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Subproject - Enqvist - Progress Report

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A1995-143 Other #: 23 Box # 193461B  
 Pulp and Paper Project - Fifth Industry (05) - Finland - Loan 0222 - P03737  
 - Subproject - Enqvist - Progress Report



USA PATENT No. 1484611  
MADE IN U. S. A.

RETURN TO  
OPERATIONAL FILES

This file is closed.

Enqvist merged into Serlachius

June 22, 1965 - Therefore, see new

file - Serlachius Progress Reports.

Fin. h222  
(Enquist)

IDA	IBRD	IFC
FORM NO. 92 (10-61) CORRESPONDENCE RECORD FORM		
FROM  Mortgage Bank of Finland Oy Helsinki, Finland	DATED June 30, 1966	
SUBJECT  REGISTERED Letter enclosing 1965 Yearly Financial Report of Aktiebolaget J.W. Enqvist Osakeyhtio, Loan No. 222 FI. Addressed to IRC, Att. Mr. Paterson		
REFERRED TO Mr. Paterson	DATE RECEIVED July 5, 1966 jgv	

Semi-Annual Report  
Dec. '65

	1.7. - 31.12. 1965	1.1. - 30.6.66 Estimated
PRODUCTION - bleached cellulose tons	42.771	39.600
- screenings "	496	600
- TOTAL CELLULOSE "	43.267	40.200
- alcohol "	1.768	1.490
- sawn timber stds	3.171	3.015
- plywood m <sup>3</sup>	4.880	6.760
- calcium lignosulfonate tons	1.260	3.600
SALES - bleached cellulose tons	43.190	39.600
- screenings "	275	600
- TOTAL CELLULOSE "	43.465	40.200
- alcohol "	1.757	1.490
- sawn timber stds	4.281	3.015
- plywood m <sup>3</sup>	4.491	6.760
- calcium lignosulfonate tons	414	3.600

Production and sales have been as was estimated earlier, letter 18.8.1965.

The production of calcium lignosulphonate was started up in November but, because of introduction difficulties on the market, the capacity of the new plant has not been fully utilized.

The new production level for plywood, which corresponds to 12.000 m<sup>3</sup> / year, has been reached at the end of the year.

No new large investments are decided upon.

Lielähti, 11th February 1966

  
 Rolf Christiansen  
 Managing Director

Semi-Annual Report  
June 1965.

	1.1. - 30.6. 1965	1.7. - 31.12.65 Estimated
PRODUCTION - bleached cellulose tons	40.598	43.100
- screenings "	151	240
- TOTAL CELLULOSE "	40.749	43.340
- alcohol "	1.549	1.650
- sawn timber stds	3.953	3.025
- plywood m <sup>3</sup>	4.992	4.920
SALES - bleached cellulose tons	40.296	43.100
- screenings "	533	240
- TOTAL CELLULOSE "	40.829	43.340
- alcohol "	1.678	1.650
- sawn timber stds	2.248	3.025
- plywood m <sup>3</sup>	4.984	4.920

Production- and saleslevels have been practically as earlier estimated and stores normal. No new large investments are planned. The present building program can be summarized as follows:

- Plywoodmill extension from 8.500 m<sup>3</sup> to 12.000 m<sup>3</sup>. Running-in-period started this month and the new production level will be reached as soon as sales reach full capacity or appr. in December - January.
- Extension of barking department with one drum will be concluded in October.
- Spray-dryer for the ligninproducts. Production will start in December.

The ownership of the company has changed since last report. The French owners have sold all their shares to the wellknown Finnish company G.A. Serlachius Oy. This company owns cellulose- and papermills in Mänttä, papermill in Jyväskylä (Kangas) and a boardmill in Tampere (Tako). Yearly turnover abt. 160 - 170 milj. Fmk.

Lielahi, 18th August 1965

  
Rolf Christiansen  
Managing Director

01

with Aug. 19, 1965





enclosed letter July 3

IBRD-Loan No. 222-FI

YEARLY FINANCIAL REPORT  
of  
AKTIEBOLAGET J.W. ENQVIST OSAKEYHTIÖ  
for 1964

w. ltr. July 3, 1965

REPORT ON ACTIVITIES IN 1964

General Remarks

The production development regarding wood refining products within the country is reflected by the following figures:

	<u>1962</u>	<u>1963</u>	<u>1964</u>
Sulphite pulp	1,28 mill.tons	1,30 mill.tons	1,47 mill.tons
Sulphate pulp	1,65 " "	1,89 " "	2,07 " "
Mechanical and board pulp	1,16 " "	1,23 " "	1,36 " "
Semichemical pulp	<u>0,13 " "</u>	<u>0,16 " "</u>	<u>0,19 " "</u>
	4,22 mill.tons =====	4,58 mill.tons =====	5,09 mill.tons =====

The corresponding figures within veneer industry have been as follows:

	<u>1963</u>	<u>1964</u>
Plywood	295.000 m <sup>3</sup>	327.000 m <sup>3</sup>
Blockboard etc.	<u>173.000 "</u>	<u>186.000 "</u>
	468.000 m <sup>3</sup> =====	513.000 m <sup>3</sup> =====

The total sawing in the country in 1964 was 1,225 mill.std. as compared with 1,140 mill.std. in 1963.

Export from Finland was 4.132 mill. marks, 1,3 % more than in 1963.

As a result of the development of profit gained from various products, the company's conception as to the correct policy in the continuation has strengthened. It appears as if the limit for pulp production has now been reached and that further development within the company should be sought elsewhere, for instance within mechanical wood refining or chemical industry.

Pulp Mill

On the whole, the year will go into history as an unfavourable one for the entire fibre refining and perhaps as the worst one for sulphite pulp. The increases in costs have been

exceptional, for the part of wages they have been about 14 % and for timber more than 20 %.

The capacity of the pulp mill has been expanded to 85.000 tons during the year.

The actual annual production was 80.539 tons (new record).

Outcome of Production

	<u>1963/tons</u>	<u>1964/tons</u>
Standard dissolving pulp, dry	15.048	16.207
Standard dissolving pulp, wet	12.386	14.472
Super I dissolving pulp	1.052	1.115
Cord dissolving pulp	18.596	25.266
Birch dissolving pulp, dry	14.017	12.372
Birch dissolving pulp, wet	5.592	5.453
Bleached pulp for paper, dry	2.053	-
Bleached pulp for paper, wet	4.439	5.077
Dry screenings	<u>1.094</u>	<u>577</u>
	<u>74.277</u>	<u>80.539</u>
	=====	=====

Deliveries according to marketing area (more detailed break-down in appendices 1 and 2):

	<u>1963</u>	<u>1964</u>
Finland	27.670 tons	28.022 tons
EEC	20.143 "	21.877 "
EFTA	4.008 "	5.804 "
Eastern countries	20.071 "	26.076 "
Rest	<u>1.046 "</u>	<u>1.519 "</u>
	<u>72.938 tons</u>	<u>83.298 tons</u>
	=====	=====

Deliveries to Finland were 34 % of the total, compared with 38 % the year before.

Net average price fob according to Finncell's calculations:

<u>Year</u>	<u>Cord pulp</u>	<u>Standard dissolving</u>	<u>Birch dissolving</u>	<u>Bleached paper pulp group 2</u>	<u>Unbleached paper pulp</u>
1963	578,-	474,-	446,-	375,-	345,-
1964	609,-	499,-	465,-	409,-	360,-

The amount of small pulpwood, birch, and wood chips used as raw material increased from 351.000 m<sup>3</sup> in 1963 to 386.000 m<sup>3</sup> in 1964, partly barked. This corresponds to 57,1 % of the total wood requirements, compared with 58,2 % the year before.

Major new investments completed in 1964:

Ottersland - chipper

Reduction centre for boiler house

Bark press, system Wilén, size W 3

Complete rebuilding of bark drum No. 2, which practically means new acquisition

The birch pulp line has been started

The shore crane has been lengthened

At the turn of the year the following new buildings were close to completion:

Condensate system for drying machine I

Besides, the new building for the central store was being built at the turn of the year.

The company sold about 24,5 million kWh excess back-pressure power to the city of Tampere (22,5 million kWh the previous year). During 1964 the pulp mill reckoned on a total of 14,4 man hours per ton, compared with 15,5 in 1963. Maintenance and other auxiliary departments are included in this figure.

### Alcohol Plant

The production of alcohol was 4.005 tons (new record), achieved in 279 working days.

The average price of methanol-free alcohol of highest class was calculated to have been about 28 p per kg as compared with 24 p the year before.

The country's total alcohol production during 1964 was 17.699 tons compared with 16.167 tons in 1963. Alcohol was exported about 8.600 tons as compared with 11.100 tons the year before.

The demand for alcohol has been good and cooperation with Alko better than previously. It has in principle been agreed with the monopolist that when the present contract of 5 years expires, Alko will continue on agent basis to sell Finnish alcohol for export. The agent's commission would be 2 %.

The preparation of the Bill for a new alcohol law has been dealt with in committees in various connections, but no Bill has turned out. It appears that there is cross-draught between the Ministry of Social Affairs and the Chemical Central Association on one side

and Alko on the other side regarding the degree of freedom in industrial alcohol business that could be allowed. The Sulphite Alcohol Company has not taken a definite attitude in the controversy.

The remunerativeness of production is good.

### Plywood Mill

At the turn of the year the work for expansion from 8.500 m<sup>3</sup> to 12.000 m<sup>3</sup> is being carried out with full force. Likewise, the new plywood storehouse is completed.

Production has been 8.613 m<sup>3</sup> plywood and 541 m<sup>3</sup> lath sheet or about 9.150 m<sup>3</sup> altogether (new record). The corresponding production was 8.085 m<sup>3</sup> the year before.

Development work at the plywood mill has been directed towards a higher degree of refining, i.e. so-called laminate sheets with various kinds of film have been developed. This production is, however, still quite small (less than 5 %), but it tends to increase.

Of investments which were close to completion at the turn of the year may be mentioned the barking machine and the edgings crusher. Since then both of these have been started and chips are now used as raw material at the pulp mill.

The remunerativeness of the production is tolerable.

### Sawmill

Sawing amounted to 6.401 std (new record), all square-sawn, compared with 5.875 std the year before. During the period 1.4. - 31.5. the sawmill worked in two shifts.

Red- and whitewood accounted for 37 % and 63 % respectively.

As stated in the previous annual report, grinding mills have to a large extent bought sawlogs as raw material, which lead to a greater increase in price than had been calculated.

At the turn of the year the building of a 4-section chamber drier had been begun. Since then it has been put into service.

The sawmill reckoned 20,5 man hours per std, compared with 22,5 in 1963.

The remunerativeness of the production is tolerable.

### Forestry Department

Co-operation in Western Finland has continued good, but as mentioned in the introduction the general development on the timber market has caused a considerable rise for raw material. In the autumn a contract comprising the whole country was made for the first time

and the prices for all except saw-logs were regulated. All this led to the agricultural central organisations giving a recommendation to country districts regarding the sale of timber at the prices agreed upon. However, during the entire autumn the supply was very low. Due to the winter transport conditions in the forests being delayed, the company had occasional difficulties in delivering the timber demanded by the pulp mill at the turn of the year. This did not, however, necessitate any restrictions in production.

The export price at the turn of the year was about 12,30 - 12,40 \$ f.o.b. for half barked paper wood, compared with 11,70 at the previous turn of the year. The export quantity has continued to decrease from about 1,360 million m<sup>3</sup> the year before to 1,020 million m<sup>3</sup> in 1964. The corresponding proportion of mine-props and sulphate wood was 0,73 million m<sup>3</sup> in 1963 compared with 0,34 million m<sup>3</sup> last year. Considerable import of raw material from Russia has appeared as a new factor on the market. Taking this import into account, Finland is no longer a net-exporter as regards pulp wood.

The price of top-quality pulp wood at the end of the year was 35,59 mk/m<sup>3</sup> at the mill, partly barked, compared with 31,15 the year before. During the latter half of the year, the figures of which do not yet affect the timber prices stated above, the quotation, however, was 38 - 39 mk/m<sup>3</sup>. The annual acquisition of top-quality pulp wood was 337.327 m<sup>3</sup>, compared with 219.032 m<sup>3</sup> the year before. The proportion of unbarked timber has continued to increase. It was now 80,6 %, compared with 67,3 % the year before.

The price of smallwood rose from 20,26 marks in 1963 to 23,68 marks in 1964. The timber procured during the second half of the year was quoted about 2.- marks higher. The annual acquisition was 299.309 m<sup>3</sup>, compared with 205.040 m<sup>3</sup> the year before.

The price of birch pulp wood was 22,86 marks/m<sup>3</sup>, compared with 21,87 marks the year before, as partly barked. The corresponding acquisitions were 241.117 m<sup>3</sup>, compared with 126.787 m<sup>3</sup> the year before. During the autumn the company was compelled to restrict the purchases of birch pulp wood, since the stock of this assortment, which is uncertain from the storage point of view, continued to increase. The circumstances are quite the opposite as regards spruce firewood and top-quality pulp wood.

A total of 226.045 m<sup>3</sup> various kinds of timber was transported by trucks to the mill, 174.470 m<sup>3</sup> the year before. The proportion of floated, bundled wood from Näsijärvi rose to the record figure of 237.062 m<sup>3</sup>, compared with 179.402 m<sup>3</sup> the year before. The company continues to take care of floating under own control. The local floating association tried to get through rules during the year to prevent this, but without result. One may hope that these efforts on part of the great coast floaters have now been definitely dismissed.

The company's export of mine-props and sulphate wood was 3.050 m<sup>3</sup> compared with 831 m<sup>3</sup> the year before. This export is, however, an illusion, because a corresponding quantity had been received in exchange as spruce pulp wood from another company.

The total of sulphate wood exchanged was about 57.000 m<sup>3</sup>.

The sales of firewood totalled 8.807 m<sup>3</sup>, compared with 4.848 m<sup>3</sup> the year before. The price rose from 11,71 marks to 13,16 marks. Firewood has been sold to employees and the increase depends i.a. on the wages of foremen in the district having been changed into gross wages, thus resulting in firewood being purchased.

The trend on the firewood market in the country is continuously directed by the change-over to oil firing. It would appear that at present - with the exception of certain consumption centres - a buyer's market is prevalent, particularly as regards birch firewood.

### Social Activities

The company has a first-aid post with two nurses as before.

Rientola, the local settlement-work department, is continuously supported by the company. In connection with this, there is a repair shop for the pensioned. The working time there is 5 hours a day during 8 months. The wages are calculated in such a way that the pensioned will not lose the support increment they receive on their old-age pension. The number of workers has been about 20 - 30 and up to now the work has consisted of reconditioning rejected machine parts.

At the Lielähti industries and office the company had in its employ 714 people on 30.11.64 compared with 707 the year before. To this are to be added the 203 employees at the Vammala Mill.

The average price per man hour, including social expenses both compulsory and voluntary, was 4,57, compared with 4,04 the year before. A work hour includes over-time and Sunday compensation. As for the pulp mill, the total bill for salaries in 1963 was 478,9 million marks and in 1964 542,7 million marks.

### Administration

The Board of the Company consisted of Mr. C.J. Ehrnrooth as chairman, and Messrs. Göran Ehrnrooth, Guy de Roquemaurel, and Rolf Christiansen, as members. The last-mentioned has also been Managing Director of the Company. The Board has met 4 times, and on 27.7.1964 a meeting of shareholders was held.

Anton af Forselles, member of the Board, died on 6.6.1964. Mr. af Forselles was managing director of the company during 1930 - 1953, and prior to this, technical manager during 1921 - 1930.



The taxation value of the shares was 40 marks per share.

✓ (The net business turnover was 50,889 million marks, compared with 38,925 million marks the year before.

The result of activities and the company's situation are shown in the balance tables annexed hereto, app. Nos. 3 and 4.

The result shows a net profit of 354.281,38 marks, compared with 205.574,81 marks the year before.

Lielahi, March 24th, 1965

C.J. Ehrnrooth

Göran Ehrnrooth

Rolf Christiansen

SUMMARY of the DELIVERIES in 1964

<u>Cellulose</u>	<u>Dissolving pulp</u>	<u>Birch pulp</u>	<u>Cord pulp</u>	<u>Bleached paper grade</u>	<u>Screenings</u>	<u>Amount</u>	<u>per cent</u>
Finland	14.863 t	7.523 t		4.796 t	840 t	28.022 t	33,6
Soviet			22.427 t			22.427 t	26,9
Germany	10.401 "	10.523 "				20.924 "	25,1
Great Britain	5.503 "	1 "				5.504 "	6,6
Poland			3.649 "			3.649 "	4,4
China	1.519 "					1.519 "	1,8
Italy	552 "	401 "				953 "	1,2
Switzerland	300 "					300 "	0,4
	<u>33.138 t</u>	<u>18.448 t</u>	<u>26.076 t</u>	<u>4.796 t</u>	<u>840 t</u>	<u>83.298 t</u>	<u>100,0</u>
	=====	=====	=====	=====	=====	=====	=====
	39,8 %	22,1 %	31,3 %	5,8 %	1,0 %	100,0 %	

REGISTER of CUSTOMERS 1964

	<u>Cellulose</u>		
<u>Finland</u>	Säteri Oy	22.191 t	
	Oy Kyro Ab	4.796 "	
	Tammer Puu Oy	786 "	
	Various buyers + own consumption	<u>243 "</u>	28.016 t
<u>Soviet</u>	Vsesojuznoje Exportno-Importnoje Objedinenije EXPORTLES		22.427 "
<u>West Germany</u>	Phrix-Werke AG, Siegburg	13.368 t	
	Phrix-Werke AG, Krefeld	<u>7.556 "</u>	20.924 "
<u>Great Britain</u>	British Cellophane Ltd.	5.503 t	
	British Rayophane Ltd.	<u>1 "</u>	5.504 "
<u>Poland</u>	PAGED Centrala Handlu Zagranicznego		3.649 "
<u>China</u>	The China National Light Industrial Product Import & Export Corp.		1.519 "
<u>Italy</u>	Orsi Mangelli S.p.A.	503 t	
	Chatillon S.p.A.	301 "	
	Enka S.p.A.	<u>149 "</u>	953 "
<u>Switzerland</u>	Feldmühle AG		<u>300 "</u>
			83.292 t
			=====

	<u>Timber</u>		
<u>Finland</u>	Oy Laivateollisuus Ab	478	stds
	Puutoimi Oy	172	"
	Sahatavara Oy	108	"
	Tammer Puu Oy	87	"
	Velj. Udd Oy	83	"
	Oy Puutavaraliike A.T. Siren	77	"
	F. Kemin Metsätoimisto	65	"
	Puukeskus Oy	63	"
	Kylmäkaluste	63	"
	Keskisen Rakennusliike Oy	54	"
	Rakennustoimisto Metsäpuro	43	"
	Various buyers + own consumption	840	"
			2.133 stds
<u>Holland</u>	NV Noord-Europeesche Houthandel	269	stds
	NV Houthandel v/h Nanninga & Zn	239	"
	NV Houthandel v/h Kamphuys & Loosbroek	191	"
	NV E.R. Wigboldus & Zonen's Bouw- materialen & Houthandel	199	"
	NV Houthandel v/h J.T. Meinesz	198	"
	NV Houthandel v/h Bontekoning & Aukes	64	"
	NV Houthandel v/h G. Alberts Lzn & Co	205	"
	NV Neederlandsche Houtimport	45	"
	Houtimport Combinatie NV	35	"
	NV Houthandel v/h William Pont	6	"
			1.451 "
<u>England</u>	Messrs. James Walker Ltd (Leith)	427	stds
	Messrs. Laverack & Coddard Ltd.	359	"
	Messrs. James Graham & Co. Ltd.	288	"
	Messrs. J. Baird & Co. Ltd.	275	"
	Messrs. Trenergy & Sons Ltd.	209	"
	Messrs. H.T. Tennison & Co. Ltd.	152	"
	Messrs. Christopher Brown Ltd.	150	"
	Messrs. John B. Smith Ltd.	132	"
	Messrs. Robert Lauder & Co Ltd.	79	"
	Messrs. Denny Mott & Dickson Ltd.	42	"
	Messrs. Graham Roxburgh & Mc Lauch- lan Ltd.	20	"
			2.133 "
<u>Denmark</u>	Det Danske Trälaskompagni A/S	305	stds
	Firma Tage Peetz & Co	163	"
	Vagn Overgaards Tømmerhandel	23	"
			491 "
<u>West Germany</u>	Firma Ostermann & Scheiwe	106	stds
	Firma Rud. Schmedes	62	"
			168
			6.376 stds
			=====

PROFIT and LOSS ACCOUNT

as per 31.12.1964

EXPENSES

ORDINARY EXPENSES

Wages	7.667.694,37	
Interest	1.934.091,99	
Taxes	517.732,85	
Depreciation	3.126.140,83	
Other ordinary expenses	<u>2.096.146,56</u>	15.341.806,60

PROFIT 1964

354.281,38

Mks 15.696.087,98  
 =====

INCOME

ORDINARY INCOME

Net income from operation	14.547.392,83	
Income from forests	806.231,35	
Interest	109.674,69	
Other ordinary income	<u>220.441,94</u>	15.683.740,81

EXTRAORDINARY INCOME

12.347,17

Mks 15.696.087,98  
 =====

Annual turnover Mks 50.889.379,23  
 =====

BALANCE SHEET  
as per 31.12.1964

ASSETS

LIQUID and CURRENT ASSETS

Cash in hand	37.512,35	
on postal cheque-account	60,55	
Cheque-account	383.623,23	917.303,72
Sundry Debtors	9.724.992,15	10.146.188,28
Stocks and Stores		11.063.492,-
Cellulose, plywood and sawn timber	1.798.562,-	21.209.680,18
Other materials and stores	6.400.822,63	8.199.384,63
FIXED ASSETS		
Land	2.561.629,32	
Buildings	4.705.856,-	
Machines, equipment and tools	17.505.920,-	
Misc. fixed assets	1.774.223,58	
Shares in subsidiary companies	1.125.000,01	27.672.628,91
PREPAYMENT and DEBIT BALANCES		
Interest etc.		156.783,26
EXTRAORDINARY ASSETS		
Shares in other firms etc.		269.855,23

Mks 46.444.840,31  
=====

LIABILITIES

CURRENT LIABILITIES

Short Term

Bills of Exchange	8.808.000,-	
Trade Creditors	6.823.128,81	
Loans	8.400.000,-	24.031.128,81

Long Term

13.230.753,69

ACCRUED CHARGES and PROVISIONS

529.720,99

CAPITAL RESERVE

Total equity 9.570.540,54

Share Capital

6.000.000,-

Reserv Accounts

1.105.000,-

Profit and Loss Account

Inventory reserve 917.303,72

as per 31.12.1963

1.193.955,44

profit 1964

354.281,38

1.548.236,82

Mks 46.444.840,31  
=====

current ratio : 0.85:1  
debt/equity : 138%

STATEMENT OF INVENTORIES 1964

(in marks)

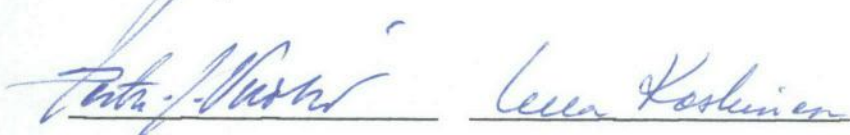
		<u>Volume</u>	<u>Book-value</u>	<u>Estimated market value</u>
Pulpwood	m <sup>3</sup>	426.800	5.172.044,-	7.030.054,-
Cellulose	tons	2.619	864.160,-	1.045.480,-
Coal	tons	8.500	389.345,-	480.338,-
Sulphur	tons	2.030	205.600,-	239.540,-
Alcohol	tons	331	50.080,-	89.370,-
Sawn Timber	stds	1.995	621.922,-	1.230.976,-
Plywood	m <sup>3</sup>	495	262.400,-	313.900,-
Other materials			<u>633.834,-</u>	<u>633.834,-</u>
			<u><u>8.199.385,-</u></u>	<u><u>11.063.492,-</u></u>

Lielähti, July 1st 1965



Lorenz Grönlund  
 Office Manager

Certified by:



ANNUAL FINANCIAL REPORT 1964.

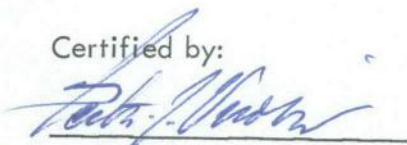
Estimated market value 1964			11.063.492,-
Book-value 1964			<u>8.199.385,-</u>
Difference 1964			2.864.107,-
" 1963		./.	<u>1.758.063,-</u>
		Plus	1.106.044,-
Value surplusses 1964 - pulpwood		+	179.300,-
- cellulose		+	<u>320.700,-</u>
	Diff. 63-64 in prices	Value surplusses etc.	<u>1.606.044,-</u>
Pulpwood	500.000,-	180.000,-	
Cellulose	30.000,-	320.000,-	
Coal	30.000,-		
Sulphur	23.000,-		
Alcohol	12.000,-		
Sawn timber	200.000,-	260.000,- (quality-diff.)	
Plywood	<u>50.000,-</u>	<u>                    </u>	
	845.000,-	760.000,-	<u>1.605.000,-</u>

Lielhti, July 1st 1965.



Lorenz Grönlund  
 Office Manager

Certified by:



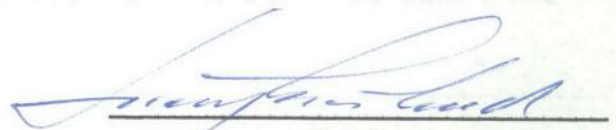



ESTIMATED REAL PROFIT FROM INDUSTRIAL OPERATION 1964

(in marks)

Net Profit acc. to Profit and Loss Statement		354.281,-	mk
<u>Plus</u>			
Investments charged to costs		400.000,-	"
<u>Less</u>			
Value surpluses - pulpwood	179.300,-		
- cellulose	<u>320.700,-</u>	<u>500.000,-</u>	"
Net Profit		254.281,-	mk
		=====	

Lielahi, June 21st 1965



Lorenz Grönlund  
Office Manager

Certified by:



## AUDITORS' REPORT

Elected at the ordinary meeting of Shareholders' of Aktiebolaget J.W. ENQVIST Osakeyhtiö on 27. July 1964, to audit the company's administration and accounts for 1964, we hereby, having filled our duty, wish to inform the following to the Meeting of Shareholders:

The Audit Office Idman & Vilén, supervised by the undersigned Idman, has done current detail check of the accounts, and found that all book-keeping items are based on matter-of-fact, approvable, and correctly booked vouchers. The book-keeping in general is in order and clearly kept, and the financial control has been carefully managed, giving no cause for comments.

We have controlled the securities possessed by the company and found that they correspond with the inventory.

The stocks listed in the inventory book are valued according to same cautious valuation principles as before.

The fire insurance policies are in order, the insurance is based on new value basis.

We have read the minutes made at Board Meetings and Shareholders' Meetings as well as the Board's Report on Activity for 1964.

The closing balance for 1964 which shows a profit of Fmk 354.281,38, is correctly derived from the book-keeping and made on correct principles, observing good trade customs.

With reference to the audit of the accounts and explanations given by the managing director, we are convinced that the company has been managed with necessary care and farsightness. We therefore suggest that the Board of Directors be granted free responsibility for 1964 and recommend that the closing balance for 1964 be confirmed.

Tammerfors, April 27th 1965

Ragnar Stephan

C.J. Idman  
Auditor  
Chartered Accountant

Certified by:

Simeon Pitkanen

Leena Koskinen



Semi-Annual Report  
December 1961 •

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS		Division Industry - PD	
Country Finland	Period To December 31, 1965	Carded March 30, 1965 cdd	
Loan or Project 222-FI	Type of Report Semi-Annual Operational Report		
For Action To	Action Taken	Initial	Date
<del>Mr. Bindschedler</del>	—	4-9-65	AEB
Operational Files			
Pr _ ss on Project			
Finance			
Re s			

			1.7. - 31.12. 1964	1.1. - 30.6.65 Estimated
PRODUCTION	- bleached cellulose	tons	41.089	41.200
	- screenings	"	270	500
	- TOTAL CELLULOSE	"	41.359	41.700
	- alcohol	"	2.185	1.650
	- sawn timber	stds	2.942	3.015
	- plywood	m <sup>3</sup>	4.522	5.080
SALES	- bleached cellulose	tons	41.775	41.200
	- screenings	"	415	500
	- TOTAL CELLULOSE	"	42.190	41.700
	- alcohol	"	1.851	1.650
	- sawn timber	stds	4.019	3.015
	- plywood	m <sup>3</sup>	4.803	5.080

Production levels have exceeded the schedules for all products. Costs, however, have done the same. Wages increased abt. 14 % and log prices a good 20 % compared with 1963.

The company has decided not to increase its cellulose production. The present level at 85.000 ton per year will be the maximum and further eventual expansions will be directed to mechanical wood-working and to lignin products. The company has made a decision to enter the liginosulfonate field and bought a spraydrier which will start operation on 1st Nov. this year.

Lielähti, 16th March 1965.

AKTIEBOLAGET J. W. ENQVIST OSAKEYHTIÖ

*Rolf Christiansen*

Rolf Christiansen  
Managing Director

Semi-Annual Report  
June 1964 •

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS		Division Industry	
Country FINLAND	Period To june 30, 1964	Carded August 12, 1964	
Loan or Project 222-FI (Enqvist Oy)	Type of Report Semi-Annual Operational Report		
For Action To	Action Taken	Initial	Date
<del>P. Gell</del>		<i>JB</i>	8/12/64
Opera. Files			
P _ ess on Project			
Finance			
R ks			



			1.1. - 30.6. 1964	1.7. - 31.12.64 Estimated
PRODUCTION	- bleached cellulose	tons	38.873	40.300
	- screenings	"	307	520
	- TOTAL CELLULOSE	"	39.180	40.820
	- alcohol	"	1.820	1.980
	- sawn timber	stds	3.459	2.391
	- plywood	m <sup>3</sup>	4.632	3.468
SALES	- bleached cellulose	tons	40.683	40.300
	- screenings	"	425	520
	- TOTAL CELLULOSE	"	41.108	40.820
	- alcohol	"	1.953	1.980
	- sawn timber	stds	2.357	3.493
	- plywood	m <sup>3</sup>	4.272	3.828

As seen from the figures above the production level in the works have corresponded to earlier estimations. This means also that close to 100 % of the capacity has been used.

The pricelevels for the products have also showed the same trend with increases of 2 - 6 %. However costs as a whole have run up in the same proportion, logprices for cellulosewood and wages still far more. Thus the return from rise of salesprices has given no economical yield for shipper.

In the cellulosefield one can hardly count with any depreciations left for invested capital. The sawmill gives somewhat better returns and the plywood is fairly good.

Due to generous use of different kind of secondary wood the company has been successful in obtaining a fair supply of logs for the operations. However the general feeling in the country seems to be that a long time shortage of wood will accure in Finland from now on. This feeling might be somewhat exaggerated, but in any case continued export of roundwood cannot be justified from a nationaleconomical point of view.

The main efforts of the company have been to meet the predicted woodshortage. A third barking drum is now in stage of construction and a forth one on paper. Also a new wastehandling system will be installed in the plywood mill. All this will enable the company to take still better care of the waste and secondary wood for production purposes.

No production increases of importance in the cellulose production are considered.

Lielhti, 3rd August 1964

  
Rolf Christiansen  
Managing Director

Annual Financial Report  
1963\*

## PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS		Division TOD Industry	
Country FINLAND	Period To Dec. 31, 1963	Carded July 10, 1964	
Loan or Project 222-FI ENQVIST	Type of Report Yearly Financial Report (1963)		
For Action To	Action Taken	Initial	Date
<del>P. Geli</del>		SG	7/12/64
<del>G. Kreuter</del>		S	7/10/64
<del>AE Bindschedler</del>		0803	7/22/64
Opera. Files			
Progress on Project			
Finance			
R ks			

YEARLY FINANCIAL REPORT  
of  
AKTIEBOLAGET J.W. ENQVIST OSAKEYHTIÖ  
for 1963

Aktiebolaget J.W. ENQVIST Osakeyhtiö

Annual Report 1963.

(free translation)

General Remarks

As expected in last year's Annual Report, 1963 has been a turning-point for the downward market-trend in the wood-working industry. The company has been operating at a good capacity.

Yet at the same time the year's activities have caused many plants in the pulp industry to ask themselves whether further activity in the long run can be considered economically justified in market pulp. The same question is put not only in our country but also, if the Company's information is correct, in the neighbouring Scandinavian countries and in the USA. It is clear that paper-making, or any converting of the fibre, has for many years produced better results than the production of pulp. Scandinavian market pulp mills also show a definite interest in establishing pulpconverting of their own also on the Continent.

Development in pulp-production in this country has been as follows:

	<u>1962</u>	<u>1963</u>
Sulphite pulp	1.28 mill.tons	1.30 mill.tons
Sulphate pulp	1.65 " "	1.89 " "
Mechanical and board pulp	1.16 " "	1.23 " "
Semichemical pulp	<u>0.13 " "</u>	<u>0.16 " "</u>
	4.22 mill.tons =====	4.58 mill.tons =====

Exports from Finland were worth 3,664.9 mill.marks, 3,7 % more than in 1962.

Pulp Mill

The capacity of the pulp mill has been expanded to 80,000 tons during the year. This rate of production has been maintained since October.

The total output last year was 74,277 tons, due to the fact that a brake was put on production during the first three quarters of the year.

Production Figures

	<u>1962/tons</u>	<u>1963/tons</u>
Standard dissolving pulp, dry	12,681	15,048
Standard dissolving pulp, wet	10,699	12,386
Super I dissolving pulp	1,357	1,052
Cord dissolving pulp	17,790	18,596
Birch dissolving pulp, dry	13,511	14,017
Birch dissolving pulp, wet	4,210	5,592
Bleached pulp for paper, dry	2,950	2,053
Bleached pulp for paper, wet	5,919	4,439
Dry screenings	<u>1,224</u>	<u>1,094</u>
	70,341	74,277
	=====	=====

Deliveries according to marketing area (more detailed break-down in appendices 1 and 2):

	<u>1962</u>	<u>1963</u>
Finland	27,890 tons	27,670 tons
EEC	17,014 "	20,143 "
EFTA	2,320 "	4,008 "
Eastern countries	19,502 "	20,071 "
Rest	<u>1,449 "</u>	<u>1,046 "</u>
	68,175 tons	72,938 tons
	=====	=====

Finland took 38 % of total deliveries, compared with 41 % in the previous year.

Net average price fab according to Finncell's calculations:

<u>Year</u>	<u>Cord pulp</u>	<u>Standard dissolving</u>	<u>Birch dissolving</u>	<u>Bleached paper pulp, group 2</u>	<u>Unbleached paper pulp</u>
1962	570,-	457,50	438,50	360,-	332,-
1963	578,-	474,-	446,-	375,-	345,-

The quantity of small pulpwood, birch, and wood chips used as raw material rose from 302,000 m<sup>3</sup> in 1962 to 351,000 m<sup>3</sup> in 1963, partly barked. This corresponds to 58.2 % of total wood requirements, compared with 53.2 % the previous year.

Major new investments ready to go into operation in 1963:

Alkali<sup>74</sup> tower with filter attached

Centricleaner installation for unbleached pulp  
Centricleaner installation for bleached pulp  
Bark press W 3 with building  
Digester No. 5  
Suction press for drying machine II  
Continuous lime neutralisation process for alcohol plant  
Expansion system for evaporation plant  
Shed No. 2 for sawn goods

At the turn of the year the following new buildings were nearing completion:

Otterland-chipper  
Humus filter for water treatment  
Social building, canteen

The Company sold about 22.5 mill. kWh excess counter-pressure power to the city of Tampere (30 mill. kWh the previous year).

The pulp mill's activity has been directed according to the decision to increase production to 80,000 tons. At the same time the process of splitting production into two separate lines has been going on. This means that from the beginning of 1965 the Company will be able to produce c. 30,000 tons of birch pulp for Säteri, while the export line will produce c. 50,000 tons of pulp. Some of this will probably be birch, depending on the sales position.

During 1963 the pulp mill reckoned on a total of 15.5 man hours per ton, compared with 17.1 in 1962, maintenance and other auxiliary departments included and also new buildings made in own shops. Thus the Company has reached a figure, which should compare favourable with corresponding industrial plants in Finland, particularly when remembering that Lielahiti makes use of small wood etc.

#### Alcohol Plant

The production of alcohol was 2,950 tons, achieved in 254 working days.

The alcohol market has been stabilised due to the signing of a five-year contract with Alko, which guarantees a market for all our alcohol.

According to preliminary estimates, the average price of methanol-free alcohol was about 25 p. per kg., compared with 21 p. in the previous year.

The country's total alcohol production during 1963 was 16,167 tons, compared with 17,553 tons in 1962.

### Plywood Mill

The Company's decision to buy Venmala plywood mill may have so far unforeseeable consequences for the Company. The present management would be willing to continue development work on mechanical wood working, while maintaining chemical wood working at the present level.

The business transaction itself was, according to the Managing Director, conducted very good indeed, not least thanks to the excellent co-operation of Pohjoismaiden Yhdyspankki/Nordiska Föreningsbanken and Asko.

### Sawmill

Sawing expanded to 5,875 std., all square-sawn, compared with 4,688 std. the previous year. From March 4th. to May 31st, the saw was driven in two shifts.

Red- and whitewood accounted for 37 % and 63 % respectively.

Technical development in the sawmill has continued, but the economic result is not particularly encouraging. During the year the groundwoodmills in this country began to buy spruce saw-logs as raw material for their pulp. It is still too early to say what consequences this will have for the sawmills, but it is clear that price competition will increase.

The sawmill reckoned on 22.5 man hours per standard, compared with 26.7 in 1962.

### Forestry Department

Despite the fact that co-operation in Western Finland has been good, developments in other parts of the country have led to fluctuations in the price of pulp wood the last months. The consequences of this cannot yet be estimated. Paper- and board-makers have now definitely gone out with higher price-ideas than pulp-makers would afford to pay. As stated elsewhere in this Report, the new price will also affect the obtaining of raw material for sawing.

The export price at the turn of the year was c. \$ 11:50 - 11:70, to \$ 9:30 at the turn of the previous year. The total export was 1.359 mill. m<sup>3</sup>, in addition to pit-props and sulphate wood c. 0.730 mill. m<sup>3</sup>.

The price of top-quality pulp wood at the turn of the year was 31.15 marks/m<sup>3</sup> in the mill, partly barked, compared with 31.35 the previous year. The highest price quoted in dealings with the Forestry Board was, after violent protest from the buyers,



36,- mk. At the same time, however, the quantity bought from the Forestry Board declined from 45,000 m<sup>3</sup> to 35,000 m<sup>3</sup>, which reflects the toughness of the negotiations.

During the year we obtained 219,032 m<sup>3</sup> of lina pulp wood, compared with 291,181 m<sup>3</sup> in the previous year.

32.7 % was obtained partly barked and 67.3 % unbarked.

The price of smallwood rose from 19.07 marks in 1962 to 20.26 marks in 1963. During the year we obtained 205,040 m<sup>3</sup> of this, to 223,906 m<sup>3</sup> the previous year.

The Company is now so equipped that the percentage share of small pulp-wood will depend on how much of this the forestry department manages to obtain.

The price of birch pulp-wood was 21.87 marks/m<sup>3</sup>, compared with 21.02 marks the previous year, partly barked. Corresponding quantities obtained were 126,787 m<sup>3</sup> compared with 116,081 m<sup>3</sup> in 1962.

