

FINNFOREST

24.10.2005

Abbreviated INCOME STATEMENT (€ millions)

	1-9 /05	%	1-9 /04	%	1-12 /04	%
Net sales	1 488.9	100.0	1 456.5	100.0	1 922.6	100.0
Other operating income	9.7		11.3		14.2	
Operating expenses	1428.1		1388.4		1842.7	
Depreciation and impairment losses	53.3		53.0		71.1	
Operating profit	17.2	1.2	26.5	1.8	23.0	1.2
Share of results in associated companies	-0.3		-0.3		-0.4	
Net exchange gains and losses	-1.7		-2.0		0.0	
Other financial income and expenses	25.1		27.0		38.1	
Group contribution	0.1		0.0		5.0	
Profit before taxes	-9.8	-0.7	-2.8	-0.2	-10.5	-0.5
Income taxes	1.5		2.9		-1.4	
Profit for the period	-11.3	-0.8	-5.7	-0.4	-9.1	-0.5
Distribution						
To shareholders of the parent company	-12.7		-6.7		-8.4	
To minority interest	1.4		0.9		-0.7	
	-11.3		-5.7		-9.1	

Abbreviated BALANCE SHEET (€ millions)

	30.09.05	%	30.09.04	%	31.12.04	%
ASSETS						
Long-term assets						
Goodwill	46.9	3.6	46.5	3.6	46.4	3.6
Other intangible assets	8.7	0.7	9.7	0.8	9.7	0.8
Tangible assets	475.0	36.9	500.6	38.9	492.6	38.5
Shares in associated and other companies	4.9	0.4	5.1	0.4	4.6	0.4
Deferred tax receivables	25.6	2.0	8.9	0.7	17.2	1.3
Other long-term assets	8.6	0.7	12.5	1.0	12.0	0.9
	569.7	44.3	583.4	45.4	582.5	45.5
Short-term assets						
Inventories	299.6	23.3	299.2	23.3	326.6	25.5
Accounts receivable and other receivables	395.1	30.7	379.3	29.5	346.9	27.1
Cash and cash equivalents	22.6	1.8	23.9	1.9	24.5	1.9
	717.4	55.7	702.4	54.6	698.0	54.5
Total assets	1 287.1	100.0	1285.8	100.0	1 280.6	100.0
SHAREHOLDERS' EQUITY AND LIABILITIES						
Shareholders' equity						
Share capital	159.5	12.4	157.0	12.2	157.0	12.3
Issue premium fund	106.9	8.3	59.3	4.6	59.3	4.6
Fair value reserve and other provisions	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated profits	57.7	4.5	71.3	5.5	67.9	5.3
Minority interest	63.0	4.9	61.8	4.8	60.6	4.7
	387.1	30.1	349.4	27.2	344.9	26.9
Long-term liabilities						
Deferred tax liabilities	40.8	3.2	34.3	2.7	39.3	3.1
Interest-bearing debt	481.4	37.4	515.1	40.1	542.5	42.4
Other liabilities	39.3	3.1	36.8	2.9	31.1	2.4
	561.6	43.6	586.2	45.6	612.9	47.9
Short-term liabilities						
Short-term interest-bearing liabilities	107.0	8.3	143.2	11.1	121.0	9.4
Accounts payable and other liabilities	231.4	18.0	207.1	16.1	201.8	15.8
	338.4	26.3	350.3	27.2	322.8	25.2
Total liabilities	900.0	69.9	936.4	72.8	935.7	73.1
Total shareholders' equity and liabilities	1 287.1	100.0	1285.8	100.0	1 280.6	100.0

Statement of changes in shareholders' equity (€ millions)

	Share capital	Issue premium fund	Other reserves	Translation difference	Profit for prev. period	Total
Shareholders' equity 1.1.2004	157.0	57.1	0.0	0.0	74.8	288.9
Rights issue						0.0
Sale of own shares		2.2				2.2
Translation difference				2.2		2.2
Transfers between different groups						0.0
Profit for accounting period					-5.7	-5.7
Minority interest						61.8
Shareholders' equity 30.09.2004	157.0	59.3	0.0	2.2	69.0	349.4
Shareholders' equity 1.1.2005	157.0	59.3	0.0	0.5	66.1	282.9
Rights issue	2.5	47.5				50.0
Sale of own shares						0.0
Translation difference				2.5		2.5
Transfers between different groups						0.0
Profit for accounting period					-11.3	-11.3
Minority interest						63.0
Shareholders' equity 30.09.2005	159.5	106.8	0.0	3.0	54.8	387.1

