

A stylized illustration of a forest scene. It features various types of trees, including tall thin ones and rounded ones, some with green foliage and others with brown outlines. There are also mushrooms, some with red caps and some with white caps, and small red flowers. The background is white with a light green horizontal band across the middle.

METSÄHALLITUS FINANCIAL YEAR

2013



METSÄHALLITUS

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Record profit performance

Metsähallitus saw another record year in 2013, with an excellent financial performance across the board.

The Group's financial result achieved a record high, as did our main business area, forestry. The role of wind farms was firmly established as a new revenue generator and the property business also performed strongly. As the number of visitors to national parks and hiking areas continued to increase, the spin-off effect of recreational services on the local economy kept growing.

Group turnover decreased by just under EUR 8 million on the previous year, to EUR 370.0 million. Operating profit increased by EUR 2.6 million to EUR 127.0 million. Profit for the financial year was EUR 118.4 million, improving our previous record profit by EUR 3.3 million. The other benefits generated by Metsähallitus only serve to underline this profitability, since fulfilling these so-called general social obligations reduced our calculated operating profit by an estimated EUR 54.6 million. 

Metsähallitus has improved its financial performance considerably during the 2000s, with an operating profit now permanently exceeding EUR 100 million. The Metsähallitus Board proposed that a dividend of EUR 120 million be paid in 2014 to central government, in line with the target set by our owner, the Finnish Government. Among state-owned corporations and enterprises, Metsähallitus is one of the biggest payers of dividends to the state.

The forestry business supplied 6.06 million cubic metres of commercial timber. Despite slightly lower delivery volumes, new operating efficiencies helped the forestry business to post a record-breaking profit. Thanks to an efficient logistics system and investments made in the forest road network, timber deliveries were completed successfully in spite of occasionally difficult harvesting and transport conditions.

The amount of energy wood delivered accounted for 600 GWh, another record result. However, profitability varied depending on the location of the plant, limiting the potential increase in harvested volumes. Metsähallitus does not receive any subsidies for increasing the use of wood fuel.

The Helsinki District Court continued its handling of the timber cartel case. Metsähallitus is demanding EUR 159.4 million in damages, plus interest, from the Metsä Group, Stora Enso and UPM-Kymmene due to cartel activities.

In 2013, the internationally unique cultural heritage inventory formed by state forests was extended by approx. 620,000 hectares. This is one of the largest archaeological projects in Finland's history. You can find out more about this and other projects that form part of our corporate responsibility agenda in the corporate social responsibility section of this report.

Fin Forelia Ltd redeemed 43 per cent of its own shares from the Finnish Forestry Centre, leaving Metsähallitus Group as the sole owner. Part of the soil business was also sold in 2013.

MORE RESTRICTIONS ON FORESTRY

Metsähallitus continued the Metso programme (the Forest Biodiversity Programme for Southern Finland), and prepared for the implementation of the national mire strategy. However, as state-owned forests have been mapped for valuable nature conservation sites on several occasions, the remaining unconserved forests of most natural value are now located elsewhere.

The Government has continued to increase its revenue requirement for Metsähallitus. However – as a result of ownership poli-

cies – increasing conservation of forests and further restrictions on forest use, coupled with sales targets for productive forest land, are eroding our operating conditions and undermining our operating revenue generation. Maintaining Metsähallitus' ability to pay dividend to central government will not be easy; this will require investment in timber production and the introduction of operational efficiencies in every sector.

Laatumaa is playing a growing role in revenue generation. Our project development sought to add value to state-owned land, natural resources and ecosystem services. The wind power business also saw further development in 2013. Project development in geographic areas generating wind power is an excellent example of financially profitable new business based on ecosystem services.

Securing the property business under the new Metsähallitus Act will be of key importance.

SIGNIFICANT IMPACT ON REGIONAL ECONOMIES

Total funding of Natural Heritage Services came to EUR 61.8 million, of which EU project funding covered 4.6 million. Commissioned by the Ministry of the Environment, Metsähallitus assessed the possibilities of establishing four new national parks.

Finland's national parks attracted 2.3 million visitors last year. The recession has not affected the number of euros local tourist businesses earn from nature tourism to national parks and state-owned hiking areas. Impacts on the local economy equalled those of the previous year.

In 2013, the total revenue and employment impact generated by all national parks amounted to EUR 116 million, or nearly 1,500 person-years. For the seven hiking areas, the impact was EUR 15.4 million, or 200 person-years. Many other special destinations, along with managed forests in multiple use, are important to tourism and other industries. Their economic importance rests on activities such as the commercial picking of berries and mushrooms and hunting. However, the increasing number of visitors and their economic impact should not be allowed to diminish our appreciation of how important conservation areas are to ensuring biodiversity.

A significant addition to the network of visitor centres was the recently completed Finnish Nature Centre Haltia in Espoo, which instantly became a popular destination. Haltia is a prime example of timber construction in a public building and of technically advanced energy efficiency. The building continues Metsähallitus' tradition of timber construction on other model sites, such as Pille in Rovaniemi

and Naava in Pyhä-Luosto.

The number of hunters continued to increase, with state-owned land proving popular as hunting areas. The number of grouse hunting permits sold by Metsähallitus corresponded to 114,900 days, accounting for 59 per cent of the maximum quota. The number of recreational fishing permits sold for state-owned waters was 63,223. Metsähallitus' hunting and fishing customers remained satisfied with service provision. Hunting rights in future conservation areas were widely discussed.

NEW METSÄHALLITUS ACT BEING DRAFTED

The Metsähallitus Act is still being prepared. The key change in the amended legislation concerns forestry operations – it is proposed that these would be incorporated to form a company. For the most part, Metsähallitus' Natural Heritage Services would continue as before.

Should the forestry business be incorporated, the prospective Forestry Ltd should become part of Metsähallitus, securing the company's permanent, commercial and social role as the statutory user of state-owned managed forests. Provision should also be made for delegating some of central government's rights, over the supervision of interests and acting within the property sector, to the new forestry company. In line with the Government Programme, such a provision would enable cohesion within Metsähallitus. It would also provide a base for the current, or indeed increasing, volume of dividends paid.

Metsähallitus simply could not achieve such an excellent performance without its motivated and knowledgeable employees, who believe in the future of Metsähallitus. Once again, I would like to extend my thanks to our employees for their outstanding achievements!

Jussi Kumpula
CEO (Interim)



Taking responsibility with a broader scope

Metsähallitus has the challenging task of managing 12 million hectares of government-owned land and water areas. As the needs of society continuously grow, Metsähallitus must improve its performance in terms of economic activity, nature conservation and other areas of service provision. Reconciliation of conflicting interests and the optimisation of allocated resources form some of Metsähallitus' core duties and guarantee responsible operation.

In Metsähallitus, corporate social responsibility refers to activity based on the broadest possible integration of the objectives set by our owner, the Finnish Government. Rather than seeking to fulfil one objective at a time, we aim to maximise the overall benefit of the objectives achieved – for the good of society.

Every day, Metsähallitus earns EUR 330,000 for central government through the sustainable use of natural resources. The same hectare of land or water can conserve nature and create growing recreational value, while also producing timber or other services for industry and commerce. By combining these activities, we can achieve the optimum performance with the available resources.

From Metsähallitus employees, such responsibility requires a consultative and participatory approach, while anticipating events and providing genuine leadership.

A SOLID AND VISIBLE VALUE BASE

Our business operations (government revenue generation and social obligations in general) and natural heritage services are set by Parliament. By achieving our objectives we create social wellbeing, and a lot of importance is put on how we do this.

Corporate social responsibility refers to the starting points, attitudes and practices based on which Metsähallitus engages in its work. Our attitude expresses itself in the values our employees have defined together. **Responsible management and use of natural resources, profitability, employee wellbeing, customer focus and investment in partnerships** create a strong value base, which guides our everyday operations.

Our sustained investment in responsible management and use of natural resources has produced results. Interactive working methods have facilitated our partnerships, continually decreasing the number of noteworthy local conflicts. Metsähallitus has a strong reputation as a socially responsible organisation. Our stakeholders rated Metsähallitus the best organisation, out of a hundred listed companies, in terms of corporate social responsibility.

First and foremost, Metsähallitus is a regional organisation: 53 per cent of its salary payments and 70 per cent of payments for external services take place in the North of Finland. Since our operations are spread across the country, we engage in an exceptionally wide range of stakeholder activities.

ENVIRONMENTAL POLICY GUIDES US TOWARDS RESPONSIBILITY

We have made a conscious decision to invest in corporate social responsibility. The key driver behind Metsähallitus' corporate social responsibility is our shared corporate environmental policy. This is a broad-based policy which defines operational responsibility in terms of the environment, social issues and economic activity. In our environmental policy, continued improvement and transparent cooperation provide the keys to open and responsible action.

Metsähallitus implements an environmental and quality control system based on the ISO 14001 standard. Metsähallitus implements its environmental policy in practice using a certified environmental system. Our shared environmental goals are confirmed annually. We refer to these goals in setting environmental targets for the operating and financial plans of our business units and subsidiaries.

CONTINUOUS IMPROVEMENT

Based on the principle of continuous improvement, the environmental system's performance is regularly monitored by external and internal audits and a feedback system. The environmental knowledge and skills of our employees and contractual entrepreneurs are also regularly developed and monitored.

On an annual basis, Metsähallitus' management reviews the results of environmental reports and makes decisions on improving the methods employed. It also reviews external feedback and sets the annual environmental objectives. Business units then draw up measurable action points for the implementation of these objectives.

For employees and other participants in our activities, the envi-

ronmental system doubles as a business system, providing practical guidance and policies for each area of work. This system is used by our employees every day. Descriptions of jobs and functions, responsibilities and guidance have been published in a regularly maintained and updated electronic environment and quality handbook.

Responsibilities are distributed among Metsähallitus' business units. Areas of corporate social responsibility reporting are divided between three functions: the Group annual report (indicators on corporate finances and human resources), Natural Heritage Services annual report (reporting on budgeted activities) and the annual report for general and social obligations.

PARTICIPATORY PLANNING AND OPEN EXCHANGE OF INFORMATION

The concept of natural resource planning plays a key role in the implementation of Metsähallitus' corporate social responsibility. As a large corporation, we are able to promote dialogue between different functions, ensuring that the synergies created by such an exchange of information benefit everyone. In planning our activities, we seek sustainable solutions, which means that our impact assessment can span up to 40 years.

In forestry, nature conservation and other land use planning, Metsähallitus follows the principle of working in close interaction with regional and local stakeholders, ensuring that account is taken of diverse viewpoints and that information is accumulated on our operating environment. This also enables us to head off conflicts.

Metsähallitus employs a multi-phase planning system, progressing from regional land use decisions to detailed action plans. Our ad-

Corporate social responsibility

vanced information systems play a key role in planning and provide accurate and up-to-date information for decision making.

Nature conservation area management plans are drawn up progressively and involve regional actors. Public meetings, online dialogue, feedback and development proposals provide equal opportunities for influencing policies at the planning phase.

We are developing our participatory planning practices. Last year, users of natural heritage and forestry services were able to access map-based online surveys, providing our stakeholders with a simpler way to voice their opinions.



A TRANSPARENT SUPPLY CHAIN

The entire supply chain of Metsähallitus products can be easily verified. Stand information, certification status and origin of timber can be identified. A transparent supply chain guarantees responsible operations.

Metsähallitus' forestry business sells certified pulpwood and sawlogs, energy wood and firewood harvesting rights. Multiple-use forests also provide ecosystem services. Pulpwood and sawlogs are sold as a turnkey service, i.e. responsible management of environmental issues and transport to the customer's site are always factored into timber prices.

In accordance with the objectives of sustainable development, use of renewable natural resources is preferred to non-renewables. Use of domestic timber is a sustainable solution and, on the Finnish scale, the volume of timber harvested from government-owned forests has a major impact: the amount of pulp from the pulpwood harvested annually by Metsähallitus (4 million cubic metres) corresponds to the annual capacity of a large pulp factory. The sawn timber from the harvested sawlogs (2 million cubic metres) would suffice to construct 40,000 timber homes. Energy wood harvested from government-owned forests (600 GWh) would heat around 4 per cent of Finnish detached homes through a winter characterised by sub-zero temperatures.

Service purchases from the forestry business accounted for EUR 165 million, mainly in the North and East of Finland. Regionally, Metsähallitus has major financial responsibilities. Competitive tenders provide new and established companies alike with equal opportunities to win contracts.