174,470 m<sup>3</sup> in all were transported by road to the mill, compared with 158,955 m<sup>3</sup> the previous year.

Floated bundles of wood from Näsijärvi totalled 179,402 m<sup>3</sup> compared with 210,938 m<sup>3</sup> the previous year.

The Company's exports of pit-props and sulphate wood totalled 831 m<sup>3</sup>, to 2,981 m<sup>3</sup> the previous year. The price was 27.44 marks, to 26.54 the previous year.

The Company has, in recent months, got into contact with sulphate pulp-producers and hopes that exchanges (pine pulp-wood for spruce pulp-wood or small pulp-wood) during the coming months will establish a price which the Company can consider reasonable. The sulphate wood situation seems to be still worse than the spruce wood.

Sales of fuel wood were 4,848 m<sup>3</sup>, compared with 6,974 m<sup>3</sup> the previous year.

Prices rose from 10.91 marks to 11.71 marks.

Oil-fired air heaters have proved popular and have already affected the fuel market.

### Social Activities

The Company has a first-aid post with two nurses as before.

The Company still supports Rientola, the local settlement.

On 30.11.1963 the Company employed 707 people on the industrial side, including

the office, compared with 740 in the previous year. In addition to this the Vammala Mill employs 167 people.

The average price per man hour, including social costs both compulsory and voluntary, is estimated at 4.04 marks compared with 3.60 marks the previous year. Yet this increase does not reflect a change in wage costs. As far as the pulp mill is concerned, the total bill for salaries in 1962 was 459.4 mill. old marks, and in 1963 478.9 mill. old marks. In 1960 the corresponding figure was 509.7 mill.

#### Administration

The Board of the Company consisted of Mr. C.J. Ehrnrooth, Chairman, and Messrs. Göran Ehrnrooth, Anton af Forselles, Guy de Roquemareul and Rolf Christiansen. The last-mentioned has also been Managing Director of the Company. The Board met four times, and on June 25th. 1963 a meeting of appointed shareholders was held.

The taxation value of the shares was 30 marks per share.

The net business turnover during the year was 38,925 mill. marks, compared with 36,005 mill. marks the previous year.

The enclosed accounts and appendices 3 and 4 show the results of our activity.

The result shows a net profit of 205,574.81 marks, compared with 38,389.49 marks the previous year.

By a decision of the shareholders on June 25th. 1963, the share capital was increased through a stock issue from 2 million marks to 6 million marks. The issue was made by increasing the face value of the shares from 10 marks to 30 marks.

Lielchi, February 6th. 1964

C.J. Ehrnrooth	Göran Ehrnrooth
Anton af Forselles	Rolf Christiansen



## REGISTER of CUSTOMERS 1963

Cellulose

<u>Finland</u>	Säteri Oy	20,465 t	
	Oy Kyro Ab	5,977 "	
	Tammer Puu Oy	908 "	
	Various buyers + own consumption	320 "	27,670 t
<u>West Germany</u>	Phrix-Werke AG., Siegburg	9,134 t	
	Phrix-Werke AG., Krefeld	7,090 "	16,224 "
<u>Soviet</u>	Vsesojuznoje Exportno-Importnoje Objedinenije EXPORTLES		13,444 "
<u>Poland</u>	PAGED Centrala Handlu Zagranicznego		5,872 "
<u>Italy</u>	Orsi Mangelli S.p.A.	2,388 t	
	Cartiera Chatillon S.p.A.	1,506 "	3,894 "
<u>Great Britain</u>	British Cellophane Ltd.	2,438 t	
	Courtaulds Ltd.	1,017 "	
	Various buyers	3 "	3,458 "
<u>Spain</u>	Fabricación Española de Fibras Artificiales S.A.		1,046 "
<u>Hungary</u>	LIGNIMPEX		755 "
<u>Ireland</u>	Feldmühle AG.		550 "
<u>France</u>	Sté Novacel		25 "
			72,938 t
			=====

Timber

<u>Finland</u>	Oy Laivateollisuus Ab	396	stds	
	Valmet Oy, Lentokonetehtas	105	"	
	Puutoimi Oy	86	"	
	Puukeskus Oy	75	"	
	Keskisen Rakennusliike Oy	74	"	
	Sahatavara Oy	64	"	
	Oy Puutaveraliike A.T. Siren	55	"	
	Kodinrakentaja	43	"	
	Velj. Udd Oy	41	"	
	Hakalan Metsätöimisto	25	"	
	Various buyers + own consumption	<u>1,017</u>	"	1,981 stds
<u>Holland</u>	NV Houthandel v/h Kamphuis & Loosbroek	233	stds	
	Koninklijke Houthandel J. Eecen Gzn	180	"	
	NV Halbertama's Fabrieken voor Houtbe- werking	165	"	
	NV Houthandel v/h Bontekoning & Aukes	135	"	
	NV Houthandel v/h William Pont	124	"	
	NV E.R. Wigboldus & Zonen's Bouw- materialen- & Houthandel	91	"	
	Ant. F.M. Heijmerink Houtimport NV	55	"	
	NV Houthandel v/h J.T. Meinesz	54	"	
	Hout Import Combinatie NV	<u>53</u>	"	1,090 "
<u>U.K.</u>	Messrs. James Walker Ltd (Leith)	280	stds	
	Messrs. J. Baird & Co. Ltd.	250	"	
	Wm. S. Swales & Co. Ltd.	137	"	
	Messrs. John B. Smith Ltd.	131	"	
	Messrs. James Graham & Co. Ltd.	88	"	
	Messrs. Robert Lauder & Co. Ltd.	50	"	
	Messrs. William Grey & Co. Ltd.	45	"	
	Messrs. Joseph Thompson & Co. Ltd.	<u>10</u>	"	991 "
<u>West Germany</u>	Firma Ostermann & Schelwe	460	stds	
	Firma Steinbrügge & Berninghausen	192	"	
	Firma Rud. Schnedes	169	"	
	Firma Harburger Hobelwerk L. Krages & Söhne	95	"	916 "
<u>Denmark</u>	Det Danske Trælastkompagni A/S	486	stds	
	Vagn Overgaard's Tømmerhandel	<u>125</u>	"	611 "
				5,589 stds =====

## PROFIT and LOSS ACCOUNT

as per 31.12.1963

## EXPENSES

## ORDINARY EXPENSES

Wages	5.859.256,91	
Interest	1.742.382,82	
Taxes	690.606,69	
Depreciation	3.189.243,11	
Other ordinary expenses	<u>1.760.757,07</u>	13.242.246,60
PROFIT 1963		<u>205.574,81</u>

Mks 13.447.821,41  
=====

## INCOME

## ORDINARY INCOME

Net Income from operation	12.391.361,76	
Income from forests	745.037,08	
Interest	89.850,85	
Other ordinary income	<u>212.716,80</u>	13.438.966,49
EXTRAORDINARY INCOME		<u>8.854,92</u>

Mks 13.447.821,41  
=====

Annual turnover Mks 38.925.433,39  
=====

## BALANCE SHEET

as per 31.12.1963

## ASSETS

## LIQUID and CURRENT ASSETS

Cash in hand	27.387,30	
on postal cheque-account	-80	
<u>Sundry Debtors</u>	<u>5.844.568,57</u>	5.871.956,67

Stocks and Stores

Cellulose, plywood and sawn timber	2.671.642,-	
Other materials and stores	<u>3.716.956,95</u>	6.388.598,95

## FIXED ASSETS

Land	2.574.929,32	
Buildings	4.568.142,-	
Machines, equipment and tools	17.610.920,-	
Misc. fixed assets	1.230.911,20	
Shares in subsidiary companies	<u>1.125.000,01</u>	27.109.902,53

## PREPAYMENT and DEBIT BALANCES

Interest etc.		120.413,-
---------------	--	-----------

## EXTRAORDINARY ASSETS

Shares in other firms etc.		<u>259.708,22</u>
----------------------------	--	-------------------

Mks 39.750.579,37  
=====

## LIABILITIES

## CURRENT LIABILITIES

Short Term

Cheque-account	174.955,29	
Bills of Exchange	3.700.000,-	
Trade Creditors	8.268.234,39	
Loans	<u>7.608.000,-</u>	19.751.189,68

Long Term

11.208.717,30

## ACCRUED CHARGES and PROVISIONS

491.716,95

## CAPITAL RESERVE

<u>Share Capital</u>		6.000.000,-
----------------------	--	-------------

Reserv Accounts

1.105.000,-

Profit and Loss Account

as per 31.12.1962	988.380,63	
profit 1963	<u>205.574,81</u>	<u>1.193.955,44</u>

Mks 39.750.579,37  
=====

STATEMENT OF INVENTORIES 1963

(in marks)

		<u>Volume</u>	<u>Book-value</u>	<u>Estimated market value</u>
Pulpwood	m <sup>3</sup>	147.102	2.531.627, -	3.890.000, -
Cellulose	tons	5.378	1.852.640, -	2.006.070, -
Coal	tons	4.990	167.515, -	229.089, -
Sulphur	tons	1.732	171.990, -	182.778, -
Alcohol	tons	395	59.780, -	86.900, -
Sawn Timber	stds	1.870	556.922, -	703.700, -
Plywood	m <sup>3</sup>	416	202.300, -	202.300, -
Other Materials			<u>845.825, -</u>	<u>845.825, -</u>
			6.388.599, -	8.146.662, -
			=====	=====

Lielahi, June 5th, 1964



Lorenz Grönlund  
Office Manager

Certified by:





ESTIMATED REAL PROFIT FROM INDUSTRIAL OPERATION 1963

(in marks)

Net Profit acc. to Profit and Loss Statement		205.575 mk
<u>Plus</u>		
Investments charged to costs		550.000 "
<u>Less</u>		
Value surpluses - pulpwood	1.621.800,-	
- other materials	<u>124.644,-</u>	<u>1.746.444 "</u>
		Loss 990.869 mk
		=====

Lielahi, June 5th, 1964



Lorenz Grönlund  
Office Manager

Certified by:

*Raihi Lindgren*

*Leena Koskinen*

## AUDITORS' REPORT

Elected at the ordinary meeting of Shareholders' of Aktiebolaget J.W. ENQVIST Osakeyhtiö on 25. June 1963, to audit the company's administration and accounts for 1963, we hereby, having filled our duty, wish to inform the following to the Meeting of Shareholders:

The Audit Office Idman & Vilén, supervised by the undersigned Idman, has done current detail check of the accounts, and found that all book-keeping items are based on matter-of-fact, approvable, and correctly booked vouchers. The book-keeping in general is in order and clearly kept, and the financial control has been carefully managed, giving no cause for comments.

We have controlled the securities possessed by the company and found that they correspond with the inventory.

The stocks listed in the Inventory book are valued according to same cautious valuation principles as before.

The fire insurance policies are in order, the insurance is based on new value basis.

We have read the minutes made at Board Meetings and Shareholders' Meetings as well as the Board's Report on Activity for 1963.

The closing balance for 1963 which shows a profit of Fmk 205.574,81, is correctly derived from the book-keeping and made on correct principles, observing good trade customs.

With reference to the audit of the accounts and explanations given by the managing director, we are convinced, that the company has been managed with necessary care and farsightness. We therefore suggest that the Board of Directors be granted free responsibility for 1963 and recommend that the closing balance for 1963 be confirmed.

Tampere, April 17th, 1964

Ragnar Stephan  
Bank Manager

C.J. Idman  
Auditor  
Chartered Accountant

Certified by:

*Raili Lindgren*

*Leena Koskinen*





FORM No. 295  
(5-63)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS		Division TOD - Industry	
Country FINLAND	Period To Dec. 31, 1963	Carded March 30, 1964	
Loan or Project 222-FI ENQVIST	Type of Report Semi-Annual Operational		
For Action To	Action Taken	Initial	Date
<del>AEBindschedler</del>		AEB	3/30/64
<del>P. Geli</del>		PG	24 June
Opera. Files			
Progress on Project			
Finance			
Remarks			

			1.7. - 31.12 1963	1.1. - 30.6.64 Estimated
PRODUCTION	- bleached cellulose	tons	37.782	38.600
	- screenings	"	521	750
	- TOTAL CELLULOSE	"	38.303	39.350
	- alcohol	"	1.594	1.680
	- sawn timber	stds	2.400	3.395
	- plywood	m <sup>3</sup>	2.152	2.700
SALES	- bleached cellulose	tons	36.190	38.600
	- screenings	"	470	750
	- TOTAL CELLULOSE	"	36.660	39.350
	- alcohol	"	2.153	1.680
	- sawn timber	stds	4.175	3.395
	- plywood	m <sup>3</sup>	2.305	2.700

## CELLULOSE

As expected in last year's Operational Report, 1963 has been a turning-point for the downward market-trend in the wood-working industry. The Company has been operating at a good capacity.

Yet at the same time the year's activities have caused many plants in the pulp industry to ask themselves whether further activity in the long run can be considered economically justified in market pulp. The same question is put not only in our country but also, if the Company's information is correct, in the neighbouring Scandinavian countries and in the USA. It is clear that paper-making, or any converting of the fibre, has for many years produced better results than the production of pulp. Scandinavian market pulp mills also show a definite interest in establishing pulpconverting of their own also on the Continent.

The capacity of the pulp mill has been expanded to 80.000 tons during the year. This rate of production has been maintained since October.

Major new investments ready to go into operation in 1963:

- Alcaline tower with filter attached
- Centricleaner installation for unbleached pulp
- Centricleaner installation for bleached pulp
- Bark press W 3 with building
- Digester No. 5
- Suction press for drying machine II
- Continuous lime neutralisation process for alcohol plant
- Expansion system for evaporation plant
- Shed No. 2 for sawn goods

At the turn of the year the following new buildings were nearing completion:

Ottersland-chipper  
 Humus filter for water treatment  
 Social building, canteen

## ALCOHOL

The production of alcohol was 2.950 tons, achieved in 254 working days.

The alcohol market has been stabilised due to the signing of a five-year contract with Alko, which guarantees a market for all our alcohol.

According to preliminary estimates, the average price of methanol-free alcohol was about 25 p. per kg., compared with 21 p. in the previous year.

## PLYWOOD

The Company's decision to buy Vammala plywood mill may have so far unforeseeable consequences for the Company. The present management would be willing to continue development work on mechanical wood working, while maintaining chemical wood working at the present level.

The business transaction itself was, according to the Managing Director, conducted very good indeed, not least thanks to the excellent co-operation of Pohjoismaiden Yhdyspankki/Nordiska Föreningsbanken and Asko.

## SAWN TIMBER

Sawing expanded to 5.875 std., all square-sawn, compared with 4.688 std. the previous year. From March 4th. to May 31st, the saw was driven in two shifts.

Red- and whitewood accounted for 37 % and 63 % respectively.

Technical development in the sawmill has continued, but the economic result is not particularly encouraging. During the year the groundwoodmills in this country began to buy spruce saw-logs as raw material for their pulp. It is still too early to say what consequences this will have for the sawmills, but it is clear that price competition will increase.

The sawmill reckoned on 22,5 man hours per standard, compared with 26,7 in 1962.

Lielähti, 18th March 1964

  
 Rolf Christiansen  
 Managing Director

Semi-Annual Report  
June 1963



## PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS		Division TOD - Industry	
Country FINLAND	Period To June 30, 1963	Carded August 19, 1963	
Loan or Project 222-FI <del>METSALITON</del>	Type of Report Semi-Annual		
ENQUIST OY			
For Action To	Action Taken	Initial	Date
<del>A.E. Bindschedler</del>	_____	QEB	10-1-63
<del>P. Gell</del>		fg	6-2-63
<del>G. Kreuter</del>			10-3-63
Opera. Files			
Progress on Project <u>ENQUIST</u> Keep production 90% of capacity. Production and sales figures close to estimates and to figures of last reporting period. Sale prices are not indicated.			
Finance			
Remarks			

			1.1. - 30.6. 1963	1.7. - 31.12.1963 Estimated
PRODUCTION	- bleached cellulose	tons	35.401	34.950
	- screenings	"	573	620
	- TOTAL CELLULOSE	"	35.974	35.570
	- alcohol	"	1.356	1.700
	- sawn timber	stds	3.475	2.250
SALES	- bleached cellulose	tons	35.730	34.950
	- screenings	"	549	620
	- TOTAL CELLULOSE	"	36.279	35.570
	- alcohol	"	1.322	1.700
	- sawn timber	stds	1.415	2.250

## CELLULOSE

Due to quotation cuts the cellulose market has stabilized. At the end of reporting period minor price gains of £ 1 - 1 1/2 for deliveries in the third quarter were noted and the demand increased. However the Scandinavian agreement about a limitation of the production will prevent an increased production to full capacity during 1963.

The profitability of the cellulose production has been unsatisfactory.

At end of June the mill was ready for a production capacity of 80.000 tons. The actual production for the first half year corresponded to estimations earlier given to IBRD.

In the bleaching department a new alkaline-step went into operation at end of June, as well as a barking press in the barking department.

The wood purchasing during report period has met with difficulties according to different price-ideas between sellers and buyers.

## ALCOHOL

The production has not quite corresponded to earlier given estimations owing to increased birch cellulose share in relation to spruce cellulose. These has to do with cellulose market reasons.

The sales have been good and the stabilization of the market seems to continue

## SAW MILL

The saw mill was periodically run in two shifts and thus the production has surpassed the prognosis. The timber market continued stable.

In June a new shed for dried timber was taken into use.

Lielahi, 8th August 1963

  
\_\_\_\_\_  
Rolf Christiansen  
Managing Director

Annual Report #Financial  
December 1962

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS

COUNTRY	FINLAND (Rec'd June 18, 1963)
LOAN OR PROJECT	222-FI ENQVIST OY
PERIOD TO	December 31, 1962
TYPE OF REPORT	Yearly Financial
CARDED	June 21, 1963 mlh

	FOR ACTION TO:	INITIAL	DATE
1	<del>P. Gell</del>	<i>g</i>	June 21, 63
2	<del>A.E. Bindschedler</del>	<i>AB</i>	Aug 16, 63
3	Opera. Files		
4			
5			
6			
7			
8			

YEARLY FINANCIAL REPORT  
of  
AKTIEBOLAGET J.W. ENQVIST OSAKEYHTIÖ  
for 1962

Aktiebolaget J.W. ENQVIST Osakeyhtiö

Company Report of the year 1962.

General

The industrial activity in the country was characterized by a slowing in the rate of expansion. In the woodworking industry the cellulose production was particularly badly off. As a result of difficulties in marketing, the Scandinavian producers agreed on a cut in deliveries.

	<u>Estimated capacity</u>	<u>Permitted delivery quantities</u>	<u>Actual delivery 1962</u>
Finland	2,08 mill.tons	1,69 mill.tons	1,69 mill.tons
Sweden	3,43 " "	2,79 " "	2,64 " "
Norway	<u>0,51</u> " "	<u>0,41</u> " "	<u>0,42</u> " "
	6,02 mill.tons -----	4,89 mill.tons -----	4,75 mill.tons -----

The Finnish Cellulose Union decided to realize the cuts in deliveries according to quality in the following way:

Unbleached sulphite	21,8 %
Bleached sulphite	24,7 "
Dissolving pulp	14,1 "
Unbleached sulphate	26,0 "
Bleached sulphate	14,6 "

The development of actual production has been:

	<u>1961</u>	<u>1962</u>
Sulphite cellulose	1,39 mill.tons	1,28 mill.tons
Sulphate cellulose	1,43 " "	1,65 " "
Wood- and boardpulp	1,15 " "	1,16 " "
Semichemical pulp	<u>0,10</u> " "	<u>0,13</u> " "
	4,07 mill.tons -----	4,22 mill.tons -----

60 % of all produced wood fibre was further processed in own country compared with 59,8 % in 1961.

The employment situation has been good, no actual shortage of labour was observed.

The harvest were poor, particularly in quality and in many areas one can speak about an actual failure. However, in the districts which the company's forest organization covers, no lack of money has been noticed among the farmers.

During the second half of the year the credit market was noticeable strained. As a result of this, and due to the fact that the weakening in the market affected industry to an ever increasing extent, a general feeling of baisse was noticed in business. New investments were postponed.

The value of exports from Finland was 353,3 milliard marks, 4,7 % higher than in 1961.

	<u>1961</u>	<u>1962</u>
EFTA	34,7 %	30,4 %
EEC	30,9 "	28,6 "
East Bloc	18,0 "	22,2 "
Others	16,4 "	18,8 "

As a whole the year 1962 may be characterized as an exceptionally poor year for the cellulose industry. However at the turn of the year information from the markets indicated that a stabilization could be expected. Accordingly there is a feeling that 1963 could bring a change in trade.

#### Cellulose Factory

The customers have made the most of the instability of the market situation. Price reductions and general confusion among sales agents is the result of this. Hardly any cellulose mill in Scandinavia can show a decent result for the year 1962.

Consequently the company has once more postponed the increase in capacity to



80.000 tons. The share in the total production of cellulose for the company was in accordance with the decision of The Finnish Cellulose Union 67.259 tons. However, actual production was somewhat larger. Out of this the proportion of card pulp has been considerably increased and the same applies to birch.

	<u>1960/tons</u>	<u>1961/tons</u>	<u>1962/tons</u>
Standard dissolving pulp, dry	24.725	21.688	12.681
Standard dissolving pulp, wet	12.507	12.755	10.699
Super 1, dissolving pulp	4.663	3.743	1.357
Card pulp	7.618	10.989	17.790
Birch dissolving pulp, dry	7.064	8.308	13.511
Birch dissolving pulp, wet	837	2.527	4.210
Bleached cellulose, paper grade, dry	3.204	1.829	2.950
Bleached cellulose, paper grade, wet	11	5.646	5.919
Dry screenings	<u>1.442</u>	<u>2.193</u>	<u>1.224</u>
	62.071	69.678	70.341
	=====	=====	=====

Deliveries according to customer territories (more detailed analysis in enclosures 1 and 2):

	<u>1961</u>	<u>1962</u>
Finland	26.890 tons	27.890 tons
EEC	20.551 "	17.014 "
EFTA	2.839 "	2.320 "
East Bloc	17.182 "	19.502 "
Others	<u>3.722 "</u>	<u>1.449 "</u>
	71.184 tons	68.175 tons
	=====	=====

Domestic deliveries increased to 41 per cent of the total.

Average price (netto fab) according to Finncell calculation mks/ton

<u>Year</u>	<u>Card pulp</u>	<u>Standard silk</u>	<u>Birch silk</u>	<u>Bleached paper grade group 2</u>	<u>Unbleached paper grade strong</u>
1961	60.600	48.200	45.250	41.100	35.000
1962	57.000	45.750	43.850	36.000	33.200

The amount of small wood, birch and sawmill chips as raw material, increased from 268.000 m<sup>3</sup> in 1961, calculated as half barked, to 302.000 m<sup>3</sup> in the year 1962. This corresponds to 53,2 per cent of the total timber demand as compared with 48,7 per cent in the previous year.

Noteworthy new investments completed within the year 1962:

Barking drum, 5 x 16 m system Willén, with a separate selecting table.

Pressure acid tank 400 m<sup>3</sup> - 6 at (Uddeholm).

310 m<sup>3</sup> pulp blowing pit.

Rebuilding of digester No 4

Chip elevator

Bleaching tower

At the turn of the year the following important projects were nearly completed:

Reuse - Repole vacuumfilter Nr III

Keating of the building for the bleaching department

Blowing pipe system for digesters

New digester No 5

30,0 million kWh surplus back pressure power was sold during the year (previous year 20,7 million kWh).

Activity in the cellulose mill has been guided by two main aims. The first is a reduction in the cost of maintenance. Activity in this respect has been successful. The total cost of maintenance has decreased, although the unity prices of services have increased. The second aim has been to cut the total bill of wages. This was 517 million mks 1962 compared with 527 million mks in 1961 (social expenses included). These numbers include all departments in the company except the forestry.

On the other hand the costs of converting have increased, particularly the cost of chemicals. This unfortunate tendency has been observed. New projects in order to reduce the cost of chemicals are in stage of development and expected to start operation 1963.

The company has not been blind to the development going on in the sulphite cellulose industry to introduce another base for cooking cellulose. However, these delegations, which have been sent by the company to various mills where sodium and magnesium are used instead of calcium, have reported that the change from one base to another has caused unexpected troubles and is not yet economically justified for a rayon pulp mill as ours.

In the company the greatest profit would be obtained if pine-wood could be used as raw material for cellulose as well. As perhaps there may be other possibilities the company has not pushed the change to another base.

### Alcohol Distillery

The production of alcohol was 2.712 tons and it was reached within 232 working days. The short operation time depends chiefly on the fact that the factory has to be shut down when manufacturing birch pulp, because of the low yield in fermentation of spent birch liquor.

The average price for methanol free alcohol is provisionally calculated as having been about 20:90 marks per kg compared with 19 marks the previous year. As a result of the constant disagreement between Oy Alkoholilike and the alcohol producers, the question of a long term contract is under consideration. The negotiations, in which the company has had a central position, have at the time of writing resulted in a five year agreement on a price which for the main quality of the company brings 25 marks per kg. Also the other alcohol producers, which are still in operation (Jakobstads Cellulosa, Jämsänkoski, Kaukas, Kemi and Valkeakoski) join the agreement. Furthermore it is understood that Äänekoski produces alcohol for own use.

The joint enterprise to find some form of further processing of the alcohol has been found unprofitable and dropped by producers.

The total alcohol production of the country in the year 1962 was 17.553 tons compared with 16.011 tons in 1961.

### Saw Mill

The production amounted to 4.688 stds, all square sawing, compared with 5.807 stds the year before.

The proportions of redwood and whitewood were 36 per cent and 64 per cent respectively.

The market situation was nearly the same throughout the year. During the autumn there were reports of a certain strengthening in the market, although this has not yet led to price rises. In any case it is evident that the stocks of the buyers have decreased. The stocks at the saw mill were reduced from 2.150 stds in 1.586 stds.

During the year a fork truck for the handling of the sawn timber was brought into use.

Another fork truck was bought and the truck roads were improved.

Saw mill chips were used as previously for cellulose cooking, saw mill dust and bark were used as fuel.

During the summer stop inner frames were installed in the frame-saws. This makes it possible to increase production from small logs and the production from the saw mill may be increased close to 10 per cent.

#### Forest Department

Price for regular paper wood was 3.135 mark/m<sup>3</sup> delivered calculated as half barked compared with 2.988 marks in the previous year. The price rise depends on buyings done in 1961, but only last year hauled to the mill.

Deliveries of this assortment amounted to 291.181 m<sup>3</sup> compared with 325.648 m<sup>3</sup> in 1961. 31,9 per cent was delivered as half barked and 68,1 per cent as unbarked.

The fuel wood price rose from 1.575 mk/m<sup>3</sup> in 1961 to 1.907 marks in 1962. Deliveries amounted to 223.906 m<sup>3</sup> compared with 184.327 m<sup>3</sup> the year before.

The company is now so equipped that the percentage of small wood depends on how much the forest department manage to provide of it.

The price for birch paperwood was 2.102 mk/m<sup>3</sup> compared with 2.029 the previous year calculated as half barked. The corresponding deliveries amounted to 116.081 m<sup>3</sup> and 85.701 m<sup>3</sup> respectively in 1961.

A total of 158.955 m<sup>3</sup> was transported by trucks to the mill compared with 186.000 m<sup>3</sup> the year before.

The portion of floated wood in bundles from lake Näljätjärvi was 210.938 m<sup>3</sup> compared with 231.914 m<sup>3</sup> the year before.

The pit props and sulphate wood export of the company was 2.981 m<sup>3</sup> compared with 5.177 m<sup>3</sup> previous year. The price was 2.654 marks compared with 2.652 marks

- 7 -

the year before. The company's policy has been to avoid sulphate wood purchases or if this is not possible exchange it against paperwood or small wood. The experience of this exchange business has not been encouraging. It has become clear that some form of own processing of sulphate wood would be justified.

Fuel wood sales were 6.974 m<sup>3</sup> compared with 5.686 m<sup>3</sup> the year before. The price rose from 1.835 marks to 1.891 marks. The fuel wood market in the country has had the same firm undertone as before. This can be accounted by the conservation in our people which slows the change to high valued fuels. However, that this change will happen is inevitable.

### Social activity

The company maintains a dispensary with two health sisters as before.

Riontola, the local settlement department, is supported by the company all the while.

The company employed on the industrial side and in the offices, on the 30th November 1962 a total of 740 employees as compared with 763 the previous year.

Average costs per working hour including social expenses are calculated as 360 marks compared with 352 marks in the previous year. The actual rise in wages per hour has been ca 5 per cent, but on the other hand the overtime made, has decreased.

### Administration

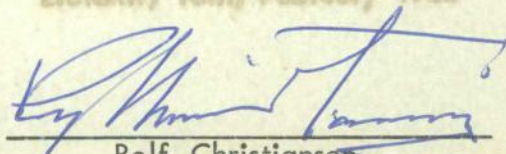
On the Board of the company, Mr C.J. Ehrnrooth was president, and Messieurs Göran Ehrnrooth, Anton af Forselles, Guy de Roguesneural and Rolf Christiansen members. The last mentioned was also the managing director. The Board has met 4 times.

The tax value of the shares was 4.000 marks per share, the same as in the previous year.

Yearly turnover calculated net was 3.400,5 million marks as compared with 3.459,8 million marks in the previous year. The result of the activity and the position of the company is shown in the enclosed balance-sheets, enclosures Nos 3 and 4.

Result shows a net profit of 3.538.949 marks as compared with 19.589.846 marks in the previous year.

Liljeholm, 13th, February 1963



Rolf Christiansen  
Managing Director



## REGISTER of CUSTOMERS 1962

## Cellulose

<u>Finland</u>	Säteri Oy	18.031,4	tons	
	Oy Kyro Ab	8.686,4	"	
	Tanner Puu Oy	981,5	"	
	Various buyers + own consumption	<u>190,9</u>	"	27.890,2 tons
<u>West Germany</u>	Phrix-Werke AG., Krefeld	7.383,3	tons	
	Phrix-Werke AG., Siegburg	<u>6.724,9</u>	"	14.108,2 "
<u>Soviet</u>	Vsesojuznoje Exportno-Importnoje Objedinenije EXPORTLES			9.908,1 "
<u>Poland</u>	PAGED Centrala Handlu Zagranicznego			8.890,0 "
<u>Italy</u>	Cartiera Chatillon S.p.A.	1.440,0	tons	
	Orsi Mangelli	<u>1.327,1</u>	"	2.767,1 "
<u>Great Britain</u>	Courtaulds Ltd.	916,1	tons	
	British Sidac Ltd.	497,0	"	
	British Cellophane Ltd.	<u>406,3</u>	"	1.819,4 "
<u>Spain</u>	Fabricacion Espanola de Fibras Artificiales S.A.			1.448,6 "
<u>Hungary</u>	LIGNIMPEX			600,4 "
<u>Switzerland</u>	Feldmühle A.G.			500,9 "
<u>France</u>	Sté Navacel			139,0 "
<u>no</u>	China National Light Industrial Products Import and Export Corporation			<u>102,8</u> "
				<u>66.174,7 tons</u> *****

## Timber

<u>Finland</u>	Oy Laivateollisuus Ab	333,0	stds	
	Valmet Oy	121,5	"	
	Puutolmi Oy	104,2	"	
	Puukeskus Oy	95,6	"	
	Puutavaraliike A.T. Siren	95,3	"	
	Keskisen Rakennusliike	86,2	"	
	Virtaan Puu Oy	35,9	"	
	Antinahan Puusepäntiike	34,3	"	
	Rak.tarv. liike V. Kiviharju	25,6	"	
	Länsilastaman Puutevara Oy	23,0	"	
	Various buyers + own consumption	<u>1.094,1</u>	"	2.048,7 stds
<u>U.K.</u>	Messrs. Bell & Sime Ltd.	270,7	stds	
	Messrs. James Walker Ltd. (Invern.)	231,3	"	
	Messrs. James Walker Ltd. (Leith)	192,0	"	
	Carter, Carter & Co. Ltd.	139,2	"	
	Wm Brown's Saw Mills Ltd.	94,3	"	
	Messrs. John B. Smith Ltd.	92,9	"	
	The Alexandra Saw Mills Ltd.	62,6	"	
	Various buyers	<u>191,8</u>	"	1.274,8 "
<u>West Germany</u>	Firma Ostemann & Schelwe	378,9	stds	
	Firma Rud. Schmedes	157,7	"	
	Firma Steinbrügge & Berninghausen	139,0	"	
	Firma Louis Kruges	78,6	"	
	Various buyers	<u>40,6</u>	"	794,8 "
<u>Holland</u>	Wed. H. de Looper N.V.	200,5	stds	
	Hout Import Combinatie	114,1	"	
	N.V. E.R. Wigboldus & Zonen's Bouwmateriaal- en Houthandel	91,3	"	
	N.V. Houthandel v/h Kamphuis & Loosbroek	80,3	"	
	Houtimport Rete-Westzaan N.V.	70,1	"	
	Various buyers	<u>33,6</u>	"	589,9 "
<u>Denmark</u>	Det Danske Trælastkompagni A/S	415,4	stds	
	Vagn Overgaard's Tømmerhandel	<u>84,7</u>	"	500,1 "
<u>Belgium</u>	S.A. Importation Bois, Anet. Snauwaert			<u>45,0</u> "
				5.253,3 stds
				*****



**BALANCE SHEET**  
as per 31.12.1962

**ASSETS****LIQUID and CURRENT ASSETS**

Cash In hand	3.401.115,-	
on postal cheque - account	343.109,-	
<u>Sundry Debtors</u>	<u>382.074.742,-</u>	385.818.966,-

Stocks and Stores

Cellulose, alcohol and sawn timber	201.877.000,-	
Other materials and stores	<u>318.126.230,-</u>	520.003.230,-

**FIX ASSETS**

Land	256.842.932,-	
Buildings	429.663.300,-	
Machines, equipment and tools	1.755.317.600,-	
Misc. fixed assets	152.323.994,-	
Shares in subsidiary companies	<u>112.500.001,-</u>	2.706.647.827,-

**PREPAYMENT and DEBIT BALANCES**

Interest etc.		12.894.040,-
---------------	--	--------------

**EXTRAORDINARY ASSETS**

Shares in other firms etc.		<u>25.435.064,-</u>
----------------------------	--	---------------------

Mks      3.650.799.127,-  
-----

**LIABILITIES****CURRENT LIABILITIES**Short Term

Cheque-account	22.112.974,-	
Bills of Exchange	400.000.000,-	
Trade Creditors	875.550.589,-	
Loans	<u>290.000.000,-</u>	1.587.663.563,-

Long Term

1.198.247.601,-

**ACCRUED CHARGES and PROVISIONS**

35.549.900,-

**CAPITAL RESERVE** Share Capital  
Reserv Accounts

200.000.000,-

448.596.853,-

Profit and Loss Account

as per 31.12.61  
profit 1962

176.902.261,-

3.838.949,-

180.741.210,-

Mks      3.650.799.127,-  
-----

## PROFIT and LOSS ACCOUNT

as per 31.12.1962

## EXPENSES

## ORDINARY EXPENSES

Wages	517.044.685,-	
Interest	156.476.018,-	
Taxes	56.463.845,-	
Depreciation	285.569.147,-	
Other ordinary expenses	<u>134.480.531,-</u>	1.150.034.226,-
PROFIT 1962		<u>3.838.949,-</u>
	Mks	<u>1.153.873.175,-</u>
		-----

## INCOME

## Ordinary Income

Net Income from operation	1.065.399.529,-	
Income from forests	70.446.851,-	
Interest	6.138.401,-	
Other ordinary Income	<u>10.264.194,-</u>	1.152.248.975,-
EXTRAORDINARY INCOME		<u>1.624.200,-</u>
	Mks	<u>1.153.873.175,-</u>
		-----

Annual turnover    Mks    3.600.523.156,-  
-----

## STATEMENT OF INVENTORIES 1962

(in marks/1000)

		<u>Volume</u>	<u>Book-value</u>	<u>Estimated market value</u>
Pulpwood	m <sup>3</sup>	246.664	225.747	463.540
Cellulose	tons	4.040	134.976	154.434
Coal	tons	11.557	38.797	47.673
Sulphur	tons	854	7.980	9.223
Alcohol	tons	1.643	24.860	32.860
Sawn Timber	stds	1.586	42.041	74.748
Other Materials			<u>45.602</u>	<u>78.270</u>
			520.003	860.748
			=====	=====

Lielahiti, April 19, 1963



Lorenz Grönlund  
Office Manager

Certified by:




ESTIMATED REAL PROFIT FROM INDUSTRIAL OPERATION 1962  
(in million marks)

Net Profit acc. to Profit and Loss Statement		3,8 Mmk
<u>Plus</u>		
Investments charged to costs		<u>30,0 "</u>
		33,8 Mmk
<u>Less</u>		
Value surplusses - pulpwood	135,7	
- other materials	<u>6,0</u>	<u>141,7 "</u>
	Loss	107,9 Mmk
		=====

Lielahi, May 24, 1963

*Lorenz Grönlund*

Lorenz Grönlund  
Office Manager

Certified by:

*Ulla Koskimäki Seelika Eitanson*

## AUDITORS' REPORT

Elected at the ordinary meeting of Shareholders of Aktiebolaget J.W. ENQVIST Osakeyhtiö on 15. October 1962, to audit the company's administration and accounts for 1962, we hereby, having filled our duty, wish to inform the following to the Meeting of Shareholders:

The Audit Office Idman & Villén, supervised by the undersigned Idman, has done current detail check of the accounts, and found that all book-keeping items are based on matter-of-fact, approvable, and correctly booked vouchers. The book-keeping in general is in order and clearly kept, and the financial control has been carefully managed, giving no cause for comments.

We have controlled the securities possessed by the company and found that they correspond with the Inventory.

The stocks listed in the Inventory book are valued according to same cautious valuation principles as before.

The fire insurance policies are in order, the insurance is based on new value basis.

We have read the minutes made at Board Meetings and Shareholders' Meetings as well as the Board's Report on Activity for 1962.

The closing balance for 1962 which shows a profit of Fmk 3,838,949:-- is correctly derived from the book-keeping and made on correct principles, observing good trade customs.

With reference to the audit of the accounts and explanations given by the managing director, we are convinced, that the company has been managed with necessary care and foresightness. We therefore suggest that the Board of Directors be granted free responsibility for 1962 and recommend that the closing balance for 1962 be confirmed.

Tampere, 4, March 1963.

Ragnar Stephan  
Bank Manager

C.J. Idman  
Auditor  
Chartered Accountant

Certified by:

*Li. Idman Ulla Kostunen*

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Semi-Annual Report  
December 1962.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS

COUNTRY	FINLAND (Rec'd March 20, 1963)
LOAN OR PROJECT	222-FI (Enquist Oy)
PERIOD TO	December 31, 1962
TYPE OF REPORT	Semi-Annual (Operational)
CARDED	March 20, 1963 ejw

	FOR ACTION TO:	INITIAL	DATE
1	<del>P. Gell</del>	<i>lg</i>	March 21, 63
2	<del>A. E. Bindschedler</del>	<i>AEB</i>	March 25, 63
3	Op. Files		
4			
5			
6			
7			
8			



MORTGAGE BANK OF FINLAND OY

HELSINKI  
Rauhankatu 16

AIR MAIL

Helsinki, March 16, 1963  
LW AN

International Bank for Reconstruction and Development  
Department of Technical Operations  
Industry Division  
1818 H Street, N.W.  
Washington 25, D.C.  
U. S. A.

