

STROMSDAL CORPORATION
STOCK EXCHANGE RELEASE
25 October 2007 at 12.00 hrs (Finnish time)

INTERIM REPORT FOR JANUARY - SEPTEMBER 2007

- January-June net sales were EUR 41.8 million (EUR 40.3 million).
- January-June pre-tax loss was EUR -4.2 million (EUR -1.9 million)
- The third quarter net sales were EUR 14.1 million (EUR 13.8 million)
- The third quarter pre-tax loss was EUR -1.2 million (EUR 0.2 million)
- The directed share issues and the convertible bond loan improved the company's capital and financial structure.

Managing Director Mikael Åbacka:

"I am extremely satisfied that the financing arrangements agreed on last summer was accepted by our new industrial owners, Atine Group Oy and Baltiska Handels AB, which is essential for the development of the company. The financing arrangements improved substantially the balance sheet and the financial situation of the company. With the new investment program we are able to improve the quality of our products as well as to improve the throughput of our new graphical products, GraphiArtDuo, GraphiArtPro as well as Tecta specialty food packaging boards. In addition, the convertible bond loan issued by the company enables additional human resources and investments to improve and develop the quality for current and new applications. We believe that with these improvements, we will be able to serve sustainable even larger customer groups. The positive operating profit in the third quarter shows this. As a whole, the positive impact from our ongoing improvement programs will materialize during 2008."

MARKETS AND SALES

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

The demand for the company's products was on a satisfactory level during the first half-year and improved during the third quarter. The average backlog is now two weeks.

The company focuses on high premium-quality graphical boards and on specialty boards like Tecta food packaging boards. Price increases will be done on the commodity boards, like Strom grades. In addition the company aims to reduce its currency risks.

NET SALES AND RESULTS

Stromsdal Group's consolidated net sales for January 1 - September 30 totalled EUR 41.8 million (EUR 40.3 million). Consolidated operating result was EUR -3.2 million (EUR -1.1 million). Net loss was EUR -4.3 million (EUR -2.0 million).

Net sales in July-September period were EUR 14.1 million (EUR 13.8 million). Operating loss in period July-September was better than in April-June but showing loss EUR -0.8 million (EUR 0.3 million). Pre-tax loss for the period was EUR -1.2 million (EUR 0.2 million).

The raw materials, especially pulp-, pulpwood- and energy prices rose significantly during the period compared to the same time in previous year.

Total production was 46,700 tons (43,800 tons). The improvement work done in the PGW mill in August had a slight negative impact on the product mix and reduced the output to some extent.

FINANCIAL POSITION

The operative cash flow was EUR -5.1 million (EUR -4.8 million). Cash flow from investments was EUR -2.1 million (EUR -1.3 million).

The company has agreed on the capital and financial arrangements. The proceeds from the financing arrangements are used to finalise the Investment and Turn Around program as well as to strengthen the financial situation of the company.

More about the capital and financial arrangements can be seen on the stock exchange release published by the company on 31 July 2007.

Based upon Annual General Meeting's (AGM) decision and authorization on 29 March 2007, the Board of Directors decided on 17 September 2007 to issue for subscription a convertible bond loan of a maximum of EUR 3,591,600 in deviation of the pre-emptive subscription right of the shareholders to the investors appointed by the Board of Directors. The investors, who subscribed the issued convertible bond loan as a whole, do not belong to the insiders of the company. The rules of the convertible bond loan as a whole can be seen in the stock exchange release published by the company on 17 September 2007.

CAPITAL EXPENDITURE

The capital expenditures of the company were continued also during the third quarter and January-September 2007 they amounted to EUR 2.6 million (EUR 1.3 million).

The biggest single investment was the improvements carried out in the PGW mill at the turn of the year, by which the brightness level of the board was brought up to target level. A successful pressure ground wood pulp washing and bleaching improvement in the PGW mill was carried out in August. After these investments the run-ability of the board machine has improved significantly and the efficiency rates of the mill were all time high during September.

RESEARCH AND DEVELOPMENT

The quality of the graphical boards was improved in the beginning of the year by increasing the brightness level and the quality stability has been improved through systematic development. Further improvements in printability of the board will be implemented. Development work of Tecta food packaging board usages for new application areas will be carried out in a joint development program together with VTT.

PERSONNEL

During the period the company had an average 216 (206) employees. At the end of the period there were 204 (209) employees, of which 187 employees were permanent and 49 employees were temporary staff and summer vacation replacements. The number of maintenance employees, 27, who were taken back into the company's payroll in August 2006, is not included in the average reference number from the previous year.

