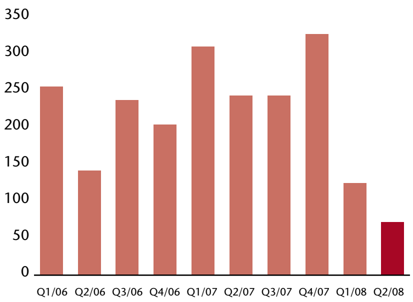
Quarter 2
Interim review

January-June 2008

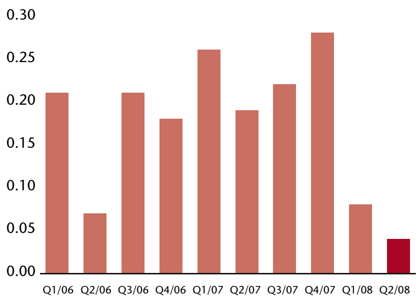
Stora Enso is an integrated paper, packaging and forest products company producing newsprint and book paper, magazine paper, fine paper, consumer board, industrial packaging and wood products. Stora Enso's sales totalled EUR 11.8 billion in 2007. The Group has some 36 000 employees in more than 40 countries on five continents. Stora Enso has an annual production capacity of 13.1 million tonnes of paper and board and 7.5 million cubic metres of sawn wood products, including 3.2 million cubic metres of value-added products. Stora Enso's shares are listed in Helsinki and Stockholm.

Operating profit by quarter
EUR million



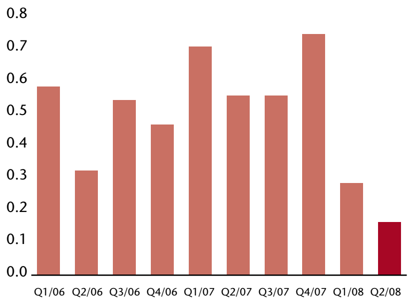
continuing operations
excluding non-recurring items

EPS by quarter
EUR



continuing operations
excluding non-recurring items

Debt/Equity



total operations

Stora Enso Interim Review January–June 2008

Ever increasing cost inflation will require further cost and capacity cuts, as well as price increases

Second quarter results

Summary of Second Quarter Results

Continuing Operations:		Q2/07	Q1/08	Q2/08
Sales	EUR million	2 989.9	2 831.8	2 871.8
Operating Profit excl. NRI and Fair Valuations	**EUR million**	**222.9**	**140.1**	**94.4**
Operating profit (IFRS)	EUR million	244.2	125.0	71.3
Profit before tax excl. NRI	EUR million	191.2	83.1	31.7
Profit before tax	EUR million	191.2	83.1	30.4
Net profit excl. NRI	EUR million	148.9	66.5	29.9
Net profit	EUR million	148.9	66.5	28.6
EPS excl. NRI	EUR	0.19	0.08	0.04
EPS	EUR	0.19	0.08	0.04
CEPS excl. NRI	EUR	0.45	0.30	0.26
ROCE excl. NRI	%	9.7	5.0	2.8
ROCE excl. NRI and fair valuations	%	8.8	5.6	3.6

Message from CEO Jouko Karvinen:

“The fastest cost inflation in the recent history of the industry, firstly in wood costs, but now also in fuel and electricity costs, has decreased our profits for the third consecutive quarter, now below half of the same period a year ago. Operating profit was significantly below our expectations especially in Wood Products, whereas the rapid cost increases and strong Euro have hurt most of the paper and board businesses as well. The restructuring measures we launched in late 2007 are being implemented as planned; however, in the present environment they are clearly not enough.

“Even with our strong overall energy balance, especially with biofuel-based energy, the 40% increase in oil and particularly gas prices in the past three months, in addition to the wood cost increases of the past two years, means we must take further actions. We have announced price increases in several paper and board grades to our customers. Escalating costs and potentially weakening demand will also require both temporary and permanent capacity reductions. These capacity adjustments are independent of the outcome of the Russian wood duty negotiations; they are needed because of unacceptable costs and the weak profitability in certain products and production lines. We will announce specific plans still during this current quarter. In parallel, we are preparing a second set of capacity reduction plans in case there is no concrete and cost-improving compromise on Russian duties soon.

“We sincerely appreciate the Finnish government’s recent decision to significantly reduce the income tax on domestic wood raw material. The forest owners and the industry together need to turn this decision into increased availability of fibre in Finland at competitive costs, as it is an opportunity not only to reduce the damage of the Russian duties but also to provide forest owners with a viable long-term customer base for their wood. The time to act is now.

“Our forecast for overall annual unit cost inflation for 2008 is still estimated to be about 4%. If current trends on several cost factors do not change for the better, it is clear that this can rise further. We remain committed to compensating for 2.5% to 3% of unit cost inflation through our own actions.

“In the challenging environment we expect our operating profit excluding non-recurring items and fair valuations for the third quarter of 2008 to be somewhat weaker than the second quarter of 2008. The weakening earnings will naturally also have a negative impact on the Group’s cash flow. We continue the policy of balancing financial prudence and cash preservation on the one hand, and investing selectively in attractive growth opportunities for the future on the other.

“In this reality it is clear that waiting for things to get better will do the Company nothing but great harm. This is especially true now that uncertainty about the market outlook has changed as we see the first clear signs of demand softness in certain grades. We will continue to take corrective actions as rapidly and efficiently as we can in the reality we see ahead.”

Near-term Market Outlook

Forecasts of advertising expenditure in Western Europe and North America during the rest of the year have been downgraded owing to growing macroeconomic concerns. Print advertising expenditure in those regions is forecast to stagnate, in contrast to positive growth in Central and Eastern Europe and Asia.

In Europe demand for newsprint is expected to be weaker than a year ago, but the market should remain firm with prices unchanged on the second quarter of 2008 as the supply and demand balance has improved.

Slightly stronger demand for magazine paper than a year ago is anticipated, but demand growth may slow down due to macroeconomic uncertainties. The supply and demand balance has improved in uncoated and coated magazine paper markets. Price increases have been announced and higher prices, including biannual contracts, are foreseen in the third quarter.

Demand for fine paper is expected to be weaker in Europe than a year ago, and also affected by the normal seasonal downturn during the summer holiday period. Due to severe cost inflation, price rises for both coated and uncoated fine paper are foreseen later in the year.

Demand for consumer board is forecast to be much the same as a year ago globally, but slightly weaker in Europe, and seasonally somewhat weaker than in the second quarter. Prices are expected to start improving towards the end of the year for cartonboard. The outlook for industrial packaging is affected by the deteriorating macroeconomic prognosis, and weaker demand in the third quarter than a year ago is foreseen. Prices for RCP-based containerboard are expected to continue to soften and for corrugated packaging prices are expected to be stable.

The market for wood products will remain weak. Demand in the third quarter is forecast to be considerably weaker than a year ago, and also slightly weaker than in the second quarter of 2008, aggravated by further weakening of the European housing market. Prices will remain under pressure.

In Latin America rising demand for coated magazine paper is expected to level out after the boom in demand in the first six months of the year. Prices are predicted to improve.

In China demand for uncoated magazine paper is forecast to improve after a seasonally weaker summer and prices may be higher than in the second quarter. However, the outlook for fine paper demand and prices is expected to weaken slightly.

Markets

Compared with Q2/2007

In Europe market demand was stronger for all magazine paper grades, similar to a year ago for consumer board and some industrial packaging grades, weaker for newsprint, fine paper and recycled containerboard and dramatically weaker for wood products compared with the exceptional second quarter of last year.

Market prices in local currencies were higher for all magazine paper grades and some industrial packaging grades, slightly higher for uncoated fine paper and consumer board, virtually unchanged for recycled containerboard and lower for newsprint in Europe, coated fine paper and wood products.

Producer inventories were lower than a year ago in newsprint and uncoated magazine paper, and similar in coated magazine paper and fine paper.

In Latin America market demand for coated magazine paper was stronger and prices increased considerably.

In China market demand for coated fine paper continued to grow and prices were higher than a year ago.

Compared with Q1/2008

In Europe market demand was stronger for newsprint and uncoated magazine paper, seasonally stronger for wood products, similar for consumer board and weaker for coated magazine paper, fine paper and industrial packaging.

Market prices in local currencies were slightly higher for uncoated fine paper, unchanged for newsprint in Europe, magazine paper, coated fine paper, consumer board and some industrial packaging grades, and lower for recycled containerboard and wood products.

Producer inventories were lower in newsprint, unchanged in uncoated magazine paper and fine paper, and higher in coated magazine paper.

In Latin America market demand for coated magazine paper strengthened and prices improved.

In China demand for uncoated magazine paper and fine paper grew steadily and prices increased.

Stora Enso Deliveries and Production from Continuing Operations

	Q1–Q2/07	Q1–Q2/08	Q2/07	Q1/08	Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Paper and board deliveries (1 000 tonnes)	6 218	6019	3 068	3 024	2 995	-2.4	-1.0	-3.2
Paper and board production (1000 tonnes)	6 284	6038	3107	3 069	2 969	-4.4	-3.3	-3.9
Wood products deliveries (1 000 m^3)	3 382	3030	1 763	1 467	1 563	-11.3	6.5	-10.4

Mill closures and restructurings reduced comparative deliveries as follows for the period Q2/08 compared with Q2/07: Summa Mill closure in January 2008 by some 92 000 tonnes, mainly newsprint; Reisholz Mill closure in the fourth quarter of 2007 by some 44 000 tonnes of magazine paper; Anjala Mill restructuring in the first quarter of 2008 by some 29 000 tonnes of magazine paper; Berghuizer Mill's two paper machines shut down in April and October 2007 by some 40 000 tonnes of fine paper: and Kemijärvi Pulp Mill closure at the end of April 2008 by some 7 000 tonnes.

