

An aerial photograph of a large lake with numerous small, forested islands. The water is a deep blue, and the sunlight creates a shimmering effect across its surface. Several boats are visible, including a speedboat in the lower right and several sailboats. The text 'METSÄHALLITUS YEAR 2014' is overlaid in white on the center of the image.

METSÄHALLITUS YEAR  
**2014**



METSÄHALLITUS



**Photography by:** Henrik Jansson, Tea Karvinen, Hanna Kelola-Mäkeläinen, Kontiotuote Oy, Petteri Lavinen, Kari Leo, Riikka Mansikkaviita, Kimmo Mustonen/Vastavalo, Hans-Erik Nyman, Jan-Eerik Paadar, Jukka-Pekka Ronkainen, Anni-Helena Ruotsala, Pipsa Salolampi, Jari Salonen, Auvo Sapattinen, Kaisa Sirén

**Layout by:** Avalon Oy

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# A successful YEAR OF CHANGE

Metsähallitus is a unique group of operations. We use and manage one third of Finland's land and water areas. We employ a couple of thousand people nationwide and pay more than a hundred million euros in dividends to the state every year. We produced every tenth cubic metre of timber used for industrial purposes. We nurture natural and cultural values in multiple-use forests and in western Europe's largest protected areas. We develop the use of state-owned land, so that it benefits the whole of society to the fullest possible extent, from serving the interests of trade and industry to enforcing the climate and energy strategy, and producing welfare services derived from nature.

## **ONE OF THE BIGGEST PAYERS OF DIVIDENDS TO THE STATE**

2014 was a profitable year for Metsähallitus. Regardless of the current economic recession and the many changes that characterised the year, profit was almost the same as last year. High standards have been maintained in relation to the various objectives set for us in terms of conservation, ecological management and service provision.

Metsähallitus Group's turnover decreased by EUR 14 million to 361 million and Group earnings by less than two million euros to EUR 114 million. The efficiency of Forestry operations and the related earnings improved. Laatumaa also recorded a good result. Parks & Wildlife Finland's financing increased by over three million euros year-on-year, but at the same time the unit has expanded to include many new areas and real-estate volume, with an increasing maintenance backlog. Changes in management added an element of excitement to 2014.

Forestry accounts for the majority of Group profits. On an annual basis, timber is cut across an area that accounts for approximately two per cent of the total forest area. The resulting output, six million cubic metres, accounts for around one tenth of the industrial demand for wood. It is calculated that general social obligations, such as securing biodiversity and the pre-conditions for recreational use, lowered Metsähallitus' profit by EUR 55 million.

Metsähallitus pays EUR 110 million in dividends to the State, in line with the Board's proposal. In addition, repayment of capital to the State totals EUR 15 million. This is a significant sum in the current difficult economic situation. For instance, the dividends paid by Metsähallitus would cover fifty per cent of the Border Guard's allocations, or 15 per cent of expenses for general education.

In fact, we pay some of the highest dividends among state-owned corporations and enterprises, having doubled the sum paid over a period of seven years. Our profit over the last ten-year period totals a billion euros.

## **MANAGING ALMOST TWO MILLION HECTARES OF PROTECTED AREAS**

We manage and develop the largest protected areas in western Europe. Two new national parks, Southern Konnevesi and Teijo, and over 13,000 hectares of commercial forest allocated to protected areas under METSO, the Forest Biodiversity Programme for Southern Finland, further increased the volume of valuable natural heritage.

We protect cultural heritage alongside habitats and species. Last year, we took over the maintenance of 29 historically significant cultural heritage sites from the National Board of Antiquities. The cultural heritage site survey on multiple-use forests will be completed this year. The majority of the more than 10,000 sites surveyed were previously unknown. Some findings have added detail to the general view of Finland's most ancient pre-historical period, particularly in Ostrobothnia and Lapland.

## **DEVELOPMENT IN THE BEST INTERESTS OF SOCIETY**

In actively developing our land use, we seek to enable state-owned land and water areas to be of the greatest possible benefit to Finnish society. At the end of 2014, we had 17,000 agreements in place regarding the use of state-owned land and water areas.

Some of the sites we own are ideal for the production of tourism services. In areas where land-use plans are in force, year-round business can be built to benefit local businesses and enhance regional vitality.

Our active involvement in wind power development promotes the fulfilment of the climate objectives set for Finland. We generate part of our profit by preparing projects for implementation by energy companies. For instance, the first wind farm on Metsähallitus land was completed last year in Joukhaisselkä in Sodankylä, Lapland. Its estimated annual production would suffice to meet the annual power consumption of 30,000 two-room flats. New sites are being constructed in northern Finland. Long-term efforts in developing emission-free power generation have paid off, and this work continues.

#### **WELLBEING FROM NATURE**

Nature – Finland’s largest physical exercise facility – is open year round. National parks, hiking destinations, multiple-use forests and water areas with services, road networks and hiking structures provide an ideal setting for fishing, hunting and hiking.

Our sites attracted 5.6 million visitors last year, and 120,000 fishing and hunting licences were sold. Visitors to national parks alone reported health benefits in exchange for a combined total of EUR 226 million and small game hunters covered more than a million kilometres on foot while hunting. A 20-minute stay in a natural environment has been proven to lower a person’s blood pressure.

People are also showing more interest in engaging in concrete efforts in the best interests of nature. Over 2,500 people, from home and abroad, participated in our voluntary activities, working on behalf of nature conservation, game management and the preservation of cultural heritage.

#### **WE SUCCEED TOGETHER**

For several successive years, Metsähallitus has made a record profit while successfully developing services important to everyone in Finland. We owe a big thank you to our motivated, expert personnel.

We have a strong reputation as a socially responsible organisation. Our stakeholders rated Metsähallitus the best organisation in corporate social responsibility out of a hundred listed companies.

Metsähallitus’ operations range from the sea areas in the south to the fells in the far north. Our public image is positive: under



two per cent of 4,000 articles about Metsähallitus in the printed media were negative.

The legal reform of Metsähallitus has been underway for more than half a decade. It is now time for the new Government to decide on Metsähallitus’ future role. State-owned land and water areas offer a great deal of untapped potential.

**Esa Härmälä**  
*Director General*



## METSÄHALLITUS

- Uses and manages 1/3 of Finland's land and water areas
- Pays the government ca. EUR 120 million every year
- Employs more than 1,700 people
- Director General Esa Härmälä (from 1 November 2014), Jyrki Kangas (until 28 February 2014), Jussi Kumpula (acting Managing Director 1 March - 31 October 2014)

## METSÄHALLITUS GROUP

**PARKS & WILDLIFE  
FINLAND**

### BUSINESS OPERATIONS

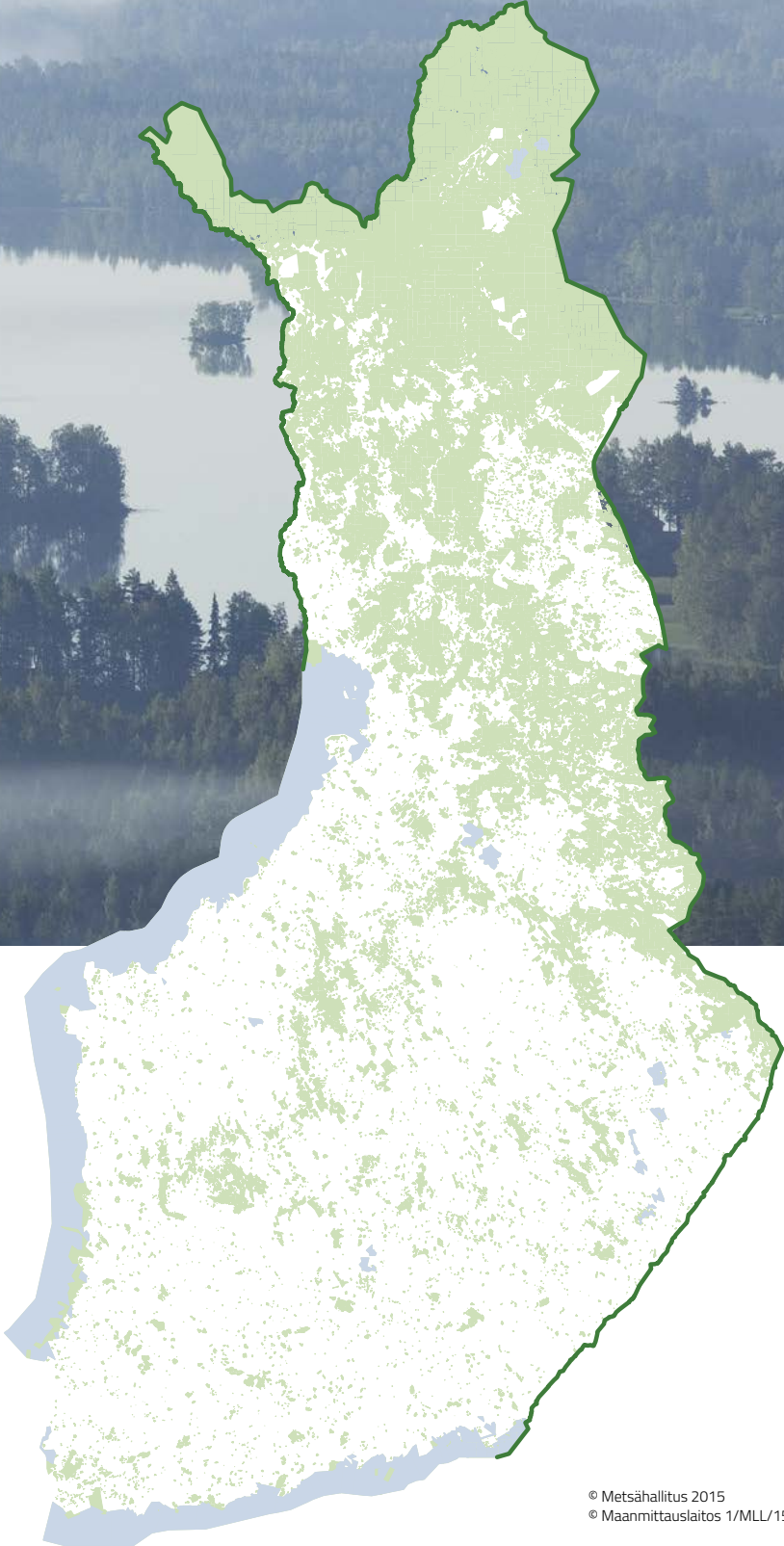
**Forestry  
Laatumaa**

**Group Services  
Service Centre**

### Subsidiaries

Fin Forelia Oy	100%
Siemen Forelia Oy	100%
MH-Kivi Oy	100%

# Metsähallitus land and water property



- State-owned land areas
- Public water areas

© Metsähallitus 2015  
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## Riches of nature for over 150 years

Metsähallitus applies an ecosystem and bio-economy based approach in seeking to promote the sustainable use of natural resources and nature conservation and to provide wellbeing for present and future generations. Reconciliation of ecological, financial, social and cultural sustainability lies at the core of Metsähallitus' duties.

In its operations, Metsähallitus complies with legislation and the international conventions ratified by Finland and in forestry it applies the forest certification standard of the Finnish PEFC system, while employing an environmental and quality control system based on the ISO 14001 standard.

Our shared environmental goals are confirmed annually. Based on these goals, we set out the environmental targets for the operating and financial plans followed by our business units and subsidiaries. As for subsidiaries, the board of each subsidiary

decides on implementation of the certified environmental system. Fin Forelia Oy was ISO 14001 certified in 2014. The environmental system's performance and efficiency is monitored through external and internal auditing.

Responsible for managing state-owned land and water areas, Metsähallitus respects its statutory social obligations which include diversity, recreational use and the provision of employment. In 2012, extensive nationwide surveys were carried out concerning Metsähallitus' fulfilment of its obligations and measuring the benefits achieved through them. The sets of indicators developed on the basis of the surveys were deployed in the planning of natural resources in Kainuu that began last year. Annual reporting has been used since the beginning of 2015.