For the attention of Mr. W.J. Armstrong

Gentlemen:

Subject: Loan No. 222-FI; Semi-Annual  
Operational Reports

Reverting to our letter dated February 28, 1963,  
we send you herewith enclosed the Semi-Annual Operational  
Reports of the following two beneficiaries under the captioned  
loan, for the period July - December 1962:

Aktiebolaget J.W. Enqvist Osakeyhtiö, and  
Rauma-Repola Oy.

The report of Aktiebolaget J.W. Enqvist Osakeyhtiö  
is a certified copy of the company's original report which  
we have not received due to the postal strike that started  
here on the 1st of March and still continues.

We hope, however, that the reports now submitted to  
you will be found satisfactory, and regret the delay occurred  
in forwarding them.

Yours very truly,

MORTGAGE BANK OF FINLAND OY

Date Rec'd. March 20/63

Date Ack'd. March 20/63

Assigned to Mr. B. S. S. S. S.

U. A. V. S. S. S.

Encl.

			1.7. - 31.12. 1962	1.1. - 30.6.1963 Estimated
PRODUCTION	- bleached cellulose	tons	35.445	35.050
	- screenings	"	533	640
	- TOTAL CELLULOSE	"	35.978	35.690
	- alcohol	"	1.610	1.740
	- sawn timber	stds	2.314	3.000
SALES	- bleached cellulose	tons	34.395	35.050
	- screenings	"	617	640
	- TOTAL CELLULOSE	"	35.012	35.690
	- alcohol	"	1.360	1.740
	- sawn timber	stds	3.751	2.000

#### PULP

The weak trend in the pulp market has continued all through the second half of the year. This has led to production cuts in all Scandinavia as follows:

Unbleached sulphite	21,8 %
Bleached sulphite	24,7 "
Dissolving pulp	14,1 "
Unbleached sulphate	26,0 "
Bleached sulphate	14,6 "

As these figures are averages for the whole year, the rate of production cuts for the second half year were in fact higher.

Accordingly the company has proceeded very slowly with the plans to increase production to 80.000 tons.

At the end of the year the first signs became evident that the market trend could turn another way - although hardly anybody expected a radical change in 1963.

The difference in economic terms between market pulp production and integrated operations has probably grown again during the last year. This will, no doubt, increase the interest in changing to paper manufacture in Scandinavia and later on to harder competition in the main markets in paper and board. Whether this policy of depressing the pulp prices, which the continental paper mills follow, is sound or not remains to be seen.

Technically there is nothing outstanding to report, which might have caused the year's rather disappointing result.

The new barking drum is in operation and the new digester (260 m<sup>3</sup>) will do so by the end of February 1963.

Among new investments, scheduled to be ready in 1963, the following decisions have been made:

- two bleaching washers
- one alkali tower
- one chipper

### Alcohol

Prices have slightly increased and saleable quantities as well. At the end of the year negotiations were commenced with the state-owned alcohol monopoly concerning long term deliveries. Since then these have resulted in an agreement for 1963 - 68 on a price level, which is somewhat higher than the present one.

It seems that the efforts to improve quality, which were made in 1960 in connection with the waste liquor project financed by IBRD, now seems to have been fully justified.

The rather low output of alcohol in 1962 was caused by the increased percentage of birch pulp, as this grade has an inferior alcohol fermentation.

### Saw mill

Market conditions have slightly improved during the autumn and the sales quantities have also been satisfactory. This applies to the country as a whole.

Most unfortunately the sawlogs have also gone up in price, so the prospects in the near future for this operation have not changed for the better.

Lietohti, 27th February 1963

Rolf Christiansen

Managing Director

Certified by:

*Raili Lindgren*

*Ulla Koskinen*

Frquist

December 14, 1961.

FINLAND - LOAN 222-FI

Final Construction Report, Woodworking Projects 1959

Date of loan agreement:	March 16, 1959
Amount of loan:	\$37 million equivalent
Withdrawn as at November 30, 1961:	\$34,628,697 (about 94% of the loan amount)
Effective date:	May 16, 1959
Closing date:	June 30, 1962
Term of loan:	15 years 5 months
Interest rate:	5 3/4%
Amortization:	Semi-annually
First repayment:	August 15, 1962
Last repayment:	August 15, 1974
Prepared by:	H. Fuchs

This report is based on Technical Progress Reports submitted by the ultimate beneficiaries of the loan up to September 30, 1961, and end-use visits of the companies in the spring of 1960 and early in 1961. The latter visit covered only three companies (Kymmene, United Paper Mills and Kaukas) which were again beneficiaries under the latest loan to the Finnish Woodworking Industry (Loan 291-FI of August 1961). Apart from information on project costs, the report does not cover the financial position of the borrowers; they will be dealt with in a separate report which will be prepared upon receipt of the companies' financial information for 1961 expected to be submitted to the Bank in March or April 1962.

All the nine IBRD assisted projects, apart from some minor installations, are completed. Most of the projects have been completed in accordance with the original construction schedules. In three cases (Metsaliiton Selluloosa, Kymmene and United Paper Mills and to some extent Rauma Repola) projects have been subsequently enlarged with the approval of the Bank and their project costs, as a consequence, have increased. In the other companies which carried out their projects as originally planned, costs on the average have risen by about 6% above original estimates which came as a result of increases in civil works, escalation on equipment costs (the average construction time was about 2½ years) and, to a minor extent,

additional equipment needs resulting from more detailed designs after the appraisals had been made. Apart from three cases (Kaukas, Kymmene and Myllykosken) experience with equipment has been satisfactory and, in those cases where it was not, the initial troubles should not be difficult to overcome. From the two end-use visits and the detailed reporting, the impression was gained that all the companies have carried out their projects efficiently. As at the end of November 1961, 94% of the loan amount has been disbursed and the remainder is expected to be withdrawn by mid-1962.

Details on costs and construction progress of the individual projects are given in the Annex. The companies are listed below with their respective loan amounts and the approximate proportion of our loan used for local expenditures (in million dollars equivalent):

	<u>Loan Amount</u>	<u>Fmk Proportion (as at September 30, 1961)</u> %
<u>Sulphate Pulp</u>		
Kemi Oy	3.26	33
Oulu Osakeyhtio	8.34	45
Metsaliiton Selluloosa Oy	4.69	67
<u>Newsprint</u>		
Kymmene Aktiebolag	4.97	39
Myllykosken Paperitehtas Oy	3.81	43
United Paper Mills	4.81	23
<u>Dissolving Pulp</u>		
✓ Ab J. W. Enqvist Oy	2.19	53
Oy Kaukas Ab	1.50	-
Rauma Repola Oy	3.10	21
<u>Unallocated</u>	<u>0.33</u>	
Total	\$37.00	32%

In the Technical Report, the disbursements of our loan for local expenditures were estimated at 13% although it was said that it would depend on how competitive Finnish equipment would prove after final bids had been received. The Bank has received on all major items of machinery and equipment (above \$100,000 equivalent) detailed cost analyses for approval and is convinced that equipment has been placed to the optimal advantage of the companies. Finnish equipment has not only shown itself to be fully competitive with foreign supplies (apart from some specialized equipment not yet

manufactured in Finland) as to price and delivery time, but also as to performance, as is now becoming apparent. Two Finnish newsprint machines supplied by Valmet Oy are a good example; they are the first of their size and speed built in Finland and so far have been running very satisfactorily.

There is another reason why the local portion of our loan disbursements has increased. Although the companies have repeatedly been asked to use IBRD funds first for foreign exchange expenditures, the possibility left to them to get also disbursements on locally procured goods (as long as approved by the Bank and included in the List of Goods) made it impossible to enforce the use of IBRD funds for foreign exchange expenditures to the maximum extent.

#### Summary of Construction Progress and Project Cost Development

The Kemi project, covering the installation of a new soda recovery boiler, added drying and storage capacities and an increase in the pulp mill's capacity by 10,000 tons per year, was completed according to the original construction schedule and only a minor over-run in project costs occurred. Before completion of the IBRD project, the company embarked on a program to further increase its sulphate pulp capacity, investments for which the IBRD financed project had already laid the basis. These additional investments have put a substantial burden on the company's finances and a visit to Kemi Oy on the occasion of the next end-use mission to Finland is indicated in order to foresee more clearly the company's financial development.

The Oulu project, to increase the capacity of the company's sulphate pulp mill by some 100,000 tons per year, has been executed within the original schedule with the exception of a lime kiln which, however, did not hinder the full utilization of the added pulp capacity. The new capacity became available in mid-1961. Project costs have remained below the original estimates.

With the consent of the Bank, the Metsaliiton Selluloosa project's scope was increased to cover the establishment of a new sulphate pulp mill of 100,000 tons annual capacity instead of only 70,000 tons as originally foreseen. The project was completed in March 1961 on schedule, with the exception of the late additions which were to be completed by mid-1961. Additional project costs were considerably less in proportion than the added sales value resulting from the project's increase.

The Kymmene project, which was subsequently enlarged with the Bank's consent and included as a major item a new newsprint machine of an annual capacity of 70,000 tons of standard newsprint, was completed in April 1961 close to the original schedule with the exception of a boiler. Enough steam capacity was available, however, so that the delayed boiler did not interfere with the full utilization of the rest of the plant. Project costs increased mainly as a result of the project's increased scope.

The Myllykosken project, which included the erection of a new newsprint machine of a capacity of some 70,000 tons of standard newsprint per year, was completed on schedule in June 1961. A minor over-run in project costs occurred.

The United Paper Mills project, for the installation of a new newsprint machine, was completed about six months earlier than expected by the company at the time of loan signature. The machine's capacity was subsequently increased, with the Bank's consent, by about one-third to produce about 105,000 tons of standard newsprint per year, resulting in an increase in project costs by about 8%.

The Enqvist project provided for the installation of an evaporation plant and a boiler and an increase in the pulping capacity of 10,000 tons per year. Minor over-runs in construction time and an increase of 16% of project costs have occurred. Enqvist is the weakest company financed under Loan 222-FI and a thorough study of its financial position should be made after receipt of the financial data for the year ending December 31, 1961. On the occasion of the next end-use mission to Finland, this company should be visited.

The Kaukas project, which included the installation of a new evaporation and boiler plant, was considerably delayed due to difficulties experienced by the supplier of the evaporation plant to get raw materials in time. Project costs remained close to the original estimate but not realized operational cost savings due to the construction delay are estimated to have increased the project's overall costs by about 10%.

The Rauma Repola project to increase the company's pulp capacity to about 115,000 tons per year, has been completed in mid-1961, about six months ahead of schedule. Project costs have increased as a result of the fact that capacities of some of the mill's departments included in this expansion are good for a still higher output and that part of the equipment formerly thought to be rebuilt has been replaced by new equipment.

#### Action

Apart from the visit of two companies (Kemi and Enqvist) on the occasion of the next end-use mission to Finland, there is no action required. A report on the financial development of the companies will follow as soon as the data for the past financial year become available.

HFuchs:bs  
December 14, 1961

CC: Messrs. Aldewereld, Squire, Reid, Ripman, Spottswood, Van Helden,  
Armstrong, Hathaway, Bateson and Povey  
Miss Zaifiriou  
Miss Maher  
Legal Files  
Operational Files

KEMI OY

The project was aimed mainly at improving operating efficiency of the sulphate pulp mill. Apart from a small expansion of the sulphate pulp capacity by 10,000 tons to 140,000 tons per year, the project had the following major aims: (1) to increase the steam yield from the available supply of black liquor; (2) to increase drying capacity in order to reduce cost and increase the marketability of the pulp; and (3) to expand storage facilities for dried pulp. The major items installed are a new soda recovery boiler, a new drying machine and a pulp storage building. The boiler has been designed to allow a further increase in pulp production to 230,000 tons per year.

The original construction schedule foresaw completion of the boiler (the largest item of the project with the longest delivery time) by the end of August 1961. The schedule, within two weeks, was adhered to. For a construction period of more than  $2\frac{1}{2}$  years and the fact that in November 1960 work was interrupted for about three weeks on account of a fire, this is an excellent result. The boiler, the largest of its kind in the world, has been running continuously since early October to the date of the latest report available (November 9, 1961). The rest of the equipment was either completed on schedule or slightly in advance - the drying machine in September 1959 and the additional pulp capacity in May 1960.

The original project costs were estimated at Fmk 2,080 million; the latest estimates, which should be firm although they are not yet final, show costs of Fmk 2,211 million, an increase of about 6%. The boiler accounted for the largest portion of this increase.

In mid-1960, the company decided to increase the sulphate pulp making capacity by another 90,000 tons to 230,000 tons per year. Completion of this program is scheduled for the spring of 1962. Total costs of this expansion are estimated at Fmk 2,225 million (about the same as for the IBRD financed project). Some 22% of the investment costs for this expansion are being financed by an increase in the company's share capital, some 45% by local long-term credits and the remaining 33% by internally generated funds. Additional working capital is to be covered by short-term loans.

OULU OSAKEYHTIO OY

The project provided for an increase in the company's capacity for sulphate pulp from 144,000 tons to 240,000 tons per year, the installation of a chlorine di-oxide generating plant and a bleaching plant to make possible full bleaching of about 40% of the expected pulp output and an expansion of the drying capacity to reduce the output of the unbleached



wet pulp from 37% to about 16% of total output. The capacity of the chlorine plant was to be increased from 13,000 to 43,500 tons per year, a lime kiln and a new back pressure turbine were to be installed and some minor miscellaneous investments to round out the program.

The project was completed close to the original construction schedule in June 1961 with the exception of a lime kiln which by now (early December 1961) should be in operation. The delivery of the lime kiln of Danish make was delayed due to a lengthy strike at the supplier's plant; however, this late delivery did not interfere with the full utilization of the added pulp capacity. The new chlorine plant which is to supply the needs of Oulu's two parent companies was completed in May 1960 and the new bleaching capacity was added in February 1961. All the equipment installed is working satisfactorily.

Project costs have remained unchanged at Fmk 6,683 million, an amount which still includes a contingency reserve of Fmk 499 million.

#### METSALIITON SELLULOOSA OY

The project originally covered the installation of a new sulphate pulp mill with an annual capacity of 70,000 tons of bleached pulp. The soda recovery boiler was to be dimensioned so as to allow expansion of annual pulp capacity to about 100,000 tons.

The first alteration of the project occurred when detailed studies showed that an annual production capacity of 80,000 tons would be more appropriate due to the availability of standard sizes of various equipment. Secondly, due to the demand by a number of domestic paper mills for semi-bleached pulp, the company decided to add another 20,000 tons of annual pulping capacity in the form of semi-bleached pulp. Consequently, the new mill was to have a capacity of 100,000 tons per year consisting of 80,000 tons of fully bleached pulp and 20,000 tons of semi-bleached pulp. The other original features of the pulp mill remained unchanged. The Bank agreed to these changes of the project.

In accordance with the original estimate, the new sulphate mill started operations in early March 1961 and has been working continuously since the end of April. During May and June 1961 (the two latest months for which reports are available) production has continuously increased and the mill then had attained a production rate about 60% of capacity. First-class prime quality pulp has been obtained. Further work remained only in the wood handling department and the semi-bleaching line which were to be completed in July 1961.

Project costs on the basis of the original scope of the project were estimated at Fmk 4,280 million. Final costs of this original scope have remained nearly unchanged, but, as a result of the additional capacity, project costs went up to Fmk 4,842 million. This represents an increase of about 13% in project costs as compared to an increase in added sales value of about 43%. The additional investments were mainly met by a long-term loan of Fmk 400 million from the Central Bank of Cooperative Credit Societies and by suppliers' credits.

#### KYMTENE AB

The project originally covered the installation of a new paper machine at the company's Voikka plant to produce about 70,000 tons per year of standard newsprint; an expansion of the groundwood mill by 40,000 tons per year; the installation of a new boiler with a capacity of 80 tons per steam per hour; and the modification of an existing power line between Voikka and another nearby plant of the company.

In April 1959 the company requested the Bank's approval (which was subsequently given) for a modification of the scope of the project. Provisions were added for (a) bleaching 30,000 tons per year of groundwood, and (b) more equipment for stock preparation to improve the quality of the stock. As a result of higher steam requirements, the boiler capacity was to be increased to 100 tons per steam per hour and an existing steam turbine was to be rebuilt. The basic consideration which led the company to these changes was increasing demand for higher quality products.

It was originally estimated that the paper machine would be completed by the end of March 1961 and the boiler and power installations in July of that year. All other items of the project were to be completed by the end of 1960 or early 1961.

The paper machine supplied by Valmet, Finland, was started up in mid-April 1961 and, after some initial trouble with the paper machine drive, had obtained by the end of October near capacity production with satisfactory quality. The erection of the boiler, on the other hand, caused some trouble. Although the boiler supplied by Wartsila, Finland, was finally started up by the end of October 1961, some three months behind schedule, a number of parts have to be exchanged and final acceptance is not expected before May 1962. The company had enough steam reserve capacity to avoid a reduction in the full utilization of the plant.

Project costs were originally estimated at Fmk 3,531 million. As a result partly of cost increases of the original project scope but mainly due to the enlarged project scope, costs went up to Fmk 4,300 million or by about 22%. The company is again a beneficiary under the latest loan to the Finnish Woodworking Industry of August 1961.

MYLLYKOSKEN PAPERTEHTIÄS OY

The project provided for the installation of a new paper machine and a new supercalender to produce between 70,000 and 80,000 tons of standard newsprint per year or a smaller amount of glazed newsprint. Additional grinding capacity and a new back pressure turbine were to be installed to meet the increased requirements for pulp and power. The project was completed to schedule in June 1961. The new paper machine started trial runs at the end of March. In November 1961, the new paper machine which was manufactured in Finland by Valmet was already running at capacity production and has reached in short runs a production rate of some 94,000 tons per year. The quality of the paper is said to be satisfactory. The supercalender, although in operation, will need the exchange of some parts expected to be carried through in December of this year.

Original project costs were estimated at Fmk 2,855 million; final costs are Fmk 3,015 million, representing an increase of about 6%. The cost increases occurred principally in civil works and accessories of the paper machine.

UNITED PAPER MILLS

The project covered the installation at the company's Kaipola mill of a new newsprint machine. The machine was originally planned for a normal capacity of 80,000 tons of standard newsprint per year. Various design changes on the machine, principally additional drying cylinders and an increase of its width have increased capacity to between 100,000 and 110,000 tons per year. The Bank gave its agreement to this increased machine capacity. Existing facilities for the production of groundwood, steam and power are adequate to cover additional requirements of the new machine.

The paper machine started operations on March 30, 1961. This is about six months earlier than noted in the legal project description which expressed the company's planning at the time of the loan signature although actual completion is in line with the date anticipated in the Technical Report. As at the end of June, the date of the latest operational report available, the machine supplied by Beloit, U.S.A., was running at close to 690 meters per minute which is equivalent to an annual rate of production of about 100,000 tons. There is no mention in the company's report that the paper quality is not satisfactory.

As a result of the increase in machine capacity and auxiliary equipment, project costs increased to Fmk 3,545 million as compared to Fmk 3,285 million originally, an increase of about 8%.

The company is again a beneficiary under the latest loan to the Finnish Woodworking Industry of August 1961.

AB J. W. ENQVIST OY

The project provided for the installation of a multiple effect evaporation plant and a boiler to concentrate and burn the pulp mill's sulphate liquor. The project also included the installation of a back pressure turbine which was to make the company independent of purchased power and allow the sale of surplus power. The annual capacity of dissolving pulp was also to be increased by 10,000 tons to 70,000 tons.

The original construction schedule called for completion of the project by the end of March 1960 with the exception of the turbine which was scheduled to be operational in September 1960. The original schedule for the turbine was adhered to but the completion of the boiler was delayed by about three months as the result of a 40 day construction workers' strike, the fact that the early winter affected outside work and difficulties encountered by the supplier in getting raw materials in time. The 16½ months construction period given to the supplier of the boiler was known to be rather tight and a minor delay had to be expected. The legal project description had made allowances for such an expected delay.

Latest reports (as at June 30, 1961) indicated that all the equipment is running to original specifications which, through a reduction of additional fuel, increased production of alcohol and decreased labor and maintenance costs as well as through the <sup>sale</sup>~~purchase~~ of power, was to bring about savings of some Fmk 250 million per year.

The third aim of the project to increase capacity of the pulp mill by 10,000 tons per year has also been achieved; its progress was tied to that of the boiler. Pulp production during the first half of 1961 ran at 70,000 tons per year level. As at June 30, the company had full order books to keep the mill running at the capacity rate for the rest of the year. Prices declined slightly during the fourth quarter of 1961.

Original project costs (excluding additional working capital but including interest during construction) were Fmk 1,249 million compared to actual project costs of Fmk 1,448 million or 16% above the forecast. The cost increase is mainly due to some additional equipment found necessary for the pulp mill. The additional financial requirements were covered by additional suppliers' credits and increase in current liabilities.

Upon completion of the project, the company decided to increase its pulp capacity by another 10,000 tons to 80,000 tons per year on which level it plans to stabilize its production. Enqvist estimates that these investments will require about Fmk 235 million and can be financed out of the company's own resources. The new production level is expected to be reached by the end of 1961.

OY KAUKAS AB

The project provided for the installation of a multi-effect evaporation plant and a boiler to concentrate and burn the pulp mill's waste liquor. A new back pressure turbine was also included in the project.

The company did not start with its final planning before it had the assurance of the IBRD loan and the construction period was postponed by about four months. While the boiler and the turbine were completed in October 1960 in accordance with the revised construction schedule, the evaporation plant was delayed by nearly six months and test runs did not start before the end of February 1961. As at September 1961 final acceptance tests had not yet been carried out. The delay was caused by the inability of the supplier (Lurgi, Germany) to get proper raw materials in time after its original design of the evaporation plant based on German norms, and for which Lurgi had ordered materials, was not accepted. Finnish norms require slightly higher gauged materials. There were also some initial difficulties with the running of the evaporation plant which are being corrected. The boiler (supplied by Steinmuller, Germany) operated satisfactorily from the start but continuous tests to run on black liquor of the evaporation plant had to be postponed due to the initial troubles of the evaporation plant. The latest report received from the company (September 29, 1961) does not mention any further difficulties with the equipment.

The project costs remained close to the original estimate. Original project costs were estimated at Fmk 1,166 million as compared with final costs of Fmk 1,197 million, an increase of less than 3%, but since only the combination of evaporation plant + boiler + turbine brings about the full extent of the cost savings expected from the project, the delay in the completion of the evaporation plant can be expected to have cost the company about Fmk 80-90 million in not realized operational cost savings. The company is again a beneficiary under the latest loan to the Finnish Woodworking Industry of August 1961.

RAUMA REPOIA OY

The project originally called for an increase in the capacity of the company's dissolving pulp mill from about 70,000 to about 115,000 tons per year by the end of 1961. This was the integral part of an overall expansion and modernization program aimed at increasing capacity to a total of about 130,000 tons per year by 1963. The division as established between the first phase, which IBRD assisted, and the following stage is not clear-cut, as a number of investments included in the first stage are to become effective only upon completion of the whole program.

The project has not changed basically. However, the final capacity expected to be reached at the end of the second stage has been increased from 130,000 to 150,000 tons per year and equipment installation in the first phase reflects this change.

Construction of the first stage has been speeded up and a capacity of between 110,000 and 120,000 tons per year (depending on the rate of pulp produced) was attained in mid-1961 instead of the end of 1961 as in the original schedule. Only the new acid plant came into operation in October 1961. To our knowledge it has not yet been decided when the company will expand the capacity to 150,000 tons per year nor whether this added capacity will be in dissolving or paper grade pulp. Independent of whether the company decides for an increase in paper or dissolving pulp capacity, it is planned to move toward an ultimate plant output of 200,000 tons of pulp per year.

Total project costs to bring the pulp capacity to 130,000 tons per year were originally estimated at Fmk 3,278 million. Actual project costs to bring capacity to the 110,000-120,000 tons level are now Fmk 4,720 million. It is expected that an additional Fmk 1,200-1,300 million would be needed to bring output to about 150,000 tons per year. The increase in project costs is not due to original under-estimation but is the result of the company's decision to replace old equipment with new rather than to repair and adjust existing equipment to the increased capacities. There is also the factor that part of the first stage equipment is already good for the 150,000 tons per year level.

Annual Financial 1961 •

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS

COUNTRY	FINLAND (Rec'd June 1, 1962)
LOAN OR PROJECT	222-FI (Enquist)
PERIOD TO	Dec. 31, 1961
TYPE OF REPORT	Annual Financial
CARDED	June 1, 1962 ejw

FOR ACTION TO:

INITIAL

DATE

1	<del>P. Gelli</del>	<del>lg</del>	June 5, 62
2	<del>H. Fuchs</del>		June 1, 1962
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COMPANY REPORT OF THE YEAR 1961

## Aktiebolaget J.W. ENQVIST Osakeyhtiö

Company report of the year 1961.

### General

The industrial activity in the country has been exceptionally high. The production increased by 8 per cent in the total industry. In the wood working industry the increase was 15 per cent, with preponderance in paper. The cellulose production in the country increased from 2.47 million tons in the year 1960 to 2.83 million tons in 1961, or by 14.6 per cent. In the sulphite section the increase was 8.4 per cent, in sulphate 21.4 per cent. The manufacturing of the sulphate-pulp capacity has now passed that of sulphite, which is suggestive of the trend of development during the next years ahead. Production of chemical market pulp increased from 1.47 million tons to 1.63 million tons in 1961. 38,000 tons of the increase was market sulphite.

The following tabulation gives a conception of the development within the fibre industry during the last years.

	<u>1957</u>	<u>1961</u>
Sulphite cellulose	1.06 mill. tons	1.39 mill. tons
Sulphate cellulose	1.00 " "	1.43 " "
Wood- and boardpulp	0.98 " "	1.37 " "
Semichemical pulp	<u>0.02 " "</u>	<u>0.10 " "</u>
	3.06 mill. tons	4.29 mill. tons
Further processed in Finland (paper, board, rayon, etc.)	53.6 %	59.8 %

The employment situation has been excellent. Lack of labour was observed e.g. in the building branch and the metal industry. In the wood processing industry a 2-years' agreement was reached at the turn of the years 1960-61, which on the 1st January 1961 indicated an immediate rise of 4.5 per cent and on the 1st January 1962 3.5 per cent in wages. In practice, the rises have hitherto increased the wage incomes with an additional 4 per cent in the wood processing industry.

No serious labour conflicts occurred. The irritation observed in several mills because of the labour side being represented by two rivalling unions, each one with a politi-

cal tinge, exists as a seed for conflict as long as unanimity is not attained in the labour organizations. In our company this rivalry has not been met with.

The value of export from Finland was 337.4 milliard marks, 9.2 per cent higher than in 1960.

EFTA	34.7 per cent
EEC	30.9 " "
East Bloc	18.0 " "
Others	16.4 " "

Finland's membership in EFTA realized on the 1st July, when the rates of duties were also correspondingly reduced by 30 per cent. The market view for the products of the company has not notably changed by this action.

The crop was clearly poorer when compared with that of the record year 1960, especially in quality. In spite of this the farmers had plenty of money assumedly on account of good timber business.

#### Cellulose Factory

The market situation became quickly poorer during the summer because of the large stocks held by the buyers, and above all because of the increased North-American competition in Europe. This trend has been noticeable for several years and has led to an enhanced interest in integrated processing in Finland.

The consultations carried on during the autumn between the leading export countries on the European market about stabilisation of the market situation resulted in an inter-Scandinavian agreement. As far as Finland is concerned, this means cutting of capacity by a good 15 per cent during the year 1962. It seems, however, as though the restriction for the part of dissolving grades at least during the first half of the year would become only nominal.

The production record of 69,678 tons was reached within 354 operation days. The production in the previous year was 62,071 tons.

	<u>1959/tons</u>	<u>1960/tons</u>	<u>1961/tons</u>
Dry screenings	930	1,442	2,193
Wet screenings	19	-	-
Bleached cellulose, paper grad, dry	5,559	3,204	1,829
Bleached cellulose, paper grad, wet	-	11	5,646
Standard dissolving pulp, dry	32,694	24,725	21,688
Standard dissolving pulp, wet	-	12,507	12,755

	<u>1959/tons</u>	<u>1960/tons</u>	<u>1961/tons</u>
Super 1, dissolving pulp	7,192	4,663	3,743
Cord pulp	7,470	7,618	10,989
Birch dissolving pulp, dry	1,706	7,064	8,308
Birch dissolving pulp, wet	-	837	2,527
Birch paper pulp	440	-	-
	<u>56,010</u>	<u>62,071</u>	<u>69,678</u>

The portion of the birch pulp increased markedly and characteristic for the year are the notable endeavours to develop a suitable birch pulp quality. It has been necessary to choose this technically difficult way, because the continental buyers to ever-increasing extent are replacing spruce dissolving pulp by hardwood pulp.

Cord pulp amounts rose as a result of the increased demand from Eastern markets. The same trend appears to continue.

At the meeting of the Board on the 4th October, 1960, a decision was made on an additional increase of production capacity to 80,000 tons. In consequence of the situation on the cellulose market, the work has not been pressed. The new capacity level will hardly be reached before autumn 1962.

Deliveries according to the customer territories ( more detailed division in the Enclosures 1 and 2 ) :

	<u>1960</u>	<u>1961</u>
Finland	18,960.2 tons	26,890.3 tons
EEC	25,183.2 "	20,551.5 "
EFTA	2,377.7 "	2,839.0 "
East Bloc	14,900.8 "	17,181.7 "
Others	1,859.8 "	3,721.9 "
	<u>63,281.7 tons</u>	<u>71,184.4 tons</u>

The domestic deliveries increased to 38 per cent of the total.

<u>Year</u>	Average price netto fob according to Finncell calculation mk/ton				
	<u>Cord pulp</u>	<u>Standard silk</u>	<u>Birch silk</u>	<u>Bleached paper grad group 2</u>	<u>Unbleached paper grad strong</u>
1960	60,460	47,626	44,075	40,996	32,878
1961	60,600	48,200	45,250	41,100	35,000

The portion of small wood, birch and sawmill chips as raw material, increased from 172,000 m<sup>3</sup> in 1960, calculated as half barked, to 268,000 m<sup>3</sup> in the year 1961. This corresponds to 48.7 per cent of the total timber demand as compared with 34.5 per cent in the previous year. The tendency to increase is continuing.

Noteworthy new investments completed within the year 1961:

- Digester No. 12, 250 m<sup>3</sup> ( Uddeholm )
- New generator for backpressure turbine No.2, ( Laval - second hand )
- Rebuilding of Tampella steam boiler
- Continuation of splitting the process into two separate lines.

At the turn of the year the following noteworthy buildings were nearly completed:

- Pressure acid tank 400 m<sup>3</sup> - 6 at ( Uddeholm )
- Doubling of the blowing system of digesters
- 310 m<sup>3</sup> pulp tank after digester bins .

During the year the company appeared for the first time as supplier of electric power to the town of Tampere. Altogether about 20.7 million kWh surplus back pressure power was sold at 44.5 million marks.

### Alcohol Factory

The production of alcohol was 2,482 tons and it was reached within 256 working days. The short operation time depends chiefly on the fact that the factory has to be shut down when manufacturing birch pulp, because of low yield in fermentation of spent birch liquor.

Marketing difficulties have been encountered. The average price for metanol-free alcohol is preliminarily calculated as having been about 19 marks per kg compared with 20:15 in 1960. A question must be raised as to whether a continuous fabrication of alcohol in the present market production situation is economical. The question may be depending on the consultations with Oy Alkoholiliiike during the next months. Hitherto nine of the spirit factories of the country have ceased production, at least five of them for good.

The total spirit production of the country in the year 1961 was 16,011 tons compared with 18,412 tons in 1960.

Among the spirit producers rise has been given to the idea of chemically further pro-

cessing spirit on a cooperative basis. At present the following alcohol factories are in operation:

- Enqvist
- Jakobstads Cellulosa
- United Paper Mills ( two factories )
- Kaukas
- Kemi
- Tainionkoski ( shutting down 1962 )
- Äänekoski

#### Saw mill

The production amounted to 5,807 stds, all square sawing, compared with 4,156 stds earlier. From 27th March to 15th June the saw mill worked in two shifts.

The proportions of redwood and whitewood were 39 per cent respectively 61 per cent. As to drying, the rainy summer was most unfavourable, especially because the company still suffers from the lack of shelters for dried goods. A minor drop in quality due to bluing was noted.

The market situation weakened rapidly in the beginning of the summer with price drops of £ 4 - 7. The reduction was £ 2 bigger for whitewood than redwood. At the turn of the year the saw mill stocks were about 1,000 stds larger than in the previous year.

The mechanical sorting of logs was taken into use in the spring and functioned well. A loading machine for timber transported with trucks was also put to work. It feeds the sorting table.

At the turn of the years 1961-62 a recently acquired fork truck for sawn timber was given a trial run.

It will be put into regular service in the next shipping season. Saw mill chips were used as earlier for cellulose cooking; saw mill dust and bark as fuel.

The saw mill is now so arranged that, if necessary, it can be run in two shifts during a part of the year.

#### Forest department

The high price level for export paper wood, which was reached in the summer 1960,

remained unchanged in the year 1961. At the end of the year, however, there was a smaller drop to \$ 10:60 - 10:80 fob for half barked. Even the export quantities were tophigh. Whitewood was allowed licencies covering about 4,1 million  $m^3$ , and, in addition, pit props and sulphate wood covering ca 2.0 million  $m^3$ . Consequently and because of increased demand by the domestic industry, the root-price rose strongly. Price for l:ma paper wood was 2,988 mark/ $m^3$  delivered calculated as half barked compared with 2,418 marks in the previous year. Deliveries of this quality amounted to 325,648  $m^3$  compared with 264,769  $m^3$  in 1960. 37 per cent was delivered as half barked and 63 per cent as unbarked.

Fuelwood price rose from 1,455 mk/ $m^3$  in 1960 to 1,575 marks in 1961. Deliveries amounted to 184,327  $m^3$  compared with 133,268  $m^3$  the year before.

The price for birch paperwood was 2,029 mk/ $m^3$  compared with 1,826 the previous year calculated as half barked. The corresponding deliveries amounted to 85,701  $m^3$  respectively 41,278  $m^3$  in 1960.

The tendency to an increase in the share of truckwood continued. A total of 186,000  $m^3$  was transported in this way to the factory as compared with about 160,000  $m^3$  in the previous year. It is to be noticed that about 43,000  $m^3$  of the truckwood were transported direct from root to the factory without intermediary stocking, a year earlier 25.000  $m^3$ .

The change-over to trucking has taken place mostly at the expence of railway transport.

On the other hand, the portion of floated wood in bundles from lake Näsijärvi was large, 231,914  $m^3$ . This is a good 15 per cent more than the normal timber supply from the lake area. The explanation to this is the increased birch paper wood and 2-meters spruce firewood, which now for the first time was floated in bundles.

The pit props and sulphate wood export of the company was 5,177  $m^3$  compared with 25,713  $m^3$  in the previous year. Like earlier, the company has strived toward long-range exchange business with domestic sulphate mills, sulphate wood against paperwood or small wood. A total of about 24,000  $m^3$  was exchanged or sold in this way on the home market. The price in these exchange transactions is not, however, particularly encouraging.

The long-range agreement with the State Forest Organisation has functioned well. A total of 93,000  $m^3$  cellulose wood has been delivered to this, half of it as l:ma wood and equally much as small wood.

Fuelwood sales continued to drop from 9,089 m<sup>3</sup> in 1960 to 5,686 m<sup>3</sup>. The price rose from 952 marks to 1,035 marks. Fuelwood market in the country has had a firmer undertone and therefore allowed the fuelwood fanatics new belief in the natural competition power of woodfuel. No doubt this is an erroneous conclusion. E.g. the fuelwood consumption of the biggest private consumer, the State Railways, is being reduced from 770,000 m<sup>3</sup> in 1960 to 660,000 m<sup>3</sup> last year. The same concerns several large consumers. The trend will continue as information about the competitive value of different fuels becomes better known.

#### Social activity

The new pension law was passed during the year by the parliament, but will come into force on the 1st of July 1962. It is calculated to increase the wage expenses with about 5 per cent.

The company maintains a dispensary with two health sisters as earlier.

Rientola, the local settlement department, is supported by the company all the while.

In order to facilitate the transfer to pension, the company has founded a machine shop for the pensioners. At the turn of the year 10 pensioners were employed. The shop works on Rientola's premises. In principle, the performed work, which can be described as hobby-toned, will cover the expenses. Working time is five hours per day and eight months per year, wages per hour 100 marks.

The company employed on the industrial side and in the offices, on the 30th November 1961, a total of 763 employees as compared with 824 the previous year.

Average costs per working hour including the social expenses are calculated as 352 marks as compared with 316 marks in the previous year.

#### Administration

On the Board of the Company, Mr. C.J. Ehrnrooth was president, and Messieurs Göran Ehrnrooth, Anton af Forselles, Guy de Roquemaurel and Rolf Christiansen members.

The last mentioned was also the managing director. The Board has assembled 4 times.

The regular stockholders' meeting took place on the 9th of October. Among the decisions made were the following:



- The accounts for the previous year of activity were accepted.
- No dividend for the years 1959 and 1960 was allotted.

Further, an extra meeting took place on the 25th of October. Naco Ltd. offered to regulate its remaining credits due from Ab J.W. Enqvist Oy by funding 52.9 million marks and compensate the by Gerence-fusion annulled shares 43.3 million marks.

The tax value of the shares was 4,000 marks per share, the same as in the previous year.

Yearly turn-over calculated net was 3,659.8 million marks as compared with 3,366.1 million marks in the previous year.

The result of the activity and the position of the company is shown in the enclosed tabulations of balancing accounts, enclosures Nos 3 and 4.

Result shows a net profit of 19,589,846 as compared with 12,749,920 marks in the previous year.

Lielähti, 16, March 1962

C.J. Ehrnrooth

Göran Ehrnrooth      Anton af Forselles

Rolf Christiansen

Certified by:

Leena Karkinen

May Gölén

Summary of the Deliveries in 1961

Cellulose	Dissolving pulp	Bleached paper grade	Cord pulp	Screenings	Amount	per cent
Finland	18,313.5 t	7,293.6 t		1,283.2 t	26,890.3 t	37.8
West Germany	14,938.5 t		0.2 t		14,938.7 t	21.0
Poland	2,845.2 t		5,570.4 t		8,415.6 t	11.8
Soviet	1,775.7 t		5,807.1 t		7,582.8 t	10.6
France	3,153.7 t				3,153.7 t	4.4
India	2,527.9 t				2,527.9 t	3.6
Italy	2,355.5 t				2,355.5 t	3.3
Great Britain	2,114.7 t				2,114.7 t	3.0
Hungary	1,183.3 t				1,183.3 t	1.7
Argentina				895.2 t	895.2 t	1.3
Switzerland	724.3 t				724.3 t	1.0
Spain	297.8 t				297.8 t	0.4
Belgium	103.6 t				103.6 t	0.1
Egypt	1.0 t				1.0 t	-
	<u>50,334.7 t</u>	<u>7,293.6 t</u>	<u>11,377.7 t</u>	<u>2,178.4 t</u>	<u>71,184.4 t</u>	<u>100.0</u>
	70.7 %	10.2 %	16.0 %	3.1 %	100 %	

Birch dissolving pulp 10,880.7 tons is included in dissolving pulp.