Mill closures and restructurings reduced comparative deliveries as follows for the period Q1-Q2/08 compared with Q1-Q2/07: Summa Mill closure in January 2008 by some 154 000 tonnes, mainly newsprint; Reisholz Mill closure in the fourth quarter of 2007 by some 84 000 tonnes of magazine paper; Anjala Mill restructuring in the first quarter of 2008 by some 44 000 tonnes of magazine paper; Berghuizer Mill's two paper machines shut down in April and October 2007 by some 95 000 tonnes of fine paper; and Kemijärvi Pulp Mill closure at the end of April 2008 by some 1 000 tonnes (due to timing of maintenance stoppages in 2007).

Second quarter results

Q2/2008 Results from Continuing Operations (compared with Q2/2007)

Sales at EUR 2 871.8 million were 3.9% lower than in the second quarter of 2007. Unfavourable exchange rate trends for Magazine Paper, Newsprint, Fine Paper and Consumer Board, and significantly lower prices and deliveries in Wood Products were only partly compensated by higher volumes in Newsprint, Magazine Paper and Fine Paper, and higher sales prices in Magazine Paper and Fine Paper. Newsprint sales prices decreased. Mill closures reduced sales by EUR 136 million. Industrial Packaging sales increased as higher sales prices more than offset slightly lower volumes.

Key figures

EUR million	2007	Q1–Q2/07	Q1–Q2/08	Q2/07	Q1/08	Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Continuing Operations									
Sales	11 848.5	5 991.1	5 703.6	2 989.9	2 831.8	2 871.8	-3.9	1.4	-4.8
EBITDA excluding NRI	1 568.6	927.4	512.4	431.4	275.7	236.7	-45.1	-14.1	-44.7
Operating profit excluding NRI	1 126.8	554.8	197.6	244.2	125.0	72.6	-70.3	-41.9	-64.4
Operating profit excl. NRI and fair valuations	861.1	517.8	234.5	222.9	140.1	94.4	-57.6	-32.6	-54.7
NRI (operational)	-949.9	-12.0	-1.3	-	-	-1.3	n/a	n/a	89.2
Operating margin excluding NRI, %	9.5	9.3	3.5	8.2	4.4	2.5	-69.5	-43.2	-62.4
Operating profit, IFRS	176.9	542.8	196.3	244.2	125.0	71.3	-70.8	-43.0	-63.8
Net financial items	-156.7	-89.1	-82.8	-53.0	-41.9	-40.9	22.8	2.4	7.1
Profit before tax and minority interests excluding NRI	970.1	465.7	114.8	191.2	83.1	31.7	-83.4	-61.9	-75.3
Profit before tax and minority interests	20.2	453.7	113.5	191.2	83.1	30.4	-84.1	-63.4	-75.0
Net profit for the period excluding NRI	745.9	358.1	96.4	148.9	66.5	29.9	-79.9	-55.0	-73.1
Net profit for the period	11.4	346.1	95.1	148.9	66.5	28.6	-80.8	-57.0	-72.5
EPS from continuing operations excluding NRI, Basic, EUR	0.94	0.45	0.12	0.19	0.08	0.04	-78.9	-50.0	-73.3
EPS from continuing operations, Basic, EUR	0.01	0.44	0.12	0.19	0.08	0.04	-78.9	-50.0	-72.7
CEPS from continuing operations excluding NRI, EUR	1.94	0.98	0.56	0.45	0.30	0.26	-42.2	-13.3	-42.9
ROCE from continuing operations excluding NRI, %	11.4	11.1	3.8	9.7	5.0	2.8	-71.1	-44.0	-65.8
ROCE from continuing operations excl. NRI and fair valuations, %	8.7	10.4	4.5	8.8	5.6	3.6	-59.1	-35.7	-56.7
ROCE, %, from continuing operations	1.8	10.9	3.8	9.7	5.0	2.7	-72.2	-46.0	-65.1
Total Operations									
EPS from total operations, Basic, EUR	-0.27	0.46	0.12	0.18	0.09	0.03	-83.3	-66.7	-73.9
EPS from total operations, excluding NRI, Basic, EUR	0.88	0.39	0.12	0.13	0.09	0.03	-76.9	-66.7	-69.2

NRI = Non-recurring items. These are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains, additional write-downs, provisions for planned restructuring and penalties. Non-recurring items are normally specified individually if they exceed one cent per share.
Cash Earnings per Share (CEPS) = (Net profit for the period + depreciation and amortisation)/average number of shares

Fair valuations include fair valuation of Total Return Swaps (TRS), synthetic options and CO_2 emission rights, and valuations of biological assets mainly related to associated companies' forest assets

Reconciliation of Operating Profit, Continuing Operations								
EUR million	**Q1–Q2/07**	**Q1–Q2/08**	**Q2/07**	**Q1/08**	**Q2/08**	**Change % Q2/08-Q2/07**	**Change % Q2/08-Q1/08**	**Change % Q1–Q2/08-Q1–Q2/07**
Profit from operations, excl. NRI	473.7	210.5	202.9	124.4	86.1	-57.6	-30.8	-55.6
Associated companies, operational, excl. fair valuations	44.1	24.0	20.0	15.7	8.3	-58.5	-47.1	-45.6
Operating Profit excl. NRI and Fair Valuations	**517.8**	**234.5**	**222.9**	**140.1**	**94.4**	**-57.6**	**-32.6**	**-54.7**
Fair valuations*	37.0	-36.9	21.3	- 15.1	- 21.8	-202.3	-44.4	-199.7
Operating Profit, excl NRI	**554.8**	**197.6**	**244.2**	**125.0**	**72.6**	**-70.3**	**-41.9**	**-64.4**
NRI	- 12.0	- 1.3	-	-	- 1.3	n/a	n/a	-89.2
Operating Profit (IFRS)	**542.8**	**196.3**	**244.2**	**125.0**	**71.3**	**-70.8**	**-43.0**	**-63.8**

* Fair valuations include fair valuation of Total Return Swaps (TRS), synthetic options and CO_2 emission rights, and valuations of biological assets mainly related to associated companies' forest assets

Q2/2008 Results from Continuing Operations (compared with Q2/2007) *(continued)*

Operating profit excluding non-recurring items and fair valuations decreased by EUR 128.5 million to EUR 94.4 million, which is 3.3% of sales. Wood Products accounted for EUR 70.2 million of the decrease, and operating profit was also lower in all other segments except Magazine Paper and Other operations.

In paper and board mills, excluding closed mills, increased deliveries improved operating profit by EUR 28 million and higher sales prices in local currencies increased operating profit by EUR 51 million. Unfavourable exchange rate trends decreased operating profit net of currency hedges by approximately EUR 35 million. Lower deliveries and sales prices decreased Wood Products operating profit by EUR 72 million.

Energy costs increased by EUR 38 million, two-thirds of which was due to fuel and one-third due to electricity. Half of the electricity cost increase was due to temporary electricity generation and transmission problems in Finland and Sweden. Wood costs were expected to have levelled out by mid year, but total wood costs were still clearly higher than a year before, although sawlog costs were lower. Higher wood costs reduced the Group's overall operating profit by approximately EUR 34 million as the decrease in sawlog costs (EUR 13 million) was more than offset by the increase in pulpwood costs (EUR 47 million). The impairments in the second half of 2007 reduced depreciation by EUR 34 million.

Fixed costs decreased by EUR 14 million. This was the result a reduction of EUR 30 million due to cost improvement actions partially offset by an increase of EUR 16 million mainly due to maintenance costs and related extended start-up periods.

Deliveries of wood to the Group's mills totalled 9.6 million cubic metres, which was some 9.5% less than in the second quarter of 2007, mainly due to production curtailments at sawmills and mill closures.

The share of associated company operational results, excluding IAS 41 forest valuations, amounted to EUR 8.3 (EUR 20.0) million; the main contributions were from Bergvik Skog, Tornator and Veracel. Since the beginning of 2008, associated companies have been reported separately in operating profit; in the previous year they were included in the respective business area's operating profit. The comparative operating profits of business area' for 2007 have been reclassified accordingly. Operating profit includes a negative net effect of EUR 21.8]million (positive EUR 21.3 million) from the accounting of share-based compensation, Total Return Swaps (TRS), CO_2 emission rights and IAS 41 forest valuations mainly related to associated companies.

There were several non-recurring items in the second quarter of 2008, but their net effect on Group profit was not material.

Net financial items were EUR -40.9 (EUR -53.0) million. Net interest expenses increased to EUR 36.4 (EUR 35.5) million and net foreign exchange gains on borrowings, currency derivatives and bank accounts were EUR 4.2 (loss EUR 0.5) million. The net expense of other financial items decreased to EUR 8.7 (EUR 17.0) million mainly due to reduced fair valuation losses.

Profit before tax and minority interests decreased by EUR 160.8 million to EUR 30.4 million. Profit before tax and minority interests excluding non-recurring items decreased by EUR 159.5 million to EUR 31.7 million.

Net taxes including non-recurring items totalled EUR -1.8 (EUR -42.3) million, leaving a net profit for the quarter of EUR 28.6 (EUR 148.9) million.