In charge of the management and use of state-owned land and water areas since 1859, Metsähallitus has a strong reputation as a socially responsible organisation. Our stakeholders rated Metsähallitus the best organisation in corporate social responsibility out of a hundred listed companies.






***Forests are the foundation of life. They produce oxygen, clean water and capture carbon. Forests are a source of wood, game, mushrooms and berries. They provide a diverse habitat for thousands of species. For people, forests are important sources of recreation and creativity. These benefits are called ecosystem services, which are renewable as long as they are fostered and utilised in a sustainable manner.***


***Bioeconomy, the use and development of renewable materials sourced in nature, helps to lower dependency on fossil fuels, thus promoting a cleaner and safer living environment.***




# RICHES OF NATURE




**1.** Uses and manages 1/3 of Finland's land and water areas



**2.** We stay at work for more than a year longer than Finns on average





**3.** More than 16,000 surveyed cultural heritage sites




**4.** We pay the government ca. 120 million euros every year



**5.** One harvesting stand benefits local economy by EUR 100,000



**7.** We provide employment for over one thousand enterprises



**6.** The distance covered by hikers in national parks equals 850 times around the globe every year

8.

7,000 km of marked trails

9.

85% of forest road use involves recreation

10.

Multiple-use forests are growing by 11 million m<sup>3</sup> per year

12.

A 20 minute stay in a natural environment lowers blood pressure

20 min.

6

6 million m<sup>3</sup> of timber sold per year

50% €

13.

50% of wages are paid to northern Finland

14.

One euro invested in a hunting or fishing licence benefits the region by 10 euros

10

15.

Electricity produced by wind farms on state lands would suffice for Sipoo and Viitasaari for a year

# Ecological responsibility

## Planning based on information on natural resources

Natural resource planning integrates the various hopes and objectives related to the use of state-owned land and water areas to ensure that the limits of sustainable use are not exceeded.

Such planning is based on diverse information on natural resources. Alongside various research organisations, Metsähallitus' geographic information systems, surveys and mapping provide up-to-date information. A wide range of regional and local stakeholders contribute to such planning.

The planning process outlines the many possibilities related to state-owned land and water areas and examines the various beneficial impacts, including the development of forest resources, forest biodiversity and customer and stakeholder satisfaction. The action plan for the coming season has been drawn up so as to increase the overall benefits gained.

The commercial use and management of multiple-use forests is planned in line with Metsähallitus' Forest Management Guidelines and Environmental Guidelines for Practical Forest Management.

The use and management of protected areas is planned so as to reconcile the conservation of the areas' natural and cultural heritage values with the recreational use of nature and the business of various nature tourism enterprises, for example.



Leading scientists in the field and the WWF contributed to the preparation of Metsähallitus' Environmental Guidelines for Practical Forest Management (in Finnish).



Environmental Guidelines for Practical Forest Management now provide a more diverse range of methods for practical forest management (in Finnish).



The best practices in ecological management have been compiled to form the Principles of Protected Area Management (in Finnish).

# Protected areas form the core of the ecological network

Because nature conservation areas on state-owned land and water areas represent all habitats found in Finland, they are vital to preserving biodiversity in terms of the variety of species and landscape. They form the core of the ecological network, most of which is conserved as close to its pristine natural state as possible.

By influencing planning and other land use decisions, Metsähallitus strives to minimise ecological changes in neighbouring regions that may influence protected areas. The management of forests adjacent to protected areas is planned in co-operation with experts from Parks & Wildlife Finland and Forestry.

Managing approximately **1,7 million hectares of Nature Reserves established by law and approximately 1,5 MILLION HECTARES of Wilderness Areas**

- National Park
- Nature Reserve
- Wilderness Area
- National Hiking Area
- Public Water Areas
- World Heritage Site



## IN 2014:

Habitat types surveyed across 137,614 hectares

Two new national parks established (Southern Konnevesi 1 September 2014 and Teijo 1 January 2015) alongside 134 other protected areas

13,000 hectares of commercial forest allocated to protected areas



## Timber harvested on two per cent of the total forest area

State-owned multiple-use forests are certified under the PEFC system. 90% of these are located in eastern and northern Finland.

Thinning accounts for almost one half (46%) of the total cutting yield. During thinning, one third of the tree stand is harvested for further processing and the remaining trees are left to grow.

Regeneration felling accounts for slightly more than one half (54%) of all felling. In southern Finland, the regeneration age for forests is roughly 50–70 years, while in northern Finland it is 70–150 years. The average area regenerated in all of southern Finland is less than two hectares, and in northern Finland it is less

than four. Regenerated plots are defined in the terrain based on the topography, in order to follow the contours of the landscape.

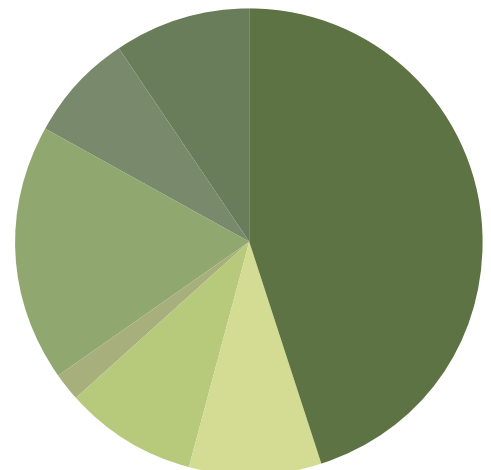
Special felling techniques are applied if the site involves biodiversity, recreational or landscape values that require the preservation of its forest cover and scenic views. These fellings account for almost 10% of all felling. In sites popular for recreation purposes, felling takes place off-season.

In the Upper Lapland area, felling takes place on only around one third of the total area. Forestry seeks to accommodate the requirements of the sensitive environment, the Saami people and reindeer husbandry.

Metsähallitus manages 9,131,000 hectares of land and 3,415,000 hectares of water areas, totalling 12,546,000 hectares.

### Land and water areas administered by Metsähallitus 31.12.2014

- Forestland in managed forests **3,498,000** ha (38%)
- Poorly productive land in managed forests **723,000** ha (8%)
- Nonproductive land in managed forests **706,000** ha (8%)
- Statutory conservation area **1,514,000** ha (17%)
- Wilderness reserves **1,377,000** ha (15%)
- Areas reserved for conservation programmes **592,000** ha (6%)
- Other areas of special values **714,000** ha (8%)



*Timber of domestic origin is a sustainable solution: it is produced locally and its use increases employment opportunities. Wood is an ecological, renewable and healthy material. It acts as a carbon sink throughout its lifecycle.*

*Certification is based on operating methods agreed in national and international cooperation, and regular supervision by an independent outside party. Certification proves that the wood has been procured from sustainably managed forests.*



*In multiple-use forests,  
the volume of growing stock*  
**EXCEEDS 307 MILLION m<sup>3</sup>**

*Multiple-use forests are growing by*  
**11 MILLION m<sup>3</sup> PER YEAR**

**55% OF ANNUAL GROWTH**  
*was sold*

*Timber was harvested on*  
**2% OF THE TOTAL  
FOREST AREA**

## High-quality of environmental management standards maintained

Metsähallitus promotes the diversity of multiple-use forests through various measures. The ecologically most valuable habitats including old-growth forests, wooded heritage biotopes, fertile mires and the surroundings of small water bodies are excluded from commercial forestry, or managed with the utmost care while observing their special characteristics.

The aim is to secure the preservation of species and possibilities for their movement into forestry sites, by creating ecological corridors that link similar habitats and enable the movement and spread of species.

Retention trees are important for many species dependent on decaying wood. The criteria Metsähallitus employs for retention trees are broader than those of forest certification. The number of retention trees on state-owned land is therefore almost 50 per cent higher than the required 5 to 10 trees per hectare.

Annual monitoring is performed to verify the high quality of environmental management on productive forest land sites. The special characteristics of valuable habitats retained in 98.9% of work sites on regenerated land.

*More than*  
**16 RETENTION  
TREES**  
*remain per hectare*

**RETENTION TREES**  
*benefit 40 or so threatened  
beetle species*



Environmental monitoring  
of Forestry 2014, summary  
(in Finnish)



## New tree generation always secured

A new generation of trees is always secured after regeneration felling. Almost one fifth of sites are regenerated naturally, which means that the new generation of trees grows from seeds from trees left standing on site. In other places, forests are regenerated by sowing or planting. The seeds and seedlings are always of domestic origin and the most mild invasive site preparation methods possible are used.

The soil of nutrient-poor habitats is left untreated and buffer zones remain along water bodies, to prevent any leaching of nutrients from regeneration areas.

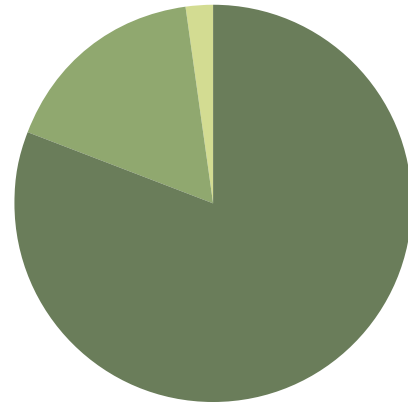
**18% OF  
FORESTS ARE  
NATURALLY  
REGENERATED**

**82% OF  
FORESTS ARE  
REGENERATED BY  
SOWING OR PLANTING**





### Timber transport volumes:



- Road transport **81%**
- Rail transport **17%**
- Log floating and vessel transport **2%**

## Efficient transports reduce emissions

Metsähallitus' contractors manage the felling of trees and transport of timber. Route planning and the use of log floating and railway transport services help to reduce the share of road transports.

High-capacity logging trucks are an efficient method of reducing emissions in road transport, because the payload of a large 76-tonne truck is approximately one third higher but fuel consumption around 10% lower per transported ton. The higher mass does not wear the road surface, as the weight of the vehicle is distributed evenly and tyre pressure is adjusted to suit the load and road surface. Since the towing vehicle carries a larger proportion of the load, the entire truck is more stable and safer in traffic.

At present, large 68-70 tonne trucks account for one fifth of contractors' transport fleets, but it is estimated that this share will rise to 100% in the next few years.

*Large trucks' fuel consumption is*

**10%  
LOWER**

**85%**

*of forest road*

**USE INVOLVES  
RECREATION**



## Success stories in protecting the hydrological regime of mires

Finland's mires are unique and highly diverse and the country has international responsibility for maintaining the diversity of peatlands and mires in the northern boreal zone.

On state-owned land, no further mire drainage for forestry purposes has taken place since 1994, but drainage carried out before then resulted in the establishment of large forests on peatlands.

The ditches of mires that are too nutrient-poor for timber production are not restored and all mire types classified as threatened are excluded from the maintenance of ditch networks and other management measures.

Drained areas in which the growth of the tree stock has clearly improved are restored at 20–30-year intervals, in order to prevent a rise in water levels that would impair the growth and condition of trees.

## Targeted fertilisation

Thoroughly planned fertilisation that improves the growth and health of trees is the most productive investment in forestry. Fertilisation to improve the health of trees is based on needle analyses and is usually carried out on peatlands. Artificial fertilisers, developed for forest fertilisation purposes, and wood ash are used.

Water protection plans are drawn up for all restoration drainage sites in multiple-use forests. Audit results prove that water protection has been successful but the selection of targets and use of submerged dams requires more specific attention.

Restoration is the established mire management method in protected areas in Finland. Metsähallitus leads the way in applying this method, with 25 years' experience of collaboration with other expert bodies. The extensive EU LIFE funded Boreal Peatland LIFE Project restored 4,700 hectares of peatland in Nature Reserves on state-owned land in 2010–2014. The impacts of restoration on the quantity and quality of water in the peatlands, vegetation, birdlife, butterflies and dragonflies was closely monitored. The results prove that the restoration of peatland to its natural state has been successful.