**Spirit**

2,482 t

Timber	Sawn timber stds	V stds	VI stds	Planed stds	Wastes stds	Total stds	per cent
Finland	80.8	756.1	72.9	112.8	582.7	1,605.3	33.3
West Germany	841.5	230.4			215.8	1,287.7	26.8
Holland	367.6	332.6				700.2	14.6
U.K.	480.8	200.0				680.8	14.1
Denmark	263.9	122.6			153.0	539.5	11.2
	<u>2,034.6</u>	<u>1,641.7</u>	<u>72.9</u>	<u>112.8</u>	<u>951.5</u>	<u>4,813.5</u>	<u>100.0</u>

Register of Customers 1961

Cellulose

<u>Finland</u>	Säteri Oy	18,301.3 tons	
	Oy Kyro Ab	7,165.2 "	
	Tammer Puu Oy	1,231.9 "	
	Mersäliton Selluloosa Oy	90.6 "	
	Various byers + own consumption	<u>101.3 "</u>	26,890.3 tons
<u>West Germany</u>	Phrix-Werke AG., Krefeld	9,235.0 tons	
	Phrix-Werke AG., Siegburg	<u>5,703.7 "</u>	14,938.7 "
<u>Poland</u>	PAGED Centrala Handlu Zagranicznego		8,415.6 "
<u>Viet</u>	Vsesojusnoje Exportno-Importnoje Objedinenije EXPORTLES		7,582.8 "
<u>France</u>	C.T.A. (Textiles Artificiels du Centre d Roanne)	2,475.5 tons	
	Sté Novacel	<u>678.2 "</u>	3,153.7 "
<u>India</u>	The Gwalior Rayon Silk Manufacturing Weaving Co. Ltd.	1,998.3 tons	
	J.K. Rayon	<u>529.6 "</u>	2,527.9 "
<u>Italy</u>	Soc. Az. Orsi Mangelli		2,355.5 "
<u>Great Britain</u>	British Cellophane Ltd.	1,606.0 tons	
	Courtaulds Ltd.	<u>508.7 "</u>	2,114.7 "
<u>Hungary</u>	LIGNIMPEX		1,183.3 "
<u>Argentine</u>	La Papelera Argentina		895.2 "
<u>Switzerland</u>	Feldmühle AG		724.3 "
<u>Spain</u>	Fabricacion Espanola de Fibras Arti- ficiales SA.		297.8 "
<u>Belgium</u>	Société Industrielle de la Cellulose (SIDAC)		103.6 "
<u>Egypt</u>	Société Misr pour la Rayonne		1.0 "
			<u>71,184.4 tons</u>

T i m b e r

Finland

Laivateollisuus Oy	298.9 stds	
Puutavara-liike A.T. Siren	124.8 "	
Puukeskus Oy	70.8 "	
Velj. Udd Oy	51.7 "	
Keskisen Rakennusliike Oy	44.8 "	
Tampereen Puu Oy	40.4 "	
Virtaan Puu Oy	38.8 "	
Nopan Rakennusliike Oy	36.4 "	
Puutoimi Oy	30.9 "	
Various buyers + own consumption	<u>867.8 "</u>	1,605.3 stds

West Germany

Firma Becker & Otten	275.2 stds	
Firma Ostermann & Scheiwe	255.7 "	
Firma Dreyer & Hillmann	210.1 "	
Firma Steinbrügge & Berninghausen	167.0 "	
Firma L. Krages & Co. GmbH	135.0 "	
Firma Louis Krages	120.7 "	
Firma Heinr. Grüger & Sohn KG.	104.1 "	
Firma J. Heinr. Drünert	<u>19.9 "</u>	1,287.7 "

Holland

Hout Import Combinatie N.V.	316.3 stds	
Wed. H. de Looper N.V.	229.1 "	
N.V. Houthandel v/h Kamphuis & Loosbroek	64.5 "	
Various buyers	<u>88.3 "</u>	700.2 "

U.K.

Messrs. G. & N. Wright Ltd.	234.4 stds	
Messrs. Wm. Brown's Sawmills Ltd.	123.7 "	
Messrs. James Donaldson & Sons Ltd.	80.3 "	
Messrs. Philip & Bruce (Timber) Ltd.	65.1 "	
Messrs. Merediths Ltd.	50.4 "	
Various buyers	<u>126.9 "</u>	680.8 "

Denmark

Det Danske Trälaskompagni A/S	468.4 stds	
Vagn Overgaard's Tømmerhandel	<u>71.1 "</u>	539.5 "

4,813.5 stds

**PROFIT AND LOSS ACCOUNT**  
as per 31. 12. 1961

EXPENSES

## ORDINARY EXPENSES

Wages	526,988,232.-	
Interest	147,615,698.-	
Taxes	48,361,295.-	
Depreciation	509,427,071.-	
Other ordinary expenses	<u>118,876,454.-</u>	1,351,268,750.-
PROFIT 1961		<u>19,589,846.-</u>
	<u>Mks</u>	<u><u>1,370,858,596.-</u></u>

INCOME

## ORDINARY INCOME

Net income from operation	1,307,615,850.-	
Income from forests	46,897,863.-	
Interest	5,382,575.-	
Other ordinary income	<u>10,377,955.-</u>	1,370,274,243.-
EXTRAORDINARY INCOME		<u>584,353.-</u>
	<u>Mks</u>	<u><u>1,370,858,596.-</u></u>

Annual turnover Mks 3,659,846,710.-

## BALANCE SHEET

as per 31. 12. 1961

ASSETS

## LIQUID &amp; CURRENT ASSETS

<u>Cash</u> in hand	2,157,372.-	
on cheque-account	7,458,840.-	
on postal check account	5,461.-	
<u>Sundry Debtors</u>	<u>421,608,512.-</u>	431,230,185.-
<u>Stocks and Stores</u>		
Cellulose and sawn timber	127,446,800.-	
Other materials and stores	<u>392,568,524.-</u>	520,015,324.-
<b>FIXED ASSETS</b>		
Land	263,469,169.-	
Buildings	427,100,300.-	
Machines, equipment and tools	1,716,777,000.-	
Misc. fixed assets	121,952,712.-	
Shares in subsidiary companies	<u>112,500,001.-</u>	2,641,799,182.-
<b>PREPAYMENT &amp; DEBIT BALANCES</b>		
Interest etc.		10,743,800.-
<b>EXTRAORDINARY ASSETS</b>		
Shares in other firms etc.		<u>26,119,720.-</u>
	Mks	<u>3,629,908,211.-</u>

LIABILITIES

## CURRENT LIABILITIES

Short Term

Trade Creditors	971,203,743.-	
Bills of Exchange	230,000,000.-	
Loans	<u>340,000,000.-</u>	1,541,203,743.-

Long Term

1,212,896,401.-

## ACCRUED CHARGES AND PROVISIONS

50,308,953.-

## CAPITAL RESERVE

Share Capital

200.000.000.-

Reserve Accounts

448,596,853.-

Profit and Loss Account

as per 31. 12. 60

157,312,415.-

profit 1961

19,589,846.-176,902,261.-

Mks

3,629,908,211.-

STATEMENT OF INVENTORIES 1961  
 (in marks/1000)

		<u>Volume</u>	<u>Book-value</u>	<u>Estimated market value</u>
Pulpwood	m <sup>3</sup>	460.925	277.292	679.768
Cellulose	tons	1.873	38.229	76.118
Coal	tons	17.746	59.576	71.871
Sulphur	tons	2.070	19.344	23.184
Alcohol	tons	1.600	24.000	28.800
Sawn Timber	stds	2.151	65.218	101.097
Other Materials			<u>36.356</u>	<u>70.022</u>
			520.015	1.050.860
			mmmmmm	mmmmmmm

Lielahi, May 18, 1962.

  
 Office Manager

Certified by:


ESTIMATED REAL PROFIT FROM INDUSTRIAL OPERATION 1961  
 ( in million marks)

Net Profit acc. to Profit and Loss Statement		19,6 Mmk
<u>Plus</u>		
Investments charged to costs	40,0	
Extraordinary depreciation	245,1	
Write offs - materials	0,6	285,7 "
		<u>305,3 Mmk</u>
<u>Less</u>		
Value surpluses - pulpwood	43,8	
- cellulose	19,0	
- other materials	2,8	
Increased Book-value - pulpwood	92,2	
- cellulose	26,4	184,2 "
		<u>121,1 Mmk</u> mmmmmmn

Lielähti, May 18, 1962.

  
 Office Manager

Certified by:

  
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Translation

AUDITORS' REPORT

Elected at the ordinary meeting of Shareholders' of Aktiebolaget J.W. ENQVIST Osakeyhtiö on 9. October 1961, to audit the company's administration and accounts for 1961, we hereby, having filled our duty, wish to inform the following to the Meeting of Shareholders:

The Audit Office Idman & Vilén, supervised by the undersigned Idman, has done current detail check of the accounts, and found that all book-keeping items are based on matter-of-fact, approvable, and correctly booked vouchers. The book-keeping in general is in order and clearly kept, and the financial control has been carefully managed, giving no cause for comments.

We have controlled the securities possessed by the company and found that they correspond with the inventory.

The stocks listed in the Inventory book are valued according to same cautious valuation principles as before.

The fire insurance policies are in order, and decision has been made for transferring to the new value basis.

The annual depreciations on the fixed assets have risen to Fmk 501.427.071:- against Fmk 219.029.577:- the previous year.

We have read the minutes made at Board Meetings and Shareholders' Meetings as well as the Report on Activity for 1961.

The closing balance for 1961 which shows a profit of Fmk 19.589.846:-, is correctly derived from the book-keeping and made on correct principles, observing good trade customs.

With reference to the audit of the accounts and explanations given by the managing director, we are convinced, that the company has been managed with necessary care and farsightedness. We therefore suggest that the Board of Directors be granted free responsibility for 1961 and recommend that the closing balance for 1961 be confirmed. We also recommend the acceptance of the Board's suggestion for disposition of profit.

Tampere, 21, March 1962.

Ragnar Stephan  
Bank Manager

C.J. Idman  
Auditor  
Chartered Accountant

Certified by:

*Leena Koskinen*

*Margareta Göttschen*



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS

COUNTRY	Finland (Rec'd. March 12, 1962)
LOAN OR PROJECT	222-FI - J.W. Enqvist
PERIOD TO	December 31, 1961
TYPE OF REPORT	Semi-Annual Operational
CARDED	pgn - March 13, 1962

	FOR ACTION TO:	INITIAL	DATE
1	Mr. Fuchs		May 16, 1962
2	Mr. Gali		May 16, 1962
3			
4			
5			
6			
7			
8			

			1.7.-31.12. 1961	1.1.-30.6.1962 Estimated
PRODUCTION	- bleached cellulose	tons	34.362	35.600
	- screenings	"	1.179	1.000
	- TOTAL CELLULOSE	"	35.541	36.600
	- alcohol	"	1.410	1.600
	- sawn timber	stds	2.595	2.400
SALES	- bleached cellulose	tons	35.865	35.600
	- screenings	"	1.458	1.000
	- TOTAL CELLULOSE	"	37.323	36.600
	- alcohol	"	805	1.600
	- sawn timber	stds	3.943	1.200

## CELLULOSE

The market picture weakened quickly during the summer because of the large stocks at the buyers, but mainly because of the increased North-American competition in Europe. This trend has been going on for years and has led into a rising interest for integrated processing in Finland.

The consultations carried on during the autumn between the leading export countries on the European market about stabilisation of the market situation resulted in an inter-Scandinavian agreement. So far as Finland is concerned this means cutting of capacity by good 15 % during the year 1962. It seems, however, as though the restriction in dissolving grades at least within the first half-year would become only nominal.

The production target for 1961 was originally planned to 70.000 tons. That means that technically the mill has run as scheduled with 69.698 tons.

The use of secondary wood as rawmaterial, sprucefuelwood, sawmillwaste and birch increased and amounted to 48,7 % of all wood used.

Among notable new investments may be mentioned a digester, a bleaching filter, an acid tank, and complete rebuilding of former main-steamboiler - turbine set.

All machinery in the heateconomy project financed mainly through IBRD have run up to satisfaction.

## ALCOHOL

The year production of alcohol 1961 was 2.482 tons and it was reached within 256 working days. The short operation time depends in the first place on the fact, that the factory has to be shut down when manufacturing birch pulp, because of low yield in fermentation of spent birch liqeur.

The market picture weakened considerably in 1961. The average price for metanolfree alcohol is calculated preliminary having been about 19 marks per kg compared with 20:15 in 1960. A question must be raised as to whether a continous fabrication of alcohol in the present market production situation is economical. The question may be depending on the consultation with Oy Alkoholiliiike Ab during the next months. Nine of the spirit factories of the country have hitherto ceased production, at least five of them for good.

Among the spirit producers a thought has been arisen regarding chemical further processing of spirit on cooperative base.

#### SAWN TIMBER

The market situation weakened in the beginning of the summer with price drops of £ 4-7. The reduction was £ 2 more for whitewood than redwood. At the turn of the year the saw mill stocks were about 1.000 stds larger than previous year.

Saw mill production for 1961 was 5.807 stds, which means that a new all-time-high level was reached.

The saw mill is now fit for two-shiftoperation if necessary. Mechanical log-sorting has also been installed.

Lielhti, 5, March 1962.



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Managing Director



Semi-Annual Report --  
June 1961 •

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

## PROGRESS REPORT SLIP

## DEPARTMENT OF TECHNICAL OPERATIONS

COUNTRY	FINLAND (rec'd Sept. 5/61)
LOAN OR PROJECT	222-FI - Enqvist <del>                    </del>
PERIOD TO	June 30, 1961
TYPE OF REPORT	Semi-Annual Report
CARDED	Sept. 5/61 - pgn

FOR ACTION TO:		INITIAL	DATE
1	Mr. Lamson-Scribner	W	9-6-61
2	Mr. Apicelli	[Signature]	10-6-61
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			1.1. - 30.6.1961 Actual	30.6. - 31.12.1961 Estimated
PRODUCTION	- bleached pulp	tons	33,122	34,500
	- screenings	"	1,014	1,100
	- TOTAL PULP	"	34,136	35,600
	- alcohol	"	1,074	1,400
	- sawn timber	stds	3,212	2,200
SALES	- bleached pulp	tons	33,178	35,000
	- screenings	"	735	1,000
	- TOTAL PULP	"	33,913	36,000
	- alcohol	"	1,276	1,000
	- sawn timber	stds	871	3,200

## MARKET POSITION

### Cellulose

When prices for the third quarter were negotiated, the general market-aspect seemed clearly weakening. Thus, on some markets, especially at the continent, price reductions were made. When an overall picture of the situation can be made, these reductions probably turn out to decrease the cellulose cocktail-price with 1,000 - 1,400 Fmk per ton. The company is well booked with orders for the rest of the year.

### Sawn Timber

Mainly owing to relatively large stocks in the U.K. and financial restrictions in this country, the market of sawn timber has weakened considerably. Abt. 70 % of the production for export is sold at the moment, wich by no means is too good but neither alarming for this time of the year. Notable quantities will still be needed by consumers for this years shipment, but so far buyer's and seller's price ideas varies all too much.

### Alcohol

A improvement seems to have taken place on the world market, which means that the company most likely will be able to sell all alcohol produced.

## PRODUCTION

Compared with last year production for the first half-year 1961 was 6,000 tons ahead, or abt. 21 %. This rate of production at present corresponds to an annual output of 69-70,000 tons.

The new plants included in the Heat Project financed by IBRD run with improving offiiciency and the results at the end of the period corresponded to predictions.

## WOOD MARKETS

Prices have remained unchanged during the period at the level established last fall. No major



changes are expected during the purchasing season commencing. So far the company has not met difficulties in buying its need of wood in spite of the rised pulp-production in Tampere area. This is i.e. due to the fact that increasing quantities of small wood and birch are converted. For the company these wood assortments corresponded to abt. 45 % of the total wood consumption during the first half of 1961.

#### NEW INVESTMENTS

The new investments aiming at an increase of the annual output by 15 % to 80.000 tons next year have proceeded on schedule. Erection of the new digester is estimated to be completed in the beginning of November, alterations in bleaching department at the turn of the year, and the new acid tank at the end of November. The reserve steam turbine has been totally repaired and a new generator will be installed the next three months. The old main boiler which by now is used as reserve, is also having a complete look-over with necessary repairs which are estimated to be completed in the beginning of October.

Lielahi, August 15, 1961

  
Managing Director

End-use Report/Mahlman  
April 26-27, 1961

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS

COUNTRY	FINLAND (Rec'd July 18, 1961)
LOAN OR PROJECT	222-FI (Enqvist Oy)
PERIOD TO	
TYPE OF REPORT	End-use Report made April 26-27, 1961 by Mr. Wahlman
CARDED	Aug. 16, 1961 ejw

FOR ACTION TO:

INITIAL

DATE

1 ~~Fuchs~~

2 ~~P. Geli~~

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**MORTGAGE BANK OF FINLAND OY**

**HELSINKI**  
Rauhankatu 16

AIR MAIL

Helsinki, July 14, 1961  
LW AN

*Mr. Fuchs  
Mr. Geli  
ABZ*

International Bank for Reconstruction and Development  
Department of Technical Operations  
Industry Division  
1818 H Street, N.W.  
Washington 25, D.C.  
U. S. A.

For the attention of Mr. H.B. Ripman

Gentlemen:

Subject: End-use report on Enqvist

In the discussions with Mr. Fuchs and other members of the World Bank Mission to Finland in February - March 1961, also some questions concerning Loan 222-FI were handled. One of these dealt with end-use visits to the companies under the loan mentioned above. In connection with the Mission's visits to companies applying for a new IBRD-loan, six companies out of nine under Loan 222-FI were visited; whereas the remaining three companies, i.e.:

Kemi Oy,  
Aktiebolaget J.W. Enqvist Osakeyhtiö, and  
Rauma-Repola Oy,

in accordance with the proposition made by the Mission, would be visited by Mortgage Bank of Finland Oy as soon as their projects were completed.

Now we have pleasure in sending you the first report, prepared by Mr. Lars Wahlman, on the visit to Ab J.W. Enqvist Oy whose project is the first one completed and in operation. We hope that this report will prove satisfactory to you.

Yours very truly,

MORTGAGE BANK OF FINLAND OY

*E. Wahlman*  
*Mr. Lars Wahlman*

*ack'd  
aug 16/61  
E. Wahlman*

Encl.

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END-USE REPORT ON ENQVIST COMPANY

Prepared by Mr. Lars Wahlman  
in Mortgage Bank of Finland Oy  
in July 1961

Aktiebolaget J.W. Enqvist Osakeyhtiö was granted a World Bank loan amounting to \$ 2,182,000 for the realization of a project consisting of a new evaporation plant, a waste liquor boiler, a back-pressure steam turbogenerator and equipment for the alcohol plant in order to attain a better heat economy and a higher power generation together with an increase in the annual pulp production capacity from about 60.000 tons to 70.000 tons and the alcohol production from 2.400 tons to 4.500 tons.

As the planning for the project had started already in 1958 the construction work could begin early in 1959, and the entire project was completed during the last months of 1960. The company's project is thus the first one completed of all the nine projects under Loan No 222-FI, and because the company already in its Final Construction Report submitted to you in May 1961 as well as in its quarterly progress reports has explained in detail how the construction work was progressing and what delays there occurred in the construction time it seems unnecessary to enlarge upon these matters in this report. The changes in the original cost estimate have also been explained in the above-mentioned reports of the company.

In the following report, which is based on a visit by Messrs. Vatanen and Wahlman to the company in April 26-27, 1961, and on complementary information, the company's investment plans for its total project will be examined and the original calculations for the profitableness and soundness of the project be compared

to present figures based on the most recent operation experiences. Some comparable figures concerning the financial status of the company will show how the realization of the project has changed the company's financial standing during a period of three years beginning from 1958.

#### The profitability of the project

According to calculations made in the very beginning the company by the project aimed at saving annually about 28.500 tons of coal by evaporating the waste liquor and using it as fuel, and furthermore to get a surplus of back-pressure power saleable to the municipal district. The figures given by the company in its Final Construction Report show, after completion of the project, an estimated saving of 21.000 tons of coal per year when calculating with an annual production of 70.000 tons of pulp. A new estimate based on the same production level was made by the company some weeks later, and according to the conditions of operation at that time in the evaporation plant and the waste liquor boiler plant a yearly net saving of 26.000 tons of coal is indicated. This new estimate is shown in Annex I of this report and given by the company's own heat and power engineers. A similar comparison between the original and present figures regarding the turbine project is made in Annex II.

It is expected that in the summer of this year the evaporation plant will in fact attain the guarantee values given by the supplier and will be able to receive for evaporation the whole waste liquor quantity produced by the pulp mill.

The recent visit to the site of the project and all the reports which the company has regularly rendered show clearly that the project has been carried out almost exactly as originally planned, as well from the technical aspects as the financial ones. The present figures for the project, which is now in continuous operation, indicate that the company with this project has practically

achieved the profitableness set forth in the plans. Below the investment costs and net savings are given in million markkas.

		Heat economy project	Turbine project	The entire project
Investment costs/estimated		1,015.0	235.0	1,250.0
	/actual	1,152.0	253.0	1,405.0
Net saving	/estimated	185.0	64.5	249.5
	/actual	155.0	66.7	221.7

#### The financial status of the company

A comparison between the balance sheets for the last three years 1958-1960 shows a substantial increase in the company's current liabilities and long-term debt and, as the amount of current assets has fluctuated very little during these years, the current financial standing of the company has in fact turned weaker. The main part of the capital needed for the project was received from the World Bank and of course increases the long-term debt by almost half of total costs amounting to 1,448 million markkas. Nearly 25 % of the financing is based on suppliers' credits and is shown in the balance sheets as short-term debts. The following amounts in million markkas and ratios give a picture of the changes in the financial standing of the company during the years 1958-1960 covering the construction period:

	Dec.31,1958	Dec.31,1959	Dec.31,1960
Current Assets	758,2	842,2	826,2
Current Liabilities	932,9	1110,3	1777,4
Current Ratio	0.81	0.76	0.46

Due to the World Bank loan and other long-term credits the company's total amount of long-term debt increased from 138,1 million markkas in December 31,1958 to 1206,9 million two years later. As during the same period the revaluation fund was reduced due

*This is primarily  
World Bank?*



to the fusion in 1959 the equity decreased by 29 %. The amounts and ratios for debt/equity are as follows:

	Dec.31,1958	Dec.31,1959 (in million mk)	Dec.31,1960
Debt (long-term)	138,1	658,4	1206,9
Equity	956,1	695,3	678,4
Ratio	13/87	49/51	64/36

In the future, however, the debt/equity ratio will, although slowly, turn to the better when, after completion of the project, the company begins to amortize its long-term debts by approximately 70-80 million markkas yearly, and according to its financing plans the company intends not to take up any new long-term loans during the next few years.

#### Future prospects

In autumn last year the company's Board of Directors decided to increase the production capacity to 80.000 tons per year, which corresponds to a capacity of 228 tons/day and it is estimated that the company will attain this at the turn of 1961-1962. A new digester with a volume of 250 m<sup>3</sup>, an acid pressure tank with a volume of 400 m<sup>3</sup> and a washing filter have already been ordered.

It is estimated that the costs for the planned increase of production capacity will be approximately 235 million markkas or 23500 markkas per annual ton, and it is the company's intention to finance this new project with its own funds. The increase in the annual production capacity from 70.000 tons to 80.000 tons was in principle taken into consideration already at the latest planning stage of the heat economy project but not yet in the budget drawn up for 1958.

In 1962 the company intends to stabilize the production at the

level of 80.000 tons annually. The main part of the marketable quantity will be exported and about 25.000 tons per year sold to domestic buyers.

Whereas new initiatives are under consideration, no final decisions will be taken until the production target mentioned above has been reached and the company's financial position has been secured on the planned production level.

### Conclusions

The operation experiences in running the evaporation plant, the waste liquor boiler and the turbogenerator have proved that there is no doubt about the technical soundness of the whole project. Also the profitableness of the project seems to be satisfactory and will probably reach the estimated level.

Even if the ratios given above, as a result of the relevant investment costs, have moved in a less favorable direction, we nevertheless trust that the company will be able to meet its liabilities in the coming years, keeping in mind that in 1962-1965 its amortizations of long-term debts will amount to only 70 or 80 million markkas annually.

AKTIEBOLAGET  
J.W. ENQVIST  
OSAKEYHTIÖ

Postal Address:  
LIELAHTI  
FINLAND

## HEAT PROJECT

Precast made by EKONO dated  
30, May 1958 compared to actual  
figures.

FUEL

Net saving of purchased fuels, the consumption of  
heat project machinery excluded, corresponding to  
tons coal/year

To prevailing prices (calculated from oil)  
saving/year

ALCOHOL

Increase of alcohol production tons/year  
saving/year

LABOR

Decrease in labor and maintenance  
saving/year

SUMMARY

Investment costs

Total saving (as specified above)

Prof. Frilund Precast	Acc. to May practice 1961
28.000	26.000
135 Mmk	120 Mmk
2.000	1.500
50 Mmk	27 Mmk
-	8 Mmk
1.015 Mmk	1.152 Mmk
185 Mmk	155 Mmk

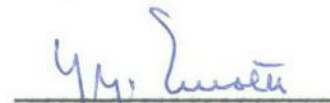
NOTE

re turbine see separated comparison.

Lielahiti, 23, May 1961



Erik Saxén  
Techn. Mgr.



Yrjö Enroth  
Sup.int.

Postal Address:  
LIELAHTI  
FINLAND

### TURBINE PROJECT

Precast dated 26, November 1958  
compared to actual figures.

	Precast	Acc. to April - May practise 1961
Calory price (at 70 at. steam calculated from oilfuel)	0,86 mk	0,87 mk
Heat consumption	1:15 Mcal/kWh	1:12 Mcal/kWh
Pulp production	8,7 tons/h	8,7 tons/h
Steam consumption	67 tons/h	69,5 tons/h
Bacpressure power generated	9,7 Mw	10,1 Mw
Yearly generation	77,0 mill.kWh	80,5 mill.kWh
Used for evaporation, motors etc. (abt. 100 kWh per ton pulp) x)	- per year	7,0 per year
	77,0 mill.kWh	73,5 mill.kWh
<b>SUMMARY</b>		
Generation of previously bought power xx) price mks/kWh saving	3,0 mill.kw 4:00 - 0:96 9,0 mill.mk	10,0 mill.kw 4:50 - 0:97 35,3 mill.mk
Power for sale income mks/kWh saving	28,0 mill.kw 2:70 - 0:96 49,0 mill.mk	17,5 mill.kw 2:40 - 0:97 25,0 mill.mk
Saving in previously generated power costs (higher thermal eff.) 46 mill.kWh	6,5 mill.mk	6,4 mill.mk
<b>TOTAL SAVING</b>	64,5 mill.mk	66,7 mill.mk
Investment according to separate calculation	235,0 mill.mk	253,0 mill.mk

- NOTES**
- x) Costs for generation observed in coal saving calculation.
- xx) The estimated increase in power consumption (abt. 100 kWh per ton pulp) is due to changes on the manufacturing side, such as:
- better barking of wood
  - higher pulp grade
  - splitting the production in two lines

Lielahiti, 23, May 1961



Erik Saxén  
Techn.Mgr.



Heikki Tikkanen  
Power Sup.int.


Dec. 160

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS

COUNTRY	FINLAND (Rec'd July 10, 1961)
LOAN OR PROJECT	222-FI (Aktiebolaget J.W. Enquist Osakeyhtie)
PERIOD TO	December 31, 1960
TYPE OF REPORT	Operational Report -July-Dec/60 Annual Financial Report for 1960
CARDED	July 11, 1961 ejw

FOR ACTION TO:		INITIAL	DATE
1	Fuchs		
2	P. Geli 		Aug 16, 1961
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**MORTGAGE BANK OF FINLAND OY**

HELSINKI  
Rauhankatu 16

AIR MAIL

Helsinki, July 5, 1961  
LW AN

*Mrs. Fuchs  
Mrs. Geli  
HOB*

International Bank for Reconstruction and Development  
Department of Technical Operations  
Industry Division  
1818 H Street, N.W.  
Washington 25, D.C.  
U. S. A.

For the attention of Mr. H.B. Ripman.

Gentlemen:

Subject: Loan No. 222-FI; Operational and Annual Financial Report of Enqvist

With reference to your letter dated December 21, 1960, we send you herewith enclosed the following reports of Aktiebolaget J.W. Enqvist Osakeyhtiö:

Operational Report for July-December 1960

Annual Financial Report for 1960 comprising

- Annual Report
- Balance Sheet and Profit and Loss Statement
- Auditors' Report
- Statement of Inventories
- Statement of Real Profit

The enclosed Operational Report is already somewhat old, but the next one for the past six months (January - June 1961) will be submitted to you within some weeks.

Yours very truly,  
MORTGAGE BANK OF FINLAND OY

*Eino J. Laitinen*

*M. Yllä-Ahola*

*Rekd  
July 11/61  
LW*

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Postal Address:  
LIELAHTI  
FINLAND

			1.7. - 31.12. 1960	1.1. - 30.6. 1961 Estimated
PRODUCTION	- bleached cellulose	tons	32.759	34.000
	- screenings	"	876	1.000
	- TOTAL CELLULOSE	"	33.635	35.000
	- alcohol	"	294	1.400
	- sawn timber	std	1.875	2.700
SALES	- bleached cellulose	tons	36.340	34.000
	- screenings	"	605	700
	- TOTAL CELLULOSE	"	36.945	34.700
	- alcohol	"	-	1.300
	- sawn timber	std	3.070	1.200

#### CELLULOSE

Compared with the 2nd half-year 1960, prices of cellulose will remain mostly unchanged during 1st half of 1961. The markets are still steady and at the time of writing the whole production of the 1st half is sold. Towards the end of the 2nd half a slight weakening, although no greater decline is expected.

#### ALCOHOL

The markets are strained and so far all sales have been domestic. There has however been a demand for odourless alcohol abroad and we hope that we can produce this quality with our new distillation outfit.

#### SAWN TIMBER

At the time of writing abt. 50 % of our production for export is sold, although shipments will not take place before June. The markets are still fairly good although a weakening trend is possible. We expect to sell the rest of this year's production in June.

Lielahiti, 24, May 1961

  
Managing Director

Aktiebolaget J.W. Enqvist Osakeyhtiö

Boards-report on activity 1960.

### General

As a result of the boom period valid in most of the consuming countries the cellulose- and sawn timber markets were good the whole year around and the sales sometimes excellent. However partly because contracts with the eastern countries are tied to one year price agreements and partly because the Scandinavian suppliers' prices, according to an agreement was not increased until during second half-year, the increase of rayon pulp prices was modest. On the other hand the increase of sawn timber prices was notable.

A consolidation followed by increased export of alcohol took place without any notable price increases.

Industrial policy in this country has been engaged with questions concerning Finland's possible entry into the EFTA. The thought has gained a hearing also within the so called home-market industry. The joining will hardly cause any changes of the marketsituation for the company's products. Possibly the omission of the most favoured nation clause from trade agreements with customers in the East (Sovjet-Union excluded) will somewhat complicate commercial exchange with them.

The activity of the company has in great extent been directed at the realization of the large investment program, which aimed at a rebuilding of the heat- and power departments and an increase of production of cellulose to 70.000 tons with possibility later to enlarge to 80.000 tons annually. In late-winter it became evident that the delivery of the main steam boiler, which earlier was estimated to be approximately one month delayed, would be considerably more delayed. The boiler which should have begun operation within the turn of March-April, was not started up until midsummer with oil and one month later with sulphitewaste liquor. This delay had a corresponding effect on the completion of the other new buildings and has left tracks in the financial result of the company.

The definite delivery of the turbine was a couple of months delayed, although

the machine could satisfactorily be started up earlier.

At the end of the financial year one can regard that the aims set forth with regard to the level of production, have been achieved. On the heat economy side everything is in continuous operation, although difficulties are yet to be overcome before the new machinery runs perfect, this is especially the case with the waste liquor evaporation plant. The difficulties encountered when starting up these departments did not come unexpectedly, as the waste liquor from rayon pulp seems to have caused far more trouble at most plants than other waste liquors. However the official testrun results of the boiler and the turbine have given excellent results partly tops in our country, and one can count upon that the investment program can be safely, though delayed, brought in harbour.

At the same time as the second half-year has been used for trimming the new plants, a gradual decrease of the heavily increased number of employees from the time of building has been carried out. Some difficulties to adapt the situation has been heard of among the workers and the supervising staff, of which the latter has been used to keep plenty people around. At the turn of 1960-61 the number of total man-hours per ton cellulose (including new-building) had reached the same level abt. 20 as before the building period. In spring -60 this figure was over 30.

### Cellulose Mill

The new production record 62.071 tons was achieved during 351 working days. Production last year was 56.010 tons. Manufacture of birch pulp has increased and as a new quality wet pulp for nearby rayonmill Säteri has commenced.

	<u>1958/ton</u>	<u>1959/ton</u>	<u>1960/ton</u>
Screenings, dry (building board)	846	930	1.442
Screenings, wet	571	19	-
Bleached paper grade pulp, dry	7.868	5.559	3.204
Bleached paper grade pulp, 50 %	-	-	11
Standard grade rayon, dry	26.795	32.694	24.725
Standard grade rayon, 50 %	-	-	12.507
Super I grade rayon pulp	20.562	7.192	4.663
Cord pulp	1.020	7.470	7.618
Birch rayon pulp, dry	-	1.706	7.064
Birch rayon pulp, 50 %	-	-	837
Birch paper grade pulp	-	440	-
	<u>57.662</u>	<u>56.010</u>	<u>62.071</u>
	=====	=====	=====

Deliveries according to customers' areas:

	<u>1960</u>
Finland	18.960,2 tons
CEE	25.183,2 "
EFTA	2.377,7 "
Eastern markets	14.900,8 "
Others	<u>1.859,8 "</u>
	63.281,6 tons =====

A specification can be seen in the enclosed register of customers'-countries-countries and buyers. (Encls. 1 and 2)

The average price for the company's cellulose was 48.500 marks per ton compared to 47.700 marks in 1959.

<u>Year</u>	Price cif English port		
	<u>Standard grade rayon</u>	<u>Bleached paper grade pulp</u>	<u>Unbleached paper grade pulp</u>
1958	£ 62/10	£ 57/10	£ 47/10
1959	£ 60/-	£ 55/10	£ 45/10
1960	£ 62/-	£ 56/10	£ 46/10

The share of small wood, birch and saw chips used as raw material, increased from 161.000 m<sup>3</sup> in 1959 to 172.000 m<sup>3</sup> in 1960, which corresponds to 34,5 % of total need of wood. At the turn of the year, when the new barking drum had started up and been trimmed, the share of secondary wood increased to 45 % of total need which corresponds to more than 250.000 m<sup>3</sup> annually.

Notable new investments (ready within 1960):

Big traverse crane for wood yard.

Extention of pulp storage and second railwayloadingtrack.

Installation of wet- and presspart of second drying machine (the rebuilt Killinkoski-machine) and a new cutter.

Building for the above.

Warehouse for wet pulp.

Boiler plant from Svenska Maskinverken for 80 tons steam, 77 athm, 510°C including water purification, electric filter. Fuels: waste liquor, oil, coal and wood waste.

Six-stage waste liquor evaporation plant, system Ramón, for evaporation of 81 tons of water/hour and preparation of hot water max. 150 tons/h, sufficient for a cellulose production of 80.000 tons annually.

Barking drum, size 5 x 16 m, system Wilén, with accessory conveyors, bark separators.

Digester, 250 m<sup>3</sup>, compound steel, including circulation equipment.

Chlorine dioxide plant, system Mathiesen, capacity 3,6 tons active chlorine per 24 hours.

Intermediate back-pressure turbine for 68 - 9 - 1,2 atm. steam, system Laval, 18.000 kVa.

Transformer plant and distribution central for the whole mill.

Washingfilter for bleaching department.

Dividing of production into two lines as from bleaching department on, miscellaneous machinery.

General improvement of stores and storing space for chemicals, screenings etc.

### Alcohol Plant

Production of alcohol was 1.076 tons achieved during 201 working days. Owing to rebuilding and starting up of the evaporation plant the alcohol plant was shut down from May to December. Sales of alcohol amounted to 14,7 Mmk compared to 42,0 Mmk the year before. The completely altered alcohol plant is planned to meet the higher demands on quality with regard to export to certain continental markets. The distillation columns are new (max. production 6.000 tons annually), and the fermentation and neutralizing are rebuilt for continuous operation.

### Saw Mill

Production of sawn timber was 4.156 std. Installation of new frame saws was done during the shut down 1.8. - 10.10. To compensate this the saw mill operated in two shifts 7.6. - 20.8. The frame saws are of Söderhamn system, 335 r/min and with a max. width of 26 inches.

The proportion redwood and whitewood was 55,1 % and 44,9 % respectively.

The average price of the production was 49.000 marks per std compared to 42.200 marks the year before. This increase is partly due to a steep increase of prices but also to a great extent to the increase of export.

85 % of the production was square sawn. After installation of the new frame saws the whole production will be square sawn, which among other things is expected to facilitate manufacture of suitable dimensions.

As before, the wood chips were used at the cellulose mill and the saw dust at the boiler plant.

Handling of saw logs has been planned so that it can be used directly when transported from forest.

### Forest Department

The price on prime quality pulpwood was 2.418 mks/m<sup>3</sup> which is the same figure as last year and curiously also the same as in 1958, meaning 2.415:- and 2.414:- respectively. In May-June the price on export wood heavily increased from approximately \$ 9.- to \$ 11.- - 11:20 at which point the level was established during the purchases in autumn. The higher export prices do however not affect the prices of 1960. The annual purchase of this quality was 264.769 m<sup>3</sup> compared to 301.152 m<sup>3</sup> the year before. Through the customary change to unbarked wood during the autumn, it has been noted that a continued decrease of prime pulpwood stocks will possibly be necessary to guard the cellulose mill against rotten wood.

The price on small wood was 1.455 marks/m<sup>3</sup> or exactly the same as the year before. The annual purchase was 133.268 m<sup>3</sup> compared to 133.311 m<sup>3</sup> the year before.

The price on birch pulpwood was 1.826 marks/m<sup>3</sup> and the quantity purchased 41.278 m<sup>3</sup>.

The export of pit props was 25.713 m<sup>3</sup> compared to 5.531 m<sup>3</sup> the year before. The corresponding prices were 2.432 marks/m<sup>3</sup> and 2.875 marks/m<sup>3</sup> in 1959, f.a.s.

The company has aimed at exchanging sulphate wood to small wood, birch or spruce pulpwood with sulphate mills. These sound initiatives have however been slowed down by the unusually low prices on sulphate wood which are valid in western Finland. The difference between spruce and pine pulpwood already exceeds 600 marks per m<sup>3</sup> and in some regions 800 marks per m<sup>3</sup>.

Export of unbarked pulpwood has amounted to 11.743 m<sup>3</sup> at a price of 3.446 marks/m<sup>3</sup> and that of halfbarked pulpwood to 11.241 m<sup>3</sup> at 2.714 marks/m<sup>3</sup>. These contracts were made in winter 1958 - 59. in the district of Österbotten.

Sales of fuelwood has decreased to 9.089 m<sup>3</sup> from 26.385 m<sup>3</sup> the year before. Corresponding prices were 952 marks/m<sup>3</sup> compared to 978 marks/m<sup>3</sup> the year before.

Of the pulpwood used at the cellulose mill 41 % was unbarked. The halfbarked wood is mainly floated through Lake Näsijärvi. Experiments to float unbarked wood have been made, but so far a change over to this grade has not been considered practicable owing to risks for discolouration of pulp.

Road transportation of prime pulpwood and small wood was 159.886 m<sup>3</sup> compared with 118.000 m<sup>3</sup> the year before. Changing over to road transportation seems again to gain speed, and the sizes of the loads approachal ready 35 m<sup>3</sup>. It is with special interest one follows up with the increased share of wood which is directly transported right from bush to mill, first by horse and sledge, and then reloaded on a platform suitable for mechanical loading on lorries. This share amounted to 25.000 m<sup>3</sup>.