EMPLOYEE WELLBEING

Employees play a key role, not only in the organisation's performance but also in terms of responsible operations. The responsibility of our actions ultimately depends on our employees.

The number of Metsähallitus' person-years totalled 1,669 (2012: 1,702). Owing to seasonal work, the number of employees varies through the year: the number of employees was at its highest in June, when Metsähallitus employed 1,916 persons. Temporary fixed-term employment contracts accounted for approximately 20 per cent of the total number of employment relationships, largely attributable to the high volume of summer jobs offered to young people. Metsähallitus provides summer jobs and internships for school-aged and young people in regions where employment opportunities are otherwise scarce.

The number of absences due to illness continued to decline for the fourth consecutive year, accounting for 3.4 per cent of the total person-years worked. This is a notably positive trend, considering the age structure of Metsähallitus' employees: the average age of permanent employees is close to 50 years. Totalling 80 accidents per year, the number of accidents at work remained at the level of recent years.

Training and other measures have been employed to ensure employee wellbeing and stress management. An induction course for new employees was held in January. In the autumn, 24 Metsähallitus employees began an 18-month training course for the Specialist Qualification in Management, in order to bolster their skills in people management and leadership. This is the fifth time that the course has been organised. Managers were also offered training in employment relationship matters. Employees received an average of 2.4 days of training and 15 employees opted for job alternation or study leave.

In the area of support service development, Metsähallitus initiated a cooperation procedure related to operational streamlining and cost savings, including redundancies. As an outcome of the procedure, the threat of redundancies was postponed. We primarily intend to meet the related targets through voluntary redundancy packages and the internal relocation of employees.

The annual Metsähallitus employee survey indicated that employees are satisfied with Metsähallitus as an employer, although our rating (8.2) fell slightly on the previous year (8.4). Employees gave especially high scores for supervision, their own working capacity, relationships with colleagues and willingness to develop in their own roles. On the other hand, the results reflected the changes effected in our forestry operations at the beginning of year, the cooperation procedure carried out for support services, and the uncertainty caused by the prolonged development of Metsähallitus' operating model. The response rate increased slightly on the previous year, to 67 per cent.

Extensive stakeholder cooperation

Cooperation, trading, guidance, monitoring, exchange of information, interaction – our stakeholder relationships take many forms and models of cooperation can vary, even within a single stakeholder group. Metsähallitus works with an exceptionally wide range of stakeholders. There are over 17,000 agreements on the use of government-owned land alone. The scope of our stakeholder activity gives a good overall view of Metsähallitus' corporate social responsibility.



FAR-REACHING RESPONSIBILITIES



Manages and uses
of Finland's land and water areas

1/3



1/2

Maintains transport
links accounting for
**of the road
network in
Northern Finland**

SALARIES

OVER 50 %

paid in Northern Finland

9,000

new surveyed
cultural sites

WITH HUNTING PERMITS

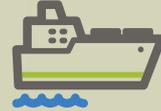
NEARLY 30X around
the world



Pays the government

120 million euros

1 Enables
export revenue of



billion euros

FOR THE REGION

€ **100,000**

from one harvesting stand

FRAMEWORK FOR

17,000

land use agreements



**TEN-FOLD
RETURN**

on each **€1** invested

FAR-REACHING RESPONSIBILITIES

the stories behind the figures

FOR THE REGION
€ 100,000
from one harvesting stand

Impact on the regional economy:

A medium-sized harvesting stand provides an area with approximately 100,000 euros in pay and contracting revenue. In addition, approximately 50,000 euros are paid as income to the government.



TEN-FOLD RETURN
on each **€1** invested

One euro invested by the government in hiking services and nature centres provides a tenfold return to local operators through visitor spending.

1 Enables
export revenue of
billion euros



Impact on other stakeholders:

Timber sold by Metsähallitus enables the forestry industry with annual export revenues to the tune of a billion euros.

1/2 Maintains transport links accounting for
of the road network in Northern Finland



Roads maintained by Metsähallitus are open to the public free of charge. Metsähallitus maintains 17,500 kilometres of logging roads in Lapland, accounting for the majority of the region's roads (Lapland has approximately 9,100 kilometres of main road network).

WITH HUNTING PERMITS
NEARLY 30X around the world

Impact on wellbeing:

On average, hunters who purchase permits from Metsähallitus walk 10 kilometres on each day spent hunting. Grouse-shooting permits alone accounted for 114,900 such days. Combining the distances walked by the hunters results in over a million kilometres.

9,000
new surveyed cultural sites

The field survey of cultural heritage sites in state-owned forests has produced masses of new information about the cultural sites, and 9,000 sites have already been listed. Read more on page 15.

Responsible work – events during the year

On behalf of landowners

As a large landowner, Metsähallitus creates ground rules which can also benefit private landowners and local operators, for example in matters concerning land leases and wind power. Sometimes, such policies are ultimately enforced by the courts.

When a mining company begins operating, the landowners are entitled to claim a mineral royalty. If agreement cannot be reached, the Ministry of Employment and the Economy confirms the royalty after consulting the mining committee.

The Ministry confirmed a new formula for determining mineral royalties for the Suurikuusikko mine, located on Metsähallitus' land in Kittilä in North-Western Lapland. However, this formula was based on the mining company's results and not the value of the mining minerals, as provided in legislation.

Metsähallitus believed that the formula lacked transparency and



did not comply with current legislation. The matter was taken to the Supreme Administrative Court which, in the autumn of 2013, ruled in favour of Metsähallitus, resulting in the recalculation of the mineral royalty.

"We wanted a formula that complied with legislation and was understandable. It must be clear to all landowners how the royalties they receive have been calculated. Obviously, we had the interests of all landowners in mind," says access rights manager **Pekka Pampunen**.

Nature gets you out and about

Metsähallitus provides access to Finland's largest recreation ground: state-owned forests and waters. In recent years, Metsähallitus has increased the emphasis it places on exercise and health.

Metsähallitus itself has received an exercise design award and, in a Sports Gala held in January, awarded a prize for encouraging children and young people to exercise in natural environments. In the spring, Metsähallitus launched a partnership with eleven young athletes. Sports from skiing to freestyle canoeing have strong affinities with Metsähallitus' own operations.

We also work hard to get the whole population moving. For example, a project encouraging exercise in natural environments involves the development of good practices and services in support of individuals in risk groups who rarely engage in physical activity.

"This exercise theme reaches across Metsähallitus. Our objective is to increase local knowledge of sites where people can enjoy nature," says project manager **Kati Vähäsarja**.



Many feel that woodland provides them with a better setting for exercise than sports halls.

"We have created excellent partnerships with youth organisations in Siilinjärvi. We took young people from school into the forest for a couple of days and received plenty of positive feedback. The project's media visibility generated many contacts with a number of organisations."



Limiting forest management

Metsähallitus' environmental guide to forestry provides practical information on operating responsibly in managed forests. The guide pays special attention to safeguarding forest diversity and ecosystem services and has helped Metsähallitus to achieve better results in areas such as game stocks maintenance.

At the same time, when seedling stands are tended, or during thinning and regeneration, thickets measuring 100–200 square metres are left in each hectare of forest.

The aim is to leave a game thicket in a location that naturally enhances diversity, such as near a wetland. This also benefits insect populations and provides birds with more food.

"We also leave spruce in the undergrowth, where it does not harm cultivated trees. Birds in particular gain from undergrowth," says silviculture supervisor **Hanna Karppinen** from Kuhmo.

Limited forest management benefits not only nature and recreational forest users, but also Metsähallitus in the form of reduced workloads and more diverse forest landscapes.

"The goal of limited forest management has required training and new working methods, but this will substantially reduce our workload in the long term. In recent years, we have seen a dramatic turnaround in the way we work here in Kuhmo."



Saimaa snow caves for ringed seal nesting secured

Metsähallitus is responsible for monitoring and caring for the Saimaa ringed seal population. Successful protection is only possible if the interested parties work together to achieve it. Metsähallitus' key responsibility is to produce monitoring and research data important to protection efforts.

In the mid-1990s, the Ministry of Agriculture and Forestry, Metsähallitus and the Finnish Environment Institute SYKE created a winter drainage strategy for the Saimaa area. The purpose of this strategy is to keep the variation in water level moderate (below 20 cm) in winter, in order to maintain ice cover and, as a result, to ensure that the Saimaa ringed seal's snow caves last throughout the nesting season.

Last year, the strategy was tested in practice for the first time, when the water level in Saimaa threatened to fall dramatically. Saimaa's outflow was reduced and more water was directed into the lake from Kallavesi and Pielinen.

"Together with the Centre for Economic Development, Transport and the Environment, our job is to be alert: we monitor the situation and raise the alarm when the water flow needs to be adjusted," says senior advisor **Tero Sipilä**.

Thanks to flow regulation, changes in water level remained within a favourable range. The Saimaa ringed seal nests were saved and nest mortality was half of the level it probably would have been without water flow regulation.

"By employing the drainage strategy, we saved the lives of approximately ten pups and prevented a decline in the Saimaa ringed seal population in 2013," says Mr Sipilä.

Cultural heritage remembered and shared

Approximately 9,000 listed cultural sites and 2.7 million hectares of surveyed area in managed forests. At the end of 2013, we saw some impressive figures for the field survey of cultural heritage sites in state-owned forests. Archaeologists and foresters will continue their productive cooperation for two more summers.

This is the largest field survey of cultural heritage sites carried out in Finland. In addition to the ancient monuments and architectural heritage protected under law, all other cultural heritage sites in managed forests, dating from the Stone Age to the 1960s, will be mapped.

In Metsähallitus, information on cultural sites and on conserved nature sites is saved in the same geographic information system. The purpose of this is to enable the use of such information across all activities.

“At the moment, we can’t even guess at the value of these field surveys, because timber-constructed sites are slowly degrading.



This summer, we have mapped loggers’ cabins, wartime structures and flat-bottomed boats used for timber floating, in Lapland. There are also signs of a darker history: the remains of German and Finnish prisoner-of-war camps,” explains project manager **Jouni Taivainen**.

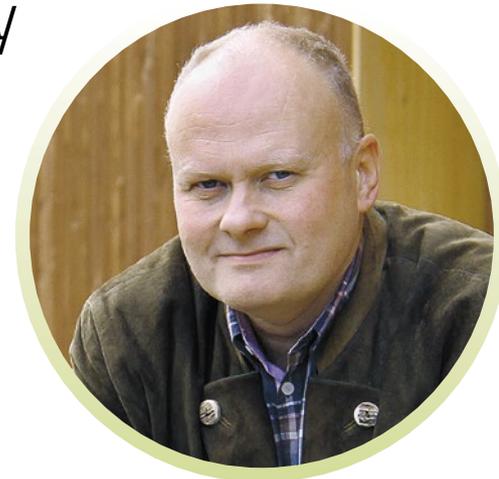
“The best thing about the field survey is that everyone can gain access to its results. This cultural knowledge can benefit local travel businesses and hiking route planners, not to mention researchers! We have been taking local school classes on tours of the historical sites from the very beginning.”

Timber construction – the most environmentally friendly solution

A new addition to Metsähallitus’ series of timber buildings is Espoo’s Finnish Nature Centre Haltia, in a close distance of the Helsinki airport. This is even more ecological than the earlier buildings in the series, which were also constructed in the 2010s: the Science Centre Pilke in Rovaniemi, the Pudasjärvi site premises and the Visitor Centre Naava in Pyhäntä.

Ecological objectives were the primary consideration in Haltia’s design. Wood is a renewable natural resource and forest is a carbon sink. With a negative carbon balance, timber was without doubt the most ecological choice of construction material. Timber is also competitively priced.

“Haltia is Finland’s first building to use cross laminated timber (CLT). This construction technology is currently in such high demand in Finland that the country’s first CLT factory is being built in Kuhmo,” says **Timo Kukko**, Director of Nature Centre Haltia.



Haltia has also invested in energy efficiency. It is 75 per cent self-sufficient, enabled by new technology that stores heat – collected during the summer by solar collectors – in the bedrock for the winter season.

“A timber building is the best possible choice from the employee perspective. It guarantees good air quality and has superb acoustic characteristics. For exhibition visitors, a timber building combined with excellent architecture raises the customer experience to a new level.”

Group structure

Metsähallitus consists of two sections: business operations and Natural Heritage Services. The business operations group covers all departments handling business operations, that is, business operations and the subsidiaries and associated undertakings involved in business operations. The Metsähallitus Group consists of all these operations (business operations and the subsidiaries and associated undertakings involved in business operations, Natural Heritage Services and its subsidiaries).