**Environmental monitoring of Forestry 2014, summary (in Finnish)**



**Boreal Peatland LIFE 2010-2014**

Fertilisation to enhance growth is carried out on sites where it yields distinct economic benefits. At all times, the fertiliser that best suits the site in question is selected and sufficient buffer zones are ensured for waterways and groundwater reserves.



## Active management of habitats helps threatened species

Heritage biotopes are highly threatened because only a fraction of old natural meadows and pastures remain. The disappearance of grassland pastures and cut grasslands has resulted in a drastic decline in species dependent on heritage biotopes. Approximately one fourth of Finland's threatened species are dependent on heritage biotopes. The management of various old agricultural environments, including meadows and grasslands on former slash-and-burn areas, is the key measure for preserving species. Keeping the sites open through grass cutting and grazing makes the habitat more favourable.

More than 36% of threatened species are found primarily in forests, and almost one half of them primarily in herb-rich forests, which account for 1% of forest land area in southern Finland, and 0,2% in northern Finland. Herb-rich forests on state-owned lands are scarce and more than 90% of them are protected or otherwise excluded from commercial use. Approximately one third of threatened species are found in old-growth forests and more than one tenth in esker forests. Old-growth forests on state-owned lands are either in protected areas or excluded from forestry use as ecologically valuable habitats.

In multiple-use forests, forest species' habitats are managed by increasing the amount of burned land or wood, vital to a number of species, through prescribed burning and the burning of retention tree groups, while management of sun-exposed esker

**EVERY YEAR**  
**AROUND 4,000 HECTARES**  
*of heritage landscapes are managed*

**AROUND**  
**1,500–2,000 HECTARES**  
*of forests and peatlands are restored*

habitats and herb-rich forests ensure the light conditions of the habitat and the predomination of deciduous trees.

Restoration measures can accelerate the recovery of habitats to their natural state in parts of protected areas that were formerly in commercial use. The sooner an area begins to regain its natural features, the better it will be able to provide habitats even for highly demanding species.

Trees removed during restoration or ecological management measures are either left to decay on site, or used as firewood or for construction purposes in the protected area. The revenue from selling any extra timber is allocated to the management of protected areas.

## Descriptions of habitat management measures (in Finnish) are included in the



**Environmental guideline**



**Guideline for forest restoration and ecological management**



**Restoration guide for drained peatlands**



*Further information on the nature conservation targets set by the Ministry of the Environment for Metsähallitus Parks & Wildlife Finland, and their implementation, is available in the publication Annual Report and Financial Statement of Metsähallitus public administrative duties (in Finnish)*



## Management and supervision ensure sustainable hunting and fishing

Metsähallitus monitors game populations and manages hunting grounds in order to ensure sustainable hunting, for instance by favouring small-scale felling to maintain forest cover. Ecologically sustainable licence quotas are annually defined for each area.

Natural fish and crayfish populations in state-owned water areas are strengthened through means such as restoring habitats and regulating closed seasons for fishing. The aim is to provide better breeding preconditions for fish species and populations in fishing waters, and to ensure fishing opportunities.

Proceeds from the sale of licences are allocated to customer service and its development, and the management of game grounds and fishing waters. Game and Fisheries Wardens supervise compliance with good hunting and fishing practices.



Hunting and fishing supervision report 2014 (in Finnish)

**50,000**

*hunting licences sold*

**70,000**

*fishing licences sold*

**3,642 HECTARES**

*of restored game habitats*



## Services created with consideration for nature

Metsähallitus hiking destinations provide extensive services free of charge, from nature trails and signage to rest stop and huts. Service structures are always designed to suit the environment and are located in protected areas on sites that cause the least possible harm to natural values.

Service structures are created to have a long and advantageous life-cycle. Solutions that favour renewable energy are favoured and old buildings are restored and used, retaining their cultural values.

In protected areas, services are organised to place as little strain on the environment as possible. However, stocking of firewood supplies and waste management require movement in the area. Sorting of waste in the wild prevents the generation of mixed waste. Visitors are encouraged to uphold the principles of litter-free hiking: litter should be carried away from the wilderness.

## Cooperation to enhance ecological sustainability

Metsähallitus engages in various forms of cooperation at home and abroad, promoting sustainable nature tourism together with tourism service providers operating on state-owned lands, and working actively both in the international PEFC forest certification project and Eustafor, the umbrella organisation of European State Forest organisations. Metsähallitus is one of Eustafor's founding organisations.

As part of Finland's environment administration, Metsähallitus is a member of the EUROPARC Federation (the network for Europe's natural and cultural heritage), is represented on various expert commissions of the IUCN (the International Union for Conservation of Nature) and collaborates in nature conservation activities with neighbouring areas in Sweden, Norway, Russia and the Baltic countries.



Find out more about  
Metsähallitus principles for  
sustainable nature tourism



## Promoting the use of sustainable energy

Metsähallitus aims to increase renewable energy production in state-owned areas, in order to promote the achievement of climate objectives in line with the Climate and Energy Strategy, adopted by the Finnish Government on 6 November 2008.

Forest residue and tree stumps generated in felling are used as sources of renewable energy wood whenever economically feasible.

Metsähallitus is actively involved in the development of wind power projects by identifying suitable locations, reserving the areas in question and leasing them to wind power operations through a competitive tendering procedure. Metsähallitus does not acquire shares in wind power production companies.

*Energy wood harvested from state-owned forests*

**550 GWh**

*would heat around*

**4%**

*of Finland's detached houses throughout a sub-zero winter.*

*The nine wind power mills at Joukhaisselkä in Sodankylä, Lapland, produce approximately*  
**550 GWh OF POWER PER YEAR.**

*That would suffice to supply*

**30,000**

*two-room flats with electricity for a year.*



# Cultural responsibility

## Part of Finnish society

In 150 years, Metsähallitus has developed into a diverse expert body in the forest and natural resources sector, with operations closely tied to society and the changes it is undergoing.

Metsähallitus' long history is told through exhibits at the Finnish Forest Museum Lusto, based on collections comprising some 600 objects, 50,000 photographs, almost 200 interviews and some archive material and small-scale printouts related to Metsähallitus.

Metsähallitus' social significance has been examined in various studies, the latest being the doctoral thesis of M.Soc.Sc. Antti Parpola on major change in the use of state-owned forests in 1939–1970 (2014).



## Preconditions for habitation secured

Metsähallitus cooperates in order to secure favourable preconditions for the Sámi language and traditional Sámi livelihoods. The objective of this is to facilitate reindeer husbandry, hunting, foraging of natural products and other traditional livelihoods in the Sámi Homeland. Principles for forestry and reindeer husbandry are agreed in negotiations between Metsähallitus, the Sámi Parliament and the Skolt Village Council.

In the Sámi Homeland, the local population has special rights to engage in traditional natural sources of livelihood, including reindeer husbandry, fishing and hunting, even in protected areas.

Metsähallitus works actively to keep the archipelago alive, managing five national parks in the islands, from the Bothnian Bay to the Gulf of Finland, plus several archipelago sites that were previously managed by the Finnish Transport Agency or the Defence Forces. Metsähallitus coordinates the development of the Kvarken Archipelago Nature Reserve, a world heritage site, and the preservation of natural values and cultural heritage in the area. The development of Örö island into a centre of nature tourism in the Archipelago National Park has begun, and preparations are underway for opening the islands of Vallisaari and Kuninkaansaari off the coast of Helsinki to the general public in 2016.

### THE SÁMI

*are the only recognised indigenous people in the European Union*

*Three Sámi languages are spoken in Finland:*

**INARI, SKOLT AND NORTH SÁMI**

## Information in Finnish, Swedish and Sámi

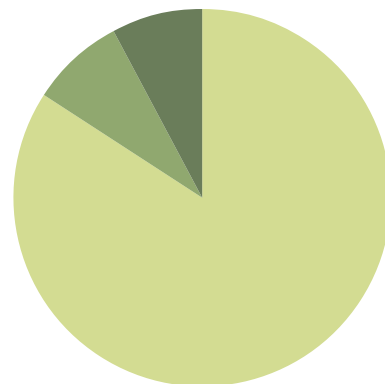
State land and water areas extend from the Swedish-speaking coastal regions to the Sámi Homeland. Metsähallitus provides services in Finnish, Swedish, Inari, Skolt and North Sámi.

The [Metsa.fi](#) website is available in Finnish, Swedish and North Sámi but the [Outdoors.fi](#) website also includes information in Inari and Skolt Sámi. Metsähallitus Communications employs a Sámi-speaking Communications Officer.

*The most important reindeer pasture areas have been excluded from forestry*

### MEASURES FOR 20 YEARS

#### Sámi Homeland



- in commercial forestry use **8%**
- in restricted commercial forestry use **8%**
- excluded from commercial forestry use **84%**





## Architectural heritage, an integral element of Finnish identity

Old crofts on state-owned lands, logging cabins and meadow hay barns preserved in their natural settings are the living remains of livelihoods from the old days, building skills and the relationship between people and the environment. Metsähallitus implements the Government's real-estate strategy in the management of real property considered valuable in terms of cultural history.

As early as 1994, the value of the architectural heritage was evaluated, and more than 130 buildings were preserved under a decision by the Ministry of the Environment. Since then, several significant cultural heritage sites have come into Metsähallitus' possession e.g. from the Defence Forces and the National Board of Antiquities. In the beginning of 2014, a total of 77 sites of strategic cultural history value were managed by Metsähallitus.

Metsähallitus heritage farms foster nature and the cultural environment by cultivating old plant species, and through cultivation methods, buildings and handicraft skills.

**350  
PROTECTED  
BUILDINGS**

*In 2014,  
**29 HISTORICAL  
PROPERTIES**  
were transferred from the  
National Board of Antiquities to  
Metsähallitus, ranging from the  
Kajaani Castle to the Museum  
Church of Seili in Parainen*



## Field survey of cultural heritage in forests identifies thousands of sites

The field survey of cultural heritage sites in Forestry's multiple-use forests, which began in 2010 in line with the objectives of the national forest programme, will be completed in 2015. The field survey has involved the collection of information on the built cultural heritage in forests. The time span of such sites extends from the earliest days of the Stone Age up to the 1960s.

Most of the sites were previously unknown. Some findings have added detail to the general overview of Finland's most ancient pre-historical eras, particularly in Ostrobothnia and Lapland.

In collaboration with the National Board of Antiquities and other actors, guidelines have been prepared for inclusion in Metsähallitus environmental guide, in order to ensure the preservation of the cultural heritage for future generations.

In protected areas, cultural heritage surveys have been carried out for decades. Surveys are always performed on new protected areas and updated as part of the planning of the management and use of such areas. Information on fixed antiquities is saved in a register maintained by the National Board of Antiquities, and information on buildings is kept in Metsähallitus' register of buildings.



**MORE THAN 16,000**  
*surveyed cultural heritage sites with*  
**OVER 100,000**  
*documented structures*

**3,3 MILLION**  
*hectares of surveyed*  
*multiple-use forests*



## Social responsibility

### Employment in different parts of Finland

Metsähallitus employs over 1,700 professionals, around one fifth on a fixed-term basis. 76.2% of these employees are men, 23.8% women. Their average age is 49.3 years.

The majority of employees, around 1,600, are based in various Metsähallitus offices around the country, and about 150 at the head office in Tikkurila, Vantaa. The offices in Rovaniemi, Oulu, Jyväskylä, Kuopio and Ivalo have the next highest headcount.