Earnings per share excluding non-recurring items decreased by EUR 0.15 to EUR 0.04. Earnings per share including non-recurring items were EUR 0.04 (EUR 0.19). Cash earnings per share were EUR 0.26 (EUR 0.45) excluding non-recurring items.

The return on capital employed was 2.8% (9.7%) excluding non-recurring items. The return on capital employed excluding non-recurring items and fair valuations was 3.6% (8.8%). Group capital employed was EUR 10 638.6 million on 30 June 2008, a net decrease of EUR 1 952.2 million, due to the divestment of North American and Merchant operations, restructuring of the Group, and fixed asset and goodwill impairments recorded in September 2007, partly offset by the fair valuation of unlisted securities included in available-for-sale investments.

January–June 2008 Results (compared with the same period in 2007)

Sales at EUR 5 703.6 million were 4.8% lower than in the first half of 2007 partly due to unfavourable exchange rate trends and significantly lower prices and deliveries in Wood Products. Mill closures reduced sales by EUR 247 million.

Operating profit excluding non-recurring items and fair valuations decreased by EUR 283.3 million to EUR 234.5 million, which is 4.1% of sales. Wood Products accounted for EUR 148.4 million of the decrease, and operating profit was also lower in all segments except Magazine Paper and Other operations.

Changes in deliveries had no material effect on Group operating profit, as decreased Wood Products deliveries were offset at Group level. Sales prices in local currencies increased in Magazine Paper, Fine Paper, Consumer Board and Industrial Packaging, but this was fully offset by decreased Newsprint prices and much lower Wood Products prices. Unfavourable exchange rate trends decreased operating profit net of currency hedges by approximately EUR 70 million.

Higher wood costs reduced the Group's overall operating profit by approximately EUR 103 million as the slight decrease in sawlog costs (EUR 7 million) was more than offset by the increase in pulpwood costs (EUR 110 million). Other fibre costs increased by some EUR 26 million.

Energy costs increased by approximately EUR 42 million. Fixed costs decreased by some EUR 44 million, as a reduction of EUR 68 million due to cost improvement actions was partially offset by an increase of EUR 24 million mainly due to maintenance costs. Impairments in the second half of 2007 decreased depreciation by EUR 80 million.

Deliveries of wood to the Group's mills totalled 19.8 million cubic metres, which was some 8.9% less than in the first half of 2007, mainly due to production curtailments at sawmills and mill closures.

There were several non-recurring items in the first half of 2008, but their net effect on Group profitability was not material.

Net financial items were EUR -82.8 (EUR -89.1) million. Net interest expenses decreased to EUR 73.6 (EUR 75.0) million and net foreign exchange borrowings, currency derivatives and bank accounts were EUR 4.5 (gain EUR 2.6) million. The net expense of other financial items decreased to EUR 4.7 (EUR 16.7) million.

Earnings per share excluding non-recurring items decreased by EUR 0.33 to EUR 0.12. Earnings per share including non-recurring items were EUR 0.12 (EUR 0.44). Cash earnings per share were EUR 0.56 (EUR 0.98) excluding non-recurring items.

The return on capital employed was 3.8% (11.1%) excluding non-recurring items. The return on capital employed excluding non-recurring items and fair valuations was 4.5% (10.4%).

Discontinued Operations

On 30 April 2008 Stora Enso finalised the divestment of its merchant business Papyrus to Altor Fund II as announced on 6 March 2008. The merchants business is classified as a discontinued operation according to IFRS, so its net profit for the four months ended 30 April is reported in a single line after net profit from continuing operations. The profit on discontinued operations includes a loss on disposal including cumulative exchange rate differences.

The operating profit from discontinued operations, excluding the loss on disposal, was EUR 15.6 million. The loss on disposal before tax was EUR 4.6 million, net of cumulative exchange rate differences.

Q2/2008 Results (compared with Q1/2008)

Sales at EUR 2 871.8 million were 1.4% higher than the previous quarter's EUR 2 831.8 million mainly due to slightly increased deliveries and prices in local currencies. Mill closures decreased sales by EUR 41 million.

Operating profit excluding non-recurring items and fair valuations decreased by EUR 45.7 million to EUR 94.4 million.

Earnings per share were EUR 0.04 (EUR 0.08) excluding non-recurring items and cash earnings per share were EUR 0.26 (EUR 0.30) excluding non-recurring items.

The return on capital employed was 2.8% (5.0%) excluding non-recurring items. The return on capital employed excluding non-recurring items and fair valuations was 3.6% (5.6%). Group capital employed was EUR 10 638.6 million on 30 June 2008, a net decrease of EUR 6.0 million mainly due the divestment of Merchant operations, offset by the fair valuation of unlisted securities included in available-for-sales investments.

Capital Structure

EUR million	31 Dec 07	30 Jun 07	31 Mar 08	30 Jun 08
Fixed assets	8 493.2	11 029.5	8 366.8	8 572.8
Associated companies	1 154.5	907.3	1 142.5	1 213.7
Operative working capital	2 084.3	2 497.4	2 361.3	1 921.3
Non-current interest-free items, net	-610.8	-954.3	-641.5	-531.5
Operating Capital Total	**11 121.2**	**13 479.9**	**11 229.1**	**11 176.3**
Net tax liabilities	-618.6	-889.1	-584.5	-537.7
Capital Employed	**10 502.6**	**12 590.8**	**10 644.6**	**10 638.6**
Equity attributable to Company shareholders	7 476.1	8 052.9	7 016.6	7 665.0
Minority interests	71.9	117.0	69.2	74.8
Net interest-bearing liabilities	2 954.6	4 420.9	3 558.8	2 898.8
Financing Total	**10 502.6**	**12 590.8**	**10 644.6**	**10 638.6**

Financing Q2/08 (compared with Q1/08)

Cash flow from continuing operations was EUR 345.9 (EUR -27.4) million and cash flow after investing activities EUR 151.6 (EUR -161.4) million.

At the end of the period, interest-bearing net liabilities of the Group were EUR 2 898.8 million, a decrease of EUR 660 million mainly due to the sale of the Merchants segment in April. Total unutilised committed credit facilities and cash and cash-equivalent net reserves increased by EUR 0.3 billion to EUR 1.9 billion. In addition, Stora Enso has access to various long-term sources of funding up to EUR 1.1 billion.

The debt/equity ratio at 30 June 2008 was 0.38 (0.51).
The currency effect on equity was positive EUR 76 million net of the hedging of equity translation risks. The fair valuation of unlisted securities, mainly related to the unlisted Finnish power supply company Pohjolan Voima, included within available-for-sale assets increased equity by EUR 504.0 million. The revaluation was due to the large increase in electricity prices since the first quarter of 2008.

Cash Flow

EUR million	2007	Q1–Q2/07	Q1–Q2/08	Q2/07	Q1/08	Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Continuing Operations									
Operating profit	176.9	542.8	196.3	244.2	125.0	71.3	-70.8	-43.0	-63.8
Depreciation and other non-cash items	1 219.8	402.8	386.6	188.4	193.9	192.7	2.3	-0.6	-4.0
Change in working capital	-228.4	-383.4	-264.4	-83.6	-346.3	81.9	198.0	123.7	31.0
Cash Flow from Operations	**1 168.3**	**562.2**	**318.5**	**349.0**	**-27.4**	**345.9**	**-0.9**	**1 362.4**	**-43.3**
Capital expenditure	-768.3	-273.5	-328.3	-170.2	-134.0	-194.3	-14.2	-45.0	-20.0
Cash Flow after Investing Activities	**400.0**	**288.7**	**-9.8**	**178.8**	**-161.4**	**151.6**	**-15.2**	**193.9**	**-103.4**
Discontinued Operations									
Cash flow from discontinued operations after investing activities	136.8	32.1	51.4	19.1	17.0	34.4	80.1	102.4	60.1
Total Cash Flow after Investing Activities	**536.8**	**320.8**	**41.6**	**197.9**	**-144.4**	**186.0**	**-6.0**	**228.8**	**-87.0**

Capital Expenditure for January – June 2008

Capital expenditure for the first half of 2008 totalled EUR 328.3 million including land acquisitions, which is in line with decreased depreciation. The Group's total capital expenditure for 2008 is expected to be about EUR 700–750 million, including land acquisitions.

The main projects during the first half of 2008 were plantation projects in South America (EUR 31.6 million) and at Guangxi in China (EUR 22.0 million), the energy-related investment at Langerbrugge Mill in Belgium (EUR 15.0 million), the sheeting plant at Veitsiluoto Mill in Finland (EUR 11.7 million) and Stora Enso's third corrugated packaging plant in Russia at Lukhovitsy (EUR 9.8 million).

Goodwill impairment testing

Goodwill impairment testing, which has been undertaken in the third quarter each year, will from now on be undertaken in the fourth quarter in order to align the testing procedures with the strategy and planning process. Fixed assets are currently being reviewed for potential impairment including the uncertainties relating mainly to Russian duties, and the Group expects to complete the fixed asset and goodwill impairment testing by the year end.

Short-term Risks and Uncertainties

The global economic slowdown may reduce demand for the Group's products. The direct impact of the strong euro and its indirect impact on trade flows may adversely affect the Group's profitability. Stora Enso expects the Group's profitability in the second half of 2008 to be negatively impacted by the effect of rising fossil fuel prices on energy, transport and chemical costs. The forthcoming increases in Russian export duties on roundwood are causing continuing uncertainty in the Baltic Sea region.