Metsähallitus-group and Metsähallitus Enterprise | PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (EUR)	Group		Enterprise	
	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
TURNOVER	374 992 000.49	380 991 372.77	352 044 368.81	349 139 369.32
Variation in inventories of finished products and change to work in progress	-702 206.42	963 983.97	0.00	0.00
Other operating income	42 998 351.70	29 849 547.03	38 655 268.06	29 519 986.92
Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	10 167 422.67	9 974 816.44	10 603 495.34	9 088 654.49
Variation in inventories	1 136 663.70	-64 600.41	400 245.97	572 898.25
External services	184 639 462.78	184 882 786.47	169 696 885.11	165 740 909.29
Staff expenses				
Wages and salaries	66 663 067.62	67 061 990.04	61 642 664.94	61 075 287.23
Social security expenses				
Pension expenses	12 456 030.92	12 125 849.70	11 550 863.88	11 047 482.80
Other social security expenses	2 798 429.36	3 106 057.27	2 556 981.54	2 810 417.01
Depreciation, amortisation and impairment				
Depreciation according to plan	6 835 143.22	6 302 192.32	5 284 279.22	4 651 253.98
Reductions in value of non-current assets	487 497.00	0.00	0.00	0.00
Other operating costs	50 970 267.70	47 947 867.19	47 437 061.43	44 866 265.52
Share of associated undertakings' profit/loss	113 219.00	99 554.81	0.00	0.00
OPERATING PROFIT	81 247 379.80	80 567 499.56	81 527 159.44	78 806 187.67
Financial income and expenses				
Income from other investments under non-current assets	77 628.08	92 482.22	289 794.47	1 066 401.51
Other interest and financial income	279 393.89	360 343.66	226 243.37	253 970.79
Interest and other financial expenses	220 872.29	436 898.46	120 589.34	307 870.83
Reductions in value of investments held as non-current assets	0.00	999 950.00	2 500 000.00	999 950.00
	136 149.68	-984 022.58	-2 104 551.50	12 551.47
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE BUDGET	81 383 529.48	79 583 476.98	79 422 607.94	78 818 739.14
Financing for other operations from the Budget	43 185 552.19	41 781 411.26	43 185 552.19	41 781 411.26
Income taxes	8 737 518.19	8 338 844.35	8 738 947.60	8 336 246.63
Minority share	154 164.00	9 021.33	0.00	0.00
PROFIT OF THE FINANCIAL YEAR	115 985 727.48	113 035 065.22	113 869 212.53	112 263 903.77

BALANCE SHEET | Metsähallitus-group and Metsähallitus Enterprise

BALANCE SHEET (EUR)	Group		Enterprise	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	185 969.79	338 210.21	175 315.93	47 969.79
Other capitalised long-term expenses	138 535.38	388 113.51	3 381.53	6 768.07
	324 505.17	726 323.72	178 697.46	54 737.86
Goodwill and consolidation	0.00	0.00	0.00	0.00
Tangible assets				
Land and water areas	3 687 514 026.63	3 675 062 872.68	3 683 262 831.00	3 668 320 434.96
Roads	20 647 379.24	18 557 132.30	20 461 719.51	18 388 184.01
Buildings and structures	60 005 561.15	49 612 053.88	40 684 232.82	44 012 573.29
Machinery and equipment	5 473 481.60	3 058 961.75	843 705.92	910 113.81
Other tangible assets	884 784.58	492 119.61	10 599.04	10 599.04
Advance payments and work in progress	10 550 476.20	20 247 661.90	10 327 466.37	8 734 453.96
	3 785 075 709.40	3 767 030 802.12	3 755 590 554.66	3 740 376 359.07
Investments				
Shares in Group's subsidiaries	0.00	0.00	32 838 941.62	35 838 941.62
Holdings in associated undertakings	953 960.99	855 786.38	1 200 007.20	1 200 007.20
Other shares and holdings	2 278 678.01	2 322 562.64	2 683 237.54	2 683 237.54
Other receivables	22 300.00	22 300.00	0.00	0.00
	3 254 939.00	3 200 649.02	36 722 186.36	39 722 186.36
NON-CURRENT ASSETS, TOTAL	3 788 655 153.57	3 770 957 774.86	3 792 491 438.48	3 780 153 283.29
CURRENT ASSETS				
Inventories				
Finished products	29 700 495.38	31 167 396.01	14 572 544.24	14 972 790.21
Work in progress	1 120 574.00	1 492 543.49	0.00	0.00
	30 821 069.38	32 659 939.50	14 572 544.24	14 972 790.21
Receivables				
Non-current				
Other receivables	0.00	147 162.74	0.00	0.00
Current				
Accounts receivable	32 370 205.08	32 640 129.59	29 479 563.75	28 238 829.42
Receivables from Group's subsidiaries	0.00	0.00	350 298.50	429 574.21
Receivables from associated undertakings	0.00	0.00	0.00	0.00
Other receivables	430 084.32	1 625 611.86	144 877.35	940 814.55
Prepayments and accrued income	4 992 757.30	5 381 660.66	4 801 335.73	5 149 455.25
	37 793 046.70	39 647 402.11	34 776 075.33	34 758 673.43
Securities	0.00	4 992 566.76	0.00	4 992 566.76
Cash in hand and at banks	32 716 262.72	33 412 785.69	32 634 668.87	27 532 458.96
CURRENT ASSETS, TOTAL	101 330 378.80	110 859 856.80	81 983 288.44	82 256 489.36
ASSETS, TOTAL	3 889 985 532.37	3 881 817 631.66	3 874 474 726.92	3 862 409 772.65

Metsähallitus-group and Metsähallitus Enterprise | BALANCE SHEET

BALANCE SHEET (EUR)	Group		Enterprise	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
SHAREHOLDERS' EQUITY AND LIABILITIES				
EQUITY				
Basic equity	2 536 538 416.29	2 538 127 797.15	2 536 538 416.29	2 538 127 797.15
Other equity	1 152 671 848.95	1 131 624 450.30	1 152 671 848.95	1 131 624 450.30
Retained earnings	10 249 466.74	17 214 401.52	12 503 202.75	20 239 298.98
Profit for the financial year	115 985 727.48	113 035 065.22	113 869 212.53	112 263 903.77
EQUITY, TOTAL	3 815 445 459.46	3 800 001 714.19	3 815 582 680.52	3 802 255 450.20
MINORITY SHARE	5 971 112.01	11 308 759.28	0.00	0.00
PROVISIONS				
Other provisions	1 475 812.78	1 917 158.31	0.00	1 300 000.00
LIABILITIES				
Non-current				
Loans from financial institutions	5 881 828.73	5 707 182.14	0.00	0.00
Other liabilities	319 950.60	430 447.81	22 850.00	27 738.21
Current				
Loans from financial institutions	5 118 355.82	5 655 088.30	4 998 355.82	4 995 088.30
Advances received	6 119 462.94	9 427 756.34	6 106 107.94	9 382 978.20
Accounts payable	12 657 529.28	13 127 233.29	12 003 166.65	11 314 125.72
Debts to Group's subsidiaries	0.00	0.00	1 943 029.21	1 611 617.77
Other liabilities (incl. interest-bearing)	15 981 177.84	14 573 176.04	15 138 188.60	13 093 248.64
Accruals and deferred income	21 002 121.58	19 654 665.21	18 680 348.18	18 429 525.61
Deferred tax liabilities	12 721.33	14 450.75	0.00	0.00
LIABILITIES, TOTAL	67 093 148.12	68 589 999.88	58 892 046.40	58 854 322.45
EQUITY AND LIABILITIES, TOTAL	3 889 985 532.37	3 881 817 631.66	3 874 474 726.92	3 862 409 772.65

CASH FLOW STATEMENT | Metsähallitus-group and Metsähallitus Enterprise

CASH FLOW STATEMENT (EUR)	Group		Enterprise	
	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
CASH FLOW FROM BUSINESS OPERATIONS				
Payments from sales	375 300 949.94	383 000 204.43	350 728 796.81	350 365 073.03
Payments from other operating income	15 936 737.03	5 173 081.52	15 893 233.24	5 130 087.86
Payments from operating charges	-322 038 455.61	-322 572 190.90	-300 002 003.66	-289 468 305.39
Cash flow from business operations, before financial items and taxes	69 199 231.36	65 601 095.05	66 620 026.39	66 026 855.50
Interest and other financial expenses	-220 872.29	-436 898.46	-120 589.34	-307 870.83
Interest income from business operations	279 393.89	360 343.66	226 243.37	253 970.79
Dividends received	77 628.08	92 482.22	117 794.47	866 401.51
Direct taxes	-9 143 259.87	-7 159 266.05	-9 108 074.40	-7 156 668.33
Cash flow before the State's budget funding	60 192 121.17	58 457 756.42	57 735 400.49	59 682 688.64
State's budget funding for other operations	40 683 146.65	42 850 036.73	40 683 146.65	42 850 036.73
Cash flows from operating activities	100 875 267.82	101 307 793.15	98 418 547.14	102 532 725.37
INVESTMENTS				
Purchase of environmental protection areas, shares	-1 127 423.52	-3 313 436.90	-1 127 423.52	-3 313 436.90
Purchase of fixed assets, funding by Ministry	-943 574.84	-2 525 614.70	-943 574.84	-2 525 614.70
Purchase of fixed assets, funding by the EU	-106 355.73	-634 492.00	-106 355.73	-634 492.00
Purchase of fixed assets, other funding	-60 546.77	-81 965.96	-60 546.77	-81 965.96
Investments in tangible and intangible assets	-22 230 200.17	-21 853 544.90	-11 830 407.83	-12 486 757.17
Sale of tangible and intangible assets	37 738 624.80	34 178 049.38	32 890 388.53	33 843 614.41
Sale of other investments	0.00	745 250.99	500 000.00	1 368 690.70
Purchase of other investments held as non-current assets	0.00	-7 520.00	0.00	-477 520.00
Purchase of subsidiaries' shares, sale	0.00	0.00	0.00	-1 900 000.00
Shareholder investment in/return on environmental protection areas and shares	1 127 423.52	5 213 436.90	1 127 423.52	5 213 436.90
Funding received for the construction of nature centres	639 105.02	2 965 464.46	639 105.02	2 965 464.46
Cash flows from investing activities	15 037 052.31	14 685 627.27	21 088 608.38	21 971 419.74
FINANCING				
Change in non-current loans from financial institutions	174 646.59	3 062 453.16	0.00	0.00
Change in other non-current, interest-bearing loans	-105 609.00	-90 130.02	0.00	0.00
Change in other non-current, non-interest-bearing loans	-4 888.21	-11 913.19	-4 888.21	-11 913.19
Change in current loans from financial institutions	-1 646 209.24	-1 166 699.24	0.00	0.00
Change in other current, interest-bearing loans	0.00	4 995 088.30	3 267.52	4 995 088.30
Other current, non-interest-bearing loans	0.00	0.00	0.00	200 000.00
Change in Group loans to subsidiaries	0.00	0.00	604 108.32	-538 118.03
Investment by Nuuksiokeskus shareholders	0.00	552 000.00	0.00	0.00
Return of capital to minority shareholders	-19 350.00	-64 500.00	0.00	0.00
Contribution to State revenue	-120 000 000.00	-110 000 000.00	-120 000 000.00	-110 000 000.00
Cash flows from financing activities	-121 601 409.86	-102 723 700.99	-119 397 512.37	-105 354 942.92
CHANGE IN LIQUID FUNDS				
Liquid funds on 1 Jan	38 405 352.45	25 135 633.02	32 525 025.72	13 375 823.53
Liquid funds on 31 Dec	32 716 262.72	38 405 352.45	32 634 668.87	32 525 025.72
Net change in cash and cash equivalents	-5 689 089.73	13 269 719.43	109 643.15	19 149 202.19

The 2013 financial statements have been prepared in accordance with the State Enterprise Act (1185/2002) and Government decrees 160/2004, 1402/2004 and 1403/2004.

Financing for public administration duties from the budget

In the enterprise's profit and loss account, financing received from the Budget is reported as income on an accrued basis, so that it corresponds to expenses (excluding depreciations), expense adjustments and the acquisition costs of fixed assets subject to wear and tear for the accounting period. Financing received during the financial period for incomplete buildings and other fixed assets is entered as acquisition cost deductions. The notes on public administration duties give an account of financing received from the State budget.