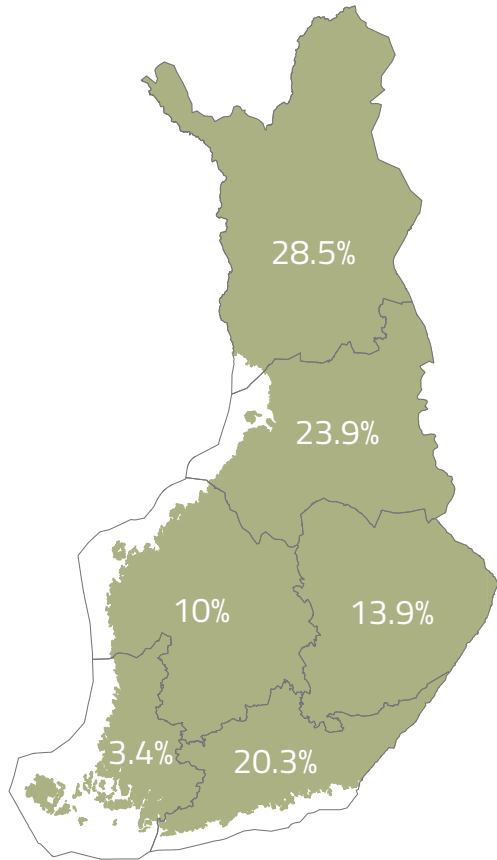
Every year, Metsähallitus provides fixed-term employment for more than one thousand employees. The duration of such employment varies from three weeks in the planting of forest seedlings to projects that last several months or even years. In 2014, Metsähallitus recruited 25 new employees on a permanent basis.

**50%**  
of wages are paid to  
**NORTHERN FINLAND**

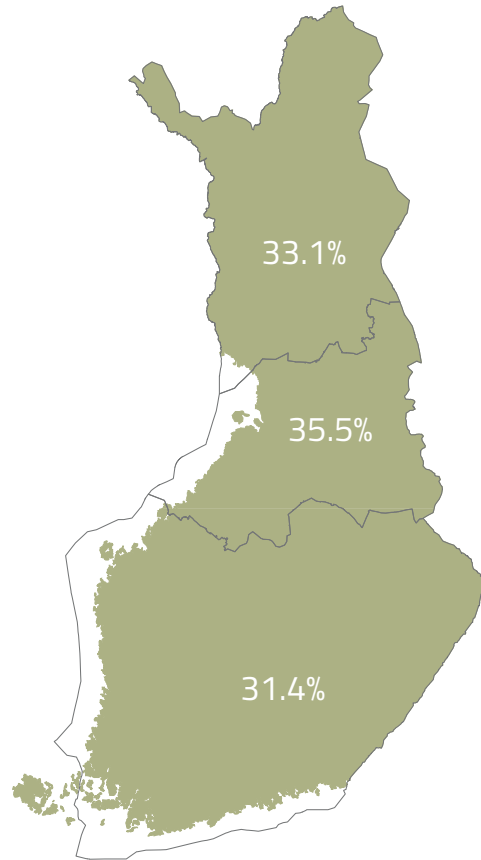
*In 2014, we hired*  
**OVER 1,000**  
*fixed-term employees*

CORPORATE SOCIAL RESPONSIBILITY

Share of payroll (%) by region

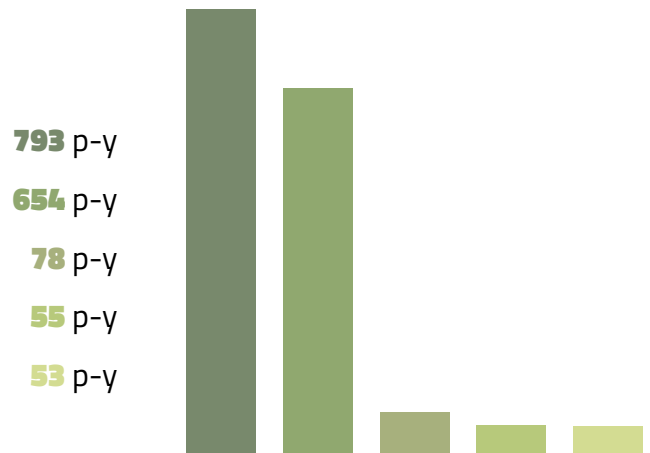


External services purchased by Forestry



Personnel by business unit in 2014

- Forestry
- Parks & Wildlife Finland
- Service centre
- Group units (incl. Legal, Finance and Communications)
- Laatumaa



## Employees stay longer than average

Metsähallitus' operating model to support working capacity involves early-stage support, assessment of working capacity and a personal working capacity plan. Rehabilitation activities are undertaken on a continuous basis. The aim is zero tolerance of intoxicants, workplace bullying and industrial accidents.

In the annual Metsähallitus employee survey on employee satisfaction, the overall score of 8.2 (on a scale of 1-10) was equal to the previous year's rating.

Employees gave the best scores for a good relationship with supervisors and colleagues. The majority of respondents are willing to develop in their roles at work. The score for accidents and near miss situations being mainly avoided in the previous year was among the top five.

Attention to employee wellbeing shows in the fact that Metsähallitus employees are retiring later than before and in the postponement of the disability pension age by several years over the last decade. In addition, the number of absences due to illness has decreased over the previous year.



*The average retirement age of Metsähallitus employees is 63, more than a year above the national average.*

## Work in the best interests of the regions

As a major landowner and employer, Metsähallitus plays a responsible role in northern and eastern Finland, since its operations have a major impact on the regional economy.

Metsähallitus outsources all mechanical work in forestry to independent entrepreneurs and a large portion of forester work to forest service providers. For most of these, the contracting relationship lasts over five years. The score given by contractors to Metsähallitus was 8.4 (on a scale of 1-10).

On average, 100,000 euros of revenue remain in the region from each harvesting stand. Two euros out of three are paid to contractors and employees in timber harvesting and transport, and one is paid as income to the government.

In cooperation with the Criminal Sanctions Agency, Metsähallitus employs open prison inmates in the management of protected areas. In 2014, the input of convicts in various maintenance and restoration duties in protected areas was equivalent to 51 person-years.

Metsähallitus cooperates with a variety of stakeholders. Agreements on the use of state-owned land alone number over 17,000. Interactive working methods have facilitated partnerships, continually reducing the number of serious local disputes.

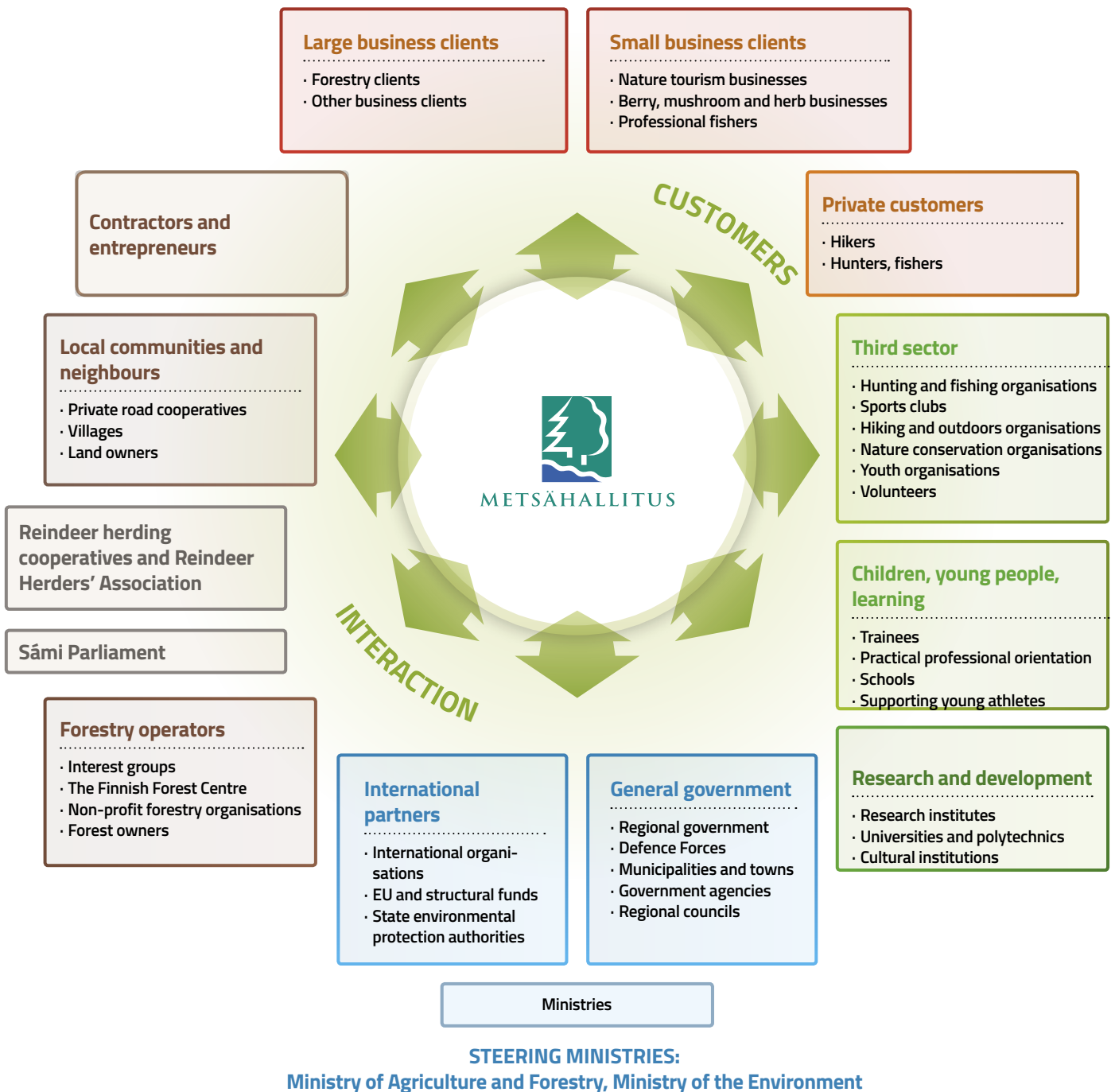
*Metsähallitus provides employment for over*

**ONE THOUSAND**  
*enterprises*

**OVER 100 PROJECTS**  
*are in progress*

# Wide range of stakeholder cooperation

Metsähallitus cooperates with a variety of stakeholders: agreements on the use of state-owned land alone number over 17,000. The range of stakeholders is wide, with forms of cooperation ranging from trading to guidance, information exchange and interaction.





## Exercise in a natural environment enhances wellbeing

State-owned forest and water areas provide the general public and tourists with excellent possibilities for hiking and recreation. Free-of-charge services include open wilderness huts, fireplaces, hiking trails and customer services at Nature Centres, while fishing, hunting and snowmobiling are mainly subject to a charge. For many Finnish outdoor enthusiasts, hunting and fishing are important forms of physical exercise. Studies indicate that during a single day of gamefowl hunting, hunters walk over eight kilometres.

The forest road network supports the recreational use of forests: according to a survey carried out in Kainuu, recreational visitors such as hunters, mushroom and berry pickers and hikers are the largest user group of forest roads.

The project 'Nature gets you out and about', led by Metsähallitus, developed and piloted operating models based on using



exercise in natural environments for activating the long-term unemployed, supporting weight management among men of working age, and preventing the social exclusion of young people.

Metsähallitus' efforts to promote public health have been commended. The national programme 'Kunnossa kaiken ikää' (Keep fit all your life) awarded Metsähallitus a prize in 2013 for promoting favourable preconditions for physical exercise. The Finnish Heart Association granted Metsähallitus an award in 2014 for promoting cardiac health.



Publications on wellbeing from natural environments:



Health and well-being from Finnish national parks – A study on benefits perceived by visitors (in Finnish)



Assessment of the financial value of the health and well-being benefits of natural environments (in Finnish)



Health and well-being on State-owned land – study of hunters and fishermen (in Finnish)

*A 20 minute stay in a natural environment*

**LOWERS  
BLOOD PRESSURE**

*Hunters walk a*

**MILLION  
KILOMETRES**

*Visitors to national parks experienced health benefits in exchange for a total of*

**EUR 226 MILLION**

*Hiking destinations attracted*

**5.6 MILLION  
VISITORS**



## Voluntary work - good for you and the natural environment

People are keen to engage in concrete activities to benefit the natural environment. Metsähallitus offers a wide range of opportunities for voluntary activities in managing protected areas, threatened species and game and fish populations. Typical voluntary activities include voluntary work events and camps, various activity days, survey and monitoring tasks and shepherding and sponsorship campaigns. The number of volunteers is increasing steadily. One half of voluntary activities are implemented in co-operation with associations and organisations.