Energy sensitivity analysis: direct impact of 10% change in electricity market price and 10% change in oil market price impact operating profit by about EUR 8 million and about EUR 35 million respectively.

Near-term Market Outlook

Forecasts of advertising expenditure in Western Europe and North America during the rest of the year have been downgraded owing to growing macroeconomic concerns. Print advertising expenditure in those regions is forecast to stagnate, in contrast to positive growth in Central and Eastern Europe and Asia.

In Europe demand for newsprint is expected to be weaker than a year ago, but the market should remain firm with prices unchanged on the second quarter of 2008 as the supply and demand balance has improved.

Slightly stronger demand for magazine paper than a year ago is anticipated, but demand growth may slow down due to macroeconomic uncertainties. The supply and demand balance has improved in uncoated and coated magazine paper markets. Price increases have been announced and higher prices, including biannual contracts, are foreseen in the third quarter.

Demand for fine paper is expected to be weaker in Europe than a year ago, and also affected by the normal seasonal downturn during the summer holiday period. Due to severe cost inflation, price rises for both coated und uncoated fine paper are foreseen later in the year.

Demand for consumer board is forecast to be much the same as a year ago globally, but slightly weaker in Europe, and seasonally somewhat weaker than in the second quarter. Prices are expected to start improving towards the end of the year for cartonboard. The outlook for industrial packaging is affected by the deteriorating macroeconomic prognosis, and weaker demand in the third quarter than a year ago is foreseen. Prices for RCP-based containerboard are expected to continue to soften and for corrugated packaging prices are expected to be stable.

The market for wood products will remain weak. Demand in the third quarter is forecast to be considerably weaker than a year ago, and also slightly weaker than in the second quarter of 2008, aggravated by further weakening of the European housing market. Prices will remain under pressure.

In Latin America rising demand for coated magazine paper is expected to level out after the boom in demand in the first six months of the year. Prices are predicted to improve.

In China demand for uncoated magazine paper is forecast to improve after a seasonally weaker summer and prices may be higher than in the second quarter. However, the outlook for fine paper demand and prices is expected to weaken slightly.

Second Quarter Events

April
Stora Enso's Section 12(g) registration and Section 13(a) and Section 15(d) reporting obligations under the US Securities Exchange Act ended on 7 April 2008.

May
On 21 May 2008 Stora Enso announced that it had signed two separate agreements to sell the Berghuizer Mill power plant, land and buildings. The power plant transaction was finalised at the end of June and the land and buildings transaction is expected to be finalised during 2008. Cash proceeds from the transactions will total EUR 21.5 million.

On 23 May 2008 Stora Enso announced that it had decided to commence a feasibility study for an integrated pulp and paper mill in the Nizhny Novgorod region in Russia, as the findings of the recently completed pre-feasibility study begun in July 2007 supported continuation of the process at this point. The feasibility study, which is expected to be completed by April 2009, will evaluate the profitability of the project to manufacture paper for Russian consumers from Russian wood in Russia.

June
On 9 June 2008 Stora Enso announced that it had signed an agreement to sell its head office building in Helsinki to Deka Immobilien GmbH of Germany for approximately EUR 30 million.

On 25 June 2008 Stora Enso's Russian subsidiary Stora Enso Packaging BB inaugurated its new corrugated board plant at Lukhovitsy, some 130 kilometres southeast of Moscow. The annual production capacity of the plant will be 150 million m^2 of corrugated packaging board.

Inspections by Competition Authorities
In 2007, following US Federal District Court trial, Stora Enso was found not guilty of charges by the US Department of Justice relating to the sale of coated magazine paper in the USA in 2002 and 2003. Coincident with this case, Stora Enso has been named in a number of class action lawsuits filed in the USA which still are pending.

As a result of an investigation, the Finnish Competition Authority has proposed to the Finnish Market Court that a fine of EUR 30 million should be imposed on Stora Enso for violating competition laws in the purchasing of wood in Finland in the period from 1997 to 2004. Stora Enso considers the proposal groundless.

No provision has been made in Stora Enso's accounts for the above-mentioned investigation and lawsuits.

Changes in Group Composition
On 6 March 2008 Stora Enso signed an agreement to sell its merchant business Papyrus to Altor Fund II. The transaction was finalised on 30 April. Stora Enso divested Papyrus as part of its strategy of focusing the business portfolio of the Group. The divestment includes a long-term supply agreement with Papyrus, which will maintain Stora Enso's strong business relationship with Papyrus, while at the same time giving the Group independence in dealings with all of its important distribution channels.

Share Capital
During the quarter 295 663 A shares were converted into R shares. The latest conversion was recorded in the Finnish Trade Register on 13 June 2008.

On 30 June 2008 Stora Enso had 177 154 889 A shares and 612 383 610 R shares in issue of which the Company held no A shares and 918 512 R shares with a nominal value of EUR 1.6 million. The holding represents 0.12% of the Company's share capital and 0.04% of the voting rights.

Events after the Period

On 11 July 2008 Stora Enso announced that its associated company Veracel in Brazil had received a decision issued by a federal judge in Bahia originating from a claim of 1993 in which Veracel (at that time Veracruz Florestal Ltda.) was accused of having deforested a minor area (64 hectares) of native forest in 1993. Veracel operates in full compliance with all Brazilian laws. An extensive environmental impact assessment study was undertaken in 1994–1995 as part of the legal permit requirements. Veracel has obtained all the necessary environmental and operating licences for its industrial and forestry activities from the Brazilian environmental authorities. Veracel has asked the court for clarification of the judgement and will also appeal against the same.

This report is unaudited.

Helsinki, 24 July 2008
Stora Enso Oyj
Board of Directors

Segments Q2/08 compared with Q2/07

Newsprint and Book Paper

EUR million	2007	Q2/07	Q1/08	Q2/08	Q1–Q2/07	Q1–Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Sales	1 734.9	429.9	386.5	389.0	868.6	775.5	-9.5	0.6	-10.7
Operating profit*	211.9	50.2	26.4	27.9	111.3	54.3	-44.4	5.7	-51.2
% of sales	12.2	11.7	6.8	7.2	12.8	7.0	-38.5	5.9	-45.3
ROOC, %**	15.7	14.7	8.9	9.5	16.2	9.2	-35.4	6.7	-43.2
Deliveries, 1 000 t	3 061	749	711	702	1 505	1 413	-6.3	-1.3	-6.1
Production, 1 000 t	3 061	746	715	687	1 531	1 402	-7.9	-3.9	-8.4

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Newsprint and book paper sales were EUR 389.0 million, down 10% on the second quarter of 2007 due to closure of Summa Mill, which accounted for more than the total sales reduction, and lower prices which were almost fully compensated by improved sales mix. Operating profit was EUR 27.9 million, down 44% on the previous year due to strengthening of the euro and higher fibre and energy costs.

Markets

Compared with Q2/2007

In Europe demand for newsprint was weaker and prices were lower than a year ago. Producer inventories were much lower. Imports from North America decreased considerably. Deliveries by Western European suppliers to European and overseas customers were somewhat lower. Strong demand growth continued in Asia and Latin America; demand in North America declined.

Compared with Q1/2008

In Europe demand was seasonally firmer, leading to strong growth in deliveries by European suppliers. Prices were unchanged and producer inventories decreased. In North America demand weakened. Prices in overseas markets increased.

Magazine Paper

EUR million	2007	Q2/07	Q1/08	Q2/08	Q1–Q2/07	Q1–Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Sales	2 296.3	552.9	547.3	540.5	1 119.5	1 087.8	-2.2	-1.2	-2.8
Operating profit*	50.9	8.4	27.2	14.5	17.8	41.7	72.6	-46.7	134.3
% of sales	2.2	1.5	5.0	2.7	1.6	3.8	80.0	-46.0	137.5
ROOC, %**	2.9	1.7	7.1	3.7	1.8	5.4	117.6	-47.9	200.0
Deliveries, 1 000 t	2 993	717	691	698	1 434	1 389	-2.6	1.0	-3.1
Production, 1 000 t	2 951	739	728	696	1 476	1 424	-5.8	-4.4	-3.5

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Magazine paper sales were EUR 540.5 million, down 2% on the second quarter of 2007 mainly due to the capacity reduction at Anjala Mill in Finland and the closure of Reisholz Mill in Germany. Operating profit was EUR 14.5 million, which was higher than a year earlier as adverse currency movements and steep input cost increases were more than offset by higher paper prices, restructuring and productivity improvements. Operating profit was also affected by the EUR 16 million cost of the 18-month maintenance stoppage at Skutskär Pulp Mill and problems in restarting production following the stoppage.

Kemijärvi Pulp Mill was permanently shutdown at the end of April 2008. A large decrease in production at Norrsundet Pulp Mill is planned in the third quarter of 2008 in preparation for closure of the mill at the end of the year.

Markets

Compared with Q2/2007

In Europe demand for magazine paper was stronger than a year ago and prices were higher in all grades. Producer inventories were lower in uncoated and virtually unchanged in coated grades.

In Latin America demand and prices were considerably higher.

Compared with Q1/2008

In Europe demand for uncoated grades strengthened but demand for coated grades weakened somewhat. Prices remained stable. Producer inventories were almost unchanged in uncoated but higher in coated grades.

In Latin America deliveries increased and prices improved.

In China demand grew steadily and prices rose.