Valuation and allocation principles

VALUATION OF FIXED ASSETS

By a Government decision (30 December 2004), the land and water areas of the State, including plots and gravel resources, were transferred to the business operations of Metsähallitus, as defined in the new act, at fair value in accordance with the Income Capitalisation Approach. Other assets related to business operations and assets related to public administration duties were transferred at book value. At the same time, the basic equity capital of the business operations was increased.

Following this, all assets transferred into or out of the possession of business operations without a consideration were measured at fair value upon the transfer. Once the Enterprise has received a decision on the transfer of assets and an auditor's report, the assets are recorded as being added to or deducted from the asset account of the balance sheet. The counter item is "Equity adjustment" under "Other liabilities" on the balance sheet, from which the transfer to or from basic equity is performed after the Government has issued its decision on the change in basic equity capital.

Assets transferred to or away from public administration duties are remeasured to the book value of the releasing party. The transfer of assets is recorded on the basis of the received decision on transfer in or out of the asset account of the balance sheets. The counter item is "Other equity" of public administration duties.

Other non-current assets that can be depreciated are recorded in acquisition cost, from which depreciations are deducted according to plan. Asset items are depreciated by the straight-line method over their estimated useful life. Depreciations for decrease in substance have been performed for the remeasured gravel resources.

As new legislation concerning the Enterprise is drafted, the balance of the entire business will be remeasured to fair value during 2014.

VALUATION OF CURRENT ASSETS

Inventories

The immediate acquisition cost of inventories remaining at the end of the accounting period has been activated. If the probable acquisition cost or net realisable value of the inventories is less than the acquisition cost during the accounting period, the difference is recorded as an expense.

Financial assets

Securities held as financial assets have been measured to acquisition cost or a lower probable net realisable value.

Comparability with the previous year

ADJUSTMENTS TO RESULTS AND BALANCE AND DATA FOR THE PREVIOUS FINANCIAL YEAR

During the financial year, no adjustments were made to the results, balance or data for the previous financial year.

COMPARABILITY OF THE DATA FOR THE PREVIOUS FINANCIAL YEAR

The Enterprise's nature tourism turnover decreased on the previous year, following the sale of the cabin letting business. River power compensation, received in line with the Supreme Administrative Court ruling, is recognised as other operating income.

STRUCTURAL CHANGES IN THE ORGANISATION

During the financial year, Metsähallitus divested part of its soil business. The remaining assets and activities were formed into MH-Kivi Oy. During the financial year, the Enterprise wrote down EUR 2.5 million of the share acquisition cost, based on the deterioration in the company's turnover and profit performance outlook. The merger of Metsähallitus Holding Oy with its sister company MH-Kivi Oy was registered on 31 December 2013.

Items in foreign currency in the financial statements

The Enterprise's accounts payable denominated in foreign currencies have been translated into Finnish currency at the exchange rate quoted on the balance sheet date.

Notes to the consolidated financial statements 2013

All companies owned at the end of the year are included in the consolidated financial statement. The consolidated financial statements have been prepared using the purchase method. The difference between the acquisition cost of subsidiaries and equity corresponding to the acquired holdings is presented as goodwill, which is depreciated over a period of five years. Associated undertakings have been consolidated using the equity method. The Group's share of the profit/loss of the associate undertakings determined by the Groups holding is presented as a separate item before "Operating profit".

Internal Group transactions as well as internal Group receivables and liabilities have been eliminated.

Minority shares have been separated from equity and profit for the financial year and presented as separate items in the consolidated profit and loss account and balance sheet.

The consolidated financial statements do not include any significant items denominated in foreign currencies.

During the financial year, Fin Forelia Oy has acquired its minority shares, accounting for 43 per cent of all shares. The impact of this acquisition has been recorded in the consolidated statement of financial position under "Other operating income".

MH-Kivi Oy's financial statements had not been finalised when the consolidated financial statements were drawn up. The preliminary figures available at the time have been included in the consolidated financial statements for the company. Use of these figures will not constitute a material error in Metsähallitus' consolidated financial statements.

NOTES TO PROFIT AND LOSS ACCOUNT

Metsähallitus-group and Metsähallitus Enterprise

mill. EUR	Group		Enterprise	
	2013	2012	2013	2012
Turnover by business unit				
Forestry and related services	334.0	331.4	334.2	331.7
Nature tourism	0.0	4.7	0.0	2.9
Seed and seedling production	8.1	8.0	0.0	0.0
Land and plot sales	6.4	5.2	6.4	5.2
Sale of soil resources, rock-crushing business	15.5	22.9	0.0	0.0
Other	11.1	8.8	11.5	9.3
Total	375.0	381.0	352.0	349.1
Other operating income				
Gains on the sale of fixed assets	23.9	24.2	22.5	23.9
Other income	19.1	5.7	16.2	5.6
Total	43.0	29.8	38.7	29.5
Depreciation according to plan				
Intangible assets	0.2	0.2	0.0	0.0
Depreciation for decrease of substance	0.3	0.3	0.2	0.1
Roads	0.9	0.8	0.9	0.8
Buildings and structures	4.4	3.8	3.8	3.3
Machinery and equipment, other tangible assets	1.0	0.9	0.4	0.4
Group goodwill	0.0	0.4	0.0	0.0
Total	6.8	6.3	5.3	4.7
Impairment of non-current assets				
Impairment of gravel areas	0.5	0.0	0.0	0.0

Depreciation according to plan, depreciation periods:

Intangible rights, other long-term expenditures	4–5 years
Gravel areas	depreciation for decrease of substance
Roads	primarily 25 years
Fish structures	primarily 10 years
Log floating structures	25 years
Buildings	20–40 years, Haltia 90 years
Structures and facilities	4–10 years
Machinery and equipment	4–8 years, Haltia 15 years
Other tangible assets: asphaltting, planting beds	15–20 years

Depreciation according to plan has been calculated by fixed asset as straight-line depreciations for each depreciation period from the original purchase price.

	Group		Enterprise	
	2013	2012	2013	2012
Other interest and financial income				
Dividend income from external sources	0.1	0.1	0.1	0.1
Dividend income from subsidiaries	0.0	0.0	0.2	1.0
Interest income	0.3	0.4	0.2	0.3
Total	0.4	0.5	0.5	1.3
Interest and other financial expenses				
Interest expenses	0.2	0.4	0.1	0.3
Other financial expenses	0.0	0.1	0.0	0.0
Reduction in value of associated undertakings' shares	0.0	1.0	0.0	1.0
Reduction in value of subsidiaries' shares	0.0	0.0	2.5	0.0
Total	0.2	1.4	2.6	1.3

NON-CURRENT ASSETS (MILL. EUR)

Group	Intangible assets	Group Goodwill	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangibles	In progress projects	Shares and holdings other receivables	Total
Group									
Acquisition cost on 1 Jan	5.1	2.4	3 679.3	83.2	99.9	26.8	20.2	4.2	3 921.2
Reduction in value on 1 Jan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	-1.0
Increases	0.4	0.0	30.1	3.0	17.7	3.9	8.0	0.1	63.2
Decreases	0.9	0.0	16.8	0.0	4.2	0.4	17.7	0.1	40.1
Reduction in value	0.0	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	-0.5
Acquisition cost on 31 Dec	4.6	2.4	3 692.1	86.2	113.4	30.2	10.6	3.3	3 942.7
Accumulated depreciation and impairment losses on 1 Jan	4.4	2.4	4.3	64.6	50.2	23.2	0.0	0.0	149.2
Accumulated depreciation relating to decreases and transfers	-0.4	0.0	0.0	0.0	-1.3	-0.3	0.0	0.0	-1.9
Depreciation for the financial year	0.2	0.0	0.3	0.9	4.4	1.0	0.0	0.0	6.8
Accumulated depreciation on 31 Dec	4.2	2.4	4.6	65.6	53.4	23.9	0.0	0.0	154.1
Book value on 1 Jan	0.7	0.0	3 675.1	18.6	49.6	3.6	20.2	3.2	3 771.0
Book value on 31 Dec	0.3	0.0	3 687.5	20.6	60.0	6.4	10.6	3.3	3 788.7
Production machinery and equipment, book value						2.3			
Enterprise	Intangible assets	Group Goodwill	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangibles	In progress projects	Shares and holdings	Total
Acquisition cost on 1 Jan	3.2	0.0	3 669.9	82.9	89.1	16.8	8.7	55.8	3 926.3
Reduction in value on 1 Jan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.0	-16.0
Reduction in value on 1 Jan	0.2	0.0	29.9	3.0	3.6	0.3	1.6	0.0	38.6
Vähennykset	0.0	0.0	14.8	0.0	4.4	0.1	0.0	0.5	19.8
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.5	-2.5
Acquisition cost on 31 Dec	3.4	0.0	3 685.0	85.8	88.3	17.0	10.3	36.7	3 926.5
Accumulated depreciation on 1 Jan	3.2	0.0	1.6	64.5	45.1	15.8	0.0	0.0	130.1
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.0	0.0	-1.3	-0.1	0.0	0.0	-1.4
Depreciation during the financial year	0.0	0.0	0.2	0.9	3.8	0.4	0.0	0.0	5.3
Accumulated depreciation on 31 Dec	3.2	0.0	1.7	65.3	47.7	16.1	0.0	0.0	134.1
Book value on 1 Jan	0.1	0.0	3 668.3	18.4	44.0	0.9	8.7	39.7	3 780.2
Book value on 31 Dec	0.2	0.0	3 683.3	20.5	40.7	0.9	10.3	36.7	3 792.5
Production machinery and equipment, book value on 31 Dec						0.0			

NOTES TO BALANCE SHEET | Metsähallitus-group and Metsähallitus Enterprise

	Group		Enterprise	
	2013	2012	2013	2012
Shares and holdings, book value (MEUR)				
Shares in subsidiaries	0.0	0.0	32.8	35.8
Shares in associated undertakings	1.0	0.9	1.2	1.2
Other shares	2.3	2.3	2.7	2.7
	3.3	3.2	36.7	39.7

Shares in subsidiaries	Holding %	Carrying amount in the parent company (EUR)
Metsähallitus		
Fin Forelia Oy, Kuopio	100	9 036 830.19
MH-Kivi Oy, Oulu	100	8 561 000.00
Siemen Forelia Oy, Jyväskylä	100	2 476 000.00
Kiinteistö Oy Järviluonnon keskus, Rantasalmi	66.7	565 111.43
Nuuksiokeskus Oy, Espoo	68.1	12 200 000.00
Total		32 838 941.62

Shares in associated undertakings

Metsähallitus		
AS Eesti Metsatim, Viro	30.1	1 200 007.20
Holdings company shares		
Metsähallitus		
Oy Estar Studios LTD, Rovaniemi	19.98	0.00

	Metsähallitus	
Receivables from Group's subsidiaries (MEUR)	2013	2012
Accounts receivable	0.2	0.2
Other receivables	0.2	0.2
Total	0.4	0.4

	Group		Enterprise	
Current prepayments and accrued income (MEUR)	2013	2012	2013	2012
Life projects, accrued income	0.5	0.4	0.5	0.4
EU Structural Fund projects, accrued income	2.7	1.0	2.7	1.0
Employment programme projects, accrued income	0.8	0.9	0.8	0.9
Project receivables, other accrued income	0.5	3.0	0.5	2.8
Other prepaid expenses/purchase invoices	0.5	0.0	0.3	0.0
Total	5.0	5.4	4.8	5.1
Other receivables, non-current and current				
Other prepayments, non-current	0.0	0.1	0.0	0.0
Other prepayments, prepaid expenses, current	0.3	1.2	0.1	0.9
Deferred VAT and tax assets	0.1	0.4	0.0	0.0
Current total	0.4	1.6	0.1	0.9