*Metsähallitus manages*

**37,000 km** of forest roads,  
**OVER 7,000 km** of marked trails,  
**SOME 7,000 km** of snowmobiling trails and routes,  
**SOME 3,000** serviced rest stops  
*and hiking destinations for visitors with mobility difficulties.*

## Support for young people's education and employment

Metsähallitus employs hundreds of young people every year and cooperates with educational institutions. We provide traineeships and learning-at-work for students, and contracting sites for harvester operator students.

Metsähallitus Nature Centres and Science Centre provide guided tours and workshops to support primary and secondary school curricula. Together with operators in the forest industry, we arrange Forest Weeks and Days around the country for schools and kindergartens.

Top athletes also draw power from nature. Through the Tops of the Future team, Metsähallitus supports young canoe racers, cross-country skiers, orienteers and runners who have succeeded in their own sport and age group. They will hopefully serve as role models, inspiring children and young people to exercise in natural environments.



### IN 2014:

*175 different events involving voluntary activities*

*2,510 volunteers participated*

*Volunteers' input totalled 22.5 person-years*

### IN 2014:

*Over 500 students employed in forest planting*

*110 graduates employed under employment allowance for young people*

*Almost 35,000 children and young people attended guided tours and workshops*

## Financial responsibility

### One third of turnover paid in dividend to the State

On the basis of the objectives set by Parliament, the Ministry of Agriculture and Forestry decides annual performance targets for Metsähallitus. Timber sales account for the majority of profits. Financial performance has improved in the 2000s, and operating profit exceeds EUR 100 million on a permanent basis. General social obligations decrease the calculated operating profit by an estimated EUR 55 million per year.

The financial prosperity created by Metsähallitus is distributed in the form of wages and remuneration, taxes, procurement and dividends to various parts of society. Among government-owned companies and enterprises, Metsähallitus is usually the third-best contributor of revenue to the state.

On average, 100,000 euros of revenue remains in the region from each harvesting stand. Two euros out of three are paid to contractors and employees in timber harvesting and transport, and one is paid as income to the government.

*Approximately*  
**EUR 120 MILLION**  
*paid in dividends to the state each year*

*On average*  
**EUR 100,000**  
*in revenue remains in the local economy from each harvesting stand*

*The volume of timber sold meets*  
**ALMOST ONE TENTH**  
*of the total amount required by the forest industry*

## Investments in Parks & Wildlife Finland benefit the local economy

The indirect financial impacts of Metsähallitus operations are considerable. One euro invested in national park services or Nature Centres yields an average of ten euros for the local economy. At national parks located in tourism destinations, the return is even better, 14 euros on average as visitors stay longer and the range of tourism services on offer is wider.

The biggest local economic impact is reported for Pallas–Yllästunturi National Park at EUR 36 million, the second biggest for Urho Kekkonen National Park at EUR 21 million, the third for Oulanka National Park at EUR 17 million and the fourth for Koli National Park at EUR 14 million.

The financial input of hunters and fishermen in the local economy is also considerable. For instance, a gamefowl hunter spends an average of 443, and a recreational fisherman 547 euros during a trip into the wild. One hunting licence benefits the region by an average of 242 euros. The benefits for regional economies are highest in Eastern and Northern Finland.



The impacts of personal expenditure by  
Metsähallitus hunting and fishing licence  
holders on regional economies (in Finnish)

## Support for employee wellbeing

Metsähallitus provides employees with comprehensive occupational health care services and subsidised meals at contracting restaurants. Depending on the position, there is the possibility to work remotely and choose one's workplace from among Metsähallitus' offices in various parts of the country.

Recreation on one's own initiative is also supported: employees are entitled to a 20–25% discount on fishing and hunting licences and products from the Outdoors.fi Online Shop and Pilke Shop, and a 50% discount on the rental of Laatumaa cabins reserved through the Lomarengas service.

Tyky-Kuntoseteli vouchers are provided to encourage exercise individually and in groups, as well as team sports and cultural activities. Workplace teams' exercise hours and participation in mass sporting activities in different parts of the country are supported.

The employer presents its employees with small presents on special days and in connection with retirement.

### In 2014, the impacts on overall income and employment totalled:

- Visitors to national parks, EUR 126 million and 1,256 person-years.
- Visitors to hiking destinations EUR 15 million and 156 person-years.
- Hunters and fishermen in state-owned areas EUR 28 million and 238 person-years.

One euro invested in a hunting or  
fishing licence benefits the region by  
**10 EUROS**



## Rewards for good performance

Metsähallitus employs a profit sharing system that covers the entire staff. Bonus criteria are evaluated on an individual basis based on annual targets. In recent years, the average bonus paid has varied from two to six per cent of the entire personnel payroll at Metsähallitus.

## A force for life from nature

A five-minute stay in a natural environment will improve your mood, and 20 minutes will suffice to reduce your blood pressure. Nature is a source of wellbeing at work and strength in managing your life.

Two Metsähallitus employees, Senior Advisor **Elina Pilke** and Park Superintendent **Hanna Ylitalo** have been long-term hiking partners over a period of almost 20 years. Exercise in a natural environment soothes the mind, keeps you fit and nurtures social relations.

- I get more out of life in a natural environment, says Ylitalo.
- Exercise in natural surroundings takes you back to the basics: exercise, nutrition and rest. Living in the moment both calms and empowers the mind, adds Pilke.

Both ladies work with nature: Ylitalo is responsible for the management and administration of five national parks. Her personal interest in hiking increases her work motivation and provides clear goals.

- When national parks have well-functioning trails and services, anyone can enjoy exercise in a natural environment, says Ylitalo.

For almost 20 years, rehabilitation instructor **Ville Haanela** has been working with youngsters who suffer from a variety of mental health problems. His current workplace is the open service centre Tsemppi at the Oulu Deaconess Institute. Cooperation with Metsähallitus began via the two-year Air project which involved taking young people on excursions to the Syöte National Park and other nature destinations nearby.

- The impacts of this were immediate: in the forest, stress and anxiety were relieved and everyone felt calm and relaxed. The youngsters themselves said that their days spent in a natural environment were empowering.

And the impacts continued at home: they gained strength for cleaning at home, completing unfinished courses and even submitting applications for study places. Trips into the wilderness remained part of the Tsemppi centre's programme even after the conclusion of the project. The youngsters were acquainted with the healing power of nature on a personal basis, for instance in relieving panic disorders, and know that if symptoms occur the best course of action is to venture into a forest.



Pilke is responsible for guided tours at the Finnish Nature Centre Haltia and the Nature School. Without having a personal relationship with nature, I would find it difficult to help children and young people to forge one.

When the two ladies were younger, they took several week-long treks every year, but at this stage in their lives short day-trips are equally enjoyable. However, their annual schedule has to include at least one longer trek, which is considered essential for lifestyle-hikers. In 2014, this trek happened to be the Finnish championship in wilderness hiking, in which Pilke and Ylitalo won the Ladies' category.



In addition to trips to the wilderness, Haanela advocates an active approach to daily work: he has no office. Instead, he meets his young clients in their natural environments, at home and out and about in the city. They practice life management skills and running errands together. Trips into nature are available for all and attendance is always 100%, because Haanela personally ensures that everyone joins in.

- There is no need to continuously spend time in the forest – half a dozen day-trips per year suffice for a positive outcome. Costs are around one third of the price of a day in care in a special psychiatric unit in hospital.

## European forest influence

Finland is one of the founding members of Eustafor, the umbrella organisation of European State Forest organisations. Approximately 40% of forests in the EU area are managed by the forest organisations of Member States.

**Nuutti Kiljunen**, Development Specialist at Metsähallitus, worked for Eustafor in Brussels for six months in spring 2014. Topical ecosystem services, the material and immaterial benefits gained from nature, and the related payment systems formed part of his work.

– Finland has a fairly strong tradition of securing benefits for people from nature through legislation and everyman’s rights. The underlying principle is that everyone is entitled to clean water, biodiversity and the offerings of nature free of charge. This line of thought is also common to certain other parts of Europe.

Kiljunen’s work has strengthened his conviction that wood is the only forest product that people are ready to pay for. However, the existence value of other ecosystem services is a key indicator in decision-making and a topical, key research theme in the forest economy.



The Eustafor assignment was a positive activity.

– The European Union has no uniform forest policy. Instead, forest-related issues are handled on a broad basis in alongside environmental, climate, research and developmental issues. Eustafor is an important body in its own right. You need to be familiar with the issues involved and know people, and understand the workings of decision-making mechanisms that influence us all and how to lobby on certain matters, says Kiljunen.

## Wood does good

More than fifty per cent of the timber being used to build the world’s largest timber school in Pudasjärvi comes from state-owned forests. Large-scale wooden public buildings have boosted demand for detached houses made of wood.

Led by Managing Director **Jalo Poijula**, the log house factory of Kontiotuote Oy produces a few thousand log buildings every year. In addition to holiday homes and houses, a large public building, the new school at Pudasjärvi, is under construction. Production began with the preparation of 29 kilometres of logs. With the builders having worked on-site over the winter, the kilometres of logs are beginning to resemble a school.

– Wood is a renewable and environment-friendly material that grows locally, says Poijula.

Kontiotuote purchases wood from local providers in Pudasjärvi and the neighbouring municipalities. In fact, Metsähallitus is their main log supplier. This is the two organisations’ third decade of cooperation.



– We need a reliable supplier. It is impossible to build houses if we cannot be certain that the wood will arrive at the factory on schedule to meet the needs of our production programme.

Large wooden public buildings inspire builders of family homes.

– Environmental awareness and indoor air problems have boosted demand for log houses. We are continuously contacted by young families who want to build themselves a healthy log house.

# Corporate governance

## Group structure

Metsähallitus operates in the administrative sector of the Ministry of Agriculture and Forestry. In matters relating to nature conservation, it is steered by the Ministry of the Environment.

Metsähallitus' governance is based on the State Enterprise Act (1185/2002) and the Act (1378/2004) and Decree on Metsähallitus (1380/2004). In addition, Metsähallitus' activities are governed by a range of other legislation, such as the acts on nature conservation, fishing, hunting, nature-based sources of livelihood and outdoor recreation.

The enterprise operates on business principles. The Finnish Parliament annually approves Metsähallitus' main service goals and other operational objectives. At the same time, it decides the extent to which Metsähallitus' proceeds from land sales or

land and water area ownership will be used for the acquisition of new conservation areas. On the basis of the objectives set by Parliament, the Ministry of Agriculture and Forestry decides on Metsähallitus' annual performance targets.

Public administration duties laid down by law are financed from provisions in the state budget, alongside funding sources such as EU project funding and funding from Centres of Employment and the Economy.

### BOARD OF DIRECTORS

The Government appoints Metsähallitus' Board of Directors for a maximum term of three years. One Board member is appointed from the Ministry of Agriculture and Forestry, one from the Ministry of the Environment and one from Lapland. One member must be a representative of Metsähallitus' personnel and be employed by the enterprise.

## Management Group

The Management Group assists the Managing Director in managing the enterprise. Management Group members are business unit directors **Jussi Kumpula** (Forestry) and **Tuomas Halonen** (Laatumaa), Director of the unit responsible for public administrative duties **Rauno Väisänen** (Parks & Wildlife Finland) and Group unit directors **Susanna Oikarinen** (General Counsel), **Kirsti Lehtovaara** (Finance), **Juha Mäkinen** (Communications), **Tapio Pouta** (Human Resources and Development) and **Markku Palo** (Information Management).