Segments

Fine Paper

EUR million	2007	Q2/07	Q1/08	Q2/08	Q1–Q2/07	Q1–Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Sales	2 156.2	522.8	545.2	537.8	1 099.8	1 083.0	2.9	-1.4	-1.5
Operating profit*	163.7	38.5	37.3	19.7	93.6	57.0	-48.8	-47.2	-39.1
% of sales	7.6	7.4	6.8	3.7	8.5	5.3	-50.0	-45.6	-37.6
ROOC, %**	9.7	9.1	8.5	4.3	11.1	6.5	-52.7	-49.4	-41.4
Deliveries, 1 000 t	2 826	689	726	688	1 449	1 414	-0.1	-5.2	-2.4
Production, 1 000 t	2 856	720	696	694	1 458	1 390	-3.6	-0.3	-4.7

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Fine paper sales were EUR 537.8 million, up 3% on the second quarter of 2007 mainly due to increased prices. Operating profit was EUR 19.7 million, down 49% on the previous year due to higher wood and energy costs, partly compensated by higher sales prices. Sales price increases were offset by unfavourable exchange rate trends.

Markets

Compared with Q2/2007

In Europe demand was somewhat weaker for coated and uncoated fine paper as economic growth slowed. Coated fine paper prices were lower and uncoated fine paper prices slightly higher than a year ago. Industry inventories were unchanged.

In China coated fine paper demand was again stronger and prices were higher than a year ago.

Compared with Q1/2008

In Europe coated fine paper demand weakened substantially, partly for seasonal reasons, but prices were practically unchanged. Uncoated fine paper demand weakened slightly but prices increased somewhat. Industry inventories for coated and uncoated fine paper were unchanged.

In China coated fine paper demand continued to grow and prices rose.

Consumer Board

EUR million	2007	Q2/07	Q1/08	Q2/08	Q1–Q2/07	Q1–Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Sales	2 300.9	570.1	574.4	587.3	1 159.7	1 161.7	3.0	2.2	0.2
Operating profit*	158.0	29.0	42.5	23.0	101.4	65.5	-20.7	-45.9	-35.4
% of sales	6.9	5.1	7.4	3.9	8.7	5.6	-23.5	-47.3	-35.6
ROOC, %**	8.4	5.9	10.0	5.5	10.3	7.8	-6.8	-45.0	-24.3
Deliveries, 1 000 t	2 532	640	636	643	1 278	1 279	0.5	1.1	0.1
Production, 1 000 t	2 533	628	660	626	1 274	1 286	-0.3	-5.2	0.9

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Consumer board sales were EUR 587.3 million, up 3% on the second quarter of 2007 mainly due to increased pulp deliveries. Operating profit was EUR 23.0 million, down 21% on the second quarter of 2007 due to sharp escalation in wood costs, which is affecting Consumer Board especially strongly, and rising energy-related costs towards the end of the quarter. These cost increases outweighed the benefits of improvement actions.

Markets

Compared with Q2/2007

Deliveries were similar to a year ago and prices were generally somewhat higher despite unfavourable exchange rate trends.

Compared with Q1/2008

Deliveries increased slightly and prices were stable.

Industrial Packaging

EUR million	2007	Q2/07	Q1/08	Q2/08	Q1–Q2/07	Q1–Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Sales	1 083.5	274.2	275.5	285.4	540.3	560.9	4.1	3.6	3.8
Operating profit*	111.9	29.6	27.6	20.1	58.8	47.7	-32.1	-27.2	-18.9
% of sales	10.3	10.8	10.0	7.0	10.9	8.5	-35.2	-30.0	-22.0
ROOC, %**	16.9	18.2	15.4	10.9	18.3	13.2	-40.1	-29.2	-27.9
Deliveries, 1 000 t	1 065	273	260	264	552	524	-3.3	1.5	-5.1
Paper and board production, 1 000 t	1 058	274	270	266	545	536	-2.9	-1.5	-1.7

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Industrial packaging sales were EUR 285.4 million, up 4% on the second quarter of 2007 due to higher sales prices, especially for corrugated packaging, and production from the new plant at Lukhovitsy in Russia. Operating profit was EUR 20.1 million, down 32% on the previous year due to energy, fibre and transport cost increases, and maintenance and investment standstills at Heinola and Kotka in Finland. Operating profit was also affected by the start-up costs of the Lukhovitsy plant in Russia and the rebuilt coreboard machine at Wisconsin Rapids in the USA, where the new board grades are currently being evaluated by customers.

The offset printed micro-flute corrugated packaging plant at Balabanovo in Russia started up on schedule at the end of the second quarter, and the offset printed micro-flute packaging plant at Komarom in Hungary is scheduled for completion in the third quarter of 2008. Corenso's new paint can is currently undergoing industrial trials with customers.

Markets

Compared with Q2/2007

Demand for recycled containerboard was weaker and prices reverted to the same level as a year ago after rising strongly in the second half of 2007. Demand for other industrial packaging products was unchanged but prices were higher.

Compared with Q1/2008

General economic uncertainty started to affect industrial packaging markets. Demand for recycled containerboard continued to weaken, demand for corrugated packaging started to slow in some markets and demand for other products seemed to be weakening. Recycled containerboard prices continued to decrease but other industrial packaging prices remained stable.

Segments

Wood Products

EUR million	2007	Q2/07	Q1/08	Q2/08	Q1–Q2/07	Q1–Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Sales	1 853.1	525.7	378.6	409.8	998.0	788.4	-22.0	8.2	-21.0
Operating profit*	150.7	59.3	-23.4	-10.9	114.1	-34.3	-118.4	53.4	-130.1
% of sales	8.1	11.3	-6.2	-2.7	11.4	-4.4	-123.9	56.5	-138.6
ROOC, %**	19.5	28.6	-12.3	-5.6	28.3	-8.9	-119.6	54.5	-131.4
Deliveries, 1 000 m^3	6348	1763	1467	1563	3382	3030	-11.3	6.5	-10.4

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Wood product sales were EUR 409.8 million, down 22% on the second quarter of 2007 as sales prices and volumes declined in significantly weakening markets. There was an operating loss of EUR 10.9 million, a deterioration of EUR 70.2 million compared with the second quarter of 2007 due to lower sales prices and volumes, and unfavourable exchange rate trends. Production curtailments and other cost-saving measures could not prevent losses. The situation is especially difficult in Finnish sawmills.

Markets

Compared with Q2/2007

Demand and prices in all markets were significantly weaker than in the very strong markets prevailing in early 2007.

Compared with Q1/2008

Prices further declined due to oversupply. The seasonal increase in demand in the second quarter was weakened by the general downscaling of construction activity. Manufacturers continued to curtail production of wood products to adjust supply to the lower demand levels.

Key Ratios

	2006	2007	Q1–Q2/07	Q1–Q2/08	Q2/07	Q1/08	Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Continuing Operations										
Earnings per share (basic), EUR	0.87	0.01	0.44	0.12	0.19	0.08	0.04	-78.9	-50.0	-72.7
Earnings per share excluding NRI, EUR	0.68	0.94	0.45	0.12	0.19	0.08	0.04	-78.9	-50.0	-73.3
Cash earnings per share (CEPS), EUR	2.19	1.95	0.98	0.56	0.45	0.30	0.26	-42.2	-13.3	-42.9
CEPS excluding NRI, EUR	1.79	1.94	0.98	0.56	0.45	0.30	0.26	-42.2	-13.3	-42.9
Return on capital employed (ROCE), %	7.4	1.8	10.9	3.8	9.7	5.0	2.7	-72.2	-46.0	-65.1
ROCE excluding NRI, %	8.9	11.4	11.1	3.8	9.7	5.0	2.8	-71.1	-44.0	-65.8
Return on equity (ROE), %*	7.7	-2.7	9.1	2.5	7.2	3.9	2.5	-65.3	-35.9	-72.5
Debt/equity ratio*	0.54	0.40	0.55	0.38	0.55	0.51	0.38	-30.9	-25.5	-30.9
Equity per share, EUR*	9.89	9.48	10.21	9.72	10.21	8.89	9.72	-4.8	9.3	-4.8
Equity ratio, %*	45.3	49.3	46.7	52.0	46.7	47.9	52.0	11.3	8.6	11.3
Operating profit, % of sales	6.2	1.5	9.1	3.4	8.2	4.4	2.5	-69.5	-43.2	-62.6
Operating profit excluding NRI, % of sales	7.4	9.5	9.3	3.5	8.2	4.4	2.5	-69.5	-43.2	-62.4
Capital expenditure, EUR million*	583.4	820.4	296.0	330.7	187.1	135.7	195.0	4.2	43.7	11.7
Capital employed, EUR million	9 718	10 022	10 217	10 639	10 217	10 173	10 639	4.1	4.6	4.1
Interest-bearing net liabilities, EUR million*	4 243	2 955	4 421	2 899	4 421	3 559	2 899	-34.4	-18.5	-34.4
Average number of employees	37 859	35 838	35 832	35 227	35 832	34 315	35 227	-1.7	2.7	-1.7
Average number of shares (million)										
periodic	788.6	788.6	788.6	788.6	788.6	788.6	788.6	0.0	0.0	0.0
cumulative	788.6	788.6	788.6	788.6	788.6	788.6	788.6	0.0	0.0	0.0
cumulative, diluted	788.9	788.8	788.9	788.6	788.9	788.6	788.6	0.0	0.0	0.0

NRI=Non-recurring items

* Total operations

Key Exchange Rates for the Euro

One Euro is	Closing Rate		Average Rate	
	31 Dec 07	30 Jun 08	31 Dec 07	30 Jun 08
SEK	9.4415	9.4703	9.2517	9.3772
USD	1.4721	1.5764	1.3710	1.5316
GBP	0.7333	0.7923	0.6847	0.7755

Transaction Risk and Hedges in Main Currencies as at 30 June 2008

EUR Million	USD	GBP	SEK	JPY
Estimated annual net operating cash flow exposure	650	650	1 100	200
Transaction hedges as at 30 June	314	316	544	85
Hedging percentage as at 30 June for the next 12 months	48 %	49%	49%/66%	43 %

*49% represents the hedging ratio including the profit margin of the Swedish production units and 66% excludes the profit margin.