Abbreviated CASH FLOW STATEMENT (€ millions)

	1-9 /05	1-9 /04	1-12 /04
Cash flow from operations			
Profit for period	-12.7	-6.7	-8.4
Depreciation and impairment losses	53.3	53.0	71.1
Other adjustments	1.7	1.2	-0.3
Change in working capital	4.6	4.6	2.5
Cash flow from operations	47.0	52.1	65.0
Cash flow from investments			
Acquisition of subsidiaries and shares	-0.8	-75.0	-75.9
Acquisition of tangible and intangible assets	-34.1	-51.5	-65.5
Sale of property and other	-8.4	6.4	24.4
Cash flow from investments	-43.3	-120.1	-117.0
Cash flow from financing			
Change in interest-bearing liabilities and receivables	-10.5	47.2	34.2
Dividends paid	0.0	0.0	0.0
Change in shareholders' equity	4.9	24.9	22.6
Cash flow from financing	-5.6	72.1	56.8
Change in liquid assets	-1.9	4.2	4.8
Liquid assets at beginning of period	24.5	19.7	19.7
Change in liquid assets	-1.9	4.2	4.8
Liquid assets at close of period	22.6	23.9	24.5

Developments by quarter

NET SALES, € millions	III/ 05	II/ 05	I/ 05	IV/ 04	III/ 04	II/ 04	I/ 04	I-IV/ 04
Wood Products Industry	222.9	288.8	261.0	252.9	229.6	287.2	268.1	1037.8
Distribution	213.0	229.3	185.1	185.2	208.0	221.8	193.3	808.3
Building & Construction	85.3	98.9	82.3	86.3	75.5	87.3	72.2	321.3
Other operations	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.5
Eliminations	-53.2	-64.0	-61.0	-58.4	-55.6	-67.4	-63.9	-245.3
CORPORATION	468.2	553.1	467.6	466.0	457.5	529.1	469.9	1922.6
OPERATING PROFIT AND RESULT, €	III/ 05	II/ 05	I/ 05	IV/ 04	III/ 04	II/ 04	I/ 04	I-IV/ 04
Wood Products Industry	-5.2	1.3	-3.3	-3.7	-1.9	4.9	4.8	4.1
Distribution	5.2	8.9	2.5	0.2	6.0	7.7	3.8	17.6
Building & Construction	5.2	5.6	1.4	1.9	4.2	3.0	2.1	11.1
Other operations	-2.3	-0.6	-1.6	-1.8	-2.6	-1.6	-3.8	-9.8
OPERATING PROFIT	3.0	15.2	-0.9	-3.5	5.7	13.9	6.9	23.0
%	0.6	2.7	-0.2	-0.7	1.2	2.6	1.5	1.2
Share of results in associated companies:	-0.1	-0.1	-0.2	-0.2	0.0	-0.1	-0.2	-0.4
Net exchange gains and losses	0.3	0.3	-2.3	2.0	1.3	-0.1	-3.2	0.0
Other financial income and expenses	3.8	13.2	8.1	11.1	10.9	2.2	13.9	38.1
Group contribution	0.1	0.0	0.0	5.0	0.0	0.0	0.0	5.0
PROFIT BEFORE TAXES	-0.6	2.2	-11.4	-7.7	-3.9	11.5	-10.4	-10.5
%	-0.1	0.4	-2.4	-1.7	-0.9	2.2	-2.2	-0.5
Income taxes	-2.0	0.9	-0.4	4.3	-1.5	-2.3	1.0	1.4
Minority interest	-1.2	-1.3	1.1	1.7	-0.5	-1.1	0.7	0.7
PROFIT FOR THE PERIOD	-3.8	1.9	-10.7	-1.7	-6.0	8.0	-8.7	-8.4
Return on capital employed, %	-0.4	3.0	-0.2	-1.2	-0.6	1.5	2.8	2.5
Equity ratio, %	30.2	29.1	29.0	27.0	27.2	26.8	24.3	27.0
Net gearing, %	145	158	167	179	175	185	213	179
Interest-bearing net liabilities	560	613	642	619	612	657	703	619
Gross investment	17	7	11	35	15	15	20	85
Personnel at end of the period	8 036	8 179	7 962	7 998	8 072	8 356	7 985	7 998
PRODUCTION, 1,000 m³	III/ 05	II/ 05	I/ 05	IV/ 04	III/ 04	II/ 04	I/ 04	I-IV/ 04
Sawn timber	813	1 110	1 053	1 014	988	1 059	1 123	4 185
Processed sawn timber	276	315	299	427	231	211	297	1 166
Other products *)	269	256	226	225	196	236	253	911

