

STROMSDAL CORPORATION
STOCK EXCHANGE RELEASE
July 27, 2007, at 4.00 pm (Finnish time)

INTERIM REPORT FOR JANUARY-JUNE 2007

- January-June net sales were EUR 27.8 million (EUR 26.5 million).
- January-June pre-tax loss was EUR -3.1 million (EUR -2.1 million)
- The second quarter net sales were EUR 14.4 million (EUR 12.2 million)
- The second quarter pre-tax loss was EUR -1.8 million (EUR -1.7 million)

MARKETS AND SALES

Competition continued to be tight in the European paperboard markets and the weakening of the US dollar against the Euro makes the competition even more challenging.

The demand for the company's products was satisfactory during the first quarter, and improved during the second quarter. The average backlog is now two weeks.

The demand for Tecta food packaging board has been strong during the period and the strong growth is expected to continue throughout the whole year.

The company launched the improved graphical boards with higher whiteness and better printability as planned in the beginning of the year: the new GraphiArt Pro and the improved GraphiArt Duo. The introduction of the new graphical boards has been a market success and the share of graphical boards in the company's product portfolio is expected to grow during the next quarters. Additionally, the service centers opened in Spain and U.K. had a positive impact on customer satisfaction.

NET SALES AND RESULTS

Stromsdal Group's consolidated net sales for January 1 - June 30 totaled EUR 27.8 million (EUR 26.5 million). Consolidated operating result was EUR -2.3 million (EUR -1.4 million). Net loss was EUR -3.1 million (EUR -2.1 million).

Net sales in April - June period were EUR 14.4 million (EUR 12.2 million). Operating loss was EUR -1.4 million (EUR -1.3 million). Pre-tax loss for the period was EUR -1.8 million (EUR -1.7 million).

The sales volume was slightly higher in January - June 2007 compared to the previous year and the order inflow has been good. The high share of commodity boards, however, still reduced the financial results of the period.

The production volume reached 30,400 tons (27,600 tons). Some additional investments in the groundwood mill restricted the production efficiency in the beginning of the year. The maintenance shut down week 25 with consecutive production losses significantly weakened the results of June. Price increases in main raw materials including energy have raised the production costs during the period.

FINANCIAL POSITION

The operative cash flow was EUR -1.1 million (EUR 1.2 million). Cash flow from investments was EUR -1.3 million (EUR -1.1 million).

The cash flow has been significantly weakened by the temporary overstocking of pulpwood and short fibre pulp due to expected market shortages.

In June 2006 the Ministry of Trade and Industry granted the company an investment aid of EUR 1.5 million from an investment program totalling EUR 5.1 million. From this program EUR 2.6 million has been invested. The first part of the investment aid (EUR 0.5 million) was received in March 2007. The remaining part, EUR 1.0 million, will be applied for in two parts after qualified investments are done.

The company's cash flow has become tight and the company is negotiating additional financing. If the negotiations fail, necessary investments will be

postponed. The company has also agreed with its main financiers to postpone the debt repayments until the end of 2007.

CAPITAL EXPENDITURE

Implementation of the company's investment program continued during the second quarter and in January - June capital expenditure totalled EUR 1.8 million (EUR 0.7 million).

The biggest single investment item was the groundwood mill improvement done at the turn of the year. With this investment the target brightness level of the graphical boards was reached. During week 25 shut down, improvement investments were implemented in the mill together with maintenance. The second stage of pressure ground wood pulp bleaching and washing investments will be completed in August.

The year 2006 started Turn Around program will continue as revised in 2007 and it will aim at improving the water management of the mill as well as enhancing the drying capacity on the off-machine coater to secure the supply of the rapidly growing Tecta food packaging grades. In addition the finishing department throughput will be improved.

RESEARCH AND DEVELOPMENT

During the period, quality improvements, such as higher brightness, were made on the graphical boards and development work intended to broaden Tecta food packaging applications continues.

PERSONNEL

During the period the company had an average of 216 (201) employees. At the end of the period there were 236 (220) employees, of whom 187 persons were permanent and 49 persons were temporary staff and summer vacation replacements. The number of maintenance employees, 27 persons which were taken back into the company's payroll in August 2006, is not included in the reference number from the previous year.