Condensed Consolidated Income Statement

EUR million	2007	Q2/07	Q1/08	Q2/08	Q1–Q2/07	Q1–Q2/08	Change % Q2/08-Q2/07	Change % Q2/08-Q1/08	Change % Q1–Q2/08-Q1–Q2/07
Continuing Operations									
Sales	11 848.5	2 989.9	2 831.8	2 871.8	5 991.1	5 703.6	-3.9	1.4	-4.8
Other operating income	88.4	13.8	46.5	-1.6	30.0	44.9	-111.6	-103.4	49.7
Materials and services	-6 962.9	-1 715.4	-1 742.1	-1 720.4	-3 384.8	-3 462.5	-0.3	1.2	-2.3
Freight and sales commissions	-1 134.0	-282.5	-282.6	-286.1	-570.0	-568.7	-1.3	-1.2	0.2
Personnel expenses	-1 712.9	-437.7	-447.7	-454.7	-853.7	-902.4	-3.9	-1.6	-5.7
Other operating expenses	-761.9	-136.6	-130.1	-177.1	-285.4	-307.2	-29.6	-36.1	-7.6
Share of results of associated companies	341.3	20.0	23.9	12.4	44.1	36.3	-38.0	-48.1	-17.7
Depreciation and impairment	-1 529.6	-207.3	-174.7	-173.0	-428.5	-347.7	16.5	1.0	18.9
Operating Profit	**176.9**	**244.2**	**125.0**	**71.3**	**542.8**	**196.3**	**-70.8**	**-43.0**	**-63.8**
Net financial items	-156.7	-53.0	-41.9	-40.9	-89.1	-82.8	22.8	2.4	7.1
Profit before Tax	**20.2**	**191.2**	**83.1**	**30.4**	**453.7**	**113.5**	**-84.1**	**-63.4**	**-75.0**
Income tax	-8.8	-42.3	-16.6	-1.8	-107.6	-18.4	95.7	89.2	82.9
Net Profit for the Period from Continuing Operations	**11.4**	**148.9**	**66.5**	**28.6**	**346.1**	**95.1**	**-80.8**	**-57.0**	**-72.5**
Discontinued Operations									
Profit / (Loss) after tax for the period from discontinued operations	-223.8	-5.0	4.7	-1.8	20.3	2.9	64.0	-138.3	-85.7
Net Profit / (Loss) for the Period	**-212.4**	**143.9**	**71.2**	**26.8**	**366.4**	**98.0**	**-81.4**	**-62.4**	**-73.3**
Attributable to:									
Equity holders of the Parent Company	-214.7	141.3	70.5	23.3	360.5	93.8	-83.5	-67.0	-74.0
Minority interests	2.3	2.6	0.7	3.5	5.9	4.2	34.6	400.0	-28.8
	-212.4	**143.9**	**71.2**	**26.8**	**366.4**	**98.0**	**-81.4**	**-62.4**	**-73.3**
Earnings per Share									
Basic earnings per share, EUR	-0.27	0.18	0.09	0.03	0.46	0.12	-83.33	-66.7	-73.9
Diluted earnings per share, EUR	-0.27	0.18	0.09	0.03	0.46	0.12	-83.33	-66.7	-73.9
Earnings per Share from Continuing Operations									
Basic earnings per share, EUR	0.01	0.19	0.08	0.04	0.44	0.12	-78.95	-50.0	-72.7
Diluted earnings per share, EUR	0.01	0.19	0.08	0.04	0.44	0.12	-78.95	-50.0	-72.7

Financials

Consolidated Statement of Recognised Income & Expense

EUR million	2007	Q2/07	Q1/08	Q2/08	Q1–Q2/07	Q1–Q2/08
Total Operations						
Defined benefit plan actuarial gains	17.3	2.6	-	-	2.6	-
Tax on actuarial movements	-6.3	-0.7	-	-	-0.7	-
Aggregate fair value movements in Available-for-Sale assets	217.3	169.7	-130.0	515.6	220.8	385.6
Currency and commodity hedges	5.6	53.8	-12.9	55.0	16.3	42.1
Associate hedges	5.1	3.4	-0.3	7.3	3.3	7.0
Tax on Other Comprehensive Income Movements (OCI)	-3.2	-17.2	9.1	-18.6	-7.0	-9.5
Currency translation movements on equity net investments (CTA)	-85.3	66.4	-56.3	86.9	-2.7	30.6
Equity net investment hedges	53.7	-9.1	17.7	-14.5	23.0	3.2
Tax on equity hedges	-13.2	2.3	-2.5	3.7	-6.0	1.2
Income & Expense Recognised in Equity	**191.0**	**271.2**	**-175.2**	**635.4**	**249.6**	**460.2**
Items from Equity Recognised in Income Statement	52.7	-	-	-10.2	-1.4	-10.2
Net Income & Expense Recognised in Equity	**243.7**	**271.2**	**-175.2**	**625.2**	**248.2**	**450.0**
Net profit / (loss) for the period	-212.4	143.9	71.2	26.8	366.4	98.0
Total Recognised Income & Expense for the Period	**31.3**	**415.1**	**-104.0**	**652.0**	**614.6**	**548.0**
Attributable to:						
Equity holders of the Parent Company	29.0	412.5	-104.7	648.5	608.7	543.8
Minority interests	2.3	2.6	0.7	3.5	5.9	4.2
Total Recognised Income & Expense for the Period	**31.3**	**415.1**	**-104.0**	**652.0**	**614.6**	**548.0**

Condensed Consolidated Cash Flow Statement – Group Total

EUR million	Q1–Q2/07	Q1–Q2/08
Cash Flow from Operating Activities		
Operating profit	568.8	207.3
Cash flow from SORIE	32.2	18.7
Adjustments	477.1	398.0
Change in net working capital	-442.3	-352.6
Cash Flow Generated by Operations	**635.8**	**271.4**
Net financial items paid	-104.2	-145.1
Income taxes paid	-91.8	-74.2
Net Cash Provided by Operating Activities	**439.8**	**52.1**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries	-0.8	-3.4
Acquisitions of associated companies	-72.6	-25.4
Proceeds from sale of Papyrus shares	-	144.2
Proceeds from sale of fixed assets and other shares	70.3	62.6
Capital expenditure	-296.0	-330.7
Proceeds from (payment of) the non-current receivables, net	18.4	-13.1
Net Cash Used in Investing Activities	**-280.7**	**-165.8**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	139.0	61.7
Long-term debt, payments	-569.0	-339.7
Papyrus loan repaid by Altor	-	345.1
Change in short-term borrowings	531.6	73.2
Dividends paid	-354.9	-354.9
Minority equity injections less dividends	7.4	-2.7
Repurchase of own shares	-0.6	-
Net Cash Provided by Financing Activities	**-246.5**	**-217.3**
Net Decrease in Cash and Cash Equivalents	**-87.4**	**-331.0**
Cash and bank in disposed companies	-	-77.3
Translation adjustment	-2.7	3.5
Net cash and cash equivalents at the beginning of period	309.6	879.3
Net Cash and Cash Equivalents at Period End	**219.5**	**474.5**
Cash and Cash Equivalents at Period End	**318.4**	**489.3**
Bank Overdraft at Period End	**-98.9**	**-14.8**
Net Cash and Cash Equivalents at Period End	**219.5**	**474.5**
Acquisitions of Subsidiary Companies		
Cash and cash equivalents	-	-
Working capital	-	0.1
Fixed assets	0.4	4.2
Interest-bearing assets	-	-
Tax liabilities	-	-0.5
Interest-bearing liabilities	-	-1.1
Minority interests	0.4	0.7
Fair Value of Net Assets	**0.8**	**3.4**
Goodwill	-	-
Total Purchase Consideration	**0.8**	**3.4**
Disposal of Subsidiary Companies		
Cash and cash equivalents	-	77.3
Working capital	-	185.4
Fixed assets	0.9	299.7
Interest-bearing assets	-	95.4
Tax liabilities	-	-25.8
Interest-bearing liabilities	-	-414.6
Minority interests	0.5	-
Net Assets in Divested Companies	**1.4**	**217.4**
Income Statement capital gain	0.6	4.2
Total Disposal Consideration Received in Cash and Kind	**2.0**	**221.6**

Property, Plant and Equipment, Intangible Assets and Goodwill

EUR million	2007	Q1–Q2/07	Q1–Q2/08
Carrying value at 1 January	10 440.4	10 440.4	7 232.4
Acquisition of subsidiary companies	10.7	0.4	4.2
Capital expenditure	770.2	278.3	304.5
Additions in biological assets	50.2	17.7	26.2
Change in emission rights	-92.9	-90.2	80.6
Disposals	-52.9	-37.6	-48.5
Disposals of subsidiary companies	-1 780.0	-1.1	-299.7
Depreciation and impairment, continuing operations	-1 529.6	-428.5	-347.7
Depreciation and impairment, discontinued operations	-351.7	-100.7	-22.1
Translation difference and other	-232.0	-58.3	6.9
Balance Sheet Total	**7 232.4**	**10 020.4**	**6 936.8**