# Metsähallitus Board of Directors

## 1 April 2014 to 31 March 2015



### ARTO TIITINEN

*Chairman of the Board*

Managing Director, Isku-Yhtymä  
**Honkarakenne Oyj**, Chairman of the Board

**Tana Oy**, Vice Chairman of the Board

**Finland Chamber of Commerce**, Member of the Board

*Board member since 2008*



### KAI KAATRA

*Vice Chairman of the Board*

Head of Natural Resources and Water Management,  
**Ministry of Agriculture and Forestry**

Chair of the Advisory Board of the Finnish Meteorological Institute

*Board member since 2014*



### AINO JALONEN

Director of Premises and Security Division and HR and Finance Division,

**Prime Minister's Office** (Director of Administration, Ministry of the Environment, until 2014)

*Board member since 2011*



### IRENE RANTALA

Transportation Supervisor, Representative of Metsähallitus' personnel

**Meto - Forestry Experts' Association**, Member of Federative Council

*Board member since 2011*



### TUIJA SOANJÄRVI

M.Sc. (Econ.)

**Affecto Plc**, Board member and Chair of the Audit Committee

**Basware**, Board member

**Silta Oy**, Board member

**VR-yhtymä Ltd**, Board member,

Member of the Audit Committee

**Tecnotree Oyj**, Board member,

Chair of the Audit Committee

**The Finnish Orienteering**

**Federation**, Vice Chairperson of the Board

*Board member since 2011*



### JANNE SEURUJÄRVI

Managing Director,

**Economic Development Nordica**

**Real Estate Development InLike**

**Ltd**, Director for Business and Economic Development (part-time)

**Lapin Elämysteollisuus Oy LEO**,

Vice-Chairman of the Board

**Insurance Company Kaleva**,

Union Representative

*Board member since 2011*



### HELENA WALLDÉN

M.Sc. (Tech.)

**Fingrid Oyj**, Chairman of the Board

**Raskone Oy**, Board member,

Member of the Remuneration Committee

**Apetit Oy**, Board member

*Board member since 2005*

# Metsähallitus Group Board of Directors' report for 2014

Metsähallitus manages the state's forest property, water areas, nature reserves and national parks, which cover approximately one third of Finland's total area.

Areas managed by Metsähallitus are used for the purposes of timber production, nature conservation, hiking, hunting, tourism, national defence, and reindeer husbandry in the north. Metsähallitus creates the preconditions for the diverse use of forests and strikes a balance between the objectives of forest use, management and protection.

Metsähallitus is an enterprise operating in the administrative sector of the Ministry of Agriculture and Forestry. In matters related to public duties, it is also steered by the Ministry of the Environment.

Metsähallitus Group comprises the enterprise and its subsidiaries which run businesses closely linked to the enterprise's operations.

The enterprise comprises the Business Unit, and Parks & Wildlife Finland which attends to public administration duties. The Business Unit is responsible for the profitability of its business and pays dividends to its owner, the State.

The costs incurred from managing public administration duties are covered using appropriations allocated for this purpose in the state budget, the related cash-flow financing, and external financing.

## **OPERATIONS IN 2014**

Demand for services provided by Metsähallitus remained almost equal to the previous year's level. Sales of commercial timber declined somewhat year-on-year. Sales and revenue from the sale of real property were increased in order to meet the dividend payment requirements set by the state.

The numbers of hikers visiting national parks, hiking and recreation areas increased slightly over the previous year.

The bleak outlook of the national economy affected Metsähallitus' operations in various ways during the year, as did the decisions made at the Government spending limits discussion, which had an impact on Metsähallitus' finances. This took the form of an additional sales target for fixed assets. At the same time, the Government decided to increase the required dividend payment

for 2013 by EUR 10 million. In 2014, Metsähallitus paid a total of EUR 130 million in dividends to the state.

At the spending limits discussion, the Government decided to propose an additional appropriation for Metsähallitus' Parks & Wildlife Finland totalling EUR 10 million in 2014 and 2015. The appropriation will be used for establishing national parks, improving services and service equipment and for the surveying of nature and cultural sites.

In 2014, two new national parks, Teijo and Southern Konnevesi, were added to the Finnish network of national parks.

METSO, the Forest Biodiversity Programme for Southern Finland, was completed in September. The conservation decision was related to the Government programme of Prime Minister Katainen's Cabinet, involving the allocation of a further 20,000 hectares to the area protected under the METSO programme. At the Government spending limits discussion of spring 2014, Metsähallitus share was confirmed as 13,000 hectares of multiple-use forests. The total area allocated by Metsähallitus for protection on a permanent basis amounted to 14,784 hectares. Most of the constituent areas are located south of the Oulu-Kuhmo line. If bought or sold, the value of these protected areas would exceed EUR 50 million.

A decision was taken to transfer collection, marketing and customer advisory services related to state fishing management fees and regional lure fishing permit fees to Metsähallitus from 1 January 2015. This reform was prepared in collaboration with the Ministry of Agriculture and Forestry.

The preparation of the Act on Metsähallitus continued during the year in accordance with the policy defined in the Government programme of Prime Minister Katainen's Cabinet. Completed in May and circulated for comments, the proposal did not proceed for consideration by Parliament due to lack of unanimity on the issue. Preparation of the Act continued in a workgroup comprising public servants.

Jyrki Kangas, the Director General of Metsähallitus, left his post on 28 February 2014. Forestry Director Jussi Kumpula served as Managing Director on a temporary basis until Esa Härmälä was appointed Director General and took on the position on 1 November 2014.



## Group key figures

	2014	2013
Multiple-use forests, thousand hectares	4927	4914
Annual tree growth, million cubic metres	11	11
Annual volume of felling, million cubic metres	5,9	6,0
Statutory protected areas, thousand hectares	1 514	1514
Wilderness areas, hiking areas and other protection programmes	2 683	2683
Total number of visitors to the above, million visits per year	5,6	5,4
Turnover, EUR million	360,5	374,9
Profit, EUR million	114,2	115,9
Balance sheet, EUR million	3 881,6	3889,9
Employees, p-y	1752	1811

Group turnover totalled EUR 360.5 million (EUR 374.9 million in 2013). Group profit totalled EUR 114.2 million, diminishing slightly year-on-year (115.9).

Turnover for Metsähallitus Business Operations Group was EUR 355 million (370). Profit was EUR 116.9 million (118.4). Total funding of operations based on public administration duties totalled EUR 65.4 million in the year under review (61.8). The result of public administration duties operations showed a loss of EUR 2.5 million (- 2,2).

## Business performance

### Key figures of the business operations group

	Business Operations Group		Enterprise	
	2014	2013	2014	2013
Turnover, EUR million	355,0	370,0	343,2	346,7
Operating profit, EUR million	125,1	127,0	128,1	126,9
% of turnover	35 %	34 %	37 %	37 %
Profit/loss for financial period, EUR million	116,9	118,4	116,7	116,1
% of turnover	33 %	32 %	34 %	33 %
Return on investment, %	4,7 %	4,7 %	4,8 %	4,8 %
Investment (% of turnover)	4 %	3 %	4 %	3 %
Solvency ratio, %	98 %	98 %	98 %	98 %
Balance sheet total, EUR million	2693	2724	2687	2715
Number of employees (p-y)	1098	1204	979	1065

The Business Operations Group's comparable turnover remained at last year's level. Reported turnover decreased because part of the soil business was sold in 2013.

During the financial year, fixed assets were sold for a total sum of EUR 45.0 million (34.9), which generated (net) EUR 31.1 million in profits (21.8).

The Business Operations Group's earnings decreased slightly, totalling EUR 116.9 million (118.4). The previous year's profit included EUR 8 million of non-recurring river power compensation.

The Business Operations Group's balance sheet total came to EUR 2,693 million (2,724), of which equity accounted for 98 per cent (98).

The Business Operations Group's cash flow and liquidity remained solid throughout the year. The Enterprise has no long-term loan. At the end of the year, liquid funds totalled EUR 13.4 million (27.2). The Enterprise secures liquidity with an EUR 50 million commercial paper programme. The subsidiaries have lines of credit.

Within Metsähallitus Group, Forestry, Laatumaa and the subsidiaries Fin Forelia, Siemen Forelia and MH-Kivi engage in business operations. Business operations also include Group operations and the service centre which provides support functions.

## FORESTRY

Forestry is responsible for the management of state-owned multiple-use forests, timber harvesting, sales and logistics and most of the general social obligations of Metsähallitus' business. Forestry also builds and maintains the state-owned network of forest roads.

Turnover totalled EUR 333.1 million, remaining slightly below the previous year's level (336.0). Operating profit improved by 4%, totalling EUR 121.3 million (116.3). Operational efficiency improved and the profit from the sale of forest estates, which was EUR 3.3 million higher than a year before, improved the result further.

A total of 26,000 hectares of land areas in forestry use were made unavailable for further use due to land being sold or allocated to protected areas. This will have a permanent impact on profit in the years to come.

13,000 hectares of productive forest land, i.e. 4,000 hectares more than in the previous year, was sold. Work under the METSO Forest Biodiversity Programme for Southern Finland in line with the Government programme was completed, involving the allocation of 13,000 hectares of multiple-use forest to protected areas by Forestry. Forestry also participated in preparing the

supplementation programme for mire conservation.

Sales of commercial timber remained slightly below the previous year's level, totalling 5.96 million cubic metres (6.06). Demand for both pulp and sawn timber fell clearly in Q3 and Q4. The agreed deliveries to customers were completed in terms of quantity and quality. The results of the customer survey conducted in September indicate that most Forestry customers are reasonably satisfied with service quality.

The mild winter and uncertainty in electricity markets affected demand for wood chips, but we managed to maintain the profitability of energy wood purchasing through the development of delivery logistics, including training, development efforts and new operating models.

The costs of timber harvesting and transport changed very little over the year. Around 10 per cent more services were bought in for the tending of seedling stands and tree planting than in the year before. In tree planting, 32%, and in the tending of seedling stands, 43% of the total work volume is purchased from service providers.

Investments in forest management were up by 12% year-on-year. Regeneration work was done on time. Additional investments were made in the tending of seedling stands and fertilisation, both being performed on around 5,000 more hectares than in the previous year. The Environmental Guidelines for Practical Forest Management were revised.

Field surveys of cultural heritage sites in forests progressed according to plan, covering 700,000 hectares. Towards the end of the year, a natural resource planning project was launched in Kainuu.

## LAATUMAA

Laatumaa is responsible for property development, leasing operations and the sale of fixed assets within Metsähallitus. It develops, sells and leases state-owned land as holiday plots, for use as tourist centres and tourism purposes in general, develops wind power projects on state-owned land and water areas and sells wind farm entities, complete with the required permits, to energy companies responsible for construction and production. Laatumaa is responsible for the sale and acquisition of fixed assets for all Metsähallitus units.

Laatumaa generated EUR 6.2 million in turnover (6.4), making EUR 18.5 million (13.4) in profit for property developed and an operating profit of EUR 16.5 million (18.7). The profits for 2013 include EUR 8 million in non-recurring profit. Comparable operating profit improved by EUR 5.8 million.

During the year under review, Laatumaa sold Metsähallitus forest estates, waterfront and tourist centre plots and real estate. In the wind power business, the project base developed positively: towards the end of the year, Laatumaa signed a major letter of intent with Taaleritehdas on a wind farm venture.

**Fin Forelia Oy**, a Metsähallitus subsidiary, produces forest tree saplings. In the year under review, the company focussed on cost control measures, including a cooperation procedure during the summer that resulted in temporary lay-offs for employees. As result of the further decline in the market outlook, a second cooperation procedure was implemented in November in order to adapt operations.

The company's turnover declined by three per cent year-on-year, totalling EUR 8.8 million (9.1). Loss for the financial period totalled EUR 1.5 million (-0.6).

**Siemen Forelia Oy**, a Metsähallitus subsidiary, specialises in the production and sales of cultivated forest tree seeds, plus diverse services related to the harvesting and processing of seeds. The company's operational volume remained at the previous

year's level, with turnover at EUR 2.2 million (2.2) and profit for the financial year at EUR 0.3 million (0.3).

**MH Kivi Oy**, a Metsähallitus subsidiary engaged in the rock material business, generated EUR 4.1 million in turnover (17.7). Turnover declined because the company divested part of the soil business in 2013. The company showed a loss of EUR 1.7 million (-1.7).