Redundancies of employees agreed upon in the employer-employee negotiations in September 2006 have been implemented with the exception of 1 vacancy (5 persons), as the implementation of the slitter-winder investment was postponed.

However, the number of personnel increased by the persons employed to strengthen the company's sales and production teams and also by mandatory summer vacation shift arrangements in the production.

The company has made an agreement with Silta Oy to outsource the company's payroll to be implemented by the end of year 2007.

SHARES

The trading volume of Stromsdal Oyj shares for 1 January - 30 June 2007 totalled 1,391,353, accounting for 8.58 per cent of the total number of shares. Share turnover came to EUR 0.93 million with the period's lowest and highest share price amounting to EUR 0.80 and EUR 0.56, respectively. At the end of the period, the shares closed at EUR 0.56 and the market capitalisation totalled EUR 9.40 million.

The AGM on 29 March 2007 resolved to authorize the Board of Directors to decide on the issuing of new shares of the company and on the transferring special rights to receive new shares in the company. A maximum amount of 5,000,000 new shares may be issued. In addition, the authorization includes the right to decide on a share issue to the company itself free of charge so that the aggregate amount of shares issued to the company is a maximum of one tenth (1/10) of the total amount of shares in the company.

The company has a share option scheme, approved at the AGM of 22 May 2002 and adjusted at the EGM of 29 June 2006. A maximum increase of the company's share capital is EUR 86,340. The subscription period started on 1 July 2005 and expired on 1 July 2007, during which period none of the options had been exercised.

NEAR FUTURE RISKS

During the second quarter the availability of pulp wood and short-fibre pulp were limited. This has substantially raised the raw material prices. The availability has now been secured, but price increases are expected to continue.

The price increases of main raw materials for the company and possible shortages will increase the production costs and reduce the company's profitability. This negative impact will be compensated as much as possible by implementing steps to improve efficiencies in logistics, sales and production.

If the company's profitability and cash flow fail to improve during the year, necessary investments may not be completed according to schedule. In case the profitability and cash flow fail to improve the company has a liquidity risk.

Downward markets and unfavourable currency exchange rates, especially in U.S. dollar, may have a negative impact on the company's result.

For more information on risk management, please turn to the Financial Statements in the company's Annual Report for 2006.

PROSPECTS FOR 2007

The financial results for the year will be negative. The result for the second part of year 2007 is expected to be better than the first part of the year.

STROMSDAL CORPORATION

CONSOLIDATED INCOME STATEMENT (EUR 1000)

	IFRS 4-6/07	IFRS 4-6/06	IFRS 1-6/07	IFRS 1-6/06
NET SALES	14 373	12 186	27 756	26 451
Changes in inventories of finished and unfinished goods +/-	-834	-640	-618	-648
Other operating income	56	82	151	240
Materials and services	-10 047	-8 266	-19 956	-18 238
Empolyee benefits expense	-2 983	-2 468	-5 743	-4 809
Depreciaton	-872	-843	-1 747	-1 671
Other operating expenses	-1 116	-1 340	-2 186	-2 697
OPERATING PROFIT/LOSS	-1 423	-1 287	-2 342	-1 373
Share of associated companies´ profits/losses	0	0	0	0
Financial income and expenses	-368	-366	-716	-752
PROFIT/LOSS BEFORE TAXES	-1 791	-1 653	-3 058	-2 126
Income taxes	4	2	7	0
PROFIT/LOSS FOR THE FINANCIAL YEAR	-1 787	-1 652	-3 052	-2 125
EARNINGS/SHARE, diluted and undiluted	-0,11	-0,60	-0,19	-0,78

CONSOLIDATED BALANCE SHEET (EUR 1000)