Metsähallitus-group and Metsähallitus Enterprise | NOTES TO BALANCE SHEET

	Group		Enterprise	
	2013	2012	2013	2012
Equity (MEUR)				
Basic equity on 1 Jan	2 538.1	2 547.4	2 538.1	2 547.4
Transfers of possession, inheritance by the State	0.4	0.3	0.4	0.3
Changes in land use	-0.9	-9.6	-0.9	-9.6
Other changes	-1.1	0.0	-1.1	0.0
Basic equity on 31 Dec	2 536.5	2 538.1	2 536.5	2 538.1
Other equity on 1 Jan	1 131.6	1 100.2	1 131.6	1 100.2
Transfers of possession, inheritance by the State	19.0	16.7	19.0	16.7
Changes in land use, other	0.9	9.6	0.9	9.6
Shareholder investment in purchase of environmental conservation areas	1.1	5.2	1.1	5.2
Other equity on 31 Dec	1 152.7	1 131.6	1 152.7	1 131.6
Retained earnings on 1 Jan	130.2	127.2	132.5	130.2
Contribution to State revenue	-120.0	-110.0	-120.0	-110.0
Retirement of own shares	0.1	0.0	0.0	0.0
Profit for the financial year without deferred depreciation	116.0	113.0	113.9	112.3
Results for previous financial year and current financial year on 31 Dec	126.2	130.2	126.4	132.5
Equity in total on 31 Dec	3 815.4	3 800.0	3 815.6	3 802.3
Provisions (MEUR)				
Restoration of gravel areas	0.6	0.5	0.0	0.0
Other provisions	0.8	1.5	0.0	1.3
Total	1.5	1.9	0.0	1.3
Total of long-term loans due in a period exceeding 5 years				
Account limit, Danske Bank	5.6	3.7		
Long-term loan, Danske Bank		0.6		
Long-term loan, Handelsbanken		1.1		
	5.6	5.3		
Amount of debt not paid to the State (MEUR)				
Debt to the State, withholding tax liabilities, social security contribution liabilities, pension contributions, VaEL, TyEL	2.6	2.4	2.4	2.5
Debts to Group's subsidiaries (MEUR)				
			Enterprise	
			2013	2012
Accounts payable			0.3	0.4
Other liabilities			0.0	0.2
Consolidated liabilities			1.6	1.0
Total			1.9	1.6
Other liabilities (MEUR)				
VAT liabilities	12.1	12.1	11.7	12.0
Withholding taxes and social security contributions and other debts related to statutory personnel expenses (payment of salaries)	1.3	1.3	1.2	1.2
Equity reviews	2.1	-0.2	2.1	-0.2
Other	0.6	1.3	0.1	0.1
	16.0	14.6	15.1	13.1
Accruals and deferred income (MEUR)				
Differentiated statutory personnel expenses	1.3	1.3	1.2	1.2
Holiday pay liabilities, including social security expenses	14.3	14.5	14.1	14.0
Tax averaging	0.4	0.8	0.4	0.8
Other	5.0	3.1	3.0	2.4
Total	21.0	19.7	18.7	18.4

OTHER NOTES | Metsähallitus-group and Metsähallitus Enterprise

Contingent liabilities (MEUR)	Group		Enterprise	
	2013	2012	2013	2012
Leasing liabilities				
paid during the financial year	2.9	2.9	2.4	2.0
to be paid during the following year	2.6	3.2	2.6	2.6
to be paid at a later date	3.9	6.2	3.9	4.1
Business mortgages	0.9	0.9	0.0	0.0
Bank guarantee liabilities	4.3	4.5	0.4	0.3
Deposited securities, guarantee deposits	0.0	0.0	0.0	0.0
Guarantee for subsidiary loan	0.0	0.0	1.0	0.0
Investment commitments	3.5	3.3	3.5	3.3

The leasing contracts include a redemption clause after the residual value reaches the agreed level. The contracts can be terminated with a 3 month notice period. The Group also has contracts without a redemption clause, mainly for five-year periods.

Number of employees, person-years	Group		Enterprise	
	2013	2012	2013	2012
Employees	622	691	528	584
Supervisors	1189	1167	1141	1118
Total	1811	1858	1669	1702

Calculated deferred tax assets and liabilities	Group		Enterprise	
	2013	2012	2013	2012
Calculated deferred tax assets				
from postponed depreciations	0.6	0.7		
from subsidiary losses	2.0	1.9		
from provisions	0.4	0.2		
Total	3.0	2.8		

Auditors' fees (1000 EUR)	Group		Enterprise	
	2013	2012	2013	2012
Deloitte & Touche Oy				
audit, financial year	41.3	39.2	19.4	24.4
audit, previous financial year	43.8	41.6	14.3	19.6
Total	85.1	80.7	33.8	44.0

Business operations annual report

1 January - 31 December 2013

Profit targets for Metsähallitus business operations

LONG-TERM TARGETS

Metsähallitus business operations must be profitable and provide a reasonable annual rate of return on investment. The primary objective of business development is to ensure profitability. Metsähallitus divests unprofitable businesses or parts of businesses.

Its companies generate a stable return on investment in the form of dividends paid to central government.

The goal is to increase the return on investment to 5 per cent by 2015.

Targets for 2013

The Group posted an excellent operating profit and results, with the forestry business and Laatumaa recording the strongest performances. Of the Group subsidiaries, Siemen Forelia Oy also posted excellent results. Fin Forelia Oy and MH-Kivi Oy remained under budget and showed an operating loss.

FORESTRY

In the forestry business, 2013 was a successful year, turnover growing by 1 per cent year on year to EUR 336.0 million. At EUR 116.3 million, as in the previous year the forestry business posted an excellent operating profit (EUR 116 million). EUR 9.3 million of the operating profit was attributed to the sale of fixed assets. A record area of productive forest land, approximately 9,000 hectares, was sold.

Thanks to the strong motivation and commitment of its employees, Metsähallitus managed to achieve its targets. For example, the field survey of cultural heritage sites was continued and the METSO conservation programme was prepared in line with the Government Programme. The forestry organisation was realigned on the basis of strategic responsibilities and targets. This change has clarified leadership issues and streamlined operations.

Demand for pulp and sawn timber remained high. At 6.06 million cubic metres, the amount of commercial timber sold exceeded the annual sustainable harvesting plan, which specifies 5.8 million cubic metres without the impact of fertilisation. The realised sold amount made full use of sustainable harvesting opportunities, while meeting current general social obligations. The amount of energy wood delivered accounted for 600 GWh, another record result. High demand for forest energy was reflected in Metsähallitus' contracts, enabling the building of long-term partnerships.

FINANCIAL POSITION AND RESULTS

	Business operations group				Business			
	Budget 2013	Real. 2013	Real. 2012	Real. 2011	Budget 2013	Real. 2013	Real. 2012	Real. 2011
Turnover (MEUR)	372.0	370.0	377.9	369.0	341.9	346.7	345.6	335.6
Operating profit (MEUR)	117.4	127.0	124.5	113.0	115.8	126.9	122.5	111.0
% of turnover	32 %	34 %	33 %	31 %	34 %	37 %	35 %	33 %
Profit/loss for financial period (MEUR)	110.0	118.4	115.1	103.8	110.0	116.1	114.2	101.7
% of turnover	30 %	32 %	30 %	28 %	32 %	33 %	33 %	30 %
Return on investment (%)	4.4 %	4.7 %	4.6 %	4.2 %	4.4 %	4.8 %	4.6 %	4.1 %
Investment (% of turnover)	4 %	3 %	4 %	5 %	4 %	3 %	4 %	6 %
Solvency ratio (%)	98 %	98 %	98 %	98 %	99 %	98 %	98 %	99 %
Balance sheet total (MEUR)	2 706	2 724	2 732	2 725	2 693	2 715	2 719	2 714
Person-years (PY)	1 247	1 204	1 267	1 346	1 094	1 065	1 114	1 181

Return on investment % = $\frac{\text{Net result} + \text{financing expenses} + \text{taxes (12 mos)}}{\text{Avg. return on investment during financial period}}$

During the year, timber harvesting costs increased by 1.0 per cent and long-distance transport costs by 2.4 per cent. In the large payload logging truck project, an enterprise contract was signed and a trial permit application is being processed by Trafi, the Finnish Transport Safety Agency. 17 logging trucks with a tyre pressure system (CTI) were used.

Planning efforts were systematically developed, improving planning productivity by 20 per cent year on year. Demanding planning work was centralised and taken over by planning officers, with loggers providing assistance where necessary. The laser scanned and aerial photographed area came to 1.2 million hectares in 2013. Forest resource information from laser scanning already covers 3 million hectares, or approximately 65 per cent of the area governed by the forestry business.

Investment in forest management increased by 4 per cent year on year, to EUR 28 million. Nearly 12,000 hectares of forest were fertilised, helping to secure the continuation of the current volume of timber sales. Use of forest service providers in tending seedling stands increased from 20 per cent to 30 per cent of the total area. In planting, the use of forest service providers decreased from 25 per cent to 22 per cent. The spend on road construction and maintenance was EUR 16 million, down by 7 per cent from 2012. New road construction or renovation accounted for 900 kilometres.

An electronic tendering system was introduced in the purchasing of contracting services. A fair number of responses were received for competitive tenders, excluding the excavator works in southern Finland and energy wood chipping.

Together with Metsä Group Oy and Stora Enso Oy, tenders were invited for a data transfer and application service. This service will cover harvesting, forest improvement and management works. The commercial name of the application is WoodForce. Metsähallitus also joined LogForce, a corresponding service in the logging truck business. Requirements for the forestry enterprise management system (Ohjas) were drawn up and tenders were invited for system development.

Forestry development accounted for 0.6 per cent of turnover. Research and development activities related to the mechanisation of forest management were continued.

The results of environmental monitoring were stable. According to the capercaillie lekking ground survey, these courting grounds have been preserved to a high degree.

The protection of flying squirrels in forestry operations has raised conflicting views in Kainuu. The local ELY Centre has banned operations contrary to the ministry guidance on flying squirrels. These measures have slowed down timber deliveries locally. Metsähallitus has submitted an appeal on the matter to Oulu Administrative Court and awaits a decision.

In line with the Government Programme, the extension of the METSO conservation area was prepared in partnership with the forestry business, Natural Heritage Services and Laatumaa. A total of 226 sites, covering 19,950 hectares, were selected for surveying as part of the project. Of this area, 17,507 hectares were mapped and assessed. The value of the sites comes to more than EUR 61

million. The natural values provided by the sites are lower than expected – less than 5,000 hectares meet the METSO 1 criteria. Final site selection and the determination of newly protected areas was postponed until 2014.

The field survey of cultural heritage of forests, as laid down in the national forest programme, covered 620,000 hectares of the area covered by the forestry business. Approximately 2,000 sites were discovered, of which 25–30 per cent met the criteria set under the Antiquities Act. The remaining areas largely constituted other cultural heritage sites. The total area surveyed in the project so far accounts for 2.6 million hectares of land under the forestry business.

At the end of 2013, the number of permanent employees stood at 798, of which 317 were officials and 481 were loggers. The number of permanent staff decreased by 44, attributable to the high number of retiring employees and a rigorous recruitment policy. The number of newly recruited officials came to 20. Planning and implementation of changes in forestry business operating methods were successful. A number of factors, such as the good ratings received in the employee survey, bear testimony to this.

An extensive course involving supervision and change coaching was prepared for the officials, in order to secure the implementation of the new operating methods and continued profitability improvements.

LAATUMAA

Laatumaa's turnover fell by 25 per cent, to EUR 6.5 million, attributable to an external operator taking over the short-term cabin lettings. Operating profit increased year on year by EUR 3.4 million to EUR 18.8 million, explained by factors such as river power compensation, received following a decision made by the Supreme Administrative Court, which had a profit impact of EUR 8.2 million. Development of wind power projects again proved to be a successful business area.

FIN FORELIA OY

Turnover grew by 5 per cent, to EUR 9.1 million, as the company systematically continued to implement changes in its operating methods. Operating loss came to EUR 0.6 million, compared to the previous year's operating profit of EUR 0.1 million. This operating loss was attributable to write-downs of seedling inventories.

MH-KIVI OY/MORENIA OY

In 2013, Metsähallitus divested part of its soil business. The remaining assets and activities were combined into MH-Kivi Oy. The turnover of MH-Kivi Oy, EUR 16.1 million, is not comparable to the previous year's figures. Its operating loss was EUR 1.4 million, which is not a comparable figure either. This loss was attributable to structural changes in the operations affected by the divestment and to the ensuing entries. Metsähallitus has recorded a write-down of EUR 2.5 million in the value of the company's shares, based on the deterioration in the company's turnover and profit performance outlook following the partial divestment.

SIEMEN FORELIA OY

Turnover was EUR 2.2 million, representing an increase of 15 per cent over the previous year and attributable to successful sales of spruce seeds and to record-breaking foreign sales. Operating profit amounted to EUR 0.3 million, up from EUR 0.2 million in the previous year. The company has continued to implement stringent expense policies.