The company decided on the implementation of a new share based incentive program for the key employees of Stromsdal group in order to combine the goals of the owners and the key employees of the company to increase the value of the company and to tie the key employees to the company and offer them a competitive incentive program based on ownership of company shares. In addition to the share based incentive program the company has decided on a bonus program for the whole personnel of Stromsdal Corporation in order to combine all the personnel resources to ensure profitability of the company. More about the incentive programs can be seen in the stock exchange release published by the company on 17 September 2007.

The company has outsourced the salary administration to Silta Oy, completed in full by the end of year 2007.

THE BOARD OF DIRECTORS

The shareholders' meeting on 21 August 2007 decided to elect five (5) members to the Board of Directors as follows. Attorney Juhani Erma, City Manager Mr. Petri Kangasperko, Project Manager Mrs. Pirjo Repo were re-elected and Managing Director Mr. Alexander Ehrnrooth and Managing Director Mr. Harry Salonaho were elected as new members. The Board meeting elected Mr. Harry Salonaho as the chairman of the Board of Directors.

SHARES

On 21 August 2007 the Extraordinary General Meeting (EGM) decided on directed share issues, through which the amount of the company's shares reached

27,515,399 being before 16,213,178. The share capital remained being EUR 10,102,906.80.

The Annual General Meeting (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.

Due to the authorization the Board of Directors has decided on a directed share issue of 80,000 shares to the Chairman of the Board of Directors, which share issue has been fully subscribed by the Chairman. In addition, due to the authorization the Board of Directors has decided on transferring of 4,920,000 shares in connection with a convertible bond loan issued by the company, in accordance with the rules of the said convertible bond loan.

The development of the company's share amount and share capital in 2007 below:

Registered in Trade Register	Share Capital of the company EUR	Shares pcs	Transactions taken
1 January 2007	10,102,906.80	16,213,178	Situation on 1 January 2007.
24 August 2007	10,102,906.80	27,435,399	A directed share issue was implemented. No change in the share capital.
30 August 2007	10,102,906.80	27,515,399	A directed share issue to the Chairman of the Board of Directors was implemented. No change in the share capital.

The trading volume of Stromsdal Corporation shares for 1 January - 30 September 2007 totalled 5,624,753, accounting for 31.40 per cent of the total average number of shares. Share turnover came to EUR 3.71 million with the period's highest and lowest share price amounting to EUR 0.81 a share and respectively EUR 0.46 a share. At the end of the period, the shares closed at EUR 0.61 and the market capitalisation totalled EUR 16.78 million.

The company had 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 1 July 2005 and expired on 1 July 2007, during which period none of the options had been subscribed.

Flaggings

Due to the share issues implemented by the company in August:

- 1) Atine Group's ownership with its mother company Virala Oy Ab in Stromsdal increased to 1/4.
- 2) Baltiska Handels AB's ownership in Stromsdal increased to 1/10.
- 3) Svenska Handelsbanken Ab's (Publ), Finnvera Oyj's, Juankosken Kehitysmasuuni Oy's and Suomen Teollisuussijoitus Oy's ownership in Stromsdal decreased below 1/10.
- 4) On 17 September 2007 Keskinäinen Eläkevakuutusyhtiö Ilmarinen subscribed shares in the convertible bond loan, which entitles Ilmarinen to subscribe 2,739,700 shares in Stromsdal. If Ilmarinen subscribes fully its options, its ownership in Stromsdal will increase to 5 per cent. The subscription period ends 1 September 2010.

NEAR FUTURE RISKS

During the second quarter the availability of pulp wood and short fiber pulp was challenging. The shortage increased significantly the costs of the raw materials. For the next couple of months the availability of pulp wood is secured, but the prices are still high. The availability of hardwood pulp is back to normal.

The prices of the main raw materials and electricity will increase the production costs and reduce the company's profitability. This negative impact will be compensated by investments and more efficient logistics-, sales- and production processes.

Downward markets and unfavorable currency exchange rates, especially the US dollar, may have a negative impact on the profitability of the company.

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

FUTURE PROSPECTS

The future prospects are based on general external financial indicators, order forecasts given by customers and on the company's order book.

The financial results for the year 2007 will be negative. The result for the forth quarter is expected to be better than the previous ones in 2007 and the EBITDA positive, if the demand of the company's products is continuing unchanged. The sales of the graphical boards are expected to be good and the demand for the food packaging boards is expected to be strong in UK, Germany and Finland, which will have a positive impact in the volume and price development of Tecta food packaging boards.

The investments implemented and the additional investments that will be done in the near future will improve the product quality level and the production output and thereby will enable the positive profit development of the company.