	IFRS 30.6.07	IFRS 31.12.06
ASSETS		
NON-CURRENT ASSETS		
Other intangible assets	792	880
Tangible assets	21 984	22 187
Investments in associated companies	499	499
Available-for-sale financial assets	44	44
Receivables	619	637
Deferred tax assets	74	69
TOTAL NON-CURRENT ASSETS	24 013	24 316
CURRENT ASSETS		
Inventories	5 993	5 865
Trade and other receivables	11 433	10 127
Financial asset recognised in profit or loss	0	0
Cash and cash equivalents	380	718
TOTAL CURRENT ASSETS	17 806	16 710
TOTAL ASSETS	41 819	41 026
SHAREHOLDERS´ EQUITY AND LIABILITIES		
SHAREHOLDERS´ EQUITY		
Share capital	10 103	10 103
Issue premium fund	1 862	1 862
Reserve fund	0	0
Other funds	2 026	2 026
Exchange rate difference	0	76
Retained earnings	-7 639	-4 663
TOTAL SHAREHOLDERS´ EQUITY	6 352	9 404
NON-CURRENT LIABILITIES		
Deferred tax liabilities	20	23
Provisions	212	212
Interest-bearing liabilities	12 129	12 819
Other liabilities	115	115
TOTAL NON-CURRENT LIABILITIES	12 477	13 169
CURRENT LIABILITIES		
Accounts payable and other liabilities	11 651	10 051
Liabilities recognised in profit or loss	18	0
Provisions	46	46
Interest-bearing liabilities	11 275	8 357
TOTAL CURRENT LIABILITIES	22 991	18 453
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	41 819	41 026

CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)

	IFRS 1-6/07	IFRS 1-6/06
BUSINESS OPERATIONS		
Operating profit/loss	-2 342	-1 373
ADJUSTMENTS TO OPERATING PROFIT/LOSS:		
Depreciation	1 747	1671
Non-cash transactions	18	-32
CHANGE IN NET WORKING CAPITAL:		
Increase/decrease in accounts and other receivables	-1 305	1 315
Increase/decrease in inventories	-129	798
Increase/decrease in accounts and other payables	1 541	-303
Interest paid	-601	-540
Interest received	3	0
Dividend received	4	4
Other financial items paid	-66	-321
Taxes paid	-1	-0
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	-1 130	1 219
INVESTMENTS		
Purchase of tangible assets	-1 804	-707
Purchase of intangible assets	-36	-97
Investment aid	503	0
Sale of tangible assets	0	11
Increase/decrease of long-term receivables	17	-341
CASH FLOW FROM INVESTMENTS (B)	-1 320	-1 134
FINANCING		
Increase of long-term loans	1 000	1 148
Installments of long-term loans	-176	-801
Increase/decrease in short-term loans	1 313	-520
Installments of finance leasing	-26	-45
NET CASH FLOW FROM FINANCING (C)	2 111	-218
INCREASE/DECREASE OF LIQUID FUNDS (A+B+C)	-338	-133
LIQUID FUNDS ON 1 JANUARY	718	464
LIQUID FUNDS ON 30 JUNE	380	331

BUSINESS SEGMENTATION

Business segmentation is not presented, as Stromsdal Group only has one business segment.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR 1000)

A = Share capital

B = Issue premium fund

C = Reserve fund

D = Other funds

E = Exchange difference

F = Retained earnings

G = Total capital and reserves

	A	B	C	D	E	F	G
SHAREHOLDERS' EQUITY							
1.1.2007	10 103	1 862	0	2 026	76	-4 663	9 404
Exchange rate difference	-	-	-	-	-76	76	0
Net profit/loss for the financial year	-	-	-	-	-	-3 052	-3 052
SHAREHOLDERS' EQUITY							
30.6.2007	10 103	1 862	0	2 026	0	-7 639	6 352
SHAREHOLDERS' EQUITY							
1.1.2006	5 197	425	589	2 224	76	-5 674	2 837
Exchange rate difference	-	-	-	-	0	-	0
Net profit/loss for the financial year	-	-	-	-	0	-2 125	-2 125
SHAREHOLDERS' EQUITY							
30.6.2006	5 197	425	589	2 224	76	-7 800	711

1. LEASING LIABILITIES (EUR 1000)	30.6.07	30.6.06	31.12.06
	68	102	48
2. CONTINGENT LIABILITIES AND PLEDGES GIVEN FOR GROUP'S OWN DEBT (EUR 1000)	30.6.07	30.6.06	31.12.06
Mortgages on buildings and leases	5 674	5 674	5 674
Mortgages on company assets	7 737	7 737	7 737
Pledges given	9 961	7 618	8 337
Pledged shares	471	471	471
TOTAL	23 843	21 500	22 219
3. OTHER PLEDGES GIVEN (EUR 1000)	30.6.07	30.6.06	31.12.06
Pledged deposits	7	41	19
Mortgages on company assets	0	505	0
TOTAL	7	546	19

Leases and buildings are also burdened by the ownership retention provision recorded by the equipment supplier. It targets equipment worth EUR 1.4 million.