### Social Activity

The new law to insure against unemployment will cause an increase of the cost of wages by 0,25 %.

The Holiday Law which extended holidays to 4 and 3 weeks, meant for the company an average extension of approximately 6 paid holidays followed naturally by a corresponding increase of costs.

The company maintains a clinic with two nurses.

Rientola, the local settlement movement, was actively supported.

The company employed 948 employees on the industrial side and thereby connected officies compared with 903 the year before, this figure also beeing higher than normally. The increase compared with a normal year is due to the extra working power employed to carry out the new projects. At the turn of the year the corresponding figure was 817 and at the time of writing 770.

Wages including holiday pay amounted to 482,4 Mmk compared with 413,5 Mmk the year before. These figures do not included wages paid in connection with new investments. The average cost per manhour including social expenses is calculated to be 316:- compared with 303:- the year before.

Of new laws under reading one can mention the sickness insurance law and the pension law.

### Adminstration

The Board of the company has consisted of Messrs. C.J. Ehrnrooth, Chairman, and Göran Ehrnrooth, Anton af Forselles, Guy de Roquemaurel and Rolf Christiansen as members. The latter has also functioned as Managing Director of the company.

The ordinary Meeting of the Board of Directors was in October 1960. The Board and the auditors, Messrs C.J. Idman and Werner Oesch, were re-elected.

The financial result amounts to 12.749.920 marks net, compared with 11.930.536

marks the year before.

The annual turnover was 3.366,1 Mmk net, compared with 2.930,1 Mmk the year before.

Lielähti, 13. June 1961



Rolf Christiansen  
Managing Director



Summary of deliveries 1960Cellulose

	<u>Rayon pulp</u>	<u>Bleached paper grade pulp</u>	<u>Cord- pulp</u>	<u>Screenings</u>	<u>Total</u>	<u>%</u>
Finland	14.718,6 t	3.043,1 t		1.198,4 t	18.960,1 t	30,0
West-Germany	17.347,6 "				17,347,6 "	27,4
Sovjet-Union	2.838,0 "		4.649,9 t		7.487,9 "	11,8
Poland	3.659,7 "		3.733,4 "		7.393,1 "	11,7
Italy	4.513,1 "	24,1 "			4.537,2 "	7,2
France	3.283,3 "				3.283,3 "	5,2
England	1.880,7 "	8,5 "			1.889,2 "	3,0
U.S.A.	747,4 "				747,4 "	1,2
India	659,1 "				659,1 "	1,0
Switzerland	488,5 "				488,5 "	0,8
Brasil	315,9 "	11,9 "			327,8 "	0,5
Argentina				125,5 "	125,5 "	0,2
Hungary	19,8 "				19,8 "	-
Belgium	15,1 "				15,1 "	-
	<u>50.486,8 t</u>	<u>3.087,6 t</u>	<u>8.383,3 t</u>	<u>1.323,9 t</u>	<u>63.281,6 t</u>	<u>100,0</u>
	79,8 %	4,9 %	13,2 %	2,1 %	100 %	

Birch rayon pulp 8.423,2 tons included in rayon pulp  
 Birch paper grade pulp 18,4 " " " paper grade pulp

Alcohol

	<u>Sawn std</u>	<u>V:ths std</u>	<u>VI std</u>	<u>Planed std</u>	<u>Rejects std</u>	<u>Total std</u>	<u>%</u>
Finland	91,1	299,1	104,6	107,3	482,2	1.084,3	25,9
U.K.	630,0	281,3				911,3	21,8
West-Germany	608,2	187,2			64,3	859,7	20,5
Netherlands	518,9	292,0				810,9	19,4
Denmark	273,4	115,6			112,1	501,1	12,0
Sovjet-Union	15,5					15,5	0,4
	<u>2.137,1</u>	<u>1,175,2</u>	<u>104,6</u>	<u>107,3</u>	<u>658,6</u>	<u>4.182,8</u>	<u>100,0</u>

1.076 ton

Register of customers 1960Cellulose

<u>Finland</u>	Säteri Oy	14.703,3 tons	
	Oy Kyro Ab	3.013,8 "	
	Tammer Puu Oy	1.134,1 "	
	Metsäliiton Selluloosa Oy	64,8 "	
	Misc. buyers + own use	44,1 "	18.960,1 tons
<u>West-Germany</u>	Phrix-Werke AG., Siegburg	10.771,5 tons	
	Phrix-Werke AG., Krefeld	6.491,5 "	
	Misc. buyers + own use	84,6 "	17.347,6 "
<u>Sovjet-Union</u>	Vsesojusnoje Exportno-Importnoje Ob- jedineniye EXPORTLES		7.487,9 "
<u>Poland</u>	PAGED Centrala Handlu Zagranicznego		7.393,1 "
<u>Italy</u>	Soc. Az. Orsi Mangelli	4.503,4 tons	
	Misc. buyers + own use	33,8 "	4.537,2 "
<u>France</u>	La Cellophane	2.913,1 tons	
	Ste Novacel	350,1 "	
	C.T.A. (Textiles Artificiels du Centre à Roanne)	20,1 "	3.283,3 "
<u>England</u>	British Cellophane Ltd	1.880,7 tons	
	Charles Turner & Co.Ltd.	8,5 "	1.889,2 "
<u>U.S.A.</u>	Hamilton Paper Co.	596,9 tons	
	Stevens-Thompson Paper Co.	150,5 "	747,4 "
<u>India</u>	The Gwalior Rayon Silk Manufacturing Weaving Co. Ltd.	507,9 tons	
	J.K. Cotton Spinning & Weaving Mills Co. Private Ltdl	151,2 "	659,1 "
<u>Schweiz -Switzer- land</u>	Feldmühle AG.		488,5 "
<u>Brasil</u>	Industria de Papel Simao S/A.	315,9 tons	
	Industria de Papel Leon Feffer S/A.	11,9 "	327,8 "
<u>Argentine</u>	La Papelera Argentina S/A.		125,5 "
<u>Hungary</u>	LIGNIMPEX		19,8 "
<u>Belgium</u>	Papeteries de Belgique S/A		" 15,1 "
			<u>63.281,6 ton</u>

Sawn timber

<u>Finland</u>	Puukeskus Oy	90,7 std	
	Puutavaraliike A.T. Siren	74,1 "	
	Velj. Udd Oy	53,8 "	
	Nopan Rakennusliike Oy	49,2 "	
	Länsisataman Puutavara Oy	48,8 "	
	Oy Kyro Ab	39,9 "	
	Valmet Oy, Lentokonetehtäs	39,8 "	
	Puutoimi Oy	37,9 "	
	Hämeen Rakennusaine Oy	27,1 "	
	Tampereen Puu Oy	17,3 "	
	Misc. buyers + own use	<u>605,7 "</u>	1.084,3 std
<u>U.K.</u>	Robert Melville & Co. Ltd.	260,1 std	
	G. & N. Wright	223,5 "	
	A.R. Taylor	150,9 "	
	Percy A. Hudson Ltd.	60,6 "	
	Bell & Winney Ltd.	52,3 "	
	T. Robson & Co. Ltd.	43,3 "	
	Misc. buyers + own use	<u>120,6 "</u>	911,3 "
<u>West-Germany</u>	Firma Louis Krages	496,0 std	
	Firma Ostermann & Scheiwe	333,9 "	
	Misc. buyers + own use	<u>29,8 "</u>	859,7 "
<u>Netherlands</u>	NV Noord-Europese Houthandel	324,4 std	
	NV Houthandel William Pont	254,6 "	
	NV Vereenigde Houtimporteurs	94,4 "	
	Misc. buyers + own use	<u>137,5 "</u>	810,9 "
<u>Denmark</u>	Det Danske Trälaskompagni A/S		501,1 "
<u>Sovjet-Union</u>	EXPORTLES		<u>15,5 "</u>
			<u>4.182,8 std</u>

BALANCE SHEET  
as per 31.12.1960

ASSETS

LIQUID & CURRENT ASSETS

Cash in hand	1.158.499:-	
on postal check account	6.448:-	
<u>Sundry Debtors</u>	<u>475.368.151:-</u>	476.533.098:-

Stocks and Stores

cellulose and sawn timber	72.122.700:-	
other materials and stores	<u>251.421.806:-</u>	323.544.506:-

FIXED ASSETS

Land	267.289.169:-	
Buildings	443.017.950:-	
Machines, equipment and tools	1.951.444.000:-	
Misc. fixed assets	50.262.597:-	
Shares in subsidiary companies	<u>113.302.200:-</u>	2.825.315.916:-

PREPAYMENT & DEBIT BALANCES

Interest etc.		11.319.500:-
---------------	--	--------------

EXTRAORDINARY ASSETS

Shares in other firms etc.		<u>26.175.428:-</u>
----------------------------	--	---------------------

Mks 3.662.888.448:-  
=====

LIABILITIES

CURRENT LIABILITIES

Short Term

in bank	39.651.895:-	
Trade Creditors	1.205.725.458:-	
Bills of Exchange	180.000.000:-	
Loans	<u>300.570.000:-</u>	1.725.947.353:-

Long Term

1.206.963.677:-

ACCRUED CHARGES AND PROVISIONS

51.527.148:-

CAPITAL RESERVE

Share Capital 200.000.000:-

Reserve Accounts 364.163.025:-

Profit and Loss Account

as per 31.12.59	101.537.325:-	
profit 1960	<u>12.749.920:-</u>	<u>114.287.245:-</u>

Mks 3.662.888.448:-  
=====

Lielähti 21.4.1961

PROFIT AND LOSS ACCOUNT  
as per 31.12.1960

EXPENSES

ORDINARY EXPENSES

Wages	482.361.673:-	
Interest	121.292.937:-	
Taxes	70.788.452:-	
Depreciation	219.029.577:-	
Other ordinary expenses	<u>112.087.124:-</u>	1.005.559.763:-

EXTRAORDINARY EXPENSES

503.000:-

PROFIT 1960

12.749.920:-

Mks 1.018.812.683:-  
=====

INCOME

ORDINARY INCOME

Net income from operation	957.637.711:-	
Income from forests	39.243.459:-	
Interest	10.998.760:-	
Other ordinary income	<u>10.700.053:-</u>	1.018.579.983:-

EXTRAORDINARY INCOME

232.700:-

Mks 1.018.812.683:-  
=====

Annual turnover Mks 3.366.050.191:-  
=====

Lielähti 21.4.1961

Postal Address:  
LIELAHTI  
FINLAND

TRANSLATION

AUDITORS' REPORT  
-----

Elected at the ordinary meeting of Shareholders' of Aktiebolaget J.W. Enqvist Osakeyhtiö on 4. October 1960, to audit the company's administration and accounts for 1960, we hereby, having filled our duty, wish to inform the following to the Meeting of Shareholders':

The Audit Office Idman & Vilén, supervised by the undersigned Idman, has done current detail check of the accounts, and found that all book-keeping items are based on matter-of-fact, approvable, and correctly booked vouchers. The book-keeping in general is in order and clearly kept, and the financial control has been carefully managed, giving no cause for comments.

We have controlled the securities possessed by the company and found that they correspond with the inventory.

The stocks listed in the inventory book are valued according to same cautious valuation principles as before.

The fire insurances are in order and can be considered safe.

The yearly depreciation of fixed assets has been done in accordance with the taxation law.

We have read the minutes made at Board Meetings and Shareholders' Meetings as well as the Report on Activity for 1958.

The closing balance for 1960 which shows a profit of 12.749.920:–, is correctly derived from the book-keeping and made on correct principles, observing good trade customs.

With reference to the audit of the accounts and explanations given by the managing director, we are convinced, that the company has been managed with necessary care and far-sightedness. We therefore suggest that the Board of Directors be granted free responsibility for 1960 and recommend that the closing balance for 1960 be confirmed. We also recommend the acceptance of the Board's suggestion for disposition of profit.

Tampere, 21, April 1961

Werner Oesch  
Auditor

C.J. Idman  
Auditor  
Chartered Accountant

Certified by:

*May Golin*  
*Leena Koskisen*

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STATEMENT OF INVENTORIES 1960

(in marks/1000)

		<u>Volume</u>	<u>Book-value</u>	<u>Estimated market value</u>
Pulpwood	m <sup>3</sup>	487.263	182.135	676.929
Cellulose	tons	3.380	41.408	141.960
Coal	tons	6.500	14.592	26.000
Sulphur	tons	1.677	15.021	19.621
Sawn Timber	stds	1.182	25.480	54.113
Other materials			<u>44.909</u>	<u>79.049</u>
			<u>323.545</u>	<u>997.672</u>
			=====	=====

Lielahiti, May 24, 1961.

  
 Office Manager

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ESTIMATED REAL PROFIT FROM INDUSTRIAL OPERATION 1960  
 ( in million marks)

Net Profit acc. to Profit and Loss Statement		12,7 mmk
<u>Plus</u>		
Investments charged to costs		94,6 "
Extraordinary depreciation		35,4 "
Write offs - pulpwood	106,7	
- sawn timber	7,5	
- other materials	6,0	120,2 "
		<hr/> 262,9 mmk
<u>Less</u>		
Value surpluses - pulpwood	182,0	
- coal	11,3	
- cellulose	28,7	
- sawn timber	0,8	
- other materials	0,1	222,9 "
		<hr/>
Income from own forests	39,2	
- less tax	26,0	13,2 "
		<hr/>
Other income		10,9 "
		<hr/> 15,9 mmk
		=====

Lielahiti, May 30, 1961.

  
 Office Manager



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

**PROGRESS REPORT SLIP**

**DEPARTMENT OF TECHNICAL OPERATIONS**

COUNTRY	FINLAND (Rec'd May 26, 1961)
LOAN OR PROJECT	222-FI (Enqvist Oy)
PERIOD TO	December 31, 1960
TYPE OF REPORT	Final Construction Report
CARDED	May 31, 1961 ejw

	FOR ACTION TO:	INITIAL	DATE
1	<del>H. Fuchs</del>		June 1, 1961
2	P. Geli	<i>PG</i>	June 5, 1961
3			
4			
5			
6			
7			
8			

**MORTGAGE BANK OF FINLAND OY**

**HELSINKI**  
Rauhankatu 16

AIR MAIL

**Helsinki, May 23, 1961**  
LW AN

*Mr. Ripman  
Mr. Geli  
WMS*

International Bank for Reconstruction and Development  
Department of Technical Operations  
Industry Division  
1818 H Street, N.W.  
Washington 25, D.C.  
U. S. A.

For the attention of Mr. H.B. Ripman

Gentlemen:

Subject: Loan No. 222-FI; Final  
Construction Report

With reference to your letter dated December 21, 1960, we send you herewith enclosed the Final Construction Report of Aktiebolaget J.W. Enqvist Osakeyhtiö concerning their Heat Economy Project under the captioned loan. As described in the report, the company had to somewhat exceed the original construction time. The postponement was chiefly caused by delays occurred in the delivery of the boiler, and although the starting up of the project was in July-September, 1960, the completion of the project was postponed until the last months of the same year because of trimming difficulties.

We hope that the report now submitted to you has been given according to your requirements.

Yours very truly,

MORTGAGE BANK OF FINLAND OY

*U. A. Katainen*

*ack'd  
May 31/61  
epw*

Enclosure

R 05766

RECEIVED  
BANK MAIL ROOM  
1961 MAY 26 AM 10:58

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FINLAND

Already in 1956 it became evident that the key to continuous competitive ability and further progress was a quick realization of a heat economy project comprising a new main steam boiler and a waste liquor evaporation plant. To carry out this project it was decided to apply for a loan from IBRD of about \$ 1.530.000:-. In our loan application of 21, August 1958 we mentioned that realization of this project would also create conditions for an increase of electric power generation, by adding a third back-pressure turbine. This turbine would give the company a surplus of back-pressure power which could be sold to the municipal district. Part of the financing of this turbine project was later added to the original application. The loan was approved on 16, March 1959 and amounted to \$ 2.182.000:- including \$ 135.000:- interest during construction.

The original construction schedule together with the actual progress is seen from the attached sheet (encl. 1).

#### Evaporation Plant. (List of Goods VII - A - 1)

Excavation of the evaporation plant foundation started on 9, March 1959. Building continued as planned as far as June 1st, when the contractor's workers began a 40-days' strike for higher wages, which affected the three largest towns in Finland. However, by extra manpower and by certain changes made building work was speeded up, so that installation of main equipment could begin on 1, October as planned, and erection of smaller items somewhat earlier. Owing to the strike the original time-table could not be kept in every respect, although the delays amounted to only a few days. As it became clear that certain equipment for the steam boiler to be delivered from Sweden would be 2 - 3 months delayed, work was no longer forced on the evaporation plant. In March - April insulation and erection of controls and regulators was completed and on 4, July 1960 the plant was started up. This day was completely determined by the main steam boiler work, while delivery of evaporation equipment and erection had nothing to do with the delay. Since the day of starting up, the plant has been in continuous operation. Certain changes must however be made by the supplier in order to reach the full capacity guarantees mentioned in the contract. These changes will be made during operation next summer.

#### Boiler Plant. (List of Goods VII - A - 1)

The company's own building department started foundation work on 13, February and on 3, March 1959 concrete casting begun. The building contractor took over on March 21. Before the above mentioned strike concrete foundations for the boiler and the building, as well as the water tank, elevator pit and platforms had been laid. Installation of the boiler begun by the end of August and continued simultaneously with building work. At the turn of the year 1959 - 60 about 55 % of the boiler erection was done. By co-operation with the supplier, erection work was intensified in order to catch up with the time lost on account of the strike. The supplier could not however keep up with the time-schedule, which was very short indeed. This was partly due to late deliveries from their suppliers and partly because the early winter affected welding work. At this time erection of the evaporation plant equipment was slowed down as work was concentrated on finishing the boiler. On 14, June test runs were made with oil and a few days later with wood waste. After trimming the boiler with the above fuel, burning of waste liquor begun on 4, July 1960. Some work, such as trimming of instruments etc., was postponed to be done gradually during the end of the year.

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Official test runs made by Ekono have given most satisfactory results with regard to the efficiency when burning waste liquor in connection with other fuel. Depending on load and fuel 85,5 - 94 % efficiencies have been achieved. Trimming continued the whole second half of the year in order to get smooth running with the extremely complicated fuel composition.

#### Back Pressure Turbine. (List of Goods VII - A - 2)

Manufacture of the turbine at the supplier's shop was about 3 weeks delayed, owing to a mistake made by a subordinate supplier. This delay was however made up for and the original time schedule could be held. Erection of the turbine begun on 13, June and on 5, September the state of test run and trimming was achieved. The municipal power net was connected on 12, November and since then there has normally been a surplus of power flowing out of the mill. Official test runs made by Ekono have shown very satisfactory results. The thermal efficiency varies between 73 - 77 % depending on load conditions.

#### Alcohol Plant. (List of Goods VII - A - 1)

As mentioned in our loan application one of the aims of the project was to double alcohol production to 4.500 tons annually (if cooking 100 % spruce pulp). This work has been done in connection with the erection of the evaporation plant equipment. The distillation columns are new (max. production 6.000 tons annually) and the fermentation and neutralizing are rebuilt for continuous operation. At the time of writing the completely altered alcohol plant already meets high demands on quality as before and runs at scheduled production.

A list of major items of equipment and services financed from the IBRD loan is found in enclosure 2. The cost of the project compared to the original estimate can be seen in enclosure No 3.

Our economical precalculations as shown in letters to the IBRD, dated 26, November and 5, December 1958, were based on a yearly coalsaving of 28.500 tons, and an increase in generation of backpressure power 28 milj. kWh. This applies to a production standard of 70.000 tons annually and a pulpgrade composition as shown in 1958. Since there has been a trend against higher refining of our dissolving grades.

The actual position during the latest 4 months with a production level close to estimations corresponds to:

Coalsaving 21.000 ton/year  
Increase in generation of back pressure power 36 milj. kWh

Thus there has been a deficit of 7.500 tons of coal and a surplus of 8 milj. kWh of electric power in comparison with estimates. Observing further trimming we feel that estimates were based on sound figures.

At the end of 1960 the Board of the company noted that the aims set forth with regard to the new investments, have been achieved. The new heat economy side was in continuous operation, although certain trimming still was needed in the waste liquor evaporation plant. These difficulties did however not come unexpectedly, as handling of calcium base waste liquor from dissolving pulp seems to have caused more trouble in the beginning at most plants than other waste liquors.

There is however no doubt that the heat economy project is safely brought in harbour though abt. 3 - 4 months delayed, the usual infant maladies included.

The company is now in position of further development. A production increase of 15 %

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to 80,000 ton is a nearby target and will be reached sometimes next year.

Lielahi 9, May 1961

A handwritten signature in dark ink, appearing to read 'J.W. Enqvist', written in a cursive style. The signature is positioned below the date and is written over a horizontal line.

# CONSTRUCTION SCHEDULE

<b>Legend</b> - - - - - Actual Progress _____ Proposed Schedule ..... Revised Schedule	Prepared By _____ Approved by _____		Place _____ Date _____ Period Ending _____
---	--	--	--

ITEM No.	DIVISION OF WORK	PER CENT COMPLETE 0 20 40 60 80 100	1958			1959												1960									
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	
<b>EVAPORATION PLANT</b>																											
	Planning and design		_____			_____												_____									
	Manufacture of equipment		_____			_____												_____									
	Erection of equipment		_____			_____												_____									
	Building work		_____			_____												_____									
<b>WASTE LIQUOR BOILER PLANT</b>																											
	Planning and design		_____			_____												_____									
	Manufacture of boiler		_____			_____												_____									
	Foundation of boiler		_____			_____												_____									
	Erection of boiler		_____			_____												_____									
	Manufacture of auxiliary equipment		_____			_____												_____									
	Erection of auxiliary equipment		_____			_____												_____									
	Building work		_____			_____												_____									
<b>BACK PRESSURE TURBINE AND ACCESSORIES</b>																											
	Manufacture		_____			_____												_____									
	Erection		_____			_____												_____									

Beginning of  
 April  
 R

4.7.  
 S

4.7.  
 S

6.9.  
 S



R = Ready for operation  
 S = Starting up

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List of major items of equipment and services from IBRD funds.

-----

Steam Boiler	from Ab Svenska Maskinverken, Sweden including water purification, electric filter etc. Price: Sw. Crowns 5.236.000:- of which IBRD loan	abt. \$	362.112
Evaporation	Plant together with extention of alcohol plant from Ab Raméns Patenter, Sweden. Price: Sw. Crowns 2.942.900:- of which financed from IBRD funds	abt. \$	287.698
Turbine	from Ab de Laval, Sweden. Price: Sw. Crowns 1.500.000:- of which financed from IBRD funds	abt. \$	166.417
Steam	distribution equipment from Allgemeine Rohrleitung AG, Western Germany	abt. \$	66.165
Separators	from Ab Separator, Sweden, for Alcohol Plant extention	abt. \$	31.187
Miscellaneous	foreign equipment for steam and electric distribution from Western Germany and Switzerland	abt. \$	35.598
Building	for boiler plant. Building contractor A.W. Liljeberg Oy, Finland	abt. \$	197.121
Turnover tax	custom charges and forwarding costs for boiler plant, evaporation plant, turbine and steamdistribution equipment	abt. \$	414.140
Miscellaneous	domestic equipment, such as instruments, electric motors, transformers, insulation etc.	abt. \$	487.562
Interest	during construction	abt. \$	<u>134.000</u>
		TOTAL	\$ 2.182.000
		=====	

At the time of writing abt. \$ 2.103.000 is withdrawn and the remaining amount is withdrawn within 1961.



PROJECT COST ESTIMATE

(million Fmk)

Date: 15.4.1961

Reporting Period Ended:

Loan No. 222-FL-VII

Item No. as shown in List of Goods	Original estimate At End of Previous Reporting Period					Actual Costs Revisions During Reporting Period					Difference At Present				
	IBRD			Others	Total	IBRD			Others	Total	IBRD			Others	Total
	Foreign	Local	Total			Foreign	Local	Total			Foreign	Local	Total		
VII - A - 1	252	213	465	386	851	221	308	529	623	1.152	31	95	64	237	301
VII - A - 2	38	82	120	85	205	82	44	126	127	253	44	38	6	42	48
VII - B	34	36	70	78	148	-	-	-	-	-	34	36	70	78	148
VII - C	-	43	43	-	43	-	43	43	-	43	-	-	-	-	-
Totals	324	374	698	549	1.247	303	395	698	750	1.448	21	21	-	201	201

The original estimation used in the first List of Goods was made at a very early stage of planning and we have since revised these estimates on account of additional equipment to increase the capacity of the plant. The final estimate ended at 1.392 Mmk as seen in our latest quarterly report dated 30, September 1960.

Main sources of financing: Loan from IBRD 698 Mmk (incl. 43 Mmk interest)  
 Loan from Pension Fund 130 "  
 Loan from Export Levy Fund 150 "  
 Suppliers Credits 353 "  
 Own financing 117 "

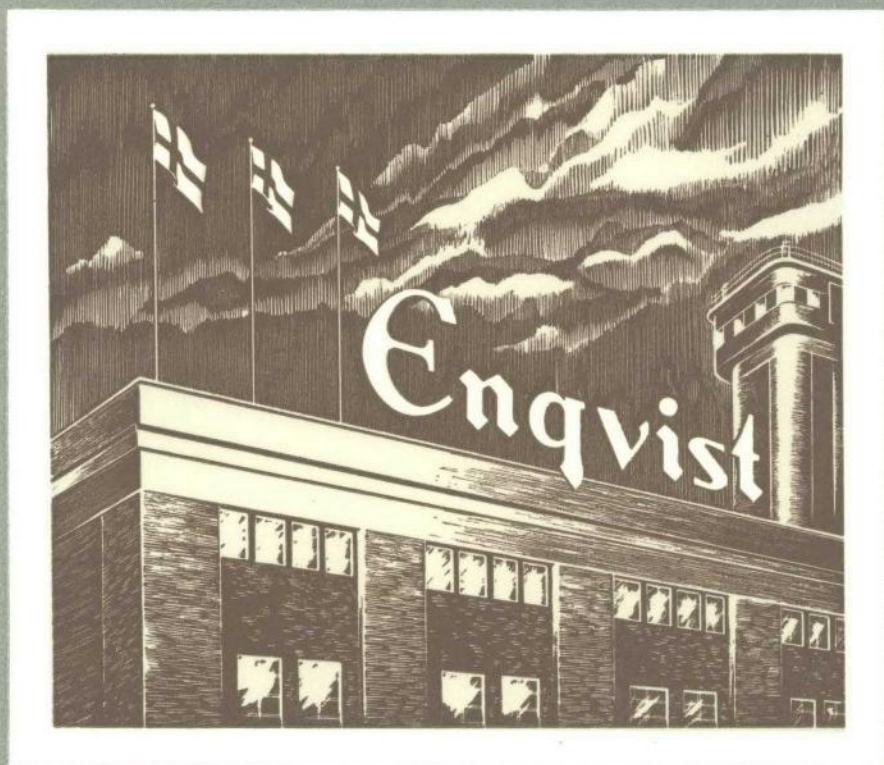
1.448 Mmk  
 =====



Sept. 160

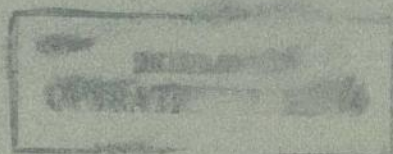


AKTIEBOLAGET  
J. W. ENQVIST  
OSAKEYHTIÖ



VUOSIKERTOMUS

1959



85. toimintavuosi 1959

RETURN TO  
OPERATIONAL FILES



## Enqvistiläiset

Vaiherikas vuosi on takanamme. Utisirakennuksen kiihkeä rytmi on löytänyt tiensä meidänkin yritykseemme. Tuskin on soppea jossa ei vasaranpauke tai porakoneen pärinä säästäisi työtämme. Säkeniä syytävät hitsarit, jotka koneineen kieppuvat katoissa, siinä tämän päivän kuva. Se esittää teollista luomistyötä, jonka tuloksena yksi Suomen puunjalostustehtaista — monen rinnalla — ponnistelee eteenpäin.

Ketjureaktion tavoin ovat teollisuuslaitokset toinen toisensa perään lähteneet uudistusten tielle. Miljoonan vuositonniin tuotannon lisäys, joka vielä joku vuosi sitten monen mielestä oli toteutumaton haave Suomen puunjalostusteollisuudessa, on nyt teollisuuden lähitavoite. Toisenkin miljoonan tuotannonlisäys on jo realistinen tavoite alkaneen vuosikymmenen keskivaiheita ajatellen.

Mikä saikaan tällaisen ketjureaktion käyntiin? Yksikantaista vastausta tuskin kysymykseemme voidaan antaa. Voitaneekin pitää varmana, että eräs tärkeä syy toimeliaisuuteen oli uudelleen herännyt usko siihen, että taloudellinen kehitys maassamme jälleen oli hakeutumassa luonnollisiin uomiinsa poliitikkojen ja taloudellisten puoskareitten sille pukemasta pakkopaidasta.

Suomen Pankki ja eräät vaikutusvaltaiset valtionvirkamiehet olivat nähneet asemansa velvoitukset ja lähteneet joskus kovinkin ottein tervehdyttämistä ohjaamaan.

Kehitys on todistanut, ettei yrittämishalu ole taantunut, eikä taitavista tekijöistä ole puutetta maan puunjalostusteollisuudessa, kun tilaisuus tekoihin tarjotaan.

Näissä merkeissä pyydän saada lämpimästi kiittää koko organisatiotamme ja jokaista erikseen kuluneen vuoden ponnistuksista. Yhteisvoimin on nyt nousemassa uusittu tehdas. Moni osasto on vuonna 1959 saanut tulikasteensa ja sen kunnialla kestänyt.



# MUUTOKSIA ORGANISATIOSSAMME

## *Metsäosasto*

Kunnioitetun metsäpäälikkömme metsäneuvos Jukka Hiiloksen poistuttua joukostamme on metsäosastolla suoritettu erinäisiä organisatiomuutoksia.

Molemmat kentällä olevat aluemetsänhoitajat Mikko Mäkeläinen ja Osmo Merikoski ovat siirtyneet Lielahteen, johon on perustettu yhtiön metsänhoitajakonttori. Nämä kaksi aluemetsänhoitajaa yhdessä jo aikaisemmin Lielahdessa olleen aluemetsänhoitaja Lauri Korhosen kanssa muodostavat kollegion, joka toimitusjohtajan alaisena johtaa metsäosaston toimintaa.

Uudelleenorganisatio on käynyt mahdolliseksi kulkuyhteyksien parantuessa ja tehokkaampien tiedotusvälineitten, m. m. ularadioverkoston tultua käyttöön.

Etuna uudesta järjestelmästä mainittakoon, että kentän työtä voidaan nyt seurata samalla kun aluemetsänhoitajat pysyvät välittömässä yhteydessä yhtiön yleisten asioiden hoidon kanssa. Kuten myöhemmin tulemme näkemään ovat hankintatapojen muutokset vaatineet lähempää yhteistyötä hankinta-alueitten ja tehtaan välillä niin teknillisessä kuin taloudellisessakin mielessä.

## *Tutkimusosasto*

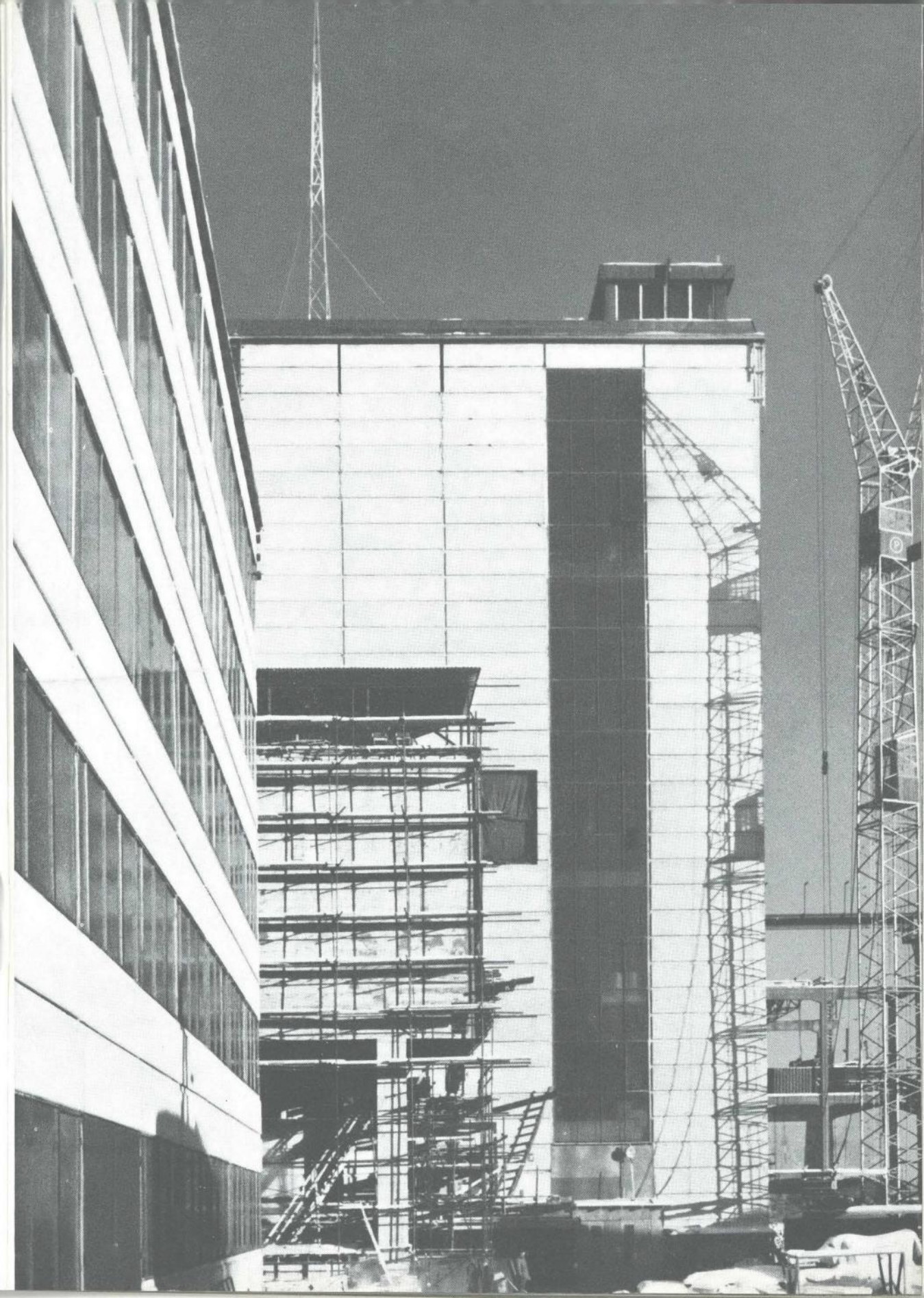
Pystyäksemme seuraamaan nopean teknillisen kehityksen virtauksia on varsinaisten käyttöosastojen rinnalle perustettu tutkimusosasto, johon yhtiön tutkimustoiminta keskitetään. Osaston tehtäviin kuuluu niinkään osallistua asiakaspalveluun. Se suorittaa myös menetelmätutkimusta tehtaissa.

Tutkimusjohtajaksi, joka toimii toimitusjohtajan alaisena, on nimitetty lisensiaatti Ermo Kaila.

## *Selluloosatehdas*

Toiminnan laajentuessa on käynyt välttämättömäksi käyttötehtävien keskitys insinööriportaassa. Niinpä on perustettu





uusi vakanssi, tuotantopäällikön, jonka tehtäviin kuuluu valvoa itse tuotantoprosessi aina puukentältä kuivauskoneelle asti. Toimeen on nimitetty dipl.insinööri Lars Hindsberg.

Edelleen on pyritty helpottamaan käyttöosastojen suunnittelutyötä, jotta ne paremmin voisivat keskittyä varsinaisen käytön yhä lisääntyviin tehtäviin. Suunnittelutyötä varten on perustettu suunnitteluosasto, jonka johtoon tulee insinööri Oiva Salmi. Molemmat edellämainitut toimet ovat teknillisen johtajan alaisia.

## PUUNHANKINTA KEHITTYY

Vielä viitisen vuotta sitten oli selluloosatehtaan raaka-aineena metsässä kuorittu, puolipuhdas paperipuu, jonka vaatimukseen kuului, että sen tuli olla kuivaa.

Kesäaikana puu uitettiin Lielahteen, jossa se nostettiin valtaisiin varastopinoihin puukentällä. Toinen osa puusta tuotiin rautateitse tehtaalle sen jälkeen kun se oli saanut kuivua rautatieasemien varastoissa.

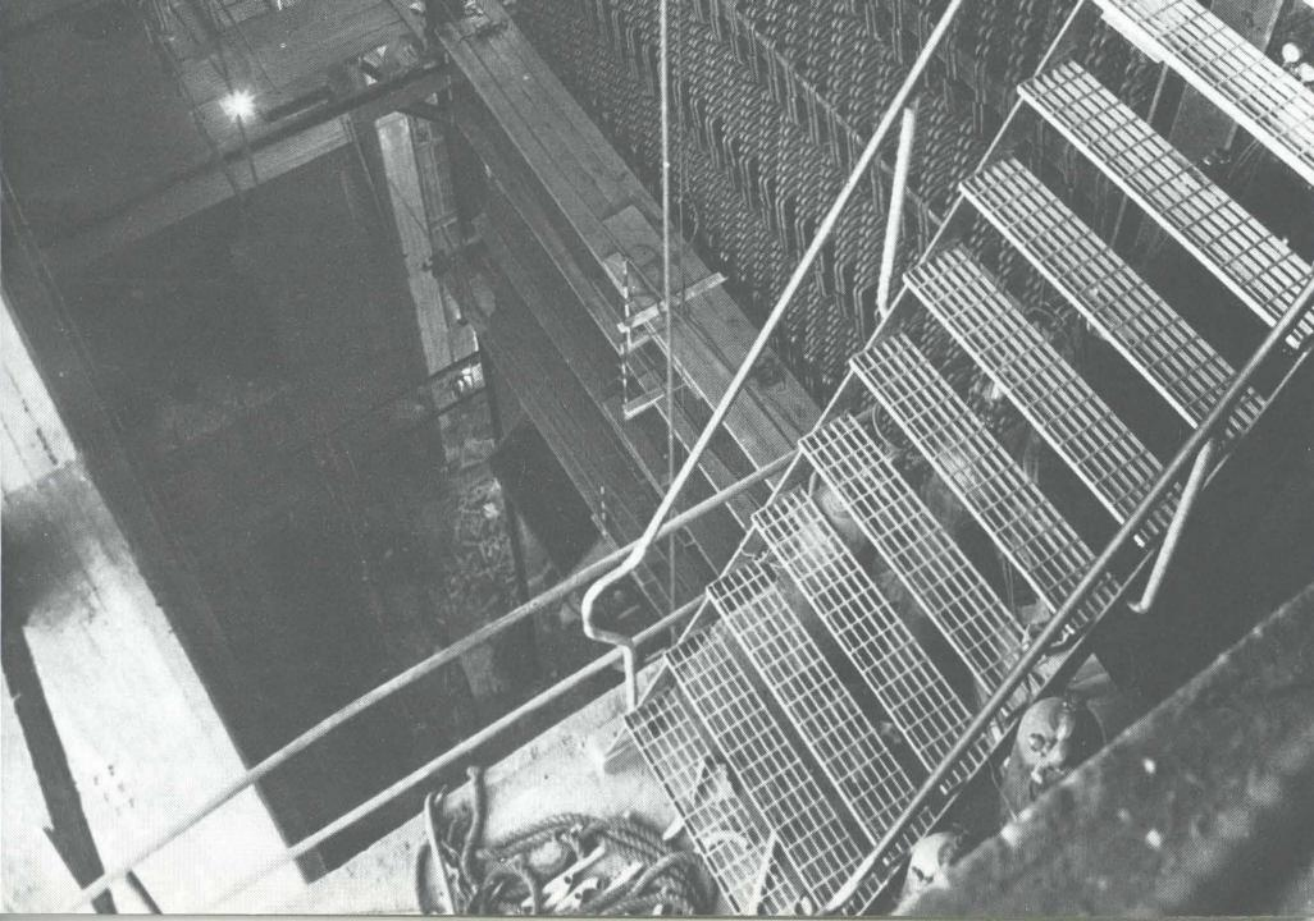
Tänä päivänä on ainoastaan runsas kolmannes selluloosan raaka-aineesta puolipuhdasta paperipuuta, pääosan ollessa kuoripäällistä. Kuoripäällisen paperipuun joukkoon on ilmestynyt uusi puulaji, ohutpaperipuu eli kuusinalikka, joka aikaisemmin jäi metsään tai poltettiin.