*) plywood, Kerto LVL, particleboard, heat-treated wood, glulam, blockboard, poles, impregnated timber, etc.

RETURN ON CAPITAL EMPLOYED BY BUSINESS GROUP, %

	1-9 /05	1-9 /04	1-12 /04
Wood Products Industry	-1.4	2.0	0.9
Distribution	8.2	9.1	6.9
Building & Construction	10.3	8.5	7.7
Other operations	11.2	6.4	6.2
Corporation	2.4	3.7	2.5

CAPITAL EMPLOYED

€ millions		
30.09.05	30.09.04	31.12.04
569.3	568.7	583.2
285.0	266.8	271.5
167.3	156.7	154.3
-18.2	43.4	26.5
1003.4	1035.8	1035.5

PERSONNEL	On average		
	1-9 /05	1-9 /04	1-12 /04
Wood Products Industry	3 949	4 051	4 016
Distribution	2 078	2 110	2 107
Building & Construction	1 953	1 854	1 866
Other operations	79	120	116
Corporation	8059	8136	8105
Finland	2576	2660	2627
Norway	1660	1735	1711
Sweden	1503	1445	1470
Germany	202	223	221
France	145	146	145
UK	961	965	961
Romania	784	746	751
Other countries	228	216	219
Total	8059	8136	8105

At end of month		
30.09.05	30.09.04	31.12.04
3 891	3 951	3 903
2 080	2 123	2 089
1 992	1 887	1 906
73	111	100
8036	8072	7998
2561	2579	2522
1689	1657	1630
1485	1533	1542
197	219	211
148	145	142
962	957	952
761	762	768
233	220	231
8036	8072	7998

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Changes in tangible assets (€ millions)

	30.09.05	30.09.04	31.12.04
Book value at beginning of period	492.6	468.4	468.4
Acquired companies	0.4	74.3	75.2
Investments	33.6	57.0	64.3
Deductions	-8.3	-14.1	-25.7
Depreciation and impairment losses	-51.7	-50.1	-67.6
Translation difference and other changes	8.4	-34.8	-22.0
Book value at end of period	475.0	500.7	492.6

Commitments (€ millions)

	30.09.05	30.09.04	31.12.04
For own debt			
Mortgages	6.7	10.1	1.7
For Group companies			
Pledges	10.0	5.4	6.9
Guarantees	1.6	0.8	0.8
For associated and other companies			
Guarantees			
For others			
Guarantees	19.8	17.8	18.9
Other own commitments			
Leasing liabilities for next 12 months	9.8	10.6	9.0
Leasing liabilities for following years	30.9	35.8	36.8
Other liabilities	0.1	0.1	0.1

Nominal value of derivative contracts (€ millions)

	30.09.05	30.09.04	31.12.04
Currency derivatives			
Forward agreements	245.8	291.4	259.4
Call options	5.0	9.9	4.8
Put options	9.9	19.9	11.9
Swaps			
Interest rate derivatives			
Forward rate agreements		100.0	100.0
Call options	300.0	500.0	300.0
Put options	300.0	725.0	350.0
Swaps	674.2	592.8	698.7