Implementation of Parliament decisions

The targets set out in the Budget for 2013 have been achieved as follows:

CHANGE IN BASIC CAPITAL

Metsähallitus' basic capital was decreased by EUR 1.6 million. EUR 0.9 million in internal, state-owned company transfers were made to the balance sheet for public administration duties and other equity. The business balance sheet was adjusted by EUR 1.1 million owing to the value adjustment of plots. Administrative transfers and government inheritances increased the value of basic capital by EUR 0.4 million. Following the change, basic capital totalled EUR 2,536.5 million.

KEY SERVICE TARGETS AND OTHER OPERATIONAL GOALS

In its business operations, Metsähallitus took account of general social obligations.

Metsähallitus' business operations posted a profit, while the subsidiaries Fin Forelia Oy and MH-Kivi Oy showed a loss. Divestment of unprofitable businesses has been continued and measures have been taken to adjust loss-making operations.

Metsähallitus provided EUR 0.2 million in financial assistance to the Finnish Forest Foundation.

MAXIMUM NUMBER OF INVESTMENTS AND INVESTMENT COMMITMENTS

Investments totalling EUR 11.8 million were made. The maximum investment level set by Parliament was EUR 20 million. A total of EUR 3.5 million went into investment commitments. The maximum investment level set by Parliament was EUR 25 million.

MAXIMUM AMOUNT FOR BUSINESS LOANS

Metsähallitus had no long-term loans in 2013. The maximum amount of loans set by Parliament was EUR 69 million.

GUARANTEES FOR SUBSIDIARY LOANS

Metsähallitus issued EUR 1 million in guarantees for subsidiary loans. The authorisation of guarantees granted by Parliament totalled EUR 20 million.

MAXIMUM AMOUNT FOR BUSINESS GUARANTEES

Metsähallitus provided EUR 0.4 million in collateral for its operations. The authorisation granted by Parliament was EUR 0.5 million.

Implementation of Ministry of Agriculture and Forestry decisions

Based on a mandate from the 2013 Budget, the Ministry of Agriculture and Forestry issued a decision on 24 January 2013 concerning Metsähallitus' targets for business operations.

Metsähallitus' 2013 profit target is EUR 110 million, equivalent to a 4.4 per cent return on investment. The preliminary target for government income was set at EUR 120 million. In 2013, Metsähallitus' profit was EUR 118.6 million and its return on investment was 4.8 per cent.

Metsähallitus' general social obligations decreased the calculated operating profit by an estimated EUR 55 million (2012: 54 million and 2011: 58 million).

In order to preserve biodiversity, promote the use of nature for recreational purposes and secure favourable conditions for the practice of reindeer husbandry and Sámi traditions, restrictions were placed on 544,000 (15.1 per cent) hectares of forested land with a yield requirement (2012: 552,000 ha and 15.2 per cent, 2011: 550,000 ha and 15.2 per cent).

- A total of 263,200 hectares of this was fully excluded from commercial use (7.3 per cent) (2012: 268,000 ha and 7.4 per cent, 2011: 260,300 ha and 7.2 per cent)
- A total of 281,100 hectares of this was in limited use (7.8 per cent) (2012: 284,000 ha and 7.8 per cent, 2011: 382,100 ha and 10.6 per cent)

These factors reduced Metsähallitus' calculated operating profit by EUR 49 million (2012: 48 million, 2011: 52 million). In addition, other factors related to the promotion of reindeer husbandry and Sámi culture, the promotion of employment, and an increase in planning costs decreased the operating profit by EUR 6 million (2012: 6 million, 2011: 6 million).

In 2012, Metsähallitus carried out extensive surveys of the diversity and recreational benefits of its general social obligations. In 2013, Metsähallitus will continue the development of methods based on these surveys, in order to clarify the related benefits as part of its development of planning mechanisms. During 2014, information on the beneficial impacts, and the assessment methods themselves, will be further defined.

The concept of ecosystem services was expanded upon and diversified as part of a Metsähallitus project. During the year, Metsähallitus continued to assess business initiatives based on a number of ecosystem services, for example in the fields of bio-economy, re-

Business operations annual report

newable energy and nature tourism. Such assessments concerned Metsähallitus' role as an operator at the beginning of the value chain and as a provider of business prerequisites. The operating model based on open innovation was strengthened to support the joint identification and development, in collaboration with stakeholder groups, of new business ideas. This operating model will be developed further in 2014.

Account was taken of the obligations set forth in the Reindeer Husbandry Act outside the Sámi native region, in accordance with a co-operative agreement between Metsähallitus and the Reindeer Herders' Association.

In the Sámi native region, Metsähallitus implemented the new Natural Resource Plan for Upper Lapland together with the reindeer herding cooperatives and the Sámi Parliament, promoted communications in Sámi and continued its field survey of cultural heritage sites. Metsähallitus also participated in the work of a national expert working group dealing with the traditional knowledge of native peoples under the Convention on Biological Diversity.

Metsähallitus promoted employment by making full use of sus-

tainable felling opportunities, while taking account of existing natural resource plans, general social obligations and the market situation. Contributions to forest management and road construction remained on the level required for good asset management. No forest management or wood procurement personnel were laid off during the period January–March, when work output is at its lowest levels.

In its procurement of land, Metsähallitus took the needs of the Defence Forces into consideration, procuring approximately EUR 3.1 million in land for their use in 2013; the target was EUR 3.4 million.

Metsähallitus implemented the METSO programme in accordance with the Government Programme and the Budget.

The field survey of cultural heritage sites found in forests was continued according to plan, under the cultural forest programme. In Metsähallitus' business operations, account was taken of the costs of road maintenance (excluding roads governed by the Natural Heritage Services), including road use by hunting and fishing permit customers.

Metsähallitus implemented the Government Resolution on sustainable and responsible use of mires and peatland.

Information on the number of fixed asset transfers, transfer prices, profits and losses in 2013, EUR 1000

Business	No.	Book value	Transfer price	Profits	Losses
Exchanges	8	966	1 219	283	30
Sales - land and water areas	754	12.300	33 163	21 256	393
Sales - buildings	33	318	558	299	59
Sales to public administration	5	164	356	191	
Change in land use	64	880	880		
Other - land areas	35	27	27		
Total	899	14 656	36 204	22 030	482

Other annual report sections

KEY EVENTS DURING THE FINANCIAL PERIOD

- Preparation of Metsähallitus' operating model continued. The ministerial working group for administration and development (HALKE) approved an entry according to which state-owned land and water assets will remain under government ownership, the related business operations will be incorporated and government steering functions will comply with the current legislation.
- The cartel trial pending in Helsinki District Court is at the preparation stage. As part of the continued preparation and processing of the matter in Helsinki District Court during 2013, Metsähallitus issued its counter opinion to the court on 5 July 2013. The defendant was given until 28 February 2014 to respond. After this, the district court will move on to handling the matter in the pre-trial hearing and main hearing
- In 2013, Metsähallitus divested part of its soil business. MH Holding Oy merged with MH-Kivi Oy.
- Fin Forelia Oy redeemed 43 per cent of its own shares from the Finnish Forest Centre, following which Metsähallitus Group owns 100 per cent of the company.

KEY EVENTS FOLLOWING THE FINANCIAL PERIOD

- Director General Jyrki Kangas resigned on 28 February 2014
- Special attention has been paid to subsidiary profitability and the related measures have been initiated

ESTIMATE OF BUSINESS DEVELOPMENT IN THE CURRENT FINANCIAL PERIOD

Financial performance excluding non-recurring items is expected to remain at last year's level at a minimum. The river power compensation received in 2013 raised revenue to a record high.

RESPONSIBILITY

Metsähallitus draws up a separate Corporate Social Responsibility Report.

RISK MANAGEMENT AND KEY RISKS

The goal of Metsähallitus' risk management is to ensure the achievement of set targets, the fulfilment of legal obligations and operational continuity. Metsähallitus' risk management focuses on preventive measures, operational safety, limitation of hazards and capitalising on opportunities. Metsähallitus takes a moderate stance where risk-taking is concerned. The significance of risks is assessed as a combination of the probability and impact of any given incident. Risks are divided into strategic, operational and economic risks, and risk of damage. Risks are managed using a systematic risk management process. An estimate of the established targets and our own position form the basis of the risk management process. Risks are related to existing objectives and future possibilities.

The Metsähallitus Board annually approves the risk management policy and assesses the need to amend the policy. Each year, the Board of Directors receives a progress report on Metsähallitus' risks and their management. The audit committee assists the the Board of Directors in monitoring risk management. The director general has full responsibility for risk management. Risks are managed where they are created. Managers of profit units and subsidiaries are in charge of risk management within their unit/company. The chief financial officer is in charge of the risk management process and control of risk management. The head of risk management at Metsähallitus is in charge of the coordination, development, guidance and reporting models associated with risk management, as well as supporting risk management within the organisation. In addition, all Metsähallitus employees bear responsibility for taking account of risks in their own work. As part of their daily activities, the profit units and subsidiaries continuously monitor the development of known risks, identify new risks and take account of changes in the operating environment.

Within Metsähallitus' activities, key risks include general economic developments; the development of wood prices and wood sales; the funding of Natural Heritage Services; the effectiveness of developing new products and services based on ecosystem services and natural resources; the implementation of synergy; and maintaining a good reputation. Furthermore, significant risks affecting the foundation

of strategies include the effectiveness of Metsähallitus' operating model and the maintenance of the quality and quantity of land areas in forestry use on the level defined by the targets. General appreciation of Metsähallitus' activities has an impact on the operating conditions for recreational activities, conservation and forestry. Operational activities could be affected by risks residing in issues such as uncertainty about natural conditions, the operation of information systems and the implementation of any changes possibly required by a future operating model.

In 2013, Metsähallitus continued to improve the quality of risk management across the organisation. Risk management was largely successful, despite the identification of clear development targets. The implementation of organisational changes will require more active management in the future. The significance of risk management has been given greater prominence and Metsähallitus will make efforts to develop this issue.

CORPORATE GOVERNANCE

State-owned enterprises observe the principles of corporate governance.

Metsähallitus has published its Corporate Governance Statement on its internal website. The statement outlines Metsähallitus' general administrative principles, the regulation of business operations (under parliamentary, governmental and ministerial authority), regulation of public administrative duties (under parliamentary, governmental and ministerial authority), the Board of Directors, the director general, the Management Group, incentive and bonus systems, internal supervision, auditing, the publication of information, and information related to corporate governance.

The Corporate Governance Statement supplements the Board of Directors' decision on Metsähallitus' organisational structure, which addresses matters such as ownership steering, board duties, management duties and authority, recruitment and the termination of employment relationships.

See Metsähallitus' website for a complete description of corporate governance.

PERSONNEL

Matters concerning employees are included in the corporate social responsibility report.

SCOPE OF RESEARCH AND DEVELOPMENT

EUR 2.7 million was spent on research and development, accounting for 1.1 per cent of all operating expenses (2012: 3.0 million and 1.2 per cent, 2011: 3.7 million and 1.5 per cent). Key development projects included the building of new geographic information systems and the related development of the forestry planning process (Silvia, planning information system), the launch of the renewal of the forestry enterprise management system (Ohjas) and the implementation of the shared guidance and planning system for the forest sector (WoodForce). These systems will be used to reform plan-

Business operations annual report

ning and implementation systems and processes within forestry, in order to meet future requirements.

SALARIES, BONUSES AND OTHER COMPENSATION PAID TO THE BOARD OF DIRECTORS AND DIRECTOR GENERAL

Salaries, bonuses and other compensation paid to the Board of Directors and the CEO amounted to EUR 478,000 (2012: 527,000, 2011: 366,000). Salaries, bonuses and other compensation paid to other employees amounted to EUR 38.5 million (2012: 39 million, 2011: 41.6 million).