Valid bank guarantees to suppliers amount to EUR 660 thousand.

4. OUTSTANDING DERIVATES CONTRACTS (EUR 1000) PAR VALUE	30.6.07	30.6.06	31.12.06
Foreign currency hedging	551	495	0
5. TANGIBLE ASSESTS (EUR 1000)	1-6/07	1-6/06	
Increases	1 804	571	
Decreases	0	0	
TOTAL	1 804	571	
6. RELATED PARTY TRANSACTIONS (EUR 1000)	1-6/07	1-6/06	
Employee benefits			
Board of Directors' remuneration	59	54	
Salaries and other short term employee benefits of the management	336	207	
Other benefits due to notice of employment	32	18	
KEY FIGURES	30.6.07	30.6.06	31.12.06
Earnings/share, euros	-0,19	-0,78	-0,45
Shareholders' equity/share, euros	0,39	0,26	0,58
Research and development costs, Me	0,02	0,02	0,18
Gross investments, Me	1,8	0,7	1,5
Group personnel average	216	201	207
Equity ratio %	15,2	1,87	22,9
Current ratio	0,8	0,6	0,9
Interest-bearing liabilities, Me	23,4	24,9	21,2
Number of shares average	16213178	2735100	8314531
Number of shares 30.6./31.12.	16213178	2735100	16213178

CALCULATION OF GROUP KEY FIGURES:

Earnings/share (EPS):

$$\frac{\text{Profit/loss for the the financial year}}{\text{Share issue adjusted average number of shares}}$$

Equity ratio:

$$\frac{(\text{Shareholders' equity} + \text{minority interest}) * 100}{\text{Balance sheet total} - \text{payments received in advance}}$$

Current ratio:

$$\frac{\text{Financial assets} + \text{inventories}}{\text{Current liabilities}}$$

MAJOR SHAREHOLDERS

June 30, 2007	Shares and votes, number	%
1. Suomen Teollisuusijointus Oy	2 500 000	15,4
2. Svenska Handelsbanken AB (Publ)	2 500 000	15,4
3. Juankosken Kehitysmasuuni Oy	1 891 694	11,7
4. Finnvera Oyj	1 875 000	11,6
5. Enterpack Oy	698 253	4,3
6. ABB Oy	640 000	4,0
7. Savon Voima Oyj	625 000	3,9
8. Santava Oy	376 500	2,3
9. Seligson & Co Phoenix	325 060	2,0
10. Pellonmaa Niilo	255 508	1,5
Other shareholders	4 526 163	27,9
Total	16 213 178	100,0

The interim report has been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting.

The accounting policies for the interim report are compatible with those for the financial statements prepared on 31 December 2006, except for the following new changes in IFRS standards and IFRIC interpretations adopted on 1 January 2007, which have no effect on the consolidated financial statements:

- IFRS 7
- IAS 1
- IFRIC 9
- IFRIC 10

The consolidated reconciliations include the subsidiary Juantehtaan Ympäristö Oy and the associated companies Koillis-Savon Ympäristöhuolto Oy and Juankosken Biolämpö Oy. The subsidiary Stromsdal UK Ltd's operation was stopped and the company dissolved.

The above figure have not been audited.

The above figures have been rounded and may therefor differ from those given in the official financial statements.

Juankoski, 27 July 2007

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STROMSDAL is a forest based industry company and its board mill is located in Juankoski, Finland. Stromsdal's sales and customer service network covers more than 30 countries, mainly in Europe.

For demanding printing jobs Stromsdal offers its customers premium-quality graphical boards - GraphiArt Duo and GraphiArt Pro - with excellent combination of printability, brightness and stiffness. For food-packaging Stromsdal offers its speciality environmentally friendly product - Tecta - a dispersion coated barrier board, which is 100 per cent plastic-free, bio degradable and fully recyclable.

Stromsdal's shares are listed on the Small Cap segment of the Helsinki Stock Exchange (OMX Nordic Exchange Helsinki Oy) under the company code STM1V.