#### INVESTMENTS AND SALE OF ASSETS

Investments totalling EUR 15.6 million (12.8) were covered by cash-flow financing. The largest investment targets were forest roads, the establishment costs of wind farms, and the acquisition of land areas. Each year, Metsähallitus purchases forest land for the use of the Defence Forces and for the purpose of improving the structure of its land parcels. In 2014, a total of EUR 4.1 million (5.0) was allocated to forest purchases.

The volume of assets sold increased due to the additional fixed asset sales targets set for the business. The realised transfer price totalled EUR 45.0 million (34.9) and EUR 31.2 million (21.8) in profits were recorded for sales.

Business operations (EUR 1,000)	No.	Book value	Transfer price	Profits	Losses
Exchanges	10	177	500	323	
Sales - land and water areas	1046	12 478	42 792	30 401	87
Sales - buildings	120	1 216	1 689	508	35
Other - land areas	35	53	53	0	0
<b>Total</b>	<b>1 211</b>	<b>13 924</b>	<b>45 034</b>	<b>31 232</b>	<b>122</b>

In addition, within the Group, the business transferred fixed assets to Parks & Wildlife Finland, i.e. for use in public administration duties, for a book value of EUR 11.6 million, in accordance with Government decisions, as follows.

Business operations (EUR 1,000)	No.	Book value	Transfer price	Profits	Losses
Sales to public administration duties	2	29	52	23	0
Change in land use for public administration duties	189	11 517	11 517	0	0
<b>Total</b>	<b>191</b>	<b>11 546</b>	<b>11 569</b>	<b>23</b>	<b>0</b>

## IMPLEMENTATION OF PARLIAMENT DECISIONS

Goals set by Parliament for Metsähallitus business in 2014 and their implementation.

### CHANGE IN BASIC CAPITAL

The basic capital held by business operations was lowered by EUR 11.5 million due to the establishment of the Teijo National Park and implementation of the METSO programme, under which 13.2 thousand hectares were transferred from commercial forestry use to forest administration.

Transfers of possession increased basic capital by EUR 0.7 million, involving the transfer of 238 hectares of land from the Finnish Forest Research Institute and the National Board of Antiquities to Metsähallitus.

The aggregate impact of these changes resulted in an EUR 10.8 million decrease in Metsähallitus' basic capital. At the end of the financial period, the value of basic capital totalled EUR 2,525.7 million.

### KEY SERVICE TARGETS OF BUSINESS OPERATIONS AND OTHER OPERATIONAL GOALS

Turnover of the enterprise's business totalled EUR 343.2 million (346.7). Regardless of the decrease in turnover, profit increased slightly, totalling EUR 116.7 million (116.1), including EUR 34.9 million (36.5) of fixed asset transfer profits and other income. Profit improved as a result of higher operational efficiency.

In its business operations, Metsähallitus took account of the general social obligations pursuant to the Act on Metsähallitus.

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

### INVESTMENTS AND NUMBER OF INVESTMENT COMMITMENTS

Realised investments totalled EUR 14.9 million, falling below the maximum sum of EUR 20 million defined by Parliament. Investment commitments given totalled EUR 4.2 million of the maximum sum of EUR 25 million defined by Parliament.

### MAXIMUM AMOUNT FOR BUSINESS LOANS, GUARANTEE LIABILITIES AND MAXIMUM AMOUNT FOR BUSINESS GUARANTEES

Metsähallitus has no long-term loans. The maximum amount for business loans set by Parliament was EUR 80 million.

Metsähallitus has issued EUR 3.5 million in guarantees for

subsidiaries' loans, of which EUR 2.5 million are in use. The authorisation of guarantees granted by Parliament totalled EUR 20 million.

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

Profit and dividend payment goals set for Metsähallitus' business operations.

Based on the Budget for 2014, the Ministry of Agriculture and Forestry defined the following objectives for Metsähallitus.

The profit target was EUR 115 million, which corresponds to a 4.6% return on investment, and the preliminary target for dividend paid to the state on the basis of 2014 profit was EUR 120 million, to be paid in 2015. When adopting the financial statements, the Government will make the final decision on the sum to be paid to the State on the basis of profit made in 2014.

At the Government spending limits discussion in the spring, an additional EUR 10 million dividend payment target was set for 2013. This raised the total contribution to the state to EUR 130 million for 2014.

In addition, the Government decided at the same time that, in 2014, Metsähallitus would sell off real estate property in such a manner that the additional sales would facilitate raising the dividend paid to the state by EUR 20 million in the first year, and EUR 5 million in the following year.

However, the ministry lowered Metsähallitus' profit target in November due to the weakened prospects of the real estate market, and the 2014 performance target was therefore set at EUR 118 million and the 2014 state contribution target at EUR 120 million.

Metsähallitus' operating profit totalled EUR 116.7 million. Real estate property was sold for a total sum of EUR 45.0 million. The 4.6 per cent target set for return on investment was exceeded, totalling 4.8 per cent.

The long-term financial objectives set by the ministry for Metsähallitus' business proceeded as follows in 2014. Business profitability improved. The efficiency of Forestry operations improved: operating profit improved by one percentage point. Laatumaa recorded a good result, making EUR 18.5 mil-

lion (13.4) in profit for property developed. Real property sales totalled EUR 45 million, with transfer profits totalling EUR 31.2 million. Service centre development proceeded according to plan.

The portfolio unit was closed in June and the steering model for subsidiaries was reformed. The Chairmen of subsidiaries' Boards report directly to the Director General. Administrative services are produced within the Group. Operational development continued in subsidiaries. The restructuring of Fin Forelia continued with the decision to centralise the company's seedling production in three nurseries instead of the former seven. During the period under review, MH Kivi Oy, which manages and leases soil and rock extraction areas complete with permits, adopted a new operational model. The value of loss-making subsidiaries was lowered in the parent enterprise's balance sheet.

The sale of Eesti Metsätaim shares was prepared in December and finalised in February 2015. Metsähallitus holding was 30.1 per cent.

Metsähallitus' compliance with its general social obligations resulted in an estimated EUR 55 million decrease in operating profit (calculated) (2011: EUR 55 million and 2010: EUR 2013 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 Saami traditions, restrictions were placed on 541,000 (15.5%) hectares of forested land with a yield requirement (2013: 544,000 ha and 15.1%).

A total of 264,000 hectares were fully excluded from commercial use (7.5%) (2013: 263,200 ha and 7.3%) and 277,000 hectares (7.9%) (2013: 281,100 ha and 7.8%) were in limited use.

These factors reduced Metsähallitus' calculated operating profit by EUR 49 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. The sums were the same in 2013.

In 2012, Metsähallitus carried out extensive nationwide surveys on the diversity and recreational benefits of its general social obligations. The development of methods based on these surveys continued in order to specify the beneficial impacts. A set of indicators to determine long-term benefits was introduced as part of Kainuu's natural resource planning launched towards the end of the year.

Indirect indicators, based on the environmental monitoring of commercial timber harvesting, are used on an annual basis to measure the benefits of inputs in terms of biodiversity and recreational benefits. Reporting of annual monitoring was prepared in 2014 and introduced at the beginning of 2015, in line with the Ministry of Agriculture and Forestry's performance guidance.

In the development of biodiversity benefits, investments have been made in active ecological management measures in line with the Environmental Guidelines for Practical Forest Management.

In cooperation with the municipality of Muonio and local actors, Metsähallitus prepared a plan for the use of state-owned land in Yli-Muonio in compliance with the Fell Lapland regional land use plan, reconciling the various forms of use of the region. The plan will enhance the use of the general social obligation input and further the benefits gained. Inclusion of the public in planning was enhanced and more targeted feedback was received.

A survey was conducted in Kainuu to examine the assessment of the number of visitors to multiple-use forests and the benefits gained from using the forest road network. The results indicate that forest roads are mainly used for recreational purposes.

Three projects promoted synergy within Metsähallitus and cooperation with other actors. Based on the project for developing an operating model based on open innovation new, more open innovation models were identified, tested and constructed in collaboration with Lappeenranta University of Technology and other stakeholders. Metsähallitus' internal synergies in the development of ecosystem services were examined in two projects.

Corporate social responsibility reporting was developed with regard to general social obligations and re-introduced for 2013.

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

In the Sámi Homeland, Metsähallitus implemented the completed Natural Resource Plan for Upper Lapland together with the reindeer herding cooperatives and the Finnish 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.

The cooperation agreement negotiated between the Finnish Sámi Parliament, the Skolt Village Meeting, reindeer herding cooperatives in the Sámi Homeland and Metsähallitus constitutes the guideline for operations. A similar agreement furthering the reconciliation of interests was concluded earlier between Metsähallitus and the Reindeer Herders' Association.

Metsähallitus promoted employment by making full use of sustainable 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.

In its procurement of land, Metsähallitus took the needs of the Defence Forces into consideration, procuring approximately EUR 3.1 million in land for use by the Defence Forces in 2014, against a target of EUR 3.4 million.

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

The field survey of cultural heritage sites in forests continued according to plan, under the National Forest Programme.

Metsähallitus' business operations were responsible for road maintenance costs as a whole (excl. roads maintained by Parks & Wildlife Finland), including road use by customers holding hunting and fishing permits.

Metsähallitus implemented the Government Resolution on the sustainable and responsible use of mires and peatland in accordance with the related schedule.

### Public administration duties

Parks & Wildlife Finland manages the public administration duties vested in Metsähallitus. It is responsible for the use and management of the network of protected areas in Finland on state-owned land and water areas in its possession, and in private Nature Reserves in cooperation with the owners and Centres for Economic Development, Transport and the Environment. Parks & Wildlife Finland is responsible for hunting, fishing and off-road traffic, produces social nature, hiking and wilderness services and manages species protection duties in all state-owned land and water areas. Parks & Wildlife Finland's operations strengthen the preconditions for traditional Sámi culture.

In the year under review, Parks & Wildlife Finland placed a particular focus on taking over the cultural history sites transferred from the National Board of Antiquities, the development of sales and geographic information systems, the improvement of services in national parks and other destinations open to the general public, and the development of the customer service for wilderness services. The goals set for 2014 were almost completely attained.

The agreement between Metsähallitus, the Ministry of the Environment and the Ministry of Agriculture and Forestry on managing public administration duties and their financing was renewed for 2014, based on the state performance guidance development project. The performance agreement implements the Government programme, the strategic objectives of the ministries that steer Metsähallitus, and the ownership policy guidelines of Metsähallitus. The strategic performance agreement covers the year under review and four consecutive years.

Parks & Wildlife Finland implements public administration

duties and its operations are financed using specially allocated funds.

Funding for Parks & Wildlife Finland totalled EUR 65.4 million in the year under review (61.8). Of this sum, State budget funds covered EUR 47.7 million (43.2) and most of that sum, EUR 36.6 million (33.4), was allocated by the Ministry of the Environment. The Ministry of Agriculture and Forestry's funding for public administration duties totalled EUR 7.7 million (6.8). Other sources of funding included internal and project financing.

Higher funding facilitated a higher number of person-years, totalling 654 (578).

Parks & Wildlife Finland's investments, EUR 3.3 million (2.3), were allocated to establishing nature reserves and repairing service structures. The Ministry of the Environment granted funding for these investments.

Metsähallitus' holding in the real estate company Nuukioskeskus Oy, established for the purpose of building and maintaining Haltia, the Finnish Nature Centre in Espoo, is 68.1 %.

### MEETING THE OBJECTIVES SET FOR METSÄHALLITUS' PUBLIC ADMINISTRATION DUTIES

The 2014 Budget set five operational goals for Metsähallitus Parks & Wildlife Finland in the Ministry of the Environment's administrative sector. No corresponding goals were set for duties falling within the administrative sector of the Ministry of Agriculture and Forestry.