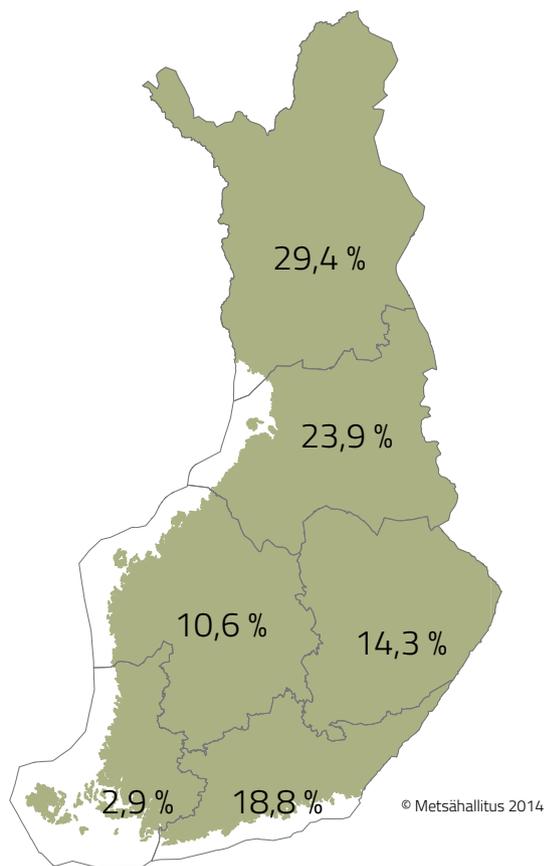
All Metsähallitus employees have been included in the profit sharing system since the beginning of 2008.

BOARD PROPOSAL CONCERNING PROFIT MEASURES

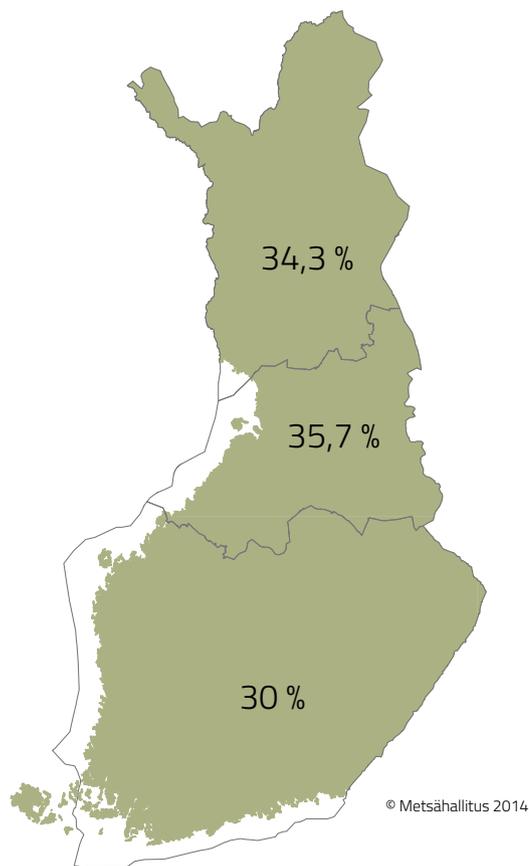
Metsähallitus' business profit totalled EUR 116,067,768.91.

The board proposes that EUR 120,000,000 in dividends be paid to the Government in four increments in 2014.

Salaries



External services



The salaries paid and the external services mainly cover Eastern and Northern Finland.

Members of the Metsähallitus' Board

April 1, 2011 – March 31, 2014



Arto Tiitinen
Chairman



Ville Schildt
Wice Chairman



Aino Jalonen



Irene Rantala



Janne Seurujärvi



Tuija Soanjärvi



Helena Walldén

PROFIT AND LOSS ACCOUNT | Business operations and Business operations Group

PROFIT AND LOSS ACCOUNT (EUR)	Business operations group		Business	
	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
TURNOVER	369 961 354.41	377 902 628.28	346 745 488.39	345 596 671.90
Variation in inventories of finished products and change to work in progress	-702 206.42	963 983.97	0.00	0.00
Other operating income	40 949 755.70	27 876 406.25	36 544 767.37	27 554 005.85
Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	7 477 185.76	7 724 371.72	7 733 775.39	6 595 045.82
Variation in inventories	933 859.38	-362 015.66	197 441.65	275 483.00
External services	180 869 936.50	182 181 858.07	165 853 831.53	162 835 469.68
Staff expenses				
Wages and salaries	44 034 138.11	45 573 324.99	39 118 660.42	39 768 340.38
Social security expenses				
Pension expenses	8 200 694.95	8 178 883.41	7 311 567.23	7 128 112.78
Other social security expenses	1 929 488.62	2 424 580.04	1 690 821.45	2 134 500.46
Depreciation, amortisation and impairment				
Depreciation according to plan	4 116 605.11	3 652 470.52	2 852 094.28	2 005 623.22
Reductions in value of non-current assets	487 497.00	0.00	0.00	0.00
Other operating costs	35 288 569.92	32 946 827.68	31 609 903.85	29 872 719.93
Share of associated undertakings' profit/loss	113 219.00	99 554.81	0.00	0.00
OPERATING PROFIT	126 984 147.34	124 522 272.54	126 922 159.96	122 535 382.48
Financial income and expenses				
Income from other investments under non-current assets	77 460.48	92 350.02	289 626.87	1 066 269.31
Other interest and financial income	267 585.54	264 187.86	215 029.10	227 804.82
Interest and other financial expenses	219 507.14	427 692.56	120 099.42	298 665.37
Reductions in value of investments held as non-current assets	0.00	999 950.00	2 500 000.00	999 950.00
	125 538.88	-1 071 104.68	-2 115 443.45	-4 541.24
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	127 109 686.22	123 451 167.86	124 806 716.51	122 530 841.24
Income taxes	8 737 518.19	8 338 844.35	8 738 947.60	8 336 246.63
Minority share	0.00	-36 087.93	0.00	0.00
PROFIT OF THE FINANCIAL YEAR	118 372 168.03	115 076 235.58	116 067 768.91	114 194 594.61

Business operations and Business operations Group | BALANCE SHEET

BALANCE SHEET (EUR)	Business operations group		Business	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	185 891.95	337 915.64	175 238.09	47 864.47
Other capitalised long-term expenses	85 982.05	388 113.51	3 381.53	6 768.07
	271 874.00	726 029.15	178 619.62	54 632.54
Tangible assets				
Land and water areas	2 579 908 126.28	2 588 013 192.65	2 576 386 825.41	2 581 832 985.41
Roads	20 262 851.92	18 099 676.04	20 077 192.19	17 930 727.75
Buildings and structures	19 575 196.77	21 926 557.55	15 733 911.44	17 722 014.92
Machinery and equipment	2 302 064.42	2 107 516.95	26 695.44	25 296.90
Other tangible assets	510 907.79	451 748.36	10 599.04	10 599.04
Advance payments and work in progress	10 550 476.20	8 910 800.96	10 327 466.37	8 734 453.96
	2 633 109 623.38	2 639 509 492.51	2 622 562 689.89	2 626 256 077.98
Investments				
Shares in Group's subsidiaries	0.00	0.00	20 073 830.19	23 073 830.19
Holdings in associated undertakings	953 960.99	855 786.38	1 200 007.20	1 200 007.20
Other shares and holdings	1 540 973.33	1 584 857.96	1 945 532.86	1 945 532.86
Other receivables	22 300.00	22 300.00	0.00	0.00
	2 517 234.32	2 462 944.34	23 219 370.25	26 219 370.25
NON-CURRENT ASSETS, TOTAL	2 635 898 731.70	2 642 698 466.00	2 645 960 679.76	2 652 530 080.77
CURRENT ASSETS				
Inventories				
Finished products	27 268 614.51	28 532 710.82	12 140 663.37	12 338 105.02
Work in progress	1 120 574.00	1 492 543.49	0.00	0.00
	28 389 188.51	30 025 254.31	12 140 663.37	12 338 105.02
Receivables				
Non-current				
Other receivables	0.00	147 162.74	0.00	0.00
Current				
Accounts receivable	30 607 561.98	30 919 277.95	27 716 920.65	26 517 977.78
Receivables from public administration duties	1 181 780.45	1 272 959.94	1 158 535.76	1 256 023.98
Receivables from Group's subsidiaries	43 566.16	4 136.99	348 209.57	423 642.71
Receivables from associated undertakings	0.00	0.00	0.00	0.00
Other receivables	285 206.97	1 003 649.45	0.00	605 971.20
Prepayments and accrued income	198 117.93	249 975.70	8 536.16	18 039.47
	32 316 233.49	33 450 000.03	29 232 202.14	28 821 655.14
Securities	0.00	4 992 566.76	0.00	4 992 566.76
Cash in hand and at banks	27 228 575.38	20 395 469.74	27 221 824.43	20 335 679.16
CURRENT ASSETS, TOTAL	87 933 997.38	89 010 453.58	68 594 689.94	66 488 006.08
ASSETS, TOTAL	2 723 832 729.08	2 731 708 919.58	2 714 555 369.70	2 719 018 086.85

BALANCE SHEET | Business operations and Business operations Group

BALANCE SHEET (EUR)	Business operations group		Business	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
SHAREHOLDERS' EQUITY AND LIABILITIES				
EQUITY				
Basic equity	2 536 538 416.29	2 538 127 797.15	2 536 538 416.29	2 538 127 797.15
Retained earnings	13 896 925.69	18 820 690.11	16 390 644.83	22 196 050.22
Profit for the financial year	118 372 168.03	115 076 235.58	116 067 768.91	114 194 594.61
EQUITY IN TOTAL	2 668 807 510.01	2 672 024 722.84	2 668 996 830.03	2 674 518 441.98
MINORITY SHARE	0.00	5 183 483.27	0.00	0.00
PROVISIONS				
Other provisions	1 475 812.78	1 917 158.31	0.00	1 300 000.00
LIABILITIES				
Non-current				
Loans from financial institutions	5 882 264.85	5 707 182.14	0.00	0.00
Other liabilities (incl. interest-bearing)	314 450.60	424 697.81	17 350.00	22 738.21
Current				
Loans from financial institutions	5 118 355.82	5 655 088.30	4 998 355.82	4 995 088.30
Advances received	588 442.82	1 163 861.31	575 087.82	1 119 083.17
Accounts payable	10 813 260.99	10 966 806.41	10 199 155.27	9 575 342.88
Payables to public administration duties	160 551.26	213 303.13	158 462.33	209 271.50
Debts to Group's subsidiaries	0.00	4 420.62	1 889 359.59	1 490 653.10
Other liabilities (incl. interest-bearing)	15 305 474.86	14 073 281.27	14 471 993.62	12 600 481.47
Accruals and deferred income	15 353 883.76	14 360 463.43	13 248 775.22	13 186 986.24
Deferred tax liabilities	12 721.33	14 450.74	0.00	0.00
LIABILITIES, TOTAL	53 549 406.29	52 583 555.16	45 558 539.67	43 199 644.87
EQUITY AND LIABILITIES, TOTAL	2 723 832 729.08	2 731 708 919.58	2 714 555 369.70	2 719 018 086.85

Business operations and Business operations Group | CASH FLOW STATEMENT

CASH FLOW STATEMENT (EUR)	Business operations group		Business	
	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
CASH FLOW FROM BUSINESS OPERATIONS				
Payments from sales	369 985 037.60	379 567 177.80	345 184 974.94	347 512 140.44
Payments from other operating income	14 502 044.94	3 431 013.10	14 396 635.98	3 401 009.52
Payments from operating charges	-273 037 957.85	-275 623 915.48	-250 581 969.24	-242 960 375.20
Cash flow from business operations, before financial items and taxes	111 449 124.69	107 374 275.42	108 999 641.68	107 952 774.76
Interest and other financial expense	-219 507.14	-427 692.56	-120 099.42	-298 665.37
Interest income from business operations	267 585.54	264 187.86	215 029.10	227 804.82
Dividends received	77 460.48	92 350.02	117 626.87	866 269.31
Direct taxes	-9 143 259.87	-7 159 266.05	-9 108 074.40	-7 156 668.33
Cash flows from operating activities	102 431 403.70	100 143 854.69	100 104 123.83	101 591 515.19
INVESTMENTS				
Investments in tangible and intangible assets	-12 804 719.60	-13 454 060.10	-11 756 145.29	-12 358 454.71
Sale of tangible and intangible assets	37 431 071.16	33 851 897.50	32 443 612.34	33 511 632.16
Sale of other investments	0.00	745 250.99	500 000.00	1 368 690.70
Purchase of other investments held as non-current assets	0.00	-7 520.00	0.00	-477 520.00
Purchase of subsidiaries' shares	-3 616 492.64	0.00	0.00	0.00
Cash flows from investing activities	21 009 858.92	21 135 568.39	21 187 467.05	22 044 348.15
FINANCING				
Change in non-current loans from financial institutions	175 082.71	3 062 453.16	0.00	0.00
Change in other non-current, interest-bearing loans	-104 859.00	-90 130.02	0.00	0.00
Change in other non-current, non-interest-bearing loans	-5 388.21	-11 663.19	-5 388.21	-11 663.19
Change in current loans from financial institutions	-1 646 209.24	-1 166 699.24	0.00	0.00
Change in other current, interest-bearing loans	0.00	4 995 088.30	3 267.52	4 995 088.30
Change in Group loans to subsidiaries	0.00	0.00	604 108.32	-538 118.03
Other current, non-interest-bearing loans	0.00	0.00	0.00	200 000.00
Return of capital to minority shareholders	-19 350.00	-64 500.00	0.00	0.00
Contribution to State revenue	-120 000 000.00	-110 000 000.00	-120 000 000.00	-110 000 000.00
Cash flows from financing activities	-121 600 723.74	-103 275 450.99	-119 398 012.37	-105 354 692.92
CHANGE IN LIQUID FUNDS				
Liquid funds on 1 Jan	25 388 036.50	7 384 064.41	25 328 245.92	7 047 075.50
Liquid funds on 31 Dec	27 228 575.38	25 388 036.50	27 221 824.43	25 328 245.92
Change	1 840 538.88	18 003 972.09	1 893 578.51	18 281 170.42