Kokonaan uusi kuljetusmuoto, autokuljetus, on vuosi vuodelta vallannut alaa ollen nyt tärkein maakuljetusmuotomme. Rautatiekuljetus sen sijaan on jatkuvasti taantunut. Onpa esimerkkejä siitä että uittopuutakin on korvattu autopuulla.

Tehtaalle saapuva puu, tuli se mitä tietä tahansa, menee suoraan kulutukseen. Puukentällä tuijottavat tyhjät pinonpohjat ja rautatievarastot ovat häviämässä.

Paitsi kuusinalikkaa on raaka-aineitten joukossa uutena tuloikkaana nyt sahanhake ja viime vuodesta lähtien myös koivu.

Jos siirrymme hankintaketjussa lähemmäksi kantoa, tavataan sielläkin oireellisia muutoksia. Hevosajomatka on jatkuvasti



lyhentynyt tihentyneen tieverkoston ansiosta. Viime vuonna yhtiön keskimääräinen hevosajomatka oli alle kilometrin.

Tapana on ollut, että hevosmies latoo puunsa pinoihin väli-varastoille. Siitä auto on vienyt kuorman rantapinoihin kuivumaan ja odottamaan seuraavan vuoden purjehduskautta. Nyt auto vie puut suoraan jäälle ja purkaa ne nippuina, jolloin ne saman vuoden kesällä jo ovat valmiit Lielahteen uitettaviksi. Monessa tapauksessa on osoittautunut sitäkin paremmaksi viedä kuorma suoraan Lielahteen kun se kerran on autoon valmiiksi lastattuna, vaikka autokuljetusmatka näin pitenisikin muutamalla peninkulmalla.

Uusin tapa, joka vasta viime vuonna otettiin käytäntöön, on se että hevosmies purkaa puunsa autokuorman mittaisiin irtokehikkoihin tai -lavoihin, jotka vaihtolava-auto sen jälkeen koneellisesti kuormaa ja vie tehtaalle suoraan kuorimolle. Näin voi toissapäivänä Teiskossa kasvanut puu jo tänään olla valmiina lähetettäväksi tehtaalle maailmalle valmiina silkimassana. Jos hevosajureita on 3—5 jokaista siirtolava-autoa kohden ja hakkuumiehiä sopiva määrä sujuu hankinta kuin konsanaan mikä tehdastyö tahansa. Edellytyksenä ovat vakinaiset hakkuu- ja hevosmiehet. Tämä onkin jo metsäosaston tämän päivän tavoitteena.

»Mutta niin muuttuu maailma Eskoseni», sanoi jo isä Topias Nummisuutareissa. Jos tarkastellaan miten hankintamuodot ovat kehittyneet viimeisenä viisivuotiskautena, silloin on helpompi ymmärtää että tuleva viisivuotiskausi tulee tuomaan mukanaan valtavan kehityksen metsissäkin. On varauduttava näkemään miten totutut tavat muuttuvat maailmanmenon mukaan. Joustava sarjavalmistus puunhankinnassakin tulee lyömään itsensä läpi. Sen on kone ja kehittyvä kuljetustekniikka tehnyt mahdolliseksi. Metsätyössäkin tullaan vaatimaan ei raakaa voimaa, vaan ammattitaitoa ja työn luonne muuttuu vakinaisemmaksi. Kämpärömantiikka on maan eteläosissa häviävä käsite.



## KOIVUURAAKA-AINEEKSI

Metsänomistajana on yhtiöllemme perin tuttua miten tärkeitä yksistään metsänhoidonkin kannalta on löytää pienpuulle kannattava käyttö.

Hyvin tietäen polttoainehinnan ratkaisevan merkityksen kemiallisen puunjalostusteollisuuden valmistuskustannuksissa ja toisaalta korkealaatuisen polttoaineen, kuten kivihiilen ja öljyn väistämättömän ylivoiman kilpailukyvyssä halon kanssa, on yhtiö jo vuosia sitten todennut, että pienpuuongelman ratkaisua on etsittävä siitä, voidaanko halkopuuta jalostaa mas-saksi. Muut yritykset ovat vain näpertelyä, joka saattaa su-mentaa kokonaiskuvan. Toteamus olisi katkera ellei siihen samalla liittyisi usko halkopuun käyttökelpoisuudesta raaka-aineena nykyisissä selluloosatehtaissa. Ja edelleen oivallus, että puunjalostusteollisuus pystyy erittäin nopeasti laajentu-maan, jos sen luonnollinen kilpailukyky pääsee oikeuksiinsa ja puoskaroiminen erilaisilla rasitteilla loppuu.

Vuonna 1954 Lielahdessa aloitettu havupuunalikan käyttö on vakiintunut raaka-aine eräissä muissakin tehtaissa, joten epäi-lijätkin nyt uskonevat, että kuusi- ja mäntyhalko on nopeasti häviävä käsite.

Koivun suhteen näyttää monella taholla kuitenkin säilyneen epäuskoisuus sen käyttömahdollisuuksista raaka-aineena.

Lehtipuitten käyttö raaka-aineena alkoi Yhdysvaltojen koil-lisosassa korvikkeena havupuulle, josta oli puute.

Pian huomattiin kuitenkin että lehtipuumassa sekoitettuna havupuumassaan antoi paperille ja kartongille uusia hyviä ominaisuuksia. Tuotteen kiilto ja painatusominaisuudet paran-tuivat. Edelleen saatettiin lehtipuista valmistaa kuituja, jotka jäykkyytensä puolesta sopivat pakkauskartonkiaineeksi.

Myös keinokuituteollisuudessa ja kelmun valmistuksessa ru-vettiin käyttämään lehtipuumassaa.

Samanaikaisesti tapahtui Euroopassakin eräissä tehtaissa siirtymistä lehtipuumasoihin, lähinnä pyökkiin. Pääsyynä oli



havupuun riittämättömyys ja ulkoa tuodun paperipuun korkea hinta. Ostajat tottuivat lehtipuumassoihin ja oppivat arvostamaan niitten hyviä ominaisuuksia.

Suomessa ei koivun käyttö ole ottanut tulta siitäkään huolimatta, että eräs, tosin pieni tehdas on jo vuosikausia valmistanut siitä paperimassaa vientiin, vieläpä omaa valmistusmenetelmää käyttäen.

Omassa tehtaassamme aloitimme kokeilut koivulla jo vuonna 1955, mutta koska päätuotteemme on silkkimassa, eivätkä ostajat silloin vielä olleet valmiit käyttämään koivua keinokuitujen valmistukseen, jätimme asian kypsymään ja keskityimme kuusikalikkaan.

Viime vuonna laskukonjunktuurin yhteydessä kävi kuitenkin ilmi, että skandinaavinen kuusisilkkimassa on sillan valmistuksessa huomattavassa määrin menettänyt markkinansa mannermaalla halvalla pyökkimassalle. Yhtiömme lähetti sen vuoksi kokeilumielessä markkinoille koivumassan, jonka tarkoituksena oli kilpailla pyökkisilkkimassan kanssa. Sen vastaanotto oli hyvä ja koivumassan valmistusta tullaan lisäämään huomattavasti tänä vuonna. Kuitenkin tulevaisuus vain voi osoittaa, onko koivusilkkimassa myös taloudellisesti kilpailukykyinen ostajamaitten omien lehtipuumassojen rinnalla. Siihen on selvät mahdollisuudet, sillä vaikka raaka-aine ostajamaissa onkin samanveroista, on meillä eräitä muita etuja niihin verrattuna. On tasalaatuinen valmistusvesi, pitkälle kehitetty puunhankinnan organisointi ja yleensäkin taito ja tottumus valmistaa puunjalosteita jatkuvana suurtuotantona.

Edelläolevasta käynee eittämättä selville, että koivu on sopiva raaka-aine sekä paperi- että tekstiilimassoihin. Paperille ja kartongille se antaa sekoituksissa ominaisuuksia, joita havupuumassoilla yksinään ei saavuteta.

Tällä hetkellä Suomessa on jo ainakin viisi suuryhtiötä, jotka ovat päättäneet lähteä koivumassan suurtuotantoon. Kun näin on, niin pakosta herää kysymys: onko tosiaan ilmaus kaukonäköisyydestä kun väitetään, että koivu on metsissämme vähemmän toivottu puulaji, joka sille sopivilta kasvupaikoiltaan olisi vähennettävä pakkohakkuilla? Vai onko se osoitus kykenemättömyydestä tulkita kehityksen suunta oikein? Viime mainittu tapaus olisi todella traaginen, joten koivukysymys kokonaisuudessaan sietäisi tulla uudestaan harkituksi uusien tietojen valossa.





71242

OK

V.R. JUONI

97878

# YRITYKSEMME TUOTANTOVAIHEET

Vuosi	Selluloosaa ton	Väki- viinaa ton	Hiivaa ton	Paperia ton	Puutavaraa std.	Tervaa ton	Tärpät- tiä ton	Kantohiiltä ton	Puuhioketta ton
1875–1910 epätarkat tuotantomäärät, pääasiallisesti puutavaraa. V:sta 1902 myös paperia.									
1915	6.421			n. 800					
1920	10.897			n. 1.300	2.223	18		193	n. 4.900
1925	20.005			325	5.899	222	70	1.279	6.567
1930	28.539			lop. 1925	4.060	lop. 1925	lop. 1925	lop. 1925	10.011
1935	28.740				—				11.791
1940	13.047	260			—				6.956
1945	11.712	689	138		2.584				5.065
1950	25.264	1.487	lop. 1948		4.573				10.141
1951	31.167	1.872			4.340				9.551
1952	30.976	1.694			3.528				7.327
1953	35.844	2.044			4.496				10.136
1954	44.482	2.024			4.531				5.485
1955	50.815	2.061			4.305				lop. 1954
1956	48.810	1.798			4.095				
1957	57.635	2.284			1.512				
1958	57.662	2.120			335				
1959	56.010	1.640			4.119				



SELLULOOSAA

## YHTIÖN ERI LAITOSTEN TUOTANTO



VÄKIVIINAA

SAHATAVARAA

PYÖREÄÄ PUUTA

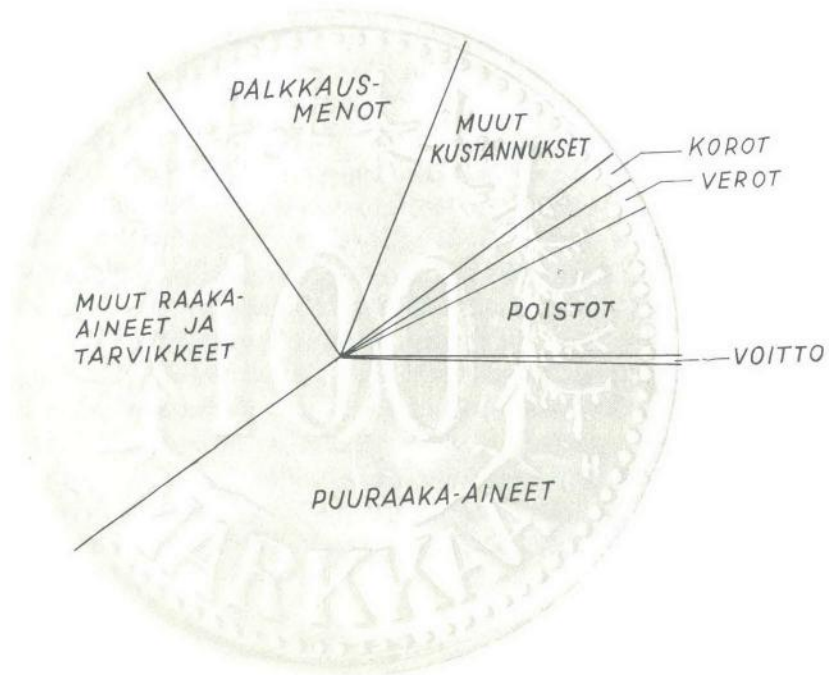
# TILI-YHDISTELMÄ 1959

## TULOT:

Tuotteiden myynnistä .....	2.928.298.616.—
Vuokrat .....	9.920.632.—
Tilapäiset tulot .....	950.202.—
Valmistevarastojen suurentuminen .....	31.764.000.—
Tulot omista metsistä .....	61.102.515.—
	<u>mk 3.032.035.965.—</u>

## MENOT:

Puuraaka-aineet (josta noin 55 % työpalkkoja) .....	1.194.186.299.—
Muut raaka-aineet ja tarvikkeet .....	781.682.809.—
Palkkausmenot sosiaalikuluihin (Metsäosastoa lukuunottamatta) .....	457.990.786.—
Muut kustannukset .....	278.223.620.—
Korot yhtiön veloista .....	41.768.513.—
Verot valtiolle, kunnalle ja seurakunnalle ...	55.627.211.—
Poistot (koneitten kuluminen ja rakennusten vanhentuminen) .....	210.626.191.—
Vuoden voitto .....	11.930.536.—
	<u>mk 3.032.035.965.—</u>



## TORPPARISTA TEOLLISUUSMIEHEKSI

Ab J. W. Enqvist Oy:n nimi on muistona toimeliaasta talousmiehestä, konsuli Johan Waldemar Enqvististä, joka elämäntyöllään loi uusia liike- ja teollisuusyrityksiä kotiseutunsa ja koko maan taloudellisen hyvinvoinnin kehittämiseksi.

Enqvistin suku on kotoisin, niin pitkälle kuin sukujuurta on voitu seurata, Kangasalta. Suvun tunnettu kantaisä on Sipi Matinpoika, joka v. 1634 otti viljelykseen sitä ennen autiona olleen Klemolan tilan Kangasalan Ohtolan kylässä. Hänen poikansa Knut Sipinpoika oli ammatiltaan muurari ja ryhtyi 1687 viljelemään Kangasalan Vääksyn kartanon Nuortonimistä torppaa kuolemaansa 1725 saakka. Hänen poikansa Pietari Knuutinpoika (1707—1785) oli vuokraajana Sahalahdella, mutta elämänsä loppuajan piti Mustoon torppaa Kangasalan Vääksyssä. Tätä torppaa viljeli myös hänen poikansa Juho, joka kuoli samana vuonna 1785 kuin isänsäkin. Hänen vanhin poikansa Juho Juhonpoika (1762—1830) piti edelleen Mustoon torppaa kuolemaansa saakka. Hänen vaimonsa oli Sahalahden sotilaan tytär Maria Lindqvist ja heidän 6 lapsestaan Reinhold Juhonpoika (1795—1851) meni sorvarinoppiin Turkuun, jossa hän sai sukunimen Enqvist. Sieltä hän muutti Tampereelle 1817, sai samana vuonna porvarioikeudet ja ryhtyi harjoittamaan sorvarinammattia. Hänen työpajansa oli alallaan huomattavimpia kaupungissa. Mm. hän oli tunnettu taitavana piipuntekijänä. Hänen vaimonsa oli palttinankutoja Johan Ahlmanin tytär Ulrika Ahlman. Avioliitosta syntyi 6 lasta, joista kaksi vanhinta poikaa antautui isänsä ammattiin. Näistä Johan Reinhold Enqvist (1821—1880) otettiin v. 1843 sorvarimestariksi Tampereelle, oli välillä Turussa, mutta pa-

lasi isänsä kuoltua Tampereelle jatkaen jonkin aikaa isänsä sorvausliikettä. Sitten hän perusti ruokatavarakaupan ja myöhemmin sekatavarakaupan. Johan Reinhold Enqvist oli 1860—70 luvuilla Tampereen johtavia miehiä, mm. kaupunginvanhimpain viimeinen puheenjohtaja, ja kaupunginvaltuuston jäsenen alkamisesta 1875 kuolemaansa 1880 saakka, Tampereen Säästöpankin perustajia jne. Hänen vaimonsa oli turkulainen laivurintytär Selma Amanda Tengström.

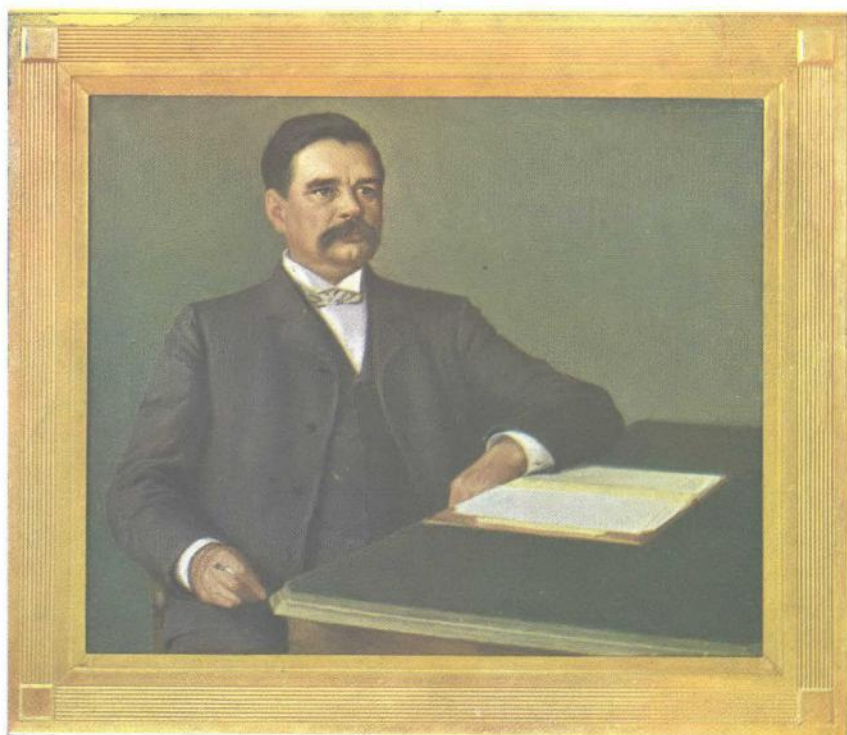
Johan Reinhold Enqvist edusti jo sellaista laajanäköisen liikemiehen persoonaa, jollaisena hänen poikansa on jättänyt nimensä jälkimaailman tietoisuuteen. Hänen kauppaliikkeensä ei rajoittunut vain paikalliseksi, vaan hän asettui liikesuhteisiin koko maan huomattavimpien liikkeiden kanssa. Edelleen hän ulotti kauppasuhteensa ulkomaille: Pietariin, Tukholmaan, Lyypekkiin, Hampuriin. Talvella 1864 hän teki hevosella matkan Pietariin tapaamaan liiketuttaviaan. Tällaista matkaa ei sitä ennen ollut kukaan tamperelainen kauppias suorittanut. Matkallaan Enqvist sai selville, että Pietarissa oli menekkiä nahoilla ja vuodilla sekä metsäneläinten että kotieläinten. Hän ryhtyi sen jälkeen viemään Pietariin suuria määriä nahkoja, joita hän osti Tampereella ja lähiseudulla. Karjalaisen Kyckling-nimisen talonpojan kanssa hän teki sopimuksen nahkain kuljetuksesta, joka suoritettiin hevosrahtina siihen asti kunnes rautatie Pietariin valmistui. Kycklingillä oli kymmeniä hevosia tällaisessa rahdinajossa. Myös Hampuriin ja Lyypekkiin Enqvist harjoitti nahkain vientiä. Nahkain tukkukauppaan ryhtyessään hän lopetti sitä ennen harjoittamansa vähittäiskauppaliikkeen. Vuosikymmenen ajan 1868—78 hän piti Vesilahdella Äijälän tilaa kauppatoimintansa ohella. Ehkäpä »veren veto» esi-isien ammattiin oli hänellä tämän harastuksen aiheuttajana.

1870-luvun puolivälissä tapahtui voimakas mullistus saha-teollisuuden alalla. Siihenastiset pienet vesisahat saivat väistyä ja antaa tietä suurille höyrysahoille. Näiden sahojen tuottamat huomattavat taloudelliset voitot houkuttelivat sellaisiakin henkilöitä, joilta puuttui alan kokemusta, sijoittamaan niihin varoja. Myös Johan Reinhold Enqvistiä alkoi houkutella höyrysahan perustaminen. Yhdessä Laukon vuokraajan J. G. Litzénin ja konttoristi Matti Wileniuksen kanssa hän perusti Pispalan kylään Santalahden rantaan höyrysahan. Yhtiön virallisena nimenä oli Tampereen Höyrysahayhtiö, mutta käytännössä sahaa nimitettiin Santalahden höyrysahaksi. Maa-alueen yhtiömiehet vuokrasivat Provastin tilan omistajalta Otto Thunbergilta. Sahan rakennustyöt aloitettiin maaliskuussa 1875

ja saman vuoden marraskuussa saha oli käynnissä. Jo edellisenä vuonna Enqvist alkoi ostaa sahaa varten tukkeja, ja sahan aloittaessa toimintansa oli 6.000 tukkia Näsijärven rannassa odottamassa sahausta. Näin oli peruskivi laskettu sille teolliselle rakennustyölle, jonka tuloksena nykyinen yhtiömmekin kehittyi.

Jo v. 1876 yhtiömiehet myivät Santalahden höyrysahan merikapteeni C. V. Nordbergille Porista. Nordberg teki kuitenkin v. 1879 konkurssin, jolloin Enqvist osti sen konkurssihuutokautasta itselleen. Enqvist oli tällöin hyvin sairaallinen ja ajoittain työhön kykenemätön. Häntä olikin hänen liiketoimissaan jo muutaman vuoden ajan avustanut hänen poikansa Johan Waldemar Enqvist. Saatuaan sahan uudestaan haltuunsa Enqvist myi siitä heti pojalleen  $\frac{3}{4}$  osaa. Kun Johan Reinhold Enqvist pian tämän jälkeen heinäkuun 19. p:nä 1880 kuoli, jäi saha kokonaan Johan Waldemar Enqvistin hoitoon.

Johan Waldemar Enqvist oli syntynyt 1853 ja vanhempainsa ainoa lapsi (sisar oli kuollut jo vuoden ikäisenä). Hän sai sen ajan oloihin katsoen vankan koulusivistyksen, sillä Tampereen ala- ja yläalkeiskoulun jälkeen hän kävi Hämeenlinnan kimmnaasin ja Dresdenin kauppaoppilaitoksen Saksassa. Ryhtytyään Santalahden höyrysahan johtoon hän alkoi sitä voimaperäisesti kehittää. Siihen asti yksiraaminen saha muutettiin kaksiraamiseksi, myllyn tilalle perustettiin kanttisaha ja palvelukseen otettiin metsän- ja tukkienostaja. Ulkomaisia liikesuhteita solmittiin. Laivaukset suoritettiin Helsingin ja Turun kautta, joihin perustettiin omat lautatarhat, mutta myöhemmin kun Rauman rata valmistui, siirrettiin laivaus Rauman sataan. Tavaralan laadun suhteen Johan Waldemar Enqvist oli perin tunnontarkka. Jos tavarassa esiintyi vikoja, joita asiakas moitti, oli hän valmis korvaamaan ne hinnanalennuksilla. Hänen ymmärtämyksensä asiakasta kohtaan meni niin pitkälle, että se herätti tyytymättömyyttä muissa sahanomistajissa. Hänen luonnettaan kuvaa myös seuraava tapaus: 1880-luvulla olivat höylätyn puutavaran rahtit rautateillä huomattavasti korkeammat kuin höyläämättömän. Sahanomistajain anottua aina senaattia myöten turhaan korjausta tähän ryhtyivät useat kiertämään rahtierotusta siten, että höylätty puutavara merkittiin rahtikirjoihin höyläämättömänä ja tavara peitettiin niin, ettei sen laatu helposti näkynyt. Enqvistin asiakkaat — joitten maksettavaksi rahti joutui — pyysivät häntä menettelemään samalla tavalla, mutta siitä Enqvist ehdottomasti kieltäytyi. Hän huomautti, että epärehellinen menettely kostautuu ja mitä tällä tavalla mahdollisesti voidaan voittaa, se menetetään toisaalla.



J. W. ENQVIST

Enqvist toimi myös laivanvarustajana, mutta tällä alalla hänellä ei ollut onnea. Niinpä hänen ensimmäinen laivansa, v. 1883 hankittu »Impi» teki haaksirikon. »Gustav Metzger» paloi, »Christer» upposi miehistöineen Suomenlahdella, »Ainossa» syttyi myös tulipalo, joka aiheutti suuret vahingot.

V. 1887 tiedusteli kauppaneuvos Ahlström Noormarkusta Enqvistiltä Santalahden sahaa ostaakseen. Enqvist vastasi kieltävästi ja neuvoi Ahlströmiä Naistenlahden sahan omistajan puheille, koska tämä saha oli myytävänä. Se ei Ahlströmiä kuitenkaan kiinnostanut ja hän tiedusteli Enqvistiltä hänen sahaansa toistamiseen, saaden jälleen kieltävän vastauksen. Tämän jälkeen Ahlström osti Niemen talon, joka sijaitsi Santalahdea vastapäätä Näsijärven lahden toisella puolella. Kun Enqvist nyt näki saavansa vahvan kilpailijan naapurikseen, hän tuli halukkaammaksi oman sahaansa myyntiin. Kauppa tehtiin vielä v. 1887 ja Enqvist myi Ahlströmille 135.000 mk hinnasta itse sahan sekä höyryalus Vellamon ja 4 lotjaa, mutta jätti itselleen metsät, raaka-aineen ja valmiin tavaran varastot. Ahlström pyysi Enqvistiä jäämään sahan hoitajaksi, mihin Enqvist suostuikin toistaiseksi, ja sahan toiminta jatkui muuten ennallaan paitsi että se alkoi käydä yötä päivää.

Enqvistille tarjottiin tämän jälkeen, hänen kykynsä tuntien, monien sahojen ja muiden yritysten johtajan paikkoja eri puolilla maata. Niihin hän ei ryhtynyt, mutta sen sijaan hän liittyi osakkaaksi eräihin yrityksiin. Yhdessä Tampereella toimineen puutavaraliikemies Abraham Jokisen kanssa hän rakensi sahan Ojakkalaan Hangon radan varrelle. Saha alkoi toimia 1889 ja Jokinen hoiti metsäostot ja puutavaran myynnit. Enqvist liittyi myös Helsingissä toimineen agenttinsa liikemies Walde-mar Hamfeldtin yritykseen, joka käsitti höyläämön ja puusepäntehtaan Sörnäisissä, ja sijoitti pääomaansa sen laajentamiseen.

Nämä yritykset eivät kuitenkaan tyydyttäneet Enqvistin omaa toimintahalua, vaan hän suunnitteli myös uutta itsenäistä yritystä. Siihen hän ryhtyikin syksyllä 1888, jolloin hän alkoi rakentaa uutta höyrysahaa Tampereelle Särkänsaareen, josta hän vuokrasi maa-alueen Tampereen kaupungilta 30 vuodeksi. Häntä ei peloittanut, vaikka silloin jo oli Tampereella tai sen liepeillä toiminnassa kolme muuta sahaa, mikä vaikutti mm. tukkien hintain jatkuvaan kohoamiseen. Ei myöskään se, että Näsijärven laivurit nostivat oikeusjutun sahan rakentamista vastaan, katsoen tukkilauttojen muodostuvan vaaraksi laivaliikenteelle. Saha alkoi käyntinsä kesällä 1889 ja tuli se maksamaan 93.000 mk.



Pari vuotta Särkänsaaren sahan valmistumisen jälkeen Enqvist osti yhdessä Abraham Jokisen kanssa konkurssihuuto-kauppaan joutuneen, Oriveden aseman lähellä sijainneen Oriveden sahan. Saha rakennettiin uudelleen, nousten rakennuskustannukset kalliimmiksi kuin Särkänsaaren sahan eli 116.000 mk:aan, koska niihin sisältyi myös asuinrakennus.

V. 1897 Enqvist osti jälleen uuden sahan yhdessä Jokisen kanssa, nimittäin Tyrvään sahan. Sekin vaati kuntoonpanokustannuksia 76.000 mk, mutta kumpikin näistä sahoista osoittautui myös tuottavaksi liikeyritykseksi. Kun Abraham Jokinen kuoli v. 1904, osti Enqvist hänen osuutensa sahoihin, maksaen siitä 390.000 mk. Myös Särkänsaaren saha osoittautui hyväksi liikeyritykseksi, tuottaen 80.000—100.000 mk suuruisia vuosituloksia. Tuottavia yrityksiä Enqvist tarvitsikin, sillä samoina vuosina hän kärsi hyvin suuria menetyksiä eräiden liikeyritysten, joissa hän oli takaajana, joutuessa konkurssitilaan.

Enqvist ymmärsi laajakatseisena talousmiehenä sen että puutavaran toimittaminen jalostamattomana ulkomaille ei ollut kansantalouden etujen mukaista, vaan oli pyrittävä pitemmälle menevään jalostukseen. Tähänkin hänelle avautui ennen pitkää tilaisuus. Santalahden sahan läheisyyteen perustettiin v. 1885 paperitehdas. Sitä omisti 1890-luvun alkupuolella kauppias Albert Holmqvist, joka v. 1893 muodosti yrityksen osakeyhtiöksi saadakseen pääomaa tehtaan kehittämiseen. Enqvist merkitsi tällöin yhtiön osakkeita ja tuli johtokuntaan varajäseneksi. Tehtaan toiminta ei kuitenkaan tahtonut edistyä hyvin ja v. 1901 se joutui konkurssitilaan, jolloin se siirtyi J. W. Enqvistin omistukseen 175.000 mk:n hinnasta — hänellä oli huomattava saatava yhtiöltä. Heti tämän jälkeen Enqvist ryhtyi tehdasta perusteellisesti uudistamaan niin rakennusten kuin koneistojenkin puolesta. Uusi paperikone hankittiin valmistamaan hienompia paperilaatuja aikaisemman valmistuksen ollessa vain ruskeata paperia. Tuotanto nousi tämän jälkeisinä vuosina nopeasti. Vielä muissakin taloudellisissa yrityksissä Enqvist oli mukana, kuten Suomen Sahanterätehtaan perustamisessa v. 1889.

V. 1893 J. W. Enqvist kutsuttiin Pohjoismaiden Osakepankin Tampereen konttorin johtajaksi. Konttori oli pankin suurin sivukonttori. Tällä paikalla Enqvist toimi vuoteen 1900, jolloin hän terveydellisistä syistä halusi siitä erota. Tampereen kunnallisessa elämässä J. W. Enqvist oli kahden vuosikymmenen ajan vuosisadan vaihteessa johtavia miehiä. Hän oli kaupunginvaltuuston ja rahatoimikamarin jäsen, muutamia vuosia kummankin puheenjohtaja, Tampereen Kauppaseuran puheen-

johtaja, jonka johdolla seura mm. hankki oman talon, Tampereen Säästöpankin hallituksen jäsen ja puheenjohtaja jne. Hän oli myös perustamassa Tampereelle ensimmäistä asunto-osakeyhtiötä. Tampereelle hänet nimitettiin Ruotsin varakonsuliksi.

Elämänsä loppuvuosina, hän kuoli 30. 8. 1907, J. W. Enqvist omisti kolme kaksiraamista sahaa: Särkänsaaren, Oriveden ja Tyrvään sahat höyläämöineen, Santalahden paperitehtaan, kymmenkunta metsätilaa ja kaupunkitalon Tampereella Kaupakatu 9 — Hämeenkatu 24. — Johan Waldemar Enqvist solmi avioliiton v. 1881 Anna Emilia Indrénin kanssa. Hänen vaimonsa kuoli v. 1920.

Toimeliaan yrittäjän elämäntyötä jatkamaan perustivat hänen omaisensa vanhimman pojan, Johan Reinhold Enqvistin aloitteesta ja johdolla vuotta myöhemmin Ab J. W. Enqvist Oy nimisen yhtiön. Sen osakepääomaksi määrättiin 1.200.000 mk, jaettuna 1.200:aan 1.000 mk:n nimellisarvoiseen osakkeeseen. Osakkeista vainajan puoliso Anna Emilia Enqvist omisti 600 kpl ja lapset Johan Reinhold, Mauritz Rafael, Anna Margareta, Anna Elisabet, Anna Maria ja Väinö Waldemar kukin 100 kpl. Yhtiön perustava yhtiökokous pidettiin 27. 6. 1908 ja valittiin siinä yhtiön hallitukseen Anna Emilia Enqvist, Johan Reinhold Enqvist ja Mauritz Rafael Enqvist sekä varajäseniksi Anna Margareta ja Uno Hagberg. Toimitusjohtajaksi tuli Johan Reinhold Enqvist.

Yhtiö jatkoi J. W. Enqvistin perustamia yrityksiä, kunnes niistä ajan mittaan eri syistä luovuttiin. Ilmeisesti Reinhold Enqvistillä oli jo heti yhtiön perustamisesta saakka selvillä, että pääasiallinen toimintamuoto tulisi olemaan sen pienpuun jalostus massaksi joka tukinostojen yhteydessä saatiin metsistä. V. 1910 yhtiö sai osake-enemmistön Virtain Killinkoskelle syntyneessä teollisuusyrityksessä. Se oli alkanut kehräämö- ja kutomoyrityksenä, joutuen 1902 konkurssiin, minkä jälkeen se siirtyi neljän tamperelaisen yrittäjän omistukseen, yhtenä näistä J. W. Enqvist. V. 1909 kutomo päätettiin lopettaa ja perustaa sen tilalle puuhiomo ja kun tämän vuoksi v. 1910 yhtiön osakepääomaa korotettiin, sai Ab J. W. Enqvist Oy siinä osake-enemmistön.

V. 1913 yhtiö osti Lielahden kartanotilan, jolla sitä ennen oli takanaan monisatavuotinen historia aikaisemmin aatelistilana ja myöhemmin mm. Suomen yhtenä pisimmälle kehitettynä maanviljelystilana. Yhtiö ryhtyi rakentamaan Lielahteen selluloosatehdasta. Näin entinen sahayritys alkoi muuttaa luonnetta. Pääartikkeliksi tuli puusta kemiallisesti jalostettu paperimassa. Nykyisen tehdaslaitoksen peruskivi muurattiin.

## JUHLAT

Työn sankareiden, yhtiötämme 40 ja 30 vuotta palvelleen henkilökunnan juhla oli 27. 10. Keskuskauppakamarin ansiomerkkien saajat puolisoineen kansoittivat aluksi Teatteriravintolan, jossa toimitusjohtaja puhui ja kiitti pitkäaikaisesta, uskollisesta palveluksesta yli sataa paikalla ollutta yhtiön palvelijaa sekä heidän rouviaan näiden miehilleen vuosien aikana antamasta työpaikallekin vaikuttavasta tuesta. Hän kiinnitti yhdessä rouva Christiansenin kanssa 40 vuotta palvelleiden rintaan Keskuskauppakamarin myöntämän kultaisen ansiomerkin rouvien tehdessä saman omille 30-vuotissankareilleen.

Kotoisen päivällishetken jälkeen siirryttiin teatterin puolelle, johon kokoontunut yhtiömme väki osoitti voimakkaasti suosiotaan koko etupermannon täyttävälle työn sankareille. Toimitusjohtaja selvitti puheessaan käynnissä olevia laajennustöitä sekä tulevaisuuden näkymiä esittäen koko henkilökunnalle yhtiön kiitoksen jokaisen omalla paikallaan suorittamasta työstä yhteiseksi hyväksemme sekä siitä tuesta, minkä rouvat kotona antavat saman päämäärän hyväksi.

Ansiomerkin saajien ja juhlayleisön kiitokset molemmissa tilaisuuksissa esitti päaluottamusmies Reino Mikkonen.

Ilta päättyi näyttämön sankareiden työn sankareille ja heidän sankaripuolisoilleen esittämään G. B. Shaw'in paljon puhuvaan komediaan »Sankareita».

