2.16		2.89	
* Accrued liabilities to group companies		2.16		2.89
* Other accounts payable	5.95		4.94	
* Loans from financial institutions	15.78		11.49	
* Pension premium loans	0.43		0.56	
* Others	1.40		1.50	
* Other accrued liabilities	14.08	37.64	14.86	33.35
		39.80		**36.24**
* Subsidiaries		-1.64		-1.81
* Leasing		0.89		1.61
Group total		**39.06**		**36.03**

16. CONTINGENT LIABILITIES

		Liabilities with mortgages gives as security		
		Pension premium loans	Loans from financial institutions	Other mortgages
Real estate mortgages	15.11	1.39	11.24	2.49
Business mortgages	10.76		10.76	
Free	60.88			
Total	**86.75**	**1.39**	**22.00**	**2.49**

17. OPEN DERIVATE CONTRACTS

On 31 Dec. the value of accounts receivable for market pulp hedged with a forward exchange agreement was 9.8 USD million. The deliveries to shareholders are not hedged. Of the long-term loans, 55 per cent were based on fixed interest rate. The average interest rate of the loans was 3.6 per cent.

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 2007. 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 2008

Ari Ahti
Authorised Public Accountant

Statistical Information 1998 – 2007

GROUP		1998	1999	2000
Turnover	EUR million	117.82	117.84	187.43
change from previous year	%	-9.2	0.0	59.1
Operating profit	EUR million	1.35	8.29	68.19
Operating profit	% of turnover	1.1	7.0	36.4
Profit/loss before extraordinary items	EUR million	-2.72	4.60	63.82
Profit/loss before extraordinary items	% of turnover	-2.3	3.9	34.1
Profit/loss for accounting period	EUR million	1.89	3.31	45.12
Balance sheet total	EUR million	176.69	215.75	243.49
Fixed assets	EUR million	141.87	159.31	160.37
Inventories	EUR million	8.87	10.26	14.19
Current assets	EUR million	25.95	46.17	68.93
Valuation items		0.00		
Adjusted equity 1)	EUR million	54.23	57.54	102.68
Dividends paid	EUR million	0	0	0
Liabilities	EUR million	122.46	158.21	140.81
Fire insurance value of fixed assets	EUR million	434.24	475.48	459.96
Gross investments	EUR million	23.50	28.68	12.62
of which leasing financing	EUR million	13.55	22.65	3.81
Depreciation	EUR million	10.04	11.24	11.56
Average number of personnel	Persons	350	337	331
Personnel cost	EUR million	14.19	13.38	14.45
Return on equity 2)	%	-5.1	8.2	79.7
Return on capital employed 3)	%	1.1	5.2	34.8
Current ratio 4)		0.77	1.02	1.69
Equity ratio 5)	% of balance	30.7	26.7	42.2
Gearing 6)	%	166.6	185.3	58.6
Degree of self-financing of investments 7)	%	44.0	9.5	506.2
Price of pulp, EXW	EUR/tonne	378	387	613
Total production cost 8)	EUR/tonne	397	385	410
Interest-bearing net debts 9)	% of turnover	76.7	90.5	32.1
Production, pulp	tonnes	292 394	285 325	301 097
Sales, pulp	tonnes	295 859	290 659	295 856
Crude tall oil	tonnes	10 307	11 687	10 293
Turpentine	tonnes	1 454	1 048	654

NOTES TO STATISTICAL INFORMATION

1) Adjusted equity

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

2) Return on equity %

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

3) Return on capital employed %

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

4) Current ratio

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

5) Equity ratio

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

6) Gearing %

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

2001	2002	2003	2004	2005	2006	2007
161.18	128.25	140.02	157.02	127.11	171.57	165.77
-14.0	-20.4	9.2	12.1	-19.0	35.0	-3.4
34.70	3.42	2.44	12.69	-1.68	20.87	5.40
21.5	2.7	1.7	8.1	-1.3	12.2	3.3
30.38	-0.10	-2.57	10.51	-3.26	18.12	2.92
18.8	-0.1	-1.8	6.7	-2.6	10.6	1.8
21.54	-0.07	-1.83	8.68	-2.40	13.53	2.15
228.05	216.09	209.85	202.06	193.35	183.71	172.98
172.79	170.64	164.72	153.49	143.54	130.34	121.62
16.08	20.80	18.57	15.48	16.88	13.70	20.05
39.62	24.65	26.57	33.08	32.93	39.67	31.31
103.42	90.47	88.65	97.32	79.97	93.50	88.50
20.80	12.87	0.00	0.00	14.95	0.00	7.15
124.63	125.62	121.20	104.74	113.38	90.22	84.48
477.76	489.81	494.72	522.41	526.38	535.02	539.78
26.30	12.30	11.65	4.79	6.86	3.39	6.67
3.74						
13.87	14.46	16.42	16.02	16.81	16.59	15.39
327	321	326	326	316	306	303
15.33	14.82	15.45	15.96	14.24	16.25	15.41
29.5	-0.1	-2.9	11.3	-3.7	20.9	3.2
17.0	1.9	1.3	6.8	-0.9	12.4	3.9
1.45	0.97	0.84	1.07	0.93	1.48	1.32
45.3	41.9	42.2	48.2	41.4	50.9	51.2
79.4	103.2	110.3	77.6	113.9	63.4	52.9
102.7	86.5	110.9	561.1	69.6	1028.1	364.5
520	419	378	408	398	438	472
426	422	407	393	416	401	478
51.0	72.8	69.8	48.1	71.6	34.5	28.2
300 536	301 840	330 587	348 555	304 082	361 919	336 444
296 911	286 861	335 380	357 532	303 038	365 090	330 083
8 719	8 045	12 732	11 506	5 988	10 545	8 646
952	854	1 219	1 144	581	830	818

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

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

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

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 practices. 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

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