Borrowings

EUR million	31 Dec 2007	30 Jun 2007	30 Jun 2008
Non-current borrowings	3 354.8	3 889.9	3 161.8
Current borrowings	1 086.6	1 177.6	819.9
	4 441.4	**5 067.5**	**3 981.7**

	2007	Q1-Q2/2007	Q1-Q2/2008
Carrying value at 1 January	5 227.9	5 227.9	4 441.4
Debt acquired with new subsidiaries	1.2	0.0	1.1
Debt disposed with sold subsidiaries	-1 019.3	0.0	-414.6
Proceeds from / (payments) of borrowings (net)	358.3	-131.7	-33.0
Translation difference and other	-126.7	-28.7	-13.2
Total Borrowings	**4 441.4**	**5 067.5**	**3 981.7**

Discontinued Operations

EUR Million	Q1–Q2/08
Sales	710.2
Operating costs	-694.6
Operating profit before remeasurement to fair value	15.6
Remeasurement to fair value less CTA	-4.6
Operating profit	**11.0**
Net financial items	-5.6
Profit before Tax	**5.4**
Income tax	-2.5
Profit after Tax from Discontinued Operations	**2.9**
Net cash provided by operating activities	17.0
Net cash used in investing activities	-2.6
Net cash provided by financing activities	2.0
Net increase in cash and cash equivalents	**16.4**

Condensed Consolidated Balance Sheet

EUR million		31 Dec 07	30 Jun 07	30 Jun 08
Assets				
Fixed Assets and Other Non-current Investments				
Fixed assets	O	7 138.5	9 881.1	6 748.7
Biological assets	O	88.7	131.4	102.3
Emission rights	O	5.2	7.9	85.8
Investment in associated companies	O	1 154.5	907.3	1 213.7
Available-for-Sale: Listed securities	I	161.8	49.2	194.1
Available-for-Sale: Unlisted shares	O	1 260.8	1 009.1	1 636.0
Non-current loan receivables	I	126.5	128.6	139.3
Deferred tax assets	T	63.7	65.0	65.4
Other non-current assets	O	22.6	44.9	25.7
		10 022.3	**12 224.5**	**10 211.0**
Current Assets				
Inventories	O	1 992.6	2 219.9	1 888.2
Tax receivables	T	34.3	154.3	42.4
Operative receivables	O	2 063.1	2 443.6	1 988.6
Interest-bearing receivables	I	227.8	150.4	260.2
Cash and cash equivalents	I	970.7	318.4	489.3
		5 288.5	**5 286.6**	**4 668.7**
Total Assets		**15 310.8**	**17 511.1**	**14 879.7**
Equity and Liabilities				
Equity attributable to Company shareholders		7 476.1	8 052.9	7 665.0
Minority interests		71.9	117.0	74.8
Total Equity		**7 548.0**	**8 169.9**	**7 739.8**
Non-current Liabilities				
Post-employmennt benefit provisions	O	327.3	680.8	300.9
Other provisions	O	135.9	100.0	117.0
Deferred tax liabilities	T	582.0	794.0	571.2
Non-current debt	I	3 354.8	3 889.9	3 161.8
Other non-current operative liabilities	O	170.2	218.4	139.3
		4 570.2	**5 683.1**	**4 290.2**
Current Liabilities				
Current portion of long-term debt	I	513.1	337.9	265.2
Interest-bearing liabilities	I	573.5	839.7	554.7
Operative liabilities	O	1 971.4	2 166.1	1 955.5
Tax liabilities	T	134.6	314.4	74.3
		3 192.6	**3 658.1**	**2 849.7**
Total Liabilities		**7 762.8**	**9 341.2**	**7 139.9**
Total Equity and Liabilities		**15 310.8**	**17 511.1**	**14 879.7**

Items designated with "O" comprise Operating Capital

Items designated with "I" comprise Interest-bearing Net Liabilities

Items designated with "T" comprise Net Tax Liabilities

Changes in Group Shareholders' Equity

EUR million	Share Capital	Capital Reserves	Treasury Shares	OCI	CTA	Retained Earnings	Total
Balance at 31 December 2005	**1 382.1**	**784.8**	**-259.9**	**468.0**	**-127.1**	**4 972.2**	**7 220.1**
Cancellation of Stora Enso Oyj shares	-39.9	-15.9	249.1	-	-	-193.3	0.0
Dividend (EUR 0.45 per share)	-	-	-	-	-	-354.9	-354.9
Options exercised	-	-2.0	0.3	-	-	-	-1.7
Buy-out of minority interests	-	-	-	-	-	-0.1	-0.1
Net profit for the period	-	-	-	-	-5.8	585.0	579.2
Net expence recognised directly to equity	-	-	-	267.6	0.9	88.5	357.0
Balance at 31 December 2006	**1 342.2**	**766.9**	**-10.5**	**735.6**	**-132.0**	**5 097.4**	**7 799.6**
Dividend (EUR 0.45 per share)	-	-	-	-	-	-354.9	-354.9
Options exercised	-	-0.8	0.1	-	-	-	-0.7
Buy-out of minority interests	-	-	-	-	-	0.2	0.2
Net profit for the period	-	-	-	-	-1.4	360.5	359.1
Net income recognised directly to equity	-	-	-	233.4	14.3	1.9	249.6
Balance at 30 June 2007	**1 342.2**	**766.1**	**-10.4**	**969.0**	**-119.1**	**5 105.1**	**8 052.9**
Options exercised	-	-1.6	0.2	-	8.5	-8.5	-1.4
Buy-out of minority interests	-	-	-	-	-	4.3	4.3
Net loss for the period	-	-	-	-	54.1	-575.2	-521.1
Net expense recognised directly to equity	-	-	-	-8.6	-59.1	9.1	-58.6
Balance at 31 December 2007	**1 342.2**	**764.5**	**-10.2**	**960.4**	**-115.6**	**4 534.8**	**7 476.1**
Dividend (EUR 0.45 per share)	-	-	-	-	-	-354.9	-354.9
Net profit for the period	-	-	-	-	-10.2	93.8	83.6
Net income recognised directly to equity	-	-	-	425.1	35.1	-	460.2
Balance at 30 June 2008	**1 342.2**	**764.5**	**-10.2**	**1 385.5**	**-90.7**	**4 273.7**	**7 665.0**

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income

Commitments and Contingencies

EUR million	31 Dec 07	30 Jun 07	30 Jun 08
On Own Behalf			
Pledges given	0.8	0.8	0.8
Mortgages	135.9	131.4	81.9
On Behalf of Associated Companies			
Guarantees	249.7	276.6	221.7
On Behalf of Others			
Guarantees	118.5	10.2	149.5
Other Commitments, Own			
Leasing commitments, in next 12 months	30.6	31.6	28.4
Leasing commitments, after next 12 months	112.2	122.2	104.7
Pension liabilities	0.2	0.2	0.2
Other commitments	22.5	20.2	26.4
Total	**670.4**	**593.2**	**613.6**
Pledges given	0.8	0.8	0.8
Mortgages	135.9	131.4	81.9
Guarantees	368.2	286.8	371.2
Leasing commitments	142.8	153.8	133.1
Pension liabilities	0.2	0.2	0.2
Other commitments	22.5	20.2	26.4
Total	**670.4**	**593.2**	**613.6**

Purchase Agreement Commitments

Eur million		Scheduled Contract Payments			
Type of Supply	**Contract Total**	**2008**	**2009-10**	**2011-12**	**2013+**
Fibre	2 093	175	425	389	1 104
Energy	2 021	188	715	415	703
Logistics	571	43	142	116	270
Other production costs	825	63	104	60	598
	5 510	469	1 386	980	2 675
Capital Expenditure	196	114	82	-	-
Total Contractual Commitments at 30 June 2008	**5 706**	**583**	**1 468**	**980**	**2 675**

Net Fair Values of Derivative Financial Instruments

EUR million	31 Dec 07	30 Jun 07		30 Jun 08	
	Net Fair Values	**Net Fair Values**	**Positive Fair Values**	**Negative Fair Values**	**Net Fair Values**
Interest rate swaps	59.4	-15.7	106.9	-87.1	19.8
Interest rate options	-6.1	-4.3	0.1	-9.6	-9.5
Forward contracts	-19.7	-8.3	12.7	-43.7	-31.0
FX options	17.2	5.2	25.2	-7.9	17.3
Commodity contracts	92.0	84.8	176.0	-39.8	136.2
Equity swaps	-34.3	30.6	-	-110.5	-110.5
Equity options	-0.6	-	-	-3.7	-3.7
Total	**107.9**	**92.3**	**320.9**	**-302.3**	**18.6**

Nominal Values of Derivative Financial Instruments

EUR million	31 Dec 07	30 Jun 07	30 Jun 08
Interest Rate Derivatives			
Interest rate swaps			
Maturity under 1 year	69.9	-	76.0
Maturity 2–5 years	2 164.4	2 337.2	2 084.9
Maturity 6–10 years	2 470.9	2 582.8	2 257.7
	4 705.2	4 920.0	4 418.6
Interest rate options	491.6	786.3	349.8
Total	**5 196.8**	**5 706.3**	**4 768.4**
Foreign Exchange Derivatives			
Forward contracts	3 114.1	1 688.5	3 102.4
FX Options	2 607.7	1 235.4	1 994.8
Total	**5 721.8**	**2 923.9**	**5 097.2**
Commodity Derivatives			
Commodity contracts	417.2	523.8	352.6
Total	**417.2**	**523.8**	**352.6**
Equity swaps			
Equity swaps	213.9	220.4	217.2
Equity options	22.0	-	21.9
Total	**235.9**	**220.4**	**239.1**