### *Kultainen 40vuotisansiomerkki:*

Asunen, Kalle Herman  
Boman, Kaarle Gabriel  
Hellén, Kaarle Edvard

Kivistö, Eino Nikolai  
Koivula, Paavali Vincentius  
Lepola, Onni

*Kullattu 30-vuotisansiomerkki:*

Ahlberg, Juho Emil	Lehtonen, Aarne Antero
Aho, Eero Valdemar	Lehtonen, Fredrik Rikhard
Ahvenus, Urho Armas	Lehtonen, Väinö Eemeli
Alti, Simo	Liedenpohja, Helvi Marja
Autio, Adrian	Liminka, Unto Erik
Autio Antti Dominikus	Maijala, Arvo
Haikkala, Yrjö Henrik	Manninen, Alarik
Hakala, Seeti Kontro	Mattila, Kosti Emelius
Harju, August Malakias	Mikkola, Juho Edvard
Heinonen, Juho Verner	Mikkonen, Reino Evert
Hellén, Eero Vihtori	Murto, Väinö Edvard
Hokkinen, Kaarlo	Mäkelä, Viljo Aleksanteri
Jalonen, Kaarlo Sulo .	Mäki, Martti Johannes
Jalonen, Taavetti Vilhelm	Mäki, Onni Emil
Joki, Yrjö Aleksander	Mäkinen, Kalle Armas
Jussila, Väinö Johannes	Mäkinen, Niilo Rudolf
Juurinen August Valdemar	Mäkinen, Sulo Johannes
Kaideslampi, Juho	Mäkirinta Anna Eufrosyne
Kaipio, Onni	Niemi, Kaarlo Eino Joel
Kanerva, Valde Aleksander	Nieminen, Antti Oskari
Kangasniemi, Juho Alex	Nieminen, Kalle Emil
Kangasniemi, Taavetti Vilhelm	Nieminen, Martti Mikael
Katajatörmä, Elo Antero	Nikkinen, August
Kenkimäki, Martti Antero	Nurminen, Lauri Bruno
Ketola, Kalle Kustaa	Nuuttinen, Yrjö
Kivinen, Matti Johannes	Ojala, Toivo Henrik
Koivisto, Herman	Ojanen, Elo Armas
Koivula, Eemeli	Ojansivu, Niilo Vihtori
Korhonen, Aarne Oskari	Oksanen, Hugo Rikhard
Koskinen, Hilma Josefiina	Pajunen, Viljo Johannes
Kuivanen, Frans Iivari	Peltonen, Aarne Johannes
Kukkula, Vihtori	Peltonen, Arvid Emil
Laakso, Urho Arvid	Peltonen, Olavi
Laaajamaa, Kaarlo Aleksander	Perikangas, Martti Johannes
Laakso, Frans Josef	Päiväniemi, Eino Nikolai
Laakso, Uno	Pälä, Kalle
Lahti, Arvo Artturi	Rakola, Juho Artturi
Lahtinen, Lemmi	Randell, Kalle Nikolai
Lahtinen, Olavi Reinholt	Revonniemi Kalle Nikolai
Lahtinen, Vilho Joonas	Ruokonen, Juho Heikki
Laine, Antti	Saarinen, Eero Rikhard
Lamminen, Vihtori Valfrid	Salmi, Heikki



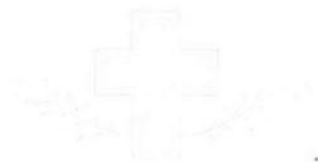


Salminen, Aarne  
 Salo, August  
 Salonen, Eino  
 Saloniemi, Kalle Paavali  
 Saukko, Antti Edvard  
 Sauni, Engelbert  
 Seppälä, Reino Hemming  
 Snellman, Albert  
 Snellman, Edvin  
 Soini, Toivo  
 Sovala, Yrjö  
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 Syrjämäki, Adiel  
 Tasala, Frans Emil  
 Tavilampi, Vihtori  
 Tomunen, Hilma Johanna  
 Tulijoki, Aleksander  
 Tuominen Sulo Valdemar

Tyrväinen, Akseli  
 Valkila, Kosti Aleksanteri  
 Vehmaa, Kalle  
 Vallin, Frans Henrik  
 Vesslin, Toivo Onni  
 Viitamäki, Jalmari A.  
 Viitanen, Anna Maria  
 Viitanen, Emil  
 Viitanen, Frans  
 Viitanen, Martti  
 Virtanen, Eino Nikolai  
 Virtanen, Martti Jalmari  
 Virtanen, Vilhelm Jalmari  
 Vuorenmaa, Arvid Jalmari  
 Vuorio, Arttur Albinus  
 Välimaa, Väinö Nikolai  
 Välimäki, Väinö Johannes

*50-VUOTTA TÄYTTÄNEET 1959*

15. 1.	Järvinen, Aarno	Korjauspaja
28. 1.	Pylkki, Hulda	Kk.palkkalaiset
2. 3.	Thomasson, Jalmari	Rakennus-os.
4. 3.	Välimäki, Reino	Sell.tehd.
11. 3.	Mäki, Tyyne	Kk-palkkalaiset
9. 4.	Alanen, Otto	Korjauspaja
10. 5.	Uvila, Hugo	Sell.tehd.
21. 5.	Murto, Väinö	Spriitehd.
4. 6.	Savolainen, Otto	Sell.tehd.
28. 6.	Mikkonen, Reino	Yleinen os.
28. 6.	Salomäki, Svante	Spriitehd.
6. 7.	Saarinen, Alfred	Yleinen os.
10. 8.	Aaltonen, Sulo	Saha
28. 8.	Tomunen, Ahti	Sell.tehd.
2. 9.	Miettinen, Eino	Sosiaalios.
23. 10.	Heino, Olavi	Sell.tehd.
23. 10.	Pohjola, Vesa	Yleinen os.
5. 11.	Lehtonen, Helmer	Rakennus-os.
15. 11.	Lehtiö, Mikko	Rakennus-os.
17. 11.	Männikkö, Väinö	Sell.tehd.
29. 11.	Hellén, Eero	Korjauspaja
1. 12.	Halttunen, Väinö	Sell.tehd.
10. 12.	Korhonen, Lauri	Metsäkonttori
21. 12.	Kettunen, Veikko	Sell.tehd.



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Vanhala, Urho	6. 7. 22	7. 12. 59



# Yhteistyötoimikunnat

## *Pääluottamusmiehet*

Reino Mikkonen, selluloosatehdas.  
Onni A. Lahtinen, korjauspaja.  
Toivo Pajunen, saha.

## *Työturvallisuuslautakunta*

Carl G. Boedeker, puheenjohtaja.  
Veikko Tolin, sihteeri.  
Hannu Ahonen, Laila Auer, Pekka Autio, Eino Heikkilä,  
Kusti Kempainen, Onni A. Lahtinen, Mikko Lehtiö, Mertsu  
Mikama, Reino Mikkonen, Toivo Pajunen, Albert Snellman,  
Onni Ursin.  
Yrjö Enroth, turvallisuusmies.

## *Palosuojelulautakunta*

Carl G. Boedeker, puheenjohtaja.  
Veikko Tolin, sihteeri.  
Juho Kivimäki, Matti Tulijoki, Mertsu Mikama.  
Birger Skogster, palosuojelun johtaja.

## *Urheilulautakunta*

Veikko Tolin, puheenjohtaja.  
Hugo Lehto ja Kaarlo Vihersaari ammattiosastojen edusta-  
jina.  
Olavi Mäntylä ja Matti Tyrväinen sekä Eino Mikkonen ja  
Reino Mikkonen urheiluseurain edustajina.  
Eino Heikkilä metsäosaston edustajana.

## *Lomakylätoimikunta*

Veikko Tolin, puheenjohtaja.  
Alvar Andersson, Hannes Asikainen, Adrian Autio, Hugo  
Lehto, Mertsu Mikama, Reino Mikkonen, Toivo Pajunen ja  
Helvi Salonen.

## *Tuotantokomitea*

Reino Mikkonen, puheenjohtaja.  
Veikko Tolin, sihteeri.  
Erik Saxén, Hannu Ahonen (työnantajan edust.), Lorenz  
Grönlund, Kusti Kempainen (toimihenkilöiden edust.), Onni  
A. Lahtinen, Toivo Pajunen, Emil Piilonen, Alpo Nieminen  
(työntekijäin edust.)

## Lomatoiminta

Kaksi uutta lomamajaa, »Kivinokka» ja »Iltarusko», yhtiön lomakylässä ovat antaneet mahdollisuuden lisääntyneelle joukolle viettää viihtyisä lomaviikko lomakylän alueella. Rientolan suuri moottorivene »Veera» rupesi välittämään Torvisen rannasta liikennettä myös lomakylään. Näin kulkuyhteydet parantuvat. Lisäksi kesä oli mitä kaunein. Kaikki olivat omiaan lisäämään lomanvieton nautittavuutta. — Lomakylässä vietettiin kesän aikana yhteensä 49 lomaviikkoa.

Lomaliiton lomahotelleissa vietti jälleen joukko yhtiön väkeä viikon puolisoineen, nimittäin Punkaharjulla Ero Aho, Fredrik Lehtonen, Ero Hellén ja Kalle Randell, Kärkisaarella Frans Tasala, Länsirannassa Ero Saarinen ja Suur-Saimaalla Antti Saukko.

## Omakotitoiminta

Kulunut vuosi on omakotitoiminnan kohdalta ollut huomattavan hiljainen. Uutta aluetta Honkasalossa ei ole vielä ryhdytty rakentamaan. Vain paria väliin jäänyttä tonttia on rakennettu, joista toisen Kauko Korhonen sai jo asuttavaan kuntoon. Yksityisiltä hankituille tonteille on muuttanut 3 yhtiöme piiriin kuuluvaa omakotirakentajaa.

Rakennustoiminnassa on käytetty yhtiön kuorma-autoa 148 ajokertaa ja ajettu yhteensä 3.736 kilometriä.

## Pihamaiden hoito ja tulokset

Viime vuosien aikana on myöskin yhtiön vuokra-asuntojen pihamaiden kohdalla ollut havaittavissa pihamaiden hoidossa voimakasta kehitystä, joka ilmenee nimenomaan perusparannuksina. Moni pihamaa on jo nähnyt täydellisen muodonmuutoksen samalla säilyttäen kuitenkin sen vapaan luonteen, mikä itsestään kehittyneille pihamaille on ominaista sopeutuen siten myös kokonaiskuvaan. Jotta tehtäisiin paremmin oikeutta tälle kiitettävälle yritteliäisyydelle on arvostelussa siirrytty uuteen järjestelmään jonka mukaan tätä työtä huomattavasti arvostetaan tuloksia laskettaessa. Ja jotta kehitystä tapahtuisi laajemmaltikin, ei kahtena perättäisenä kesänä anneta samaa tai huonompaa palkintoa.

Kuluneena kesänä olivat palkitut pihamaat:

<i>Yhtiön vuokra-asunnot</i>		
I p.:	Keskinen, Viljo	A 8
	Kuusivuori, Jorma	A 10
II p.:	Andersson, Alvar	A 4
	Halmet, Uno	A 38
	Hietala, Edvin	B 15
	Holma, Pertti	A 20
	Koivuniemi, Aimo	B 15
	Lindemark, Pauli	A 25
	Nieminen, Kalle	A 21
	Rintala, Lahja	B 15
	Toivonen, Paavo	B 15
	Vanhanen, Heikki	B 14
III p.:	Laaaja, Jaakko	B 15
	Lahtinen, Vilho	A 21
	Lampinen, Vihtori	A 23
	Lemmetty, Eino	A 18
	Niemistö, Sulo	A 2
	Nurminen, Aarne	A 8
	Ojala, Antti	A 31
	Saarinen, Arvo	A 25
IV p.:	Kilpi, Taisto	A 1
	Koskinen, Kaarlo	A 3
	Mäkelä, Lauri	A 17
	Kylmä, Erkki	B 15
	Lehtonen, Kalle	B 101
	Niemi, Eino	A 39
	Savolainen, Otto	A 13
	Stenfors, Elo	A 4
	Virtanen, Paavali	A 6

*Omakotitalot:*

I p.:	Toivonen, Viljo	Mäkelä
II p.:	Laaajamaa, Kaarlo	Vakonen
	Murto, Väinö	Vakonen
	Särkelä, Aukusti	Honkasalo
III p.:	Hänninen, Vilho	Honkasalo
	Martikainen, Eino	Vakonen
	Mattila, Kosti	Vakonen
	Rakola, Artturi	Mäkelä
IV p.:	Hyttinen, Aarne	Honkasalo
	Mikkonen, Reino	Mäkelä
	Mustonen, Paavo	Honkasalo
	Nieminen, Kalle	Mäkelä
	Pajunen, Viljo	Mäkelä

## Terveydenhoito

*Poliklinikan* toimintakertomus osoittaa, että vuosi 1959 oli terveydelliseltä kannalta suhteellisen hyvä. Epidemian luontoisia kulkutauteja ei työntekijöiden keskuudessa esiintynyt. Oli ainoastaan muutamia yksinäisiä tulirokko- ja sikotautitapauksia. Vuoden lopulla esiintyi vesirokkoa runsaasti varsinkin koululaisten keskuudessa.

Lääkärin vastaanotolla on ollut kävijöitä 9374 ja hoitajien 4177, minkä lisäksi he ovat suorittaneet 993 kotikäyntiä. Tarkastuskäyntien yhteydessä on todettu potilaan 19 tapauksessa olleen syystä tai toisesta pois kotoaan.

*Sairaskassan* johtokuntaan ovat kuuluneet Eero Ilmari Laine puheenjohtajana ja Kaarlo Jalonen varapuheenjohtajana sekä jäseninä Paavo Andersson, Vilho Miinin ja Eino Mäkinen. Yhtiön edustajina ovat Lorenz Grönlund ja sairaskassanhoitaja Eero Saarinen, joka on myös johtokunnan sihteeri.

*Huoltorenkkaan* jäsenmäärä on vuoden aikana edelleen lisääntynyt ollen 571. Sen puheenjohtajana on Hannes Asikainen, varapuheenjohtajana Aleksanteri Tulijoki, sihteerinä Reino Mikkonen ja jäseninä Tauno Teperi, Toivo Pajunen, Oskari Tuominen, Mikko Laine, Onni A. Lahtinen ja Aarno Järvinen sekä varajäseninä Eemil Piilonen, Ilmari Laine, Kaarlo Reiman ja Kalle Nieminen. Avustuksia jäsenilleen huoltorengas on jakanut 66 tapauksessa 378.250:— sekä 6 hautausavustusta yhteensä 106.000:—.

*Keskuspesula ja saunat.* Pesulassa pesty 74.346 kg pyykkiä, saunassa käyty 47.912 kertaa. Työpukuja pesty 1649 kpl.

## Urheilutoiminta

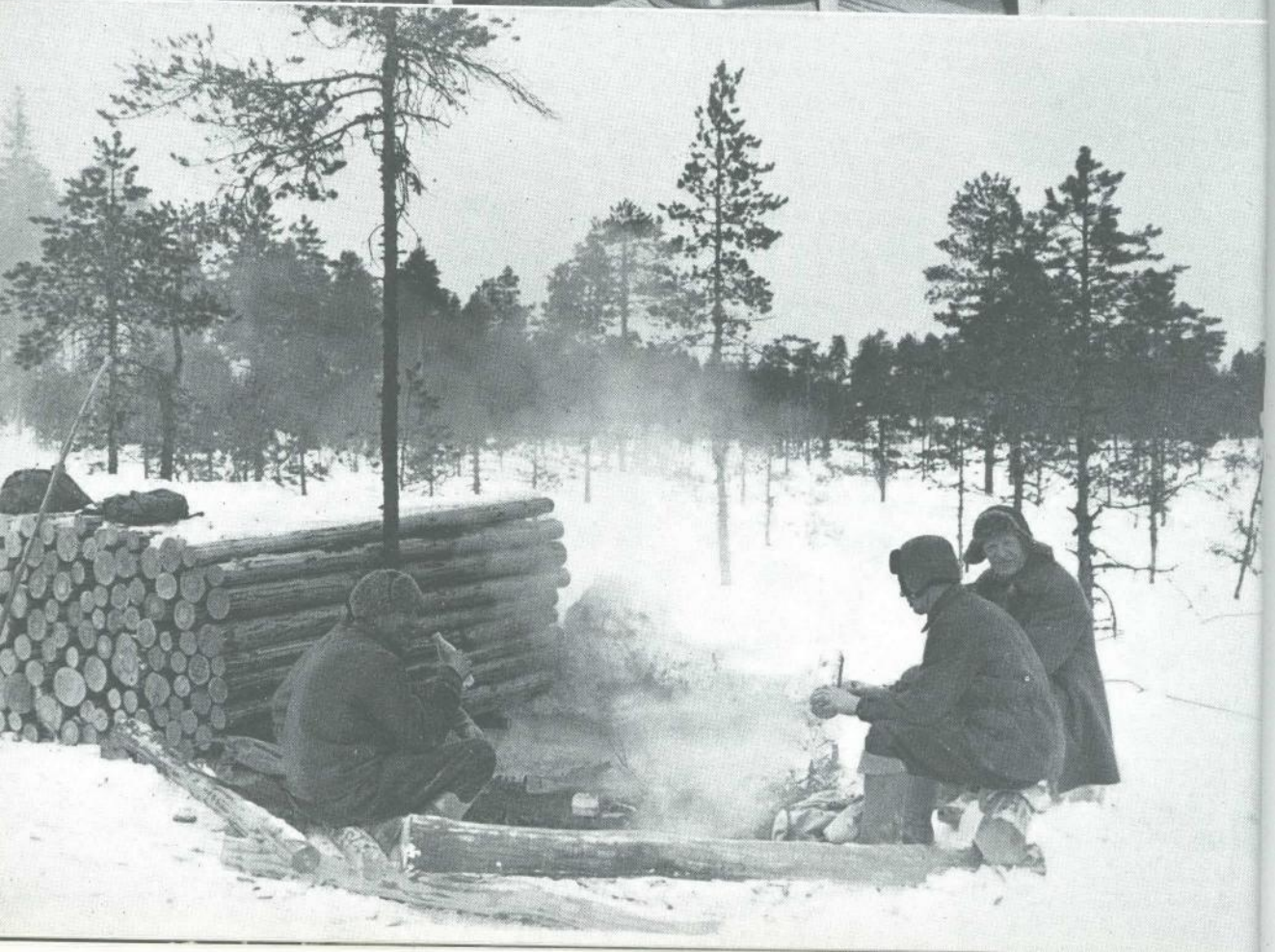
*Epilän ja Lielahden tehtaitten* väliset hiihtokilpailut pidettiin Epilässä 12. 3. 59. Joukkuekilpailussa tuli voitto Enqvistille, viestinhiihdossa ensimmäinen ja toinen sija.

Muut tulokset: Yleinen sarja: 1) Jorma Rautio, 2) Heikki Kamppi, 3) Alpo Nieminen, 5) Kalevi Lehtonen, 7) Antti Mäkelä, 8) Matti Tyrväinen, 13) Reino Jokiranta.

Yli 35 v. sarja: 1) Olavi Mäntylä, 3) Eino Lemmetty, 8) Erkki Kuivanen, 9) Vilho Rautiainen, 10) Eino Koivisto.

Yli 45 v. sarja: 2) Toivo Ala-Kilponen, 4) Yrjö Rajala, 6)





Toivo Savolainen, 8) Aarne Saukko, 11) Paavo Uusimaa.  
Nuorten sarja: 3) Arvi Mäkirinta.  
Naisten sarja: 2) Elli Lehtiniemi, 6) Kaisa Mali.

*Tehtaiden välinen suunnistuskilpailu* pidettiin Nokialla 19. 9. 59.

Joukkuekilpailussa voitti Enqvist (Veikko Valkeeniemi — Heikki Kamppi, Reino Jokiranta — Antti Mäkelä, Olavi Mäntylä — Ensio Lemmetty) saaden 1. kiinnityksen uuteen kiertopalkintoon. Tulokset:

Yleinen sarja: 2) Veikko Valkeeniemi — Heikki Kamppi, 4) Reino Jokiranta — Antti Mäkelä, 7) Matti Tyrväinen — Mikko Puntalo.

Yli 35 v. sarja: 1) Olavi Mäntylä — Eino Lemmetty.

Yli 43 v. sarja: 2) Kalle Mikkonen — Toivo Ala-Kilponen.

*Terveyslenkkiin* on vuoden aikana osallistunut yhteensä 145 henkilöä. Näistä on kuitenkin vain osa harrastanut sitä jotenkin säännöllisesti. Yhtiön palveluksessa olevien sarjassa ovat suorittaneet seuraavat palkintoon oikeuttavat vähintään kaksikymmentä (20) lenkkiä: Väinö Järventausta (22), Heikki Kamppi (38), Leo Koiviola (24), Aarre Lehtonen (29), Helvi Liedenpohja (35), Eino Miettinen (39), Olavi Mäntylä (23), Eero Saarinen (39), Aarne Saukko (34) ja Birger Skogster (20). Perheenjäsenten sarjassa ovat vaaditun kaksikymmentä lenkkiä suorittaneet vain Lilja Autio (25) ja Erkki Lehto (33).

*Kalastuskilpailut* pidettiin Kurussa Kuusjärvellä 22. 3. 59, ruokailu Kuoresjärven tukkikämpässä. Osanottajia kaikkiaan 41.

Osastojen välinen järjestys: Henkilökohtaisessa kilpailussa

1. Korjauspaja	121 pist.	olivat sijoitukset:
2. Rak.osasto	105 »	1. Pentti Hammar
3. Saha	90 »	2. Toivo Pajunen
4. Sell.tehdas	60 »	3. Aarno Kaasinen
5. Laboratorio	34 »	4. Ilmari Lehtimäki
6. Konekuorinta	31 »	5. Timo Sola
		6. Heikki Siltanen
		7. Jalmari Thomasson
		8. Eero Järvinen
		9. Toivo Vesslin
		10. Eino Mäkinen

*Seuraottelun* viidennen kierroksen on voittanut Kipinä saaden toisen kiinnityksensä kiertopalkintoon.

## SUURIA SUUPALOJA

Uuden höyrykattilan vuorokaudessa käyttämällä polttoainemäärällä voidaan »Lippakylän» 2 perheen omakotitaloa lämmit-  
tää yli 50 vuotta ja sama talous tulisi toimeen uuden turbogene-  
raattorin vuorokaudessa kehittämällä sähköenergialla lähes 200  
vuotta.

Se jätelipeämäärä, joka vuorokaudessa virtaa Näsijärveä  
saastuttamaan, muuttuu haihduttamokäsittelyn jälkeen poltto-  
aineeksi, jolla edellämainittua omakotitaloa voitaisiin lämmit-  
tää noin 10 vuotta.

Uusi höyrykattila kätkee sisäänsä yli 50 km putkistoa.

Yhtiön omalla työvoimalla suoritettuihin rakennustöihin ja  
korjauksiin on kulunut 28.150 sakkia sementtiä, mikä riittäisi  
140 »Lippakylän» omakotitaloon.

## PIENIÄ PILLEREITÄ

Tehtaalla on kulutettu vuoden aikana:

Jakoavaimia 193.

Metrin mittoja 205.

Metallisia lapioita 171.

Siveltimiä ja tasoittajia 590.

Harjoja 1298.

Luutia 979.

Pärekoreja 106.

Ämpäreitä 95.

Rautakankeja 37.

Puhelinpihtejä 52.

Putkipihtejä 42.

Ruuvitaltoja 147.



## TYÖTÄ JA TEKIJÖITÄ

Kertomusvuotena yhtiömme piiriin kuulunut työkenttä on laajennustöiden takia huomattavasti normaalia laajempi ja niin myös siinä kentässä olleiden ihmisten joukko. Yhtiön palveluksessa on parhaimmillaan ollut n. 250 työntekijää yli normaalivahvuuden, sen lisäksi on urakoitsija Liljebergin palveluksessa ollut suurimmillaan ollessa n. 180 työntekijää, muiden urakoitsijain työntekijämäärän ollessa yli 120, josta ruotsalaisten ja saksalaisten osuudeksi tulee 28. Kansainvälisyyttä ja värikkyyttä ovat omalta osaltaan lisänneet myös Saksasta, Jugoslaviasta ja Intiasta olleet harjoittelijat.

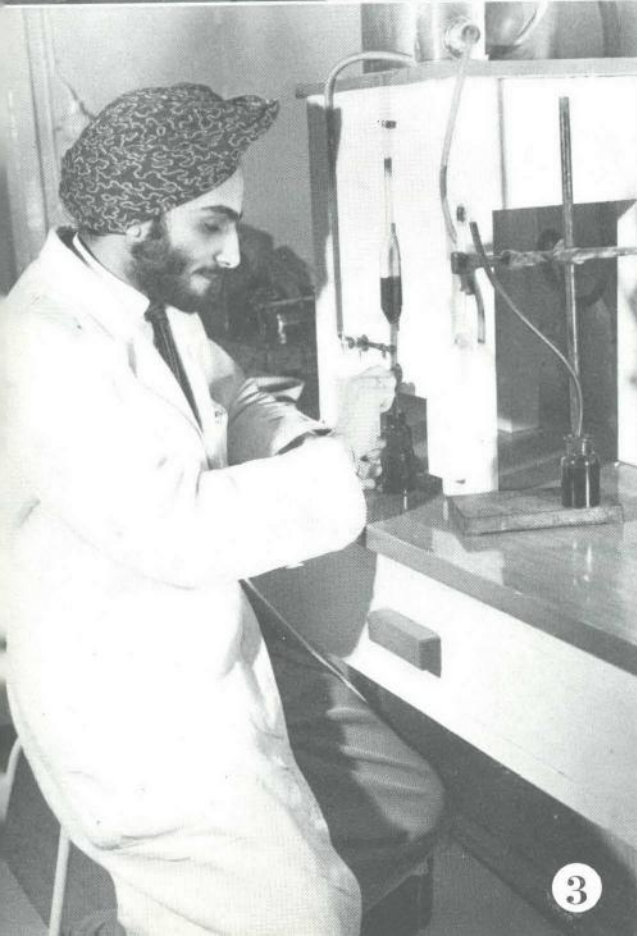
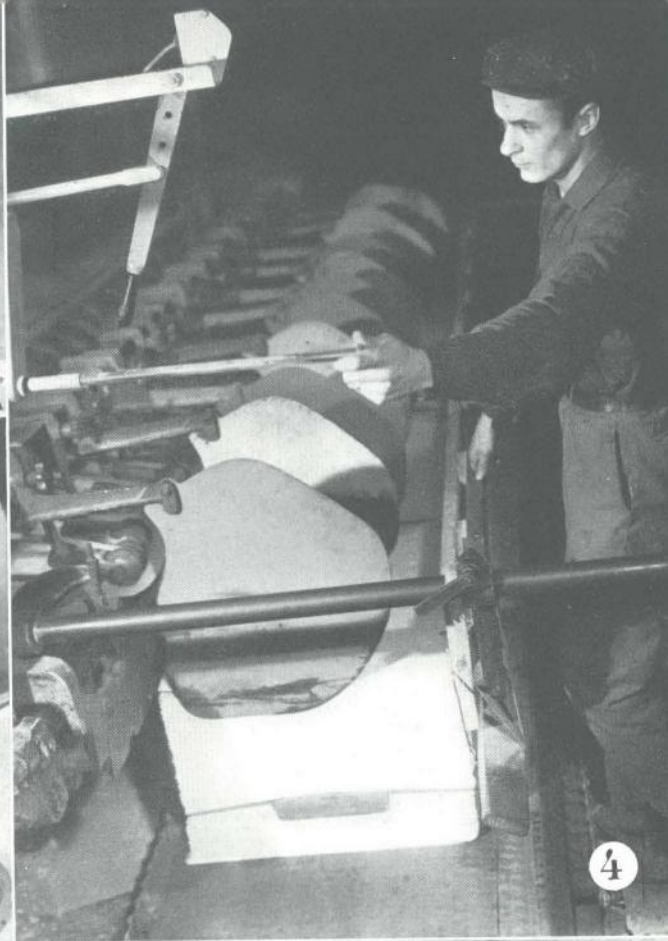
Työ itse tehtaalla on sujunut entiseen tapaan. Monen vaiheen kautta puusta valmistuu edelleen sitä massaa, joka kauniina arkkeina lähtee maailmanmarkkinoille palatakseen ehkä vaikkapa kankaana takaisin valmistajilleen.

Enemmän työtä — ilman erikoista rakennuskauttakin — kuin puun muuttaminen selluloosaksi vaatii kuitenkin koneiden huolto, uudistukset, rakennuksien kunnossapito, kuljetustoimi, tiet ja kaikki muu se toiminta joka tähtää tuotannon parantamiseen, kilpailukyvyyn lisäämiseen tai henkilökunnan hoitamiseen. Teknillinen suunnittelu ja suunnitelmien läpivienti tässä toiminnassa kuuluu lähinnä työn johdolle, mutta kaikessa muussa on vähintään yhtä ratkaisevaa työväestön osuus. Vain hyvässä yhteistoiminnassa päästään korkeaan teknilliseen tasoon, puhtauteen ja viihtyisyyteen. Ne ovat meidän leipämme, sillä ostajan ensimmäinen ja mieliinpainuvin vaikutelma meidän tuotteestamme on se, minkä hänen silmänsä tehtaastamme, työstämme ja työntekijöistämme hänelle välittävät. — Emmehän mekään halua ostaa edes pulloitettua maitoa epäsiististä kaupasta, vaikka maidon laatu onkin aivan sama. — Ne osoittavat yhtä hyvin yksityisen työntekijän kuin koko maammekin sivistystasoa. Se on kuin laatuleima, joka vahvistaa ostajamme luottamusta tavaraamme.

Meidän on edelleenkin tehtävä kaikkemme tämän luottamuksen säilyttämiseksi ja laajentamiseksi. Luottamus on paras saamamme kiitos niin työllemme kuin sen tekijöille kuluneenkin vuotena.



- ① JOHTOKUNTA TUTUSTUMASSA TEHTAAN UUDISTUSTOIHIN JA UUSIIN TARPEISIIN.
- ② RUOTSALAISET ASENTAJAT OVAT LYONEET KYPÄREINEEN OMAN LEIMANSA KATTILALAITOKSEN ASENTAJAKUVAAN. SE ON TYÖTURVALLISUUTTA
- ③ ERAANA OSOITUKSENA YHTIÖMME HYVÄSTÄ NIMESTÄ AINA INTIASSA ASTI ON INTIALAISTEN HARJOITTELIJAIN TULO MEILLE.
- ④ SAMANAIKaisesti KUN RAKENNUSTYÖT OVAT KÄYNNISSÄ, VALMISTAVAT KONEET SELLULOOSAA, JA SAKSIKONE LEIKKAA ARKKEJA KULJETUSHIHNALLE OSTAJILLE LÄHETETTÄVİKSI.
- ⑤ TYÖPAIKAN SIISTEYS JA VIIHTYISYYS EIVÄT OLE PELKÄSTÄÄN TYÖNTEKIJÖILLE MUKAVUUTTA LISÄÄVIÄ TEKIJÖITÄ, VAAN MYÖS RATKAISEVIA ANTAESSAMME ITSESTÄMME KUVAN OSTAJILLEMME.



Tampere  
Tampereen KauppaKirjapaino  
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ANNUAL REPORT 1959

RETURN TO  
OPERATIONAL FILES

General

The weakening of the market of the company's products, which could be foreseen in 1958, continued during first half-year 1959.

In the autumn a rapid increase of demand was reported and at the turn of the year 1959-60, the company's sales were secured for the first half-year. Notable price adjustment however are hardly to be expected during first half of 1960, because of the slow price fixing system.

Sales of sawn timber begun early in the autumn and it could be noted that the market had considerably consolidated showing a price increase of £ 5-7 for spring shipments 1960.

The alcohol market weakened during 1959, resulting in a three month closing-down in the autumn. At the turn of the year the situation somewhat brightened, as a result of i.a. new markets in U.S.A. instead of lost sales on Russia.

In spite of energetic protests from the industry, the government put sales tax on chemicals. A restitution has however been granted for the company's products for export, and the sales tax has therefore not affected the costs, as much as expected.

At the turn of the year it became evident that the government, pressed by the majority of the diet, would have to adjust the sales tax on oil so that coal and oil would be similarly affected by possible imposts. This has later led to the repeal of the 25 % tax on burning oil, and the introduction of 11,2 % duty on both coal and oil. The correction of this fatal error, again seems to be a sign of a sounder economical way of thinking, which has gained a footing in the country during the past two years. The government has also shown a greater flexibility on negotiations concerning purchase of oil. It is characteristic that the lower oil prices gained, immediately affected coal prices.

Tax on chemicals was also repealed at the turn of the year.

The activity of the company has in great extent been concentrated on the investment program, which was decided upon at the turn of the year 1958-59. A 40 day strike of building workers in June-July caused a break in the realization of the program, and the projects are expected to be carried through approximately three weeks behind schedule. Except for some friction in co-operation with the building constructor, work has generally proceeded satisfactorily. Machine deliveries have been well adapted

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to the delays of the building constructor. The new digester will be started up on February 10, the drying machine on February 15, the chlorine dioxide plant on March 15, the evaporation plant and the boiler plant on April 20 approximately, and the new turbine as well as the new barking drum in September.

Financing of the projects has proceeded as planned. Some delay in the withdrawal of funds from the International Bank for Reconstruction and Development has arisen on account of misunderstandings, but these are now evidently settled.

The company has decided to set up a research department, directly subject to the managing director. The research manager will also be employed with customers' service. The manager of this department will be Dr. Ermo Kaila, previously i.a. chief of the viscose department of Central Laboratory.

#### Cellulose Mill

The yearly production of 56.010 tons was achieved during 350 operating days compared with last year (57.662 tons). The reason for the somewhat lower production was that, owing to market difficulties, manufacturing range also had to be extended to cord-pulp, for which existing equipment is not specially suitable.

In the autumn a new rayon pulp quality made of birch was introduced on trial as a result of the market difficulties. This pulp is meant for manufacture of staple fiber and cellophane in competition with continental beech pulp. It has received an unexpectedly good reception i.a. in Germany. Whether this quality will become existing in the company's records, depends on future experience of manufacturing costs.

	<u>1957/ton</u>	<u>1958/ton</u>	<u>1959/ton</u>
Dry screenings	787	846	930
Wet screenings	910	571	19
Paper grade pulp, bleached	4.214	7.868	5.559
Standard grade rayon pulp	32.858	26.795	32.694
Super I grade rayon pulp	18.866	20.562	7.192
Cord-pulp		1.020	7.470
Birch rayon pulp			1.706
Birch paper grade pulp			440

As a result of market changes, the company's pulp stock, which was above normal at the end of 1958, has again been reduced to its normal level and simultaneously risen to higher priced qualities.

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Price cif English port

Year	Standard grade rayon pulp	Bleached paper grade pulp	Unbleached paper grade pulp
1955	£ 66/-	£ 60/-	£ 50/10
1956	£ 66/-	£ 60/10	£ 52/-
1957	£ 66/-	£ 59/15	£ 50/5
1958	£ 62/10	£ 57/10	£ 47/10
1959	£ 60/-	£ 55/10	£ 45/10

The average price for the company's cellulose was 47.600 mks/ton compared with 49.900 mks/ton in 1958.

The total share of small wood, birch, and waste from saw mills used as raw material, increased from 145.000 m<sup>3</sup> (1958) to 161.000 m<sup>3</sup> (1959) corresponding to abt. 36,1 % of total wood required.

Main new investments (completed 1959):

- Remote-control plant for digesting dept.
- Machine for barking of saw logs.
- Traverse crane for wood handling.
- Vallvik pitch separators.
- Radiotelephone plant.
- New main water tube.
- New pulp store
- Building for evaporation plant.
- Building for boiler plant.
- Extention of alcohol plant.
- Building for new digester.
- Building for new drying machine.
- Acid proof tanks for evaporation plant and alcohol plant.
- Main drain.

The average cost per manhour including social expenses was 303 mks compared with 297 mks in 1958.

### Alcohol Plant

Production of alcohol was 1.640 tons achieved during 279 operating days, compared with 2.120 tons in 1958.

42.635 m<sup>3</sup> unevaporated liquor for road-binding was delivered, compared with 35.916 m<sup>3</sup> in 1958. Corresponding sales figures were 2,5 Mmk and 2,2 Mmk.

Certain parts of the alcohol plant, extended in accordance with the investment program, started up at the turn of the year.

### Saw Mill

Production of sawn timber was 4.119 std, achieved during 280 operating days. In 1958 production was only 334,7 std. The average price at mill was 42.218 mks/std compared with 43.447 mks/std in 1958, The propor-

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tion between redwood and whitewood was 35,2 % and 64,8 %. 70 % of the total production was square-sawed.

The waste from the mill was as before used as chips for manufacture of cellulose and as fuel.

During the year a barking station, equipped with a 26" Cambio barking machine, was started up.

#### Forest Department

After the death of Mr Hiillos, the company's forest manager, on June 9, the department was reorganized. Two distant living district foresters moved to Lielahti to a central forest office. The department is managed by a body of three district foresters, Messrs. Mäkeläinen, Korhonen, and Merikoski, operating subject to the managing director.

The price for pulpwood was 2.415 mks/m<sup>3</sup> at wood yard, compared with 2.414 mks/m<sup>3</sup> in 1958. Pulpwood has been offered abundantly, but in the late autumn a clear cautiousness could be noted. This depended on increasing log prices and recovery of the prices of export wood. The yearly logging of I class pulpwood was 301.152 m<sup>3</sup>.

The price for spruce fuelwood used for manufacture of cellulose was 1.455 mks/m<sup>3</sup> at wood yard compared with 1.529 mks/m<sup>3</sup> in 1958. The yearly logging was 133.311 m<sup>3</sup>. Export of pit props was 5.531 m<sup>3</sup> compared with 14.639 m<sup>3</sup> in 1958. Corresponding prices f.a.s. were 2.875 mks/m<sup>3</sup> and 2.948 mks/m<sup>3</sup>.

It is evident that the weak coal market also has affected the market of pit props. The company considers to exchange pine pit props to spruce and birch with nearby sulphate mills.

Sales of fuelwood amounted to 26.385 m<sup>3</sup> compared with 9.762 m<sup>3</sup> in 1958. Corresponding prices were 978 mks/m<sup>3</sup> and 1.061 mks/m<sup>3</sup>.

Export of pulpwood was 9.368 m<sup>3</sup> compared with 21.184 m<sup>3</sup> in 1958. Corresponding prices were 3.079 mks/m<sup>3</sup> and 3.546 mks/m<sup>3</sup>. All pulp wood exported was 5<sup>th</sup> and cleaned.

43 % of prime pulpwood used at the cellulose mill was unbarked.

Road transport to mill was 118.000 m<sup>3</sup> compared with 119.000 m<sup>3</sup> in 1958.

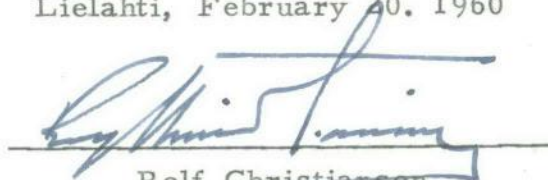
For the first time considerable amounts of wood has been transported directly from stump to mill, without storing on depots. This is made possible by using loading pallets of abt. 15 m<sup>3</sup> capacity on which the wood is piled by horsedriver and then mechanically loaded on trucks, all in same unbroken succession. This form of transportation is expected to become more popular in future and increase road transportation. At the same time the company has more and more begun to employ fairly permanent workers for cutting (7 - 8 months every year). The average transport distance by horses has decreased to less than one kilometer.

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Administration

The members of the Board of Directors have been Mr. C.J. Ehrnrooth, Chairman, and Messrs. Göran Ehrnrooth, Anton af Forselles, Rolf Christiansen, and Mika Tiivola. Mr. Tiivola resigned on November 26, and Mr. Guy de Roquemaurel was elected new member of the Board.

Lielahi, February 20, 1960

  
Rolf Christiansen  
Managing Director

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STATEMENT OF INDEBTEDNESS

a) Long Term Debts

Mortgage loan for pension insurance  
 from Pensions Varma

- 4,5 % premium loan  
 - 7,5 % index loan

72.931.916:-  
4.579.200:-      77.511.116:-

Loans for new investments

Pensions Varma, 7 1/4 % p.a. mort-  
 gage loan, life of loan 20 years.  
 Last amortization 1979.

130.000.000:-

Export levy Fund, 5 % p.a. mortgage  
 loan, life of loan 18 years. Last  
 amortization 1980.

150.000.000:-

Industrial Mortgage Bank Ltd, 7,5 %  
 p.a. mortgage loan, life of loan 8  
 years. Last amortization 1968.  
 Amount outstanding 100 Mmk.

100.000.000:-

IBRD mortgage loan. Interest 5 3/4  
 % on amount withdrawn. 3/4 % inte-  
 rest to Mortgage Bank of Finland on  
 amounts not withdrawn. Life of loan  
 15 years. Last amortization 1974.  
 Outstanding 497.020.554:-

200.979.446:-      580.979.446:-  
658.490.562:-

b) Short Term Bank Debts

Bills of Exchange and other short  
 term debts to Nordiska Förenings-  
 banken.