STROMSDAL CORPORATION

CONSOLIDATED INCOME STATEMENT (EUR 1000)

	IFRS 7-9/07	IFRS 7-9/06	IFRS 1-9/07	IFRS 1-9/06
NET SALES	14 092	13 826	41 848	40 277
Changes in inventories of finished and unfinished goods +/-	731	683	114	35
Other operating income	92	421	243	660
Materials and services	-11 092	-10 135	-31 048	-28 373
Empolyee benefits expense	-2 761	-2 641	-8 504	-7 450
Depreciaton	-888	-849	-2 635	-2 520
Other operating expenses	-999	-984	-3 185	-3 680
OPERATING PROFIT/LOSS	-824	322	-3 166	-1 051
Share of associated companies' profits/losses	0	0	0	0
Financial income and expenses	-367	-113	-1 083	-865
PROFIT/LOSS BEFORE TAXES	-1 191	209	-4 249	-1 917
Income taxes	-12	-124	-5	-123
PROFIT/LOSS FOR THE FINANCIAL YEAR	-1 203	85	-4 254	-2 040
EARNINGS/SHARE, diluted and undiluted	-0,08	0,01	-0,24	-0,36

CONSOLIDATED BALANCE SHEET (EUR 1000)

	IFRS 30.9.07	IFRS 31.12.06
ASSETS		
NON-CURRENT ASSETS		
Other intangible assets	746	880
Tangible assets	21 921	22 187
Investments in associated companies	499	499
Available-for-sale financial assets	44	44
Receivables	619	637
Deferred tax assets	70	69
TOTAL NON-CURRENT ASSETS	23 899	24 316
CURRENT ASSETS		
Inventories	6 049	5 865
Trade and other receivables	13 500	10 127
Financial asset recognised in profit or loss	24	0
Cash and cash equivalentents	2 963	718
TOTAL CURRENT ASSETS	22 535	16 710
TOTAL ASSETS	46 435	41 026
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	10 103	10 103
Issue premium fund	1 862	1 862
Other funds	2 026	2 026
Reserve for invested non-restricted equity	5 468	0
Exchange rate difference	0	76

Retained earnings	-8 841	-4 663
TOTAL SHAREHOLDERS' EQUITY	10 617	9 404
NON-CURRENT LIABILITIES		
Deferred tax liabilities	27	23
Provisions	212	212
Interest-bearing liabilities	14 920	12 819
Other liabilities	115	115
TOTAL NON-CURRENT LIABILITIES	15 274	13 169
CURRENT LIABILITIES		
Accounts payable and other liabilities	10 195	10 051
Liabilities recognised in profit or loss	0	0
Provisions	46	46
Interest-bearing liabilities	10 302	8 357
TOTAL CURRENT LIABILITIES	20 543	18 453
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	46 435	41 026

CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)

	IFRS 1-9/07	IFRS 1-9/06
BUSINESS OPERATIONS		
Operating profit/loss	-3 166	-1 051
ADJUSTMENTS TO OPERATING PROFIT/LOSS:		
Depreciation	2 635	2 520
Non-cash transactions	-26	-471
CHANGE IN NET WORKING CAPITAL:		
Increase/decrease in accounts and other receivables	-3 373	63
Increase/decrease in inventories	-184	-1 249
Increase/decrease in accounts and other payables	131	-3 133
Interest paid	-979	-906
Interest received	5	0
Dividend received	4	4
Other financial items paid	-101	-546
Taxes paid	-1	-0
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	-5 054	-4 769
INVESTMENTS		
Purchase of tangible assets	-2 565	-901
Purchase of intangible assets	-54	-97
Investment aid	503	0
Sale of tangible assets	0	12
Increase/decrease of long-term receivables	17	-333
CASH FLOW FROM INVESTMENTS (B)	-2 098	-1 319
FINANCING		
Share issue	3 040	7 152
Increase of long-term loans	6 334	1 148
Instalments of long-term loans	-1 264	-992
Increase/decrease in short-term loans	1 326	-418
Instalments of finance leasing	-40	-356
NET CASH FLOW FROM FINANCING (C)	9 397	6 534
INCREASE/DECREASE OF LIQUID FUNDS (A+B+C)	2 245	446
LIQUID FUNDS ON 1 JANUARY	718	464
LIQUID FUNDS ON 30 SEPTEMBER	2 963	910

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 = Share issue
C = Issue premium fund
D = Reserve fund 2006 / Reserve for invested non-restricted equity 2007
E = Other funds
F = Exchange difference

G = Retained earnings
H = Total capital and reserves

	A	B	C	D	E	F	G	H
SHARE-HOLDERS' EQUITY 1.1.2007	10 103	0	1 862	0	2 026	76	-4 663	9 404
Share issue	-	-	-	5 040	-	-	-	5 040
Convertible bond loan	-	-	-	428	-	-	-	428
Exchange rate difference	-	-	-	-	-	-76	76	0
Net profit/loss for the financial year	-	-	-	-	-	-	-4 254	-4 254
SHARE-HOLDERS' EQUITY 30.9.2007	10 103	0	1 862	5 468	2 026	0	-8 841	10 617