NOTES TO PROFIT AND LOSS ACCOUNT

Business operations and Business operations Group

	Business operations group		Business	
	2013	2012	2013	2012
Turnover by business unit				
Forestry and related services	335 515 445.87	332 558 867.92	335 789 787.06	332 886 078.59
Nature tourism	0.00	4 905 159.36	0.00	3 130 027.19
Seed and seedling production	8 206 096.48	8 243 644.14	0.00	0.00
Land and plot sales	6 414 153.16	5 311 776.70	6 414 153.16	5 313 243.92
Sale of soil resources, rock-crushing business	15 488 444.73	22 898 964.12	0.00	0.00
Other	4 337 214.17	3 984 216.04	4 541 548.17	4 267 322.20
Total	369 961 354.41	377 902 628.28	346 745 488.39	345 596 671.90
of which turnover for public administration duties and its subsidiaries	5 731 728.6 42 231.0	5 470 994.2 49 717.0	5 634 966.02 42 231.00	5 260 102.29 49 717.00
Other operating income				
Gains on the sale of fixed assets	23 590 462.91	23 830 393.15	22 148 122.39	23 537 996.33
Income from services to public administration duties	3 310 640.53	2 943 038.44	3 310 640.53	2 943 038.44
Income from services to subsidiaries	45 114.01	14 009.92	279 555.69	313 336.92
Other income	14 003 538.25	1 088 964.74	10 806 448.76	759 634.16
Total	40 949 755.70	27 876 406.25	36 544 767.37	27 554 005.85
Depreciation according to plan				
Intangible assets	230 538.61	233 352.70	42 184.17	34 686.75
Depreciation for decrease of substance	340 394.91	270 773.71	167 760.74	112 008.97
Roads	856 521.94	711 008.16	811 563.73	667 481.64
Buildings and structures	2 271 706.79	1 619 323.30	1 816 504.18	1 180 309.29
Machinery and equipment, other tangible assets	417 442.86	467 636.48	14 081.46	11 393.16
Group goodwill	0.00	350 376.18	0.00	0.00
Total	4 116 605.11	3 652 470.53	2 852 094.28	2 005 879.81
Impairment of non-current assets				
Impairment of gravel areas	487 497.00	0.00	0.00	0.00

Depreciation according to plan, depreciation periods:

Intangible rights, other long-term expenditures	4–5 years
Gravel areas	depreciation for decrease of substance
Roads	primarily 25 years
Fish structures	primarily 10 years
Log floating structures	25 years
Buildings	20–40 years
Structures and facilities	4–10 years
Machinery and equipment	4–8 years
Other tangible assets: asphaltting, planting beds	15–20 years

Depreciation according to plan has been calculated by fixed asset

Other interest and financial income				
Dividend income from external sources	77 460.48	92 350.02	76 932.48	92 132.02
Dividend income from subsidiaries	0.00	0.00	197 650.00	961 500.00
Dividend income from associated undertakings	0.00	0.00	15 044.39	12 637.29
Interest income	267 585.54	264 187.86	215 029.10	227 804.82
Total	345 046.02	356 537.88	504 655.97	1 294 074.13
Interest and other financial expenses (EUR)				
Interest expenses	219 507.14	427 692.56	119 189.53	294 469.64
Interest expenses to subsidiaries	0.00	0.00	909.89	4 195.73
Reduction in value of associated undertakings' shares	0.00	999 950.00	0.00	999 950.00
Reduction in value of subsidiaries' shares	0.00	0.00	2 500 000.00	0.00
Total	219 507.14	1 427 642.56	2 620 099.42	1 298 615.37

NON-CURRENT ASSETS (MILL. EUR)

Business operation Group	Intangible assets	Group Goodwill	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangibles	In progress projects	Shares and holdings other receivables	Total
Acquisition cost on 1 Jan	4.8	2.4	2 592.3	81.3	51.2	19.6	8.9	3.5	2 763.9
Reduction in value on 1 Jan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	-1.0
Increases	0.3	0.0	9.1	3.0	2.8	0.8	2.4	0.1	18.6
Decreases	0.9	0.0	16.3	0.0	3.7	0.3	0.8	0.1	22.2
Reduction in value	0.0	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	-0.5
Acquisition cost on 31 Dec	4.1	2.4	2 584.5	84.3	50.3	20.1	10.6	2.5	2 758.8
Accumulated depreciation and impairment losses on 1 Jan	4.0	2.4	4.3	63.2	29.2	17.0	0.0	0.0	120.2
Accumulated depreciation relating to decreases and transfers	-0.4	0.0	0.0	0.0	-0.8	-0.2	0.0	0.0	-1.4
Depreciation during the financial year	0.2	0.0	0.3	0.9	2.3	0.5	0.0	0.0	4.1
Accumulated depreciation on 31 Dec	3.9	2.4	4.6	64.1	30.7	17.3	0.0	0.0	122.9
Book value on 1 Jan	0.7	0.0	2 588.0	18.1	21.9	2.6	8.9	2.5	2 642.7
Book value on 31 Dec	0.3	0.0	2 579.9	20.3	19.6	2.8	10.6	2.5	2 635.9
Production machinery and equipment						2.3			
Book value on 31 Dec						2.3			

Business	Intangible assets	Group Goodwill	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangibles	In progress projects	Shares and holdings other receivables	Total
Acquisition cost on 1 Jan	2.8	0.0	2 583.4	81.0	41.8	9.7	8.7	42.3	2 769.7
Reduction in value on 1 Jan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.0	-16.0
Increases	0.2	0.0	9.1	3.0	2.8	0.0	1.6	0.0	16.6
Decreases	0.0	0.0	14.3	0.0	3.7	0.0	0.0	0.5	18.6
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.5	-2.5
Acquisition cost on 31 Dec	3.0	0.0	2 578.1	83.9	40.8	9.7	10.3	23.2	2 749.2
Accumulated depreciation on 1 Jan	2.8	0.0	1.6	63.1	24.1	9.7	0.0	0.0	101.2
Accumulated depreciation relating to decreases and transfers				0.0	-0.8				-0.8
Depreciation during the financial year	0.0	0.0	0.2	0.8	1.8	0.0	0.0	0.0	2.9
Accumulated depreciation on 31 Dec.	2.8	0.0	1.7	63.9	25.1	9.7	0.0	0.0	103.2
Book value on 1 Jan	0.1	0.0	2 581.8	17.9	17.7	0.0	8.7	26.2	2 652.5
Book value on 31 Dec	0.2	0.0	2 576.4	20.1	15.7	0.0	10.3	23.2	2 646.0
Production machinery and equipment, book value on 31 Dec						0.0			

Business operations and Business operations Group | NOTES TO BALANCE SHEET

	Business operations group		Business	
	2013	2012	2013	2012
Retained earnings on 1 Jan	133 896 925.69	128 820 690.11	136 390 644.83	132 196 050.22
Contribution to State revenue	-120 000 000.00	-110 000 000.00	-120 000 000.00	-110 000 000.00
Retirement of own shares	0.00	0.00	0.00	0.00
Profit for the financial year	118 372 168.03	115 076 235.58	116 067 768.91	114 194 594.61
Results for the previous financial year and current financial year on 31 Dec	132 269 093.72	133 896 925.69	132 458 413.74	136 390 644.83
Equity in total on 31 Dec	2 668 807 510.01	2 672 024 722.84	2 668 996 830.03	2 674 518 441.98
Provisions (EUR)				
Restoration of landscaping	626 524.00	462 869.53	0.00	0.00
Other provisions	786 483.78	1 454 288.78	0.00	1 300 000.00
Total	1 413 007.78	1 917 158.31	0.00	1 300 000.00
Total of long-term loans due in a period exceeding 5 years (EUR)				
Account limit, Danske Bank	5 642 264.85	3 737 182.14		
Long-term loan, Danske Bank	0.00	560 000.00		
Long-term loan, Handelsbanken	0.00	1 050 000.00		
Total	5 642 264.85	5 347 182.14		
Amount of debt not paid to the State (EUR)				
Debt to the State, withholding tax liabilities social security contribution liabilities, VaEL, TyEL	1 627 735.42	1 758 234.52	1 469 387.63	1 620 987.31
Payables to public administration duties (EUR)				
Accounts payable	61 477.04	114 185.84	59 388.11	114 090.21
Accruals and deferred income	99 074.22	99 117.29	99 074.22	95 181.29
Total	160 551.26	213 303.13	158 462.33	209 271.50
Payables to subsidiaries (EUR)				
Accounts payable	0.00	4 420.62	264 339.99	244 776.62
Other liabilities	0.00	0.00	0.00	200 000.00
Accruals and deferred income	0.00	0.00	6 110.93	31 076.13
Consolidated liabilities	0.00	0.00	1 618 908.67	1 014 800.35
Total	0.00	4 420.62	1 889 359.59	1 490 653.10
Other external liabilities (EUR)				
VAT liabilities	11 879 434.18	12 074 711.85	11 573 063.25	11 916 471.35
Withholding taxes and social security contributions and other debts related to statutory personnel expenses (payment of salaries)	802 226.82	910 938.84	748 738.73	817 853.68
Equity reviews	2 090 387.53	-170 847.12	2 090 387.53	-170 847.12
Other	533 426.33	1 258 477.70	59 804.11	37 003.56
Total	15 305 474.86	14 073 281.27	14 471 993.62	12 600 481.47
External accruals (EUR)				
Differentiated statutory personnel expenses	825 508.60	847 295.68	720 648.90	803 133.63
Holiday pay liabilities, including social security expenses	9 768 828.92	10 170 983.18	9 553 656.23	9 730 979.44
Tax averaging	430 664.44	799 791.24	430 664.44	799 791.24
Other	4 328 881.80	2 542 393.33	2 543 805.65	1 853 081.93
Total	15 353 883.76	14 360 463.43	13 248 775.22	13 186 986.24

OTHER NOTES | Business operations and Business operations Group

	Business operations group		Business	
	2013	2012	2013	2012
Contingent liabilities				
Leasing liabilities				
paid during the financial year	2.3	2.4	1.7	1.5
to be paid during the following year	2.6	3.2	2.6	2.6
to be paid at a later date	3.9	6.2	3.9	4.1
Business mortgages	0.9	0.9	0.0	0.0
Bank guarantee liabilities	4.3	4.5	0.4	0.3
Guarantee for subsidiary loan	0.0	0.0	1.0	0.0
Investment commitments	3.5	3.3	3.5	3.3

The leasing contracts for business operations include a redemption clause after the residual value reaches the agreed level.

The contracts can be terminated with a 3 month notice period.

The Group also has contracts without a redemption clause, mainly for five-year periods.

Calculated deferred tax assets and liabilities	Business operations group	
	2013	2012
Calculated deferred tax assets		
from postponed depreciations	0.6	0.7
from subsidiary losses	2.0	1.9
from provisions	0.4	0.2
Total	3.0	2.8

	Business operations group		Business	
	2013	2013	2013	2013
	Investments planned	Realised	Investments planned	Realised
Self-financed investments				
Land, water and gravel areas	6.9	4.7	5.4	4.6
Roads, plot processing works	5.5	5.3	5.4	5.2
Machinery and equipment, wind power projects	1.3	2.0	1.2	1.3
Buildings and structures	0.4	0.3	0.2	0.2
Other	1.6	0.5	1.2	0.3
Total	15.6	12.8	13.4	11.8



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