255.000.000:-  
 mk      913.490.562:-  
 =====

Lielahiti, February 24, 1960

  
 Chief Accountant


Postal Address:  
LIELAHTI  
FINLAND

Sources and Application of Funds

(in million marks)

	Construction years		Operating years
	1959	1960	1961
<b>Sources</b>			
Long and medium term - IBRD borrowings	- 199	456	
- Interest during construction	- 2	41	
- Varma Pension Fund	- 65		
- Export Levy Fund	- 150		
- Suppliers' Credits	-	353	
- Others	65 100		
Reduction in current assets	-		
Increase in short term borrowings	- 106		
Depreciation - normal	154 116	375	435
- extraordinary	95		
Net profit before interest on debt	71 33	59	109
<b>Total sources</b>	<b>290 866</b>	<b>1.284</b>	<b>544</b>
<b>Application</b>			
Fixed Assets - IBRD Project	470	760	
- 10.000 ton expansion	155	175	
- Other additions	162 125	100	100
Increase in Current Assets	45 84	1.035	100
Reduction in short term borrowings		118	
Reduction in other current liabilities			
Debt service:			
Interest - IBRD			40
- IBRD during construction			2
- other long and medium term	5 12	22	42
Amortization - IBRD			17
- IBRD interest during construction			2
- Other long and medium term		31	101
Dividends	20 20	20	25
Other application	58	58	215
<b>Total application</b>	<b>290 866</b>	<b>1.284</b>	<b>544</b>

Lielanti 12. April 1960

  
Office Manager



Postal Address:  
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FINLAND

INCOME STATEMENT 1959  
(in thousands of marks)

INCOME	
Net sales	2.932.516
Other operating income	61.103
Rents	9.271
Other income	1.600
<b>TOTAL INCOME</b>	<b>3.004.490</b> =====
EXPENDITURE	
Manufacturing cost	2.475.970
Depreciation	210.626
General administration and sales expenses	203.371
Interest	46.965
Taxes including income taxes	55.627
<b>TOTAL EXPENDITURE</b>	<b>2.992.559</b> =====
Unallocated balance to earned surplus	11.931

Lielahdi 12. April 1960

  
Office Manager

Postal Address:  
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FINLAND

BALANCE SHEET 1959

(in thousands of marks)

ASSETS

Current Assets

Cash and Bank	13.128	
Marketable Securities	9.293	
Receivables: Owed by subsidiaries	13.382	
Other receivables	432.418	
Inventories	374.058	842.279
Investment in Subsidiaries		113.302

Fixed Assets

Land	267.289	
Buildings	398.491	
Machinery and Equipment	1.261.045	
Other	347.745	
	<u>2.274.570</u>	
Less: Depreciation reserves	776.384	1.498.186
Interest prepaid		<u>10.419</u>

TOTAL ASSETS

2.464.186  
=====

LIABILITIES

Liabilities and Capital Current Liabilities

To banks	255.000	
To holders of longterm debts for maturities due in one year	23.535	
To commercial creditors	454.718	
To subsidiaries	124.973	
To shareholders and Holding companies	213.414	
Accrued charges	33.695	
Other liabilities	4.973	1.110.308

Long term Liabilities - see enclosure 658.491

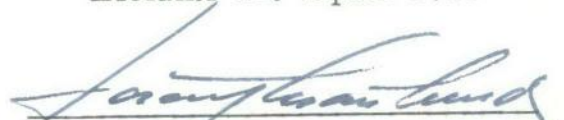
Capital

Share Capital	200.000	
Revaluation surplus	119.667	
Earned surplus	131.224	
Reserve Account	10.500	
Disposition Fund	233.996	695.387

TOTAL LIABILITIES

2.464.186  
=====

Lielähti 12. April 1960

  
Office Manager

Received April 23, 1960  
at August. F

Postal Address:  
LIELAHTI  
FINLAND

TRANSLATION

AUDITORS' REPORT 1959.  
-----

Elected at the ordinary meeting of Shareholders of Aktiebolaget J. W. Enqvist Osakeyhtiö on 8. May 1959, to audit the company's administration and accounts for 1959, we hereby, having filled our duty, wish to inform the following to the Meeting of Shareholders.

The Audit Office Idman & Wilén, supervised by the undersigned Idman, has done current detail check of the accounts and found that all book-keeping items are based on matter-of-fact, approvable and correctly booked vouchers. The book-keeping in general is in order and clearly kept, and the financial control has been carefully managed, giving no cause for comments.

We have controlled the securities possessed by the company and found that they correspond with the inventory.

The stocks listed in the inventory book are valued according to same cautious valuation principles as before.

The fire insurances are in order and can be considered safe.

The yearly depreciation of fixed assets has been done in accordance with the taxation law.

We have read the minutes made at Board Meetings and Shareholders' Meetings as well as the Report on Activity for 1959.

The closing balance for 1959 which shows a profit of 11.930.536:--, is correctly derived from the book-keeping and made on correct principles, observing good trade customs.

With reference to the audit of the accounts and explanations given by the management, we are convinced, the company has been managed with necessary care and far-sightedness. We therefore suggest that the Board of Directors be granted free responsibility for 1959 and recommend that the closing balances for 1959 be confirmed.

Tammerfors, 13. April 1960

Werner Oesch  
Auditor

C. J. Idman  
Auditor  
Chartered Accountant

Certified by:

Uuno Lahti

Arvo Järvelin



AKTIEBOLAGET  
J.W. ENQVIST  
OSAKEYHTIÖ

Model photo of the Mill

Date: 1.12.1959

#### PRESENT EXPANSIONS:

1. Sulphite Waste Liquor Evaporation Plant.  
Capacity 80 tons/h.
2. Extension of Alcohol Plant from  
2500 tons to 4500 tons per year.
3. Boiler Plant 80 tons/h, 77 above  
atmospheric pressure, 500° C.
4. Pulp Store for 3500 tons.
5. Intermediate Back Pressure Turbine 18,5 KVA.
6. Traverse Crane for handling of pulpwood.  
Length 120 m, lift 22 m, span 23 m,  
capacity 15 tons.
7. Barking Drum, 5 m Ø x 16 m.
8. Chlorine Dioxide Bleaching.
9. Digester, 250 m<sup>3</sup>.
10. Wash Filter and Pitch Separator
11. Foudrinier Machine for 50 % a.d. pulp,  
70 tons per 24 hours.



Progress Reports from September 1959 to September 1960--Destroyed  
October 16, 1962.



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

PROGRESS REPORT SLIP

DEPARTMENT OF TECHNICAL OPERATIONS

COUNTRY	FINLAND (Rec'd 5/19/59)	
LOAN OR PROJECT	Loan 222-FI Enqvist Oy	
PERIOD TO	March 31, 1959	
TYPE OF REPORT	Quarterly Progress	
CARDED	May 19, 1959. mm.	
	FOR ACTION TO:	INITIAL
	<del>Mr. Fuchs</del>	
		May 26, 1959
2		
3		
4		
5		
6		
7		
8	Mr. Jago	



Loan No. 222 - Fi

RETURN TO  
OPERATIONAL FILES

To The International Bank for Reconstruction and Development.

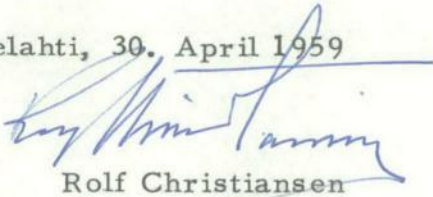
Quarterly Report

Reporting Period ended: 31. 3. 1959

Contents:

1. Construction Schedule
2. Textual Remarks
3. Schedule of Purchases and Deliveries
4. Photographs
5. Project Cost Estimate
6. Status of Project Funds
- ~~7. Estimated Withdrawals~~

Lielähti, 30. April 1959

  
Rolf Christiansen

Managing Director

TEXTUAL REMARKS

Evaporation Plant

As shown in "Construction Schedule" planning and design is somewhat delayed with regard to the alcohol plant. We wish to wait for experience from Veitsiluoto Oy, who has the same new system in operation only since February.

The building contractor started excavation of the Evaporation Plant foundation on March 9.

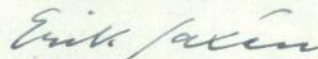
Waste Liquor Boiler

Own building dept. started foundation work on 13. February, and on March 3. the concrete casting begun. Concrete work was delayed 1-2 weeks due to water troubles caused by leakage from barking department.

While own work continued the building contractor started erection of barracks for office, tools, and equipment on 4. March and commenced actual building work on March 21. Own work finished on March 31.

In general the building work is estimated to be approximately one week behind schedule, which according to the contractor can easily be caught up later on.

Lielahiti, 30. April 1959



Erik Saxén

Technical Manager

# CONSTRUCTION SCHEDULE

## WASTE LIQUOR and TURBINE PROJECT

Place  
 Lielahiti, FINLAND  
 Date  
 29.4.1959  
 Period Ending  
 March 31. 1959

ITEM No.	DIVISION OF WORK	PER CENT COMPLETE 10 20 30 40 50 60 70 80 90 100	1958			1959												1960										
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.		
			<p>Legend:             - - - - - Actual Progress             _____ Proposed Schedule             ..... Revised Schedule</p> <p>Prepared By: _____            Approved by: _____</p>																									
A-1	<b>EVAPORATION PLANT</b>																											
	Planning and design	✓																										
	Manufacture of equipment	✓																										
	Erection of equipment																											
	Building work																											
A-1	<b>WASTE LIQUOR BOILER PLANT</b>																											
	Planning and design	✓																										
	Manufacture of boiler	✓																										
	Foundation of boiler	✓																										
	Erection of boiler																											
	Manufacture of auxiliary equipment	✓																										
	Erection of auxiliary equipment																											
	Building work	✓																										
A-2	<b>BACK PRESSURE TURBINE AND ACCESSORIES</b>																											
	Manufacture																											
	Erection																											

*E. J. Järvenpää*

Technical Manager

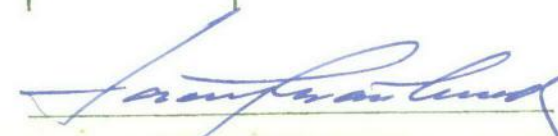
SCHEDULE OF PURCHASES AND DELIVERIES

Date: 27.4.1959

Reporting Period Ended: 31.3.1959

Loan No. 222-FI

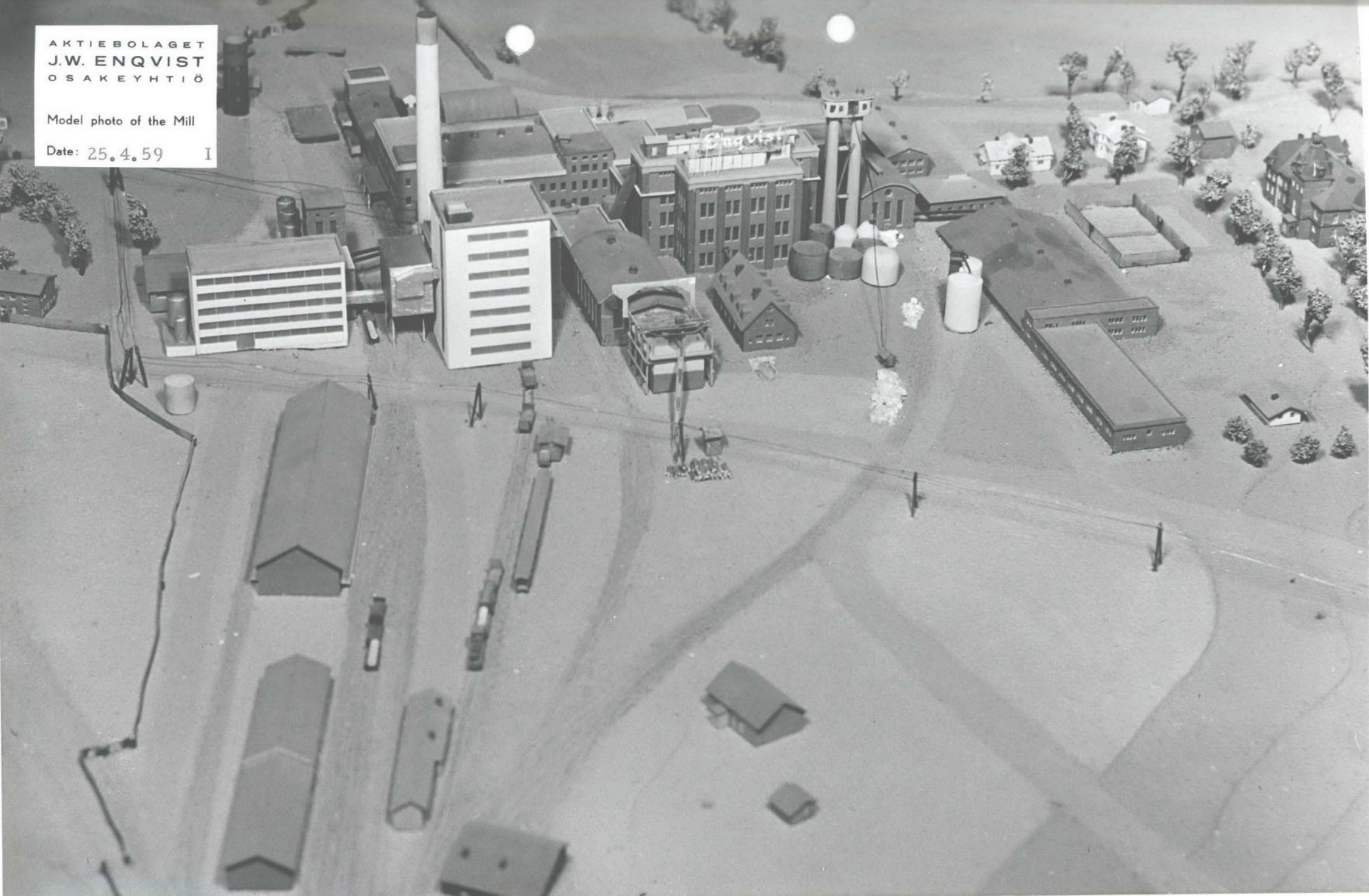
Brief Description of Equipment	Categories List of Goods	Order No. and Date of Order	Value of Order and Name of Supplier	Original (O) or Revised (R) Estimated Date of Completion by Manufacturer	Expected (E) or Actual (A) Arrival At Site	Reasons for Changes in Delivery Date, Modifications or Order etc.
Waste Liquor Boiler Plant complete Capacity: 80 tons/h	No.: VII - A - 1	Date of Contract 16.1.1959	Swedish Kronor 5.236.000: - Ab Svenska Maskin- verken, Sweden	(O) 27.3.1960	(E) 1.10.60	
Waste Liquor Evapora- tion Plant, Hot Water Preparation Plant, and Extention of Alcohol Plant	No.: VII - A - 1	Date of Contract 16.1.1959	Swedish Kronor 2.642.500: - Ab Raméns Patenter, Sweden	(O) 2.2.60	(E) 15.9.59	
Buildings for Evapora- tion and Boiler Plant	No.: VII - A - 1	Date of Contract 27.2.1959	Fmk 102.450.000: - A. W. Liljeberg Oy	(O) 31.10.59		

  
Office Manager

AKTIEBOLAGET  
J.W. ENQVIST  
OSAKEYHTIÖ

Model photo of the Mill

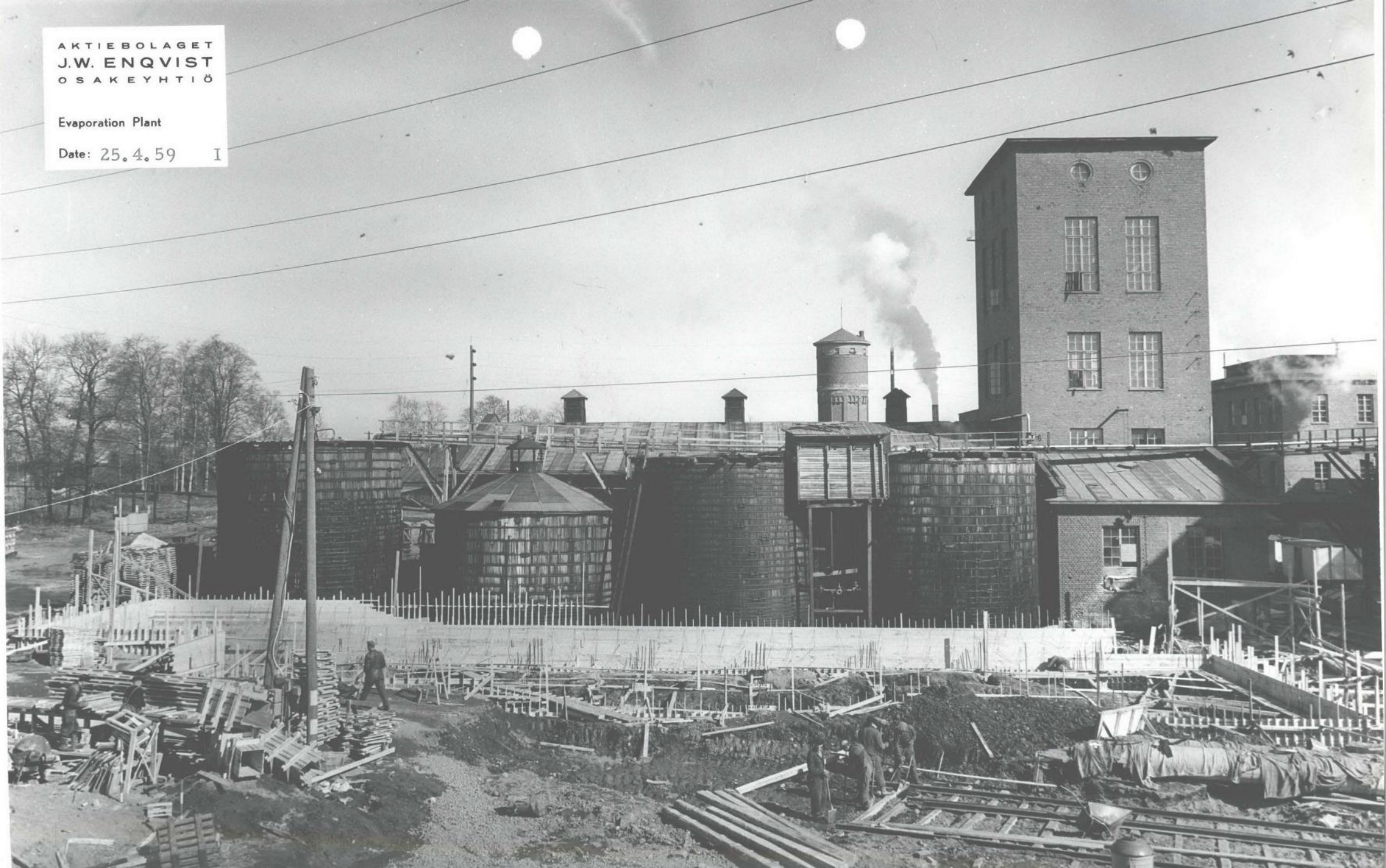
Date: 25.4.59 I



AKTIEBOLAGET  
J.W. ENQVIST  
OSAKEYHTIÖ

Evaporation Plant

Date: 25.4.59 I



AKTIEBOLAGET  
J.W. ENQVIST  
OSAKEYHTIÖ

Waste-Liquor Boiler Plant

Date: 25.4.59 I



PROJECT COST ESTIMATE

(million Fmk)

Date: 30.4.1959

Reporting Period Ended: 31.3.1959

Loan No. 222-FI

Item No. as shown in List of Goods	At End of Previous Reporting Period					Revisions During Reporting Period					At Present				
	I B R D			Others	Total	I B R D			Others	Total	I B R D			Others	Total
	Foreign	Local	Total			Foreign	Local	Total			Foreign	Local	Total		
VII - A - 1	252	213	465	386	851	-	-	-	15	15	252	213	465	401	866
VII - A - 2	38	82	120	85	205	-	-	-	-	-	38	82	120	85	205
VII - B	34	36	70	78	148	-	-	-	-	-	34	36	70	78	148
VII - C	-	43	43	-	43	-	-	-	-	-	-	43	43	-	43
Totals	324	374	698	549	1.247	-	-	-	15	15	324	374	698	564	1.262

  
Office Manager



STATUS OF PROJECT FUNDS

(million Fmk)

Date: 30.4.1959

Reporting Period Ended: 31.3.1959

Loan No. 222-FI

Item No. as shown in List of Goods	Expenditures to Date					Expenditures yet to be made					Of which Funds Committed				
	IBRD Funds			Other Funds	Total Funds	IBRD Funds			Other Funds	Total Funds	IBRD Funds			Other Funds	Total Funds
	Foreign	Local	Total			Foreign	Local	Total			Foreign	Local	Total		
VII - A - 1	-	-	-	x) 100	100	171	208	379	387	766	114	143	257	504	761
VII - A - 2	-	-	-	-	-	38	82	120	85	205	37	4	41	24	65
VII - B	-	-	-	-	-	34	36	70	78	148	-	-	-	-	-
VII - C	-	-	-	-	-	-	43	43	-	43	-	43	43	-	43
Totals	-	-	-	x) 100	100	243	369	612	550	1.162	151	190	341	528	869

x) of which 86 Mmk expected from IBRD

  
Office Manager

Postal Address:  
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 FINLAND

OPERATIONAL REPORT

Reporting Period Ended: 31.3.1959

		1 st Quarter 1959	Next Quarter Estimated
PRODUCTION	- bleached cellulose, tons	14.198	14.000
	- screenings "	300	300
	TOTAL cellulose "	14.498	14.300
	- alcohol "	446	430
	- sawn timber stds	1.055	1.200
SALES	- bleached cellulose, tons	10.624	15.500
	- screenings "	270	670
	TOTAL cellulose "	10.894	16.170
	- alcohol "	447	430
	- sawn timber stds	258	600

  
 Office Manager

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

**PROGRESS REPORT SLIP**

DEPARTMENT OF TECHNICAL OPERATIONS

COUNTRY	FINLAND (Rec'd Jan. 25, 1960)
LOAN OR PROJECT	222-FI (Enqvist Oy)
PERIOD TO	Dec. 31, 1958
TYPE OF REPORT	Annual Financial Report
CARDED	Jan. 27, 1960 ejw

	FOR ACTION TO:	INITIAL	DATE
	G.A. Apear		
2	H. Fuchs		Jan 27, 1960
3			
4			
5	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <p>RETURN TO OPERATIONAL FILES</p> </div>		
6			
7			
8	Mr. Jago		

*checked for  
Jan 27, 1960*

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FINLAND

To the International Bank for Reconstruction and Development

Annual Report 1958

Contents:

Report on activity 1958

- Enclosures:
1. Balance Sheet 1958
  2. Income Statement 1958
  3. Estimated Real Profit from Industrial Operation 1958
  4. Sources and Application of Funds
  5. Statement of Indebtedness
  6. Statement of Inventories 1958
  7. Statement of Insurances
  8. Auditors' Report

Postal Address:  
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## REPORT ON ACTIVITY 1958

### General

The year started with a cold shower from the Government by the reintroduction of turnover tax on chemicals used by the cellulose industry. This caused a cost increase of approximately 2.000 mks/ton for dissolving pulp. This untenable situation was improved during spring. These chemicals have however in 1959 again been charged with turnover tax. This discretion as well as the purchase tax on oil seriously affects the natural competition power of highly refined cellulose grades manufactured in Finland.

The sharpening competition in the dissolving pulp branch, which already begun last year, accelerated month by month. This phenomenon could be noticed from declining prices, approx. 5 %.

At the same time demands on quality of dissolving pulp increased. For instance the grade of refinement of Standard grade pulp is now approximately the same as for the so called Super I grade some years ago.

Difficulties on the Russian market, owing to political reasons, made the sale situation worse during autumn. At the turn of the year the pessimism towards the market situation was obvious in the dissolving pulp branch. No turn in the trend is expected before 1960.

An effective counter-weight was the gradual decrease and final repeal of export payments which improved the picture.

The increasing understanding for the financial need for new investments for wood working industries, sponsored also by the Bank of Finland, was noted with great satisfaction indeed. It has encouraged the longtime planning throughout the industry in spite of all present difficulties, which are considered to be mostly of temporary nature. The practical result of the loan investigations on behalf of our company was the decision to start extensive modernizing during 1959-60. This means installation of waste liquor evaporation equipment, a new main steam boiler (80 tons/h, 77 atm.), new back pressure turbine, increase of production to 70.000 tons cellulose and doubling production of alcohol to 4.500 tons.

The financing is managed through the International Bank for Reconstruction and Development, the Export Levy Fund (150 m mks), Pensions Varma (130 m mks), and by Suppliers credits.

The most remarkable event however from the Company's point of view was the reorganization of ownership within the company. This resulted in the decision to go ahead with the extensive modernizing plan to recover lost ground in technical development. The plans also aim at improving facilities for making top grade paper pulp if the baisse in dissolving grades should continue for many years.

### Cellulose mill

The yearly production, 57.662 tons, which was achieved during 351 operating

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days was a new record, though very scanty. The earlier record was made 1957, being 57.635 tons. During the second half year the operational rhythm was somewhat slowed down owing to the worse market situation, though direct restriction of production was not ordained.

	1956/ton	1957/ton	1958/ton
Dry screenings	1.039	787	846
Wet screenings	316	910	571
Paper grade pulp, bleached	5.469	4.214	7.868
Standard grade rayon pulp	30.434	32.858	26.795
Super I grade rayon pulp	11.552	18.866	20.562
Cord pulp	- -	- -	1.020
	<u>48.810</u>	<u>57.635</u>	<u>57.662</u>
	=====	=====	=====

Owing to the market difficulties the stock of both prime cellulose and specially screenings and secondary qualities increased towards the end of the year.

Year	Price cif English harbour		
	Standard grade rayon pulp	Bleached paper grade pulp	Unbleached paper grade pulp
1954	£ 63/10	£ 57/-	£ 47/15
1955	£ 66/-	£ 60/-	£ 50/10
1956	£ 66/-	£ 60/10	£ 52/-
1957	£ 66/-	£ 59/15	£ 50/5
1958	£ 62/10	£ 57/10	£ 47/10

The total share of small wood, birch, and waste from saw mills used as raw material, increased from approx. 111.000 m<sup>3</sup> (1957) to approx. 145.000 m<sup>3</sup>, corresponding to 31 % of total wood required.

New investments:

- New suction cylinder from Valmet for drying machine.
- 6 new heat exchangers. This completes realization of indirect cooking.
- Completion of the alum flockulation agent for boiler water.
- Berggren/Sundblad predraining box for drying machine.
- New pump and transformer for Jänislahti.
- New after-bleaching tower.
- Waplan bark-press with conveying system.
- Jönsson/Lindgren screen.
- Instrument annex for sulphur kilns.
- 4 new drying cylinders.
- Rotating screen.
- Enlargement of Laval II back-pressure turbine.

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### Alcohol Plant

The boom on the world market has continued though a clear weariness could be registered towards the end of the year. Alcohol prices were 32.400 mks compared with 27.890 mks respectively 19.660 mks during recent years.

Production of alcohol was 2.120 tons compared with 2.284 tons in 1957 and 1.798 tons in 1956.

35.916 m<sup>3</sup> unevaporated liquor for road-binding was delivered, compared with 23.700 m<sup>3</sup> during 1957.

Corresponding sales figures were 2,2 respectively 1,78 mill. marks.

During the year the first contract with France was made.

### Saw Mill

In spite of uncertain market views the company decided to start up the saw mill in November. The motiv for this decision was that ordinary skilled workers would otherwise have been dismissed after the holidays, which would have caused attention at the immediate enter of a more active period, which is estimated to set in for the company.

During 17.11 - 31.12 the saw mill has operated 34 days. Working in one shift production rose to 334,7 stds compared with 1.511,7 in 1957 and 4.094,9 in 1956.

The average price at mill was 43.447 marks/std compared with 41.639 marks/std in 1957, and 38.322 marks/std in 1956. The proportions between redwood and whitewood was 54 % and 46 %.

The waste from the saw mill was used as chips for manufacture of cellulose and as fuel.

### Forest Department

The price for pulpwood purchased during the year was 2.414 mks/m<sup>3</sup> at wood yard, compared with 2.365 respectively 2.475 mks during previous years. Pulpwood has been offered abundantly.

The price for fuelwood (spruce) used for manufacture of cellulose was 1.529 mks/m<sup>3</sup> at wood yard, general overheads included. The comparative figures for 1957 was 1.410 mks/m<sup>3</sup> and for 1956 1.420 mks/m<sup>3</sup>. The total purchase of the above fuelwood was 177.231 m<sup>3</sup>. The price is somewhat misleading as secondary pulpwood has been bought from East-Finland as this sort of fuelwood.

Export of pitprops was 14.639 m<sup>3</sup> compared with 29.353 m<sup>3</sup> in 1957, and 21.659 m<sup>3</sup> in 1956. Corresponding average price net f.a.s. was 2.948 mks/m<sup>3</sup> compared with 2.589 mks and 2.374 mks/m<sup>3</sup> during previous years. Handling of pitprops has been slightly profitable even when capital interest is taken into consideration. During the year the market situation decisively deteriorated owing to the worldwide coal crisis.

The sale of fuelwood was 9.762 m<sup>3</sup> compared with 10.697 m<sup>3</sup> in 1957 and 6.855 m<sup>3</sup> in 1956. Corresponding sales price 1.061 mks/m<sup>3</sup> compared with 1.123 mks/m<sup>3</sup> in 1957, and 1.283 mks/m<sup>3</sup> in 1956.

Export of pulpwood was 21.184 m<sup>3</sup> compared with 18.816 m<sup>3</sup> respectively 15.181

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m<sup>3</sup> during previous years. The price for barked 5<sup>o</sup>pulpwood was 3.546 mks/m<sup>3</sup>. 68 % of the pulpwood purchased during the year was unbarked.

Road transport to mill has continued to increase, being 119.000 m<sup>3</sup> compared with 105.000 m<sup>3</sup> the year before. This figure refers to pulpwood and firewood used for production of pulp.

#### Social activity and wages

Social expenses, both obligatory and voluntary, were 73,4 mill.mks excluding forest department, compared with 68,4 mill.mks in 1957 and 64,7 mill.mks in 1956. In accordance with earlier practise the Sick and Burial Club of the workers has been supported i.a. by maintaining a policlinic and by employing two nurses.

Rientola, the local organization of the Settlement movement, has to a great extent supported its activity on aid from the company.

During 1958 the company employed on an average 673 persons on the industrial side and in offices (forestry section not included), compared with 672 in 1957, and 723 in 1956. Wages including holiday pay amounted to 406,8 mill.marks, compared with 387,4 mill.marks in 1957 and 359,9 mill.marks in 1956.

The average cost per manhour including social expenses is calculated to have been 297 mks in 1958, 275 mks in 1957, and 257 mks in 1956.

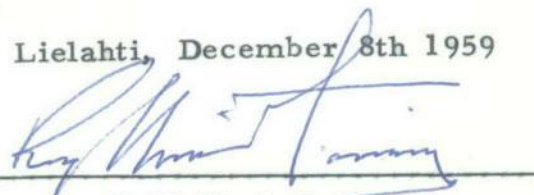
Negotiations with Tampere town have been held regarding the new town plan, which affects land owned by the company and Oy Lielahiti. The town has been willing to enlarge the present industrial area. Outside mill site a residential area consisting of three- to six storey houses is planned for approx. 7.500 inhabitants.

#### Adminstration

At the Shareholders' Meetings the Board of Directors has been represented by Mr. C.J. Ehrnrooth as Chairman, and Messrs. Göran Ehrnrooth, C.R. Bildt, Anton af Forselles, and Rolf Christiansen as other members. Mr. Rolf Christiansen has been the Managing Director of the company. At the Shareholders' Meeting on July 23rd Mr. Bildt announced his withdrawal from re-election and in his place Mr Mika Tiivola was elected.

The taxation value of the company's shares was 12.000 marks as per 31.12.1958 which is the same as last year. The corresponding figure for Oy Lielahiti, the subsidiary company, was 50.000 marks.

Lielahiti, December 8th 1959



Rolf Christiansen  
Managing Director



Postal Address:  
LIELAHTI  
FINLAND

BALANCE SHEET 1958

(in thousands of marks)

ASSETS

Current Assets

Cash and Bank	2.406	
Marketable Securities	2.587	
Receivables: Owed by subsidiaries	13.697	
Other receivables	309.256	
Inventories	430.313	758.259
Investments in Subsidiaries		113.302

Fixed Assets

Land	462.573	
Buildings	196.264	
Machinery and Equipment	1.036.390	
Other	45.545	
	<u>1.740.772</u>	
Less: Depreciation reserves	588.235	1.152.537
Interest prepaid		<u>3.183</u>

TOTAL ASSETS

2.027.281  
=====

LIABILITIES

Liabilities and Capital Current Liabilities

To banks	303.145	
To holders of longterm debts for maturities due in one year	47.069	
To commercial creditors	289.408	
To subsidiaries	30.156	
To shareholders and Holding companies	240.199	
Accrued Charges	19.139	
Other liabilities	3.861	932.977

Long term Liabilities

Mortgage Loan for pension insurance	73.167	
Pensions Varma - Loan for new investments	65.000	138.167

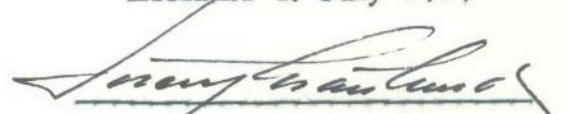
Capital

Share capital	54.000	
Redeemed shares	11.760	
Revaluation surplus	561.740	
Earned surplus	84.141	
Reserve Account	10.500	
Disposition Fund	233.996	956.137

TOTAL LIABILITIES

2.027.281  
=====

Lielahiti 4. July 1959

  
Office Manager

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INCOME STATEMENT 1958

( in thousands of marks )

INCOME	
Net sales	2.772.850
Other operating income	56.719
Rents	8.743
Other income	<u>4.316</u>
TOTAL INCOME	2.842.628 =====
EXPENDITURE	
Manufacturing cost	2.445.613
Depreciation	154.086
General administration and sales expenses	158.679
Interest	40.911
Taxes including income taxes	<u>38.065</u>
TOTAL EXPENDITURE	2.837.354 =====
Unallocated balance to earned surplus	5.274

Lielähti 4. July 1959

  
Office Manager

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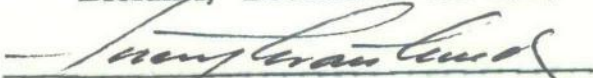
Estimated Real Profit from Industrial Operation 1958.  
 (in million marks)

<u>Net Profit</u> acc. to Profit and Loss Statement		5 mmk
<u>Plus</u>		
Increase of Inventory Reserve		138 "
Investments charged to costs		40 "
Others		1 "
		<u>184 mmk</u>
<u>Less</u>		
Other Income		13 mmk
Income from Own Forests	57 mmk	
- less tax	<u>32 "</u>	25 "
Unreserved taxes for 1958		<u>80 "</u>
		118 mmk
NET PROFIT		66 mmk =====

Factors affecting increase of Inventory Reserve

Value surplusses	- pulpwood	18 mmk	
	- sulphur	5 "	
	- burning oil	12 "	
	- misc.	<u>1 "</u>	36 mmk
Write offs	- pulpwood	42 mmk	
	- cellulose	120 "	
	- coal	<u>12 "</u>	<u>174 "</u>
	Increase of Inventory Reserve		138 mmk =====

Lielahiti, December 8th 1959

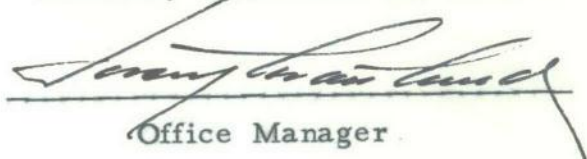
  
 Office Manager

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Sources and Application of Funds

	Construction years			Operating years	
	1958	1959	1960	1961	1962
<b>Sources</b>					
Long and medium term borrowings					
- IBRD		397	258		
- Interest capitalized		26	17		
- Other loans	65	215			
- Suppliers credits			353		
Increase of Short Term borrowings		89			
preciation	154	170	375	435	
Additional investments - balans 1958		58			
Net profit before interest on debts	71	30	59	109	
<b>Total sources</b>	<b>290</b>	<b>985</b>	<b>1.062</b>	<b>544</b>	
=====					
<b>Application</b>					
Fixed Assets - List of Goods					
A - 1		547	319		
- " A - 2		50	155		
- " B		80	68		
- " C		26	17		
- Other constructions	162	703	559		
		175	270	100	
<b>Total fixed assets</b>	<b>162</b>	<b>878</b>	<b>829</b>	<b>100</b>	
Current assets - additional working capital	45	75	71		
<b>Debt service:</b>					
Interest - proposed IBRD loan				40	
- during construction				2	
- other long & medium term	5	12	22	42	
Amortization - proposed IBRD loan				17	
- interest capitalized				2	
- other long term debts			31	101	
Decrease of short term borrowings			89		
Dividends to shareholders	20	20	20	25	
Available for additional investments	58			215	
<b>Total applications</b>	<b>290</b>	<b>985</b>	<b>1.062</b>	<b>544</b>	

Lielahiti, December 8th 1959

  
Office Manager

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STATEMENT OF INDEBTEDNESS

a) Long Term Debt

Mortgage loan for pension insurance  
from Pensions Varma

- 4,5 % premium loan	68.252.858:-	
- 7,5 % index loan (50 %)	<u>4.914.000:-</u>	73.166.858:-

Loan for New Investments

Pensions Varma, 7 1/4 % p. a., mortgage  
loan, life of loan 20 years. Last amortiza-  
tion 1979. Amount outstanding 65.000.000:-

65.000.000:-

138.166.858:-

=====

b) Short Term Bank Debt

Bills of Exchange to Nordiska Förenings-  
banken

260.000.000:-

Temporary Bank A/c overdraft at Nordis-  
ka Föreningsbanken. This A/c can be over-  
drawn up to 50.000.000:-

43.145.334:-

303.145.334:-

=====

Lielähti, December 8th 1959

  
Office Manager

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STATEMENT OF INVENTORIES 1958

(in marks / 10 00)

		Volume	Book-value	Estimated current value
Pulpwood	m <sup>3</sup>	581.945	285.765	732.295
Cellulose	tons	7.660	52.503	242.929
Coal	tons	16.586	48.000	78.634
Sulphur	tons	1.316	10.934	17.587
Sawn Timber	stds	350	3.921	15.193
Other material			29.190	54.788
			430.313	1.141.426

Lielahiti, December 8th 1959

  
Office Manager

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STATEMENT OF INSURANCES  
(in thousands of marks)

<u>Per 31.12.1958</u>	<u>Net value</u>	<u>Insurance value</u>
Land	462.573	
Buildings	134.572	1.009.647
Machinery and Equipment	509.846	1.504.774
Others	45.546	54.192
	<u>1.152.537</u>	<u>2.568.613</u>
	=====	=====

Lielahiti, December 8th 1959

  
Office Manager

Postal Address:  
LIELAHTI  
FINLAND

TRANSLATION

AUDITORS' REPORT

Elected at the ordinary meeting of Shareholders\* of Aktiebolaget J.W. Enqvist Osakeyhtiö on 2. July 1958, to audit the company's administration and accounts for 1958, we hereby, having filled our duty, wish to inform the following to the Meeting of Shareholders\*:

The Audit Office Idman & Vilén, supervised by the undersigned Idman, has done current detail check of the accounts, and found that all book-keeping items are based on matter-of-fact, approvable, and correctly booked vouchers. The book-keeping in general is in order and clearly kept, and the financial control has been carefully managed, giving no cause for comments.

We have controlled the securities possessed by the company and found that they correspond with the inventory.

The stocks listed in the inventory book are valued according to same cautious valuation principles as before.

The fire insurances are in order and can be considered safe.

The yearly depreciation of fixed assets has been done in accordance with the highest percentages allowed by taxation law.

We have read the minutes made at Board Meetings and Shareholders\* Meetings as well as the Report on Activity for 1958.

The closing balance for 1958 which shows a profit of 5.274.235:-, is correctly derived from the book-keeping and made on correct principles, observing good trade customs.

With reference to the audit of the accounts and explanations given by the managing director, we are convinced, that the company has been managed with necessary care and far-sightedness. We therefore suggest that the Board of Directors be granted free responsibility for 1958 and recommend that the closing balance for 1958 be confirmed. We also recommend the acceptance of the Board's suggestion for disposition of profit.

Tampere, 18. March 1959

Werner Oesch  
Auditor

C. J. Idman  
Auditor  
Chartered Accountant

Certified by:

*Leela Magnusson May Sjögren*