Sales by Segment

EUR million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	Q2/08
Newsprint and Book Paper	438.7	429.9	430.0	436.3	**1 734.9**	386.5	389.0
Magazine Paper	566.6	552.9	587.3	589.5	**2 296.3**	547.3	540.5
Fine Paper	577.0	522.8	529.7	526.7	**2 156.2**	545.2	537.8
Consumer Board	589.6	570.1	562.1	579.1	**2 300.9**	574.4	587.3
Industrial Packaging	266.1	274.2	267.8	275.4	**1 083.5**	275.5	285.4
Wood Products	472.3	525.7	461.4	393.7	**1 853.1**	378.6	409.8
Other and elimination	90.9	114.3	38.4	180.0	**423.6**	124.3	122.0
Continuing Operations	**3 001.2**	**2 989.9**	**2 876.7**	**2 980.7**	**11 848.5**	**2 831.8**	**2 871.8**
Discontinued operations	1 020.8	963.7	959.7	969.1	**3 913.3**	529.6	180.5
Elimination	- 166.6	- 148.4	- 151.5	- 151.8	**- 618.3**	- 134.4	- 45.8
Total	**3 855.4**	**3 805.2**	**3 684.9**	**3 798.0**	**15 143.5**	**3 227.0**	**3 006.5**

Operating Profit by Segment excluding NRI and Fair Valuations

EUR million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	Q2/08
Newsprint and Book Paper	61.1	50.2	52.2	48.4	**211.9**	26.4	27.9
Magazine Paper	9.4	8.4	17.5	15.6	**50.9**	27.2	14.5
Fine Paper	55.1	38.5	34.4	35.7	**163.7**	37.3	19.7
Consumer Board	72.4	29.0	27.0	29.6	**158.0**	42.5	23.0
Industrial Packaging	29.2	29.6	24.7	28.4	**111.9**	27.6	20.1
Wood Products	54.8	59.3	37.1	-0.5	**150.7**	-23.4	-10.9
Other	-11.2	-12.1	-11.1	-25.9	**-60.3**	-13.2	-8.2
Operating Profit excl. NRI by Segment	**270.8**	**202.9**	**181.8**	**131.3**	**786.8**	**124.4**	**86.1**
Share of results of associated companies excl. fair valuations	24.1	20.0	17.4	12.8	**74.3**	15.7	8.3
Operating Profit excl. NRI and Fair Valuations	**294.9**	**222.9**	**199.2**	**144.1**	**861.1**	**140.1**	**94.4**
Fair valuations	15.7	21.3	44.9	183.8	**265.7**	-15.1	-21.8
Operating Profit excl. NRI	**310.6**	**244.2**	**244.1**	**327.9**	**1 126.8**	**125.0**	**72.6**
NRI	-12.0	-	-549.4	-388.5	**-949.9**	-	-1.3
Operating Profit (IFRS)	**298.6**	**244.2**	**-305.3**	**-60.6**	**176.9**	**125.0**	**71.3**
Net financial items	-36.1	-53.0	-23.9	-43.7	**-156.7**	-41.9	-40.9
Profit before Tax and Minority Interests	**262.5**	**191.2**	**-329.2**	**-104.3**	**20.2**	**83.1**	**30.4**
Income tax expense	-65.3	-42.3	54.7	44.1	**-8.8**	-16.6	-1.8
Net Profit from Continuing Operations	**197.2**	**148.9**	**-274.5**	**-60.2**	**11.4**	**66.5**	**28.6**
Discontinued Operations							
Net profit after tax for the period from discontinued operations	25.3	-5.0	-166.6	-77.5	**-223.8**	4.7	-1.8
Net Profit	**222.5**	**143.9**	**-441.1**	**-137.7**	**-212.4**	**71.2**	**26.8**

NRI by Segment

EUR million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	Q2/08
Newsprint and Book Paper	-	-	-	-110.0	**-110.0**	-	-2.4
Magazine Paper	-	-	-218.0	-231.0	**-449.0**	-	-2.6
Fine Paper	-	-	-32.6	21.0	**-11.6**	-	7.0
Consumer Board	-	-	-186.8	-12.5	**-199.3**	-	-4.3
Industrial Packaging	-	-	-5.9	-1.0	**-6.9**	-	-1.0
Wood Products	-12.0	-	-106.1	-	**-118.1**	-	-
Other	-	-	-	-55.0	**-55.0**	-	2.0
Continuing Operations	**-12.0**	-	**-549.4**	**-388.5**	**-949.9**	-	**-1.3**
Discontinued operations	44.0	12.8	-	-28.3	**28.5**	-	-4.5
Total	**32.0**	**12.8**	**-549.4**	**-416.8**	**-921.4**	-	**-5.8**

Operating Profit by Segment

EUR million	Q1/07	Q2/07	Q3/07	Q4/07	2007	Q1/08	Q2/08
Newsprint and Book Paper	61.1	50.2	52.2	-61.6	**101.9**	26.4	25.5
Magazine Paper	9.4	8.4	-200.5	-215.4	**-398.1**	27.2	11.9
Fine Paper	55.1	38.5	1.8	56.7	**152.1**	37.3	26.7
Consumer Board	72.4	29.0	-159.8	17.1	**-41.3**	42.5	18.7
Industrial Packaging	29.2	29.6	18.8	27.4	**105.0**	27.6	19.1
Wood Products	42.8	59.3	-69.0	-0.5	**32.6**	-23.4	-10.9
Other*	4.5	9.2	-14.2	-116.1	**-116.6**	-36.5	-32.1
Share of result of associated companies*	24.1	20.0	65.4	231.8	**341.3**	23.9	12.4
Operating Profit (IFRS)	**298.6**	**244.2**	**-305.3**	**-60.6**	**176.9**	**125.0**	**71.3**
Net financial items	-36.1	-53.0	-23.9	-43.7	**-156.7**	-41.9	-40.9
Profit before Tax and Minority Interests	**262.5**	**191.2**	**-329.2**	**-104.3**	**20.2**	**83.1**	**30.4**
Income tax expense	-65.3	-42.3	54.7	44.1	**-8.8**	-16.6	-1.8
Net Profit from Continuing Operations	**197.2**	**148.9**	**-274.5**	**-60.2**	**11.4**	**66.5**	**28.6**
Discontinued Operations							
Net profit after tax for the period from discontinued operations	25.3	-5.0	-166.6	-77.5	**-223.8**	4.7	-1.8
Net Profit	**222.5**	**143.9**	**-441.1**	**-137.7**	**-212.4**	**71.2**	**26.8**

* Includes fair valuations

Financials

Stora Enso Shares

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	**R share**	**A share**	**R share**
April	8.10	7.96	74.25	74.25
May	7.85	7.81	73.00	73.25
June	5.98	5.96	56.25	56.50

Trading Volume	Helsinki		Stockholm	
	A share	**R share**	**A share**	**R share**
April	76 463	89 800 120	108 155	12 911 191
May	52 024	73 046 995	86 367	9 680 530
June	77 361	109 387 276	119 481	11 040 610
Total	**205 848**	**272 234 391**	**314 003**	**33 632 331**

Basis of Preparation

This unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Annual Report for 2007.

The divestment of the Merchants segment has been accounted for as a discontinued operation. A discontinued operation represents a separate major line of business or geographical area for which the assets, liabilities and net financial results may be distinguished physically, operationally and for financial reporting purposes. The net profit from discontinued operations includes the loss on disposal and is reported in a single line after net profit from continuing operations.

Changes in Segment Reporting and Reclassification in 2007

Stora Enso has modified its segment reporting format for operating profit from the first quarter of 2008 onwards: the share of results of associated companies and certain fair valuations will no longer be included in business segments' operating profits; they are reported as separate items to increase the transparency of segmental reporting and facilitate comparisons between different periods. The fair valuation items include share-based compensation, Total Return Swaps (TRS), $CO2$ emission rights and IAS 41 forest asset valuations mainly related to associated companies. Comparative operating profits of segments for 2007 have been reclassified.
The reclassification has no effect on Group operating profit or Group profit before tax.

Calculation of Key Figures

Return on capital employed, ROCE (%)	$100 \times \dfrac{\text{Operating profit}}{\text{Capital employed}^{1)\,2)}}$
Return on operating capital, ROOC (%)	$100 \times \dfrac{\text{Operating profit}}{\text{Operating capital}^{1)\,2)}}$
Return on equity, ROE (%)	$100 \times \dfrac{\text{Profit before tax and minority items – taxes}}{\text{Total Equity}^{2)}}$
Equity ratio (%)	$100 \times \dfrac{\text{Total Equity}}{\text{Total assets}}$
Interest-bearing net liabilities	Interest-bearing liabilities – interest-bearing assets
Debt/Equity ratio	$\dfrac{\text{Interest-bearing net liabilities}}{\text{Equity}}$

1) Capital employed = Operating capital – Net tax liabilities

2) Average for the financial period

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties, which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the Group's targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the Group's patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the Group's products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the Group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the Group's principal geographic markets or fluctuations in exchange and interest rates.

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