	A	B	C	D	E	F	G	H
SHARE-HOLDERS' EQUITY 1.1.2006	5 197	0	425	589	2 224	76	-5 674	2 837
Loss covered	-	-	-425	-589	-2 224	-	3 238	0
Reduction of share capital	-3 556	-	-	-	2 026	-	1 530	0
Share issue	6 962	-	1 886	-	-	-	-	8 848
Using of share options	-	1 500	-	-	-	-	-	1 500
Exchange rate difference	-	-	-	-	-	0	0	0
Net profit/loss for the financial year	-	-	-	-	-	-	-2 040	-2 040
SHARE-HOLDERS' EQUITY 30.9.2006	8 603	1 500	1 886	0	2 026	76	-2 946	11 145

1. LEASING LIABILITIES (EUR 1000)	30.9.07	30.9.06	31.12.06
	63	102	48
2. CONTINGENT LIABILITIES AND PLEDGES GIVEN FOR GROUP'S OWN DEBT (EUR 1000)	30.9.07	30.9.06	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	12 477	9 512	8 337
Pledged shares	471	471	471
TOTAL	26 359	23 394	22 219
3. OTHER PLEDGES GIVEN (EUR 1000)	30.9.07	30.9.06	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 810 thousand.

4. OUTSTANDING DERIVATES CONTRACTS (EUR 1000)	30.9.07	30.9.06	31.12.06
PAR VALUE			
Foreign currency hedging	341	0	0
5. TANGIBLE ASSESTS (EUR 1000)	1-9/07	1-9/06	
Increases	2 564	1 201	
Decreases	0	0	
TOTAL	2 564	1 201	
6. RELATED PARTY TRANSACTIONS (EUR 1000)	1-9/07	1-9/06	
Employee benefits			
Board of Directors´remuneration	103	98	
Salaries and other short term empolyee benefits of the management	492	302	
Other benefits due to notice of employment	32	18	
KEY FIGURES	30.9.07	30.9.06	31.12.06
Earnings/share, euros	-0,24	-0,36	-0,45
Shareholders´ equity/share, euros	0,39	0,69	0,58
Research and development costs, Me	0,02	0,02	0,18
Gross investments, Me	2,6	1,3	1,5
Group personnel average	216	206	207
Equity ratio %	22,87	27,03	22,9
Current ratio	1,1	1,0	0,9
Interest-bearing liabilities, Me	25,2	21,2	21,2
Number of shares average	17910581	5652716	8314531
Number of shares 30.9./31.12.	27515399	16213178	16213178

CALCULATION OF GROUP KEY FIGURES:

Earnings/share (EPS):

Profit/loss for the the financial year
Share issue adjusted average number of shares

Equity ratio:

(Shareholders´ equity + minority interest)*100
Balance sheet total - payments received in advance

Current ratio:

Financial assets + inventories
Current liabilities

	MAJOR SHAREHOLDERS	Shares and Votes	% of Shares and Votes
	28 September 2007		
1	ATINE GROUP OY	7 407 406	26,920947
2	BALTISKA HANDELS AB	3 703 704	13,460477
3	SUOMEN TEOLLISUUSIJOITUS OY	2 500 000	9,085821
4	SVENSKA HANDELSBANKEN AB (PUBL), FILIALVERKSAMHETEN I FINLAND	2 500 000	9,085821
5	JUANKOSKEN KEHITYSMASUUNI OY	1 891 694	6,875038
6	FINNVERA OYJ	1 875 000	6,814366
7	ENTERPACK OY	698 253	2,537681
8	SAVON VOIMA OYJ	371 600	1,350516
9	SELIGSON & CO PHOENIX	325 060	1,181375
10	FORCERA OY	192 487	0,699561
11	OKSANEN MARKKU	184 837	0,671758
12	VIRALA OY AB	115 042	0,418100

13	KARGOL OY AB	112 743	0,409745
14	ÅBACKA MIKAEL LEIF ERIK	111 111	0,403814
15	PELTOKANGAS RAIMO	109 000	0,396142
16	SALMINEN URPO	102 695	0,373227
17	JYLHÄ TAPIO ILMARI	80 000	0,290746
18	SALONAHO LARS HARRY	80 000	0,290746
19	MOLIN LEO	78 400	0,284931
20	KOKKONEN OSSI	62 500	0,227146
	Total	22 501 532	81,777958
	Shares issued total	27 515 399	

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.

STROMSDAL CORPORATION
Board of Directors

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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.

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