1. Metsähallitus participates in implementing the conservation targets of Natura 2000 sites and regular assessment of the status of such areas, and is responsible for impact assessment of the care and maintenance of the entire protected area network.
2. Metsähallitus enhances the conservation status of threatened species and habitats by supplementing the related knowledge base and, on this basis, targeting conservation measures as effectively as possible.
3. Metsähallitus promotes ecosystem connectivity and the restoration of weakened ecosystems, while maintaining and improving the functioning of ecosystem services in the protected areas it manages.
4. Metsähallitus creates the preconditions for nature tourism and the recreational use of nature by improving the service equipment, guidance and wear resistance of protected areas considered key in terms of their use.
5. Metsähallitus communicates efficiently on the protection of biodiversity and possibilities for the use of nature, promoting the positive impacts of recreation in a natural environment

Based on the goals set by Parliament, Parks & Wildlife Finland's six effectiveness targets are recorded in the strategic performance agreement. These include the duties falling within the administrative sector of the Ministry of Agriculture and Forestry. The effectiveness targets are set out in more detail within the operational goals set by ministries. This table displays a detailed assessment of how well these targets have been attained from the effectiveness perspective.

## Realisation of the quantitative goals set by Parliament 2012-2014

### EFFECTIVENESS TARGETS

	Realisation 2012	Realisation 2013	Target 2014: target	Realisation 2014
<b>Improving the conservation status of species and habitats</b>				
Restoration and management, ha	5 617	6 647	6 040	6 250
Restoration (ha)	1 897	2 212	2 240	1 627
Management of cultural habitats (ha)	3 388	4 137	3 500	4 310
Management and restoration of valuable habitats (ha)	332	298	300	313
Habitat inventories (ha)	77 613	101 665	70 000	137 614
Inventory of underwater habitats 2010-2012, video recording points 2013	n. 10 000	9 365	9 000	6 000
Monitored sites of mammals and birds for which Metsähallitus is responsible (number)	1 886	1 817	1 750	1 584
Species surveys under the METSO programme (ha)	1 620	1 721	1 500	1 285
<b>The status of Natura 2000 and nature conservation area network is improving</b>				
<b>The number of Natura sites for which a use and management plan will be completed</b>	18	13	15	22
<b>Wilderness recreation services are provided on a comprehensive, ecologically and socially sustainable basis in order to generate wellbeing</b>				
Customer satisfaction of hunters with permits (scale 1-5)	3,8	3,8	3,7	3,7
Hunting permits (number)	50 206	56 389	45 000	50 100
Fishing permits (number)	78 864	71 267	75 000	70 151
The number of lease agreements of hunting and fishing areas	3 441	3 426	3 500	3 448
<b>Recreation in a natural setting enhances wellbeing and the value accorded to nature, supported through active communication measures</b>				
Customer satisfaction of recreation services (scale 1-5)	4,2	4,3	>=4	4,3
Visits to national parks	2 087 300	2 259 800	2 095 000	2 286 500
Visits to state-owned hiking areas	354 000	369 000	355 000	355 300
Visits to Nature Centres and other customer service points	896 500	1 013 800	1 000 000	1 007 500

*Note! The figure for habitat inventories in 2014 includes 54,519 ha of inventories under the supplementation programme for mire conservation (separate funding)*

Each year, Metsähallitus publishes an annual report and financial statements for public administration duties. The publication contains more detailed information on the objectives and their implementation.

## METSÄHALLITUS EMPLOYEES

### Group key figures

	2014	2013
Employees, p-y	1752	1811
permanent, p-y	1021	1087
fixed-term, p-y	731	724
Share of women %	23,8	26,8
Average age, office employees y	46,9	47,0
permanent, y	49,7	49,8
fixed-term, y	35,1	35,5
Average age, loggers	55,4	55,1
Training days, total in days	5259	3565
Training days, days/p-y	3,22	2,14
Sick leave, % of p-y	3,2	3,4
Occupational accidents		
Number of incidents	47	44
Absence due to incidents in days	187	539
Salaries paid, EUR million	65,2	66,7
Share of total costs, %	22,1	17,6

The number of realised person-years in the Group fell year-on-year, totalling 1,752 (1,811).

In business operations, the number of person-years fell by 8 per cent. Total number of person-years was 979 (1,065). The change is mainly due to forest work being gradually outsourced to local forestry contractors.

The number of person-years increased in Parks & Wildlife Finland as fixed-term employees were hired to manage positions for which additional funding was allocated. The number of realised person-years totalled 654 (578).

Wages and salaries paid by the Group totalled EUR 65.2 million (66.7). The parent enterprise's share of this was EUR 61.4 million (61.6). The Group has no employees abroad.

All of Metsähallitus employees have been included in a profit sharing system since the beginning of 2008. The bonus criteria are linked to objectives set for the financial result and the quality and impacts of operations. The maximum bonus is 8 per cent of the total payroll. In the year under review, meeting the goals defined in the bonus indicator accrued an average bonus of 2.9 per cent of the annual salary.

Human resource development measures focussed on wellbeing at work and the lengthening of careers. In the year under review, the number of training days increased considerably. Vocational education, which represents over 50 per cent of training,

increased the most. Security training was another major sector.

The number of occupational accidents has been declining over the last three years, but in the year under review, their number rose while the number of absences due to occupational accidents decreased. The number of occupational accidents and the resulting absences is highest among loggers.

In the annual Metsähallitus employee survey on employee wellbeing, the overall score of 8.2 (on a scale of 1-10) was equal to the previous year's rating.

#### ADMINISTRATION AND MANAGEMENT

**Arto Tiitinen** is Chairman of the Board of Metsähallitus enterprise. **Ville Schildt** was vice chairman until 31 March 2014 and **Kai Kaatra** has been vice chairman since 1 April 2014. Board members were **Aino Jalonen**, **Janne Seurujärvi**, **Tuija Soanjärvi**, **Helena Walldén** and employee representative **Irene Rantala**.

The auditor of the enterprise is Authorised Public Accountants KMPG, responsible auditors **Jorma Nurkkala**, Authorised Public Accountant, Chartered Public Finance Auditor and **Leif-Erik Forsberg**, Authorised Public Accountant, Chartered Public Finance Auditor.

Until 28 February 2014, Metsähallitus' Director General was **Jyrki Kangas**. Forestry Director **Jussi Kumpula** served as Managing Director on a temporary basis from 1 March 2014 to 31



October 2014. **Esa Härmälä** began his term as Director General on 1 November 2014.

Metsähallitus' Management Group members are Jussi Kumppala, Director, Forestry; **Rauno Väisänen**, Director, Parks & Wildlife Finland; **Tuomas Hallenberg**, Director, Laatumaa from 1 June 2014; **Kirsti Lehtovaara**, Finance and Service Centre from 1 April 2014; **Juha Mäkinen**, Director, Communications; **Susanna Oikarinen**, General Counsel; **Markku Palo**, Director, Information Management and **Tapio Pouta**, Director, Human Resources and Development.

Wages and salaries paid to the Board and Managing Director totalled EUR 528,337 million (478,000).

## CORPORATE GOVERNANCE

Metsähallitus has posted a description of its corporate governance on its website. The statement outlines Metsähallitus' general administrative principles, the regulation of business operations (under parliamentary, governmental and ministerial authority), regulation of public administration duties (under parliamentary, governmental and ministerial authority), the Board of Directors of the enterprise, the Managing Director of the enterprise, the Management Group, incentive and bonus systems, internal supervision, auditing, the publicity 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.

## RESPONSIBILITY

Metsähallitus draws up a separate Corporate Social Responsibility Report, which is included in the Annual 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 takes a moderate stance on risk-taking. 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 the 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.

Metsähallitus' Board of Directors approves the risk management policy and assesses the need to amend the policy on an annual basis. Each year, the government receives a progress report on Metsähallitus' risks and their management. The Managing Director 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.

Key risks in terms of achieving Metsähallitus' goals include the development of wood and real estate prices and sales; the quantity and value of land areas in commercial forestry remaining at the level required by the goals set, and the funding of Parks & Wildlife Finland. The time required for wind power projects permit procedures may slow down the progress of such projects. The result of MH-Kivi Oy's arbitration proceedings may have financial implications. The effectiveness of developing new products and services based on ecosystem services and natural resources and maintaining a good reputation influence the attainment of objectives. Further risks that may affect operational activities include natural conditions and uncertainties in the operation of information systems. The success of development projects in progress has an effect on the attainment of objectives.

In 2014, Metsähallitus continued to improve the quality of risk management across the organisation. Risks involved in the implementation of changes require active management.

## KEY EVENTS AFTER THE FINANCIAL PERIOD

In February, Metsähallitus sold its 30.1 per cent holding of AS Eesti Metsataim shares.

## OUTLOOK AND GOALS SET BY THE OWNER FOR 2015

The national economic outlook influences the operations of Metsähallitus Group in various ways. The profit target set by the owner for 2015 is EUR 121 million.

Financial performance is largely dependent on the development of timber demand and prices. Forest industry demand for pulpwood began to dwindle towards the end of 2014, largely due to the high timber reserves held by industrial customers. Demand for and the prices of sawtimber are burdened by the deteriorating market situation, both in export markets and in Finland.

Metsähallitus' other key business area, the real estate business, faces a challenging outlook on the demand side.

In 2015, Parks & Wildlife Finland's financing will fall slightly below the 2014 level.

## BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF RETAINED EARNINGS

Metsähallitus' Business Unit's retained earnings total EUR 110,619,441.01 of which profit for the financial year stands at EUR 114,247,025.73.

The Board of Directors proposes that EUR 110,000,000.00 be paid in dividends in four instalments in 2015, and EUR 619,441.01 be entered under "retained earnings".

## PROFIT AND LOSS ACCOUNT | Metsähallitus Group and Metsähallitus Enterprise

PROFIT AND LOSS ACCOUNT (EUR)	Group		Metsähallitus	
	1.1.-31.12.2014	1.1.-31.12.2013	1.1.-31.12.2014	1.1.-31.12.2013
TURNOVER	360 536 773,88	374 992 000,49	348 927 085,02	352 044 368,81
Variation in inventories of finished products and change to work in progress	-623 354,56	-702 206,42	0,00	0,00
Other operating income	36 754 990,74	42 998 351,70	36 612 961,60	38 655 268,06
Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	11 211 790,86	10 167 422,67	11 466 219,53	10 603 495,34
Variation in inventories	3 159 312,00	1 136 663,70	-199 139,92	400 245,97
External services	170 228 444,63	184 639 462,78	167 908 657,18	169 696 885,11
Staff expenses				
Wages and salaries	65 182 737,91	66 663 067,62	61 384 489,11	61 642 664,94
Social security expenses				
Pension expenses	13 689 532,60	12 456 030,92	12 942 117,14	11 550 863,88
Other social security expenses	3 012 314,25	2 798 429,36	2 961 332,04	2 556 981,54
Depreciation, amortisation and impairment				
Depreciation according to plan	7 191 562,76	6 835 143,22	4 996 670,89	5 284 279,22
Impairment of non-current assets	3 486 026,44	487 497,00	1 779 311,41	0,00
Other operating costs	44 987 242,33	50 970 267,70	44 408 983,52	47 437 061,43
Share of associated undertakings' profit/loss	67 677,17	113 219,00	0,00	0,00
<b>OPERATING PROFIT</b>	<b>74 587 123,45</b>	<b>81 247 379,80</b>	<b>77 891 405,72</b>	<b>81 527 159,44</b>
Financial income and expenses				
Income from other investments under non-current assets	101 583,09	77 628,08	397 847,68	289 794,47
Other interest and financial income	308 103,96	279 393,89	246 727,66	226 243,37
Interest and other financial expenses	250 413,59	220 872,29	158 024,38	120 589,34
Reductions in value of investments held as non-current assets	28 198,93	0,00	3 550 007,20	2 500 000,00
	131 074,53	136 149,68	-3 063 456,24	-2 104 551,50
<b>PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET</b>	<b>74 718 197,98</b>	<b>81 383 529,48</b>	<b>74 827 949,48</b>	<b>79 422 607,94</b>
Financing for other operations from the Budget	47 701 560,88	43 185 552,19	47 701 560,88	43 185 552,19
Income taxes	8 292 775,19	8 737 518,19	8 282 484,63	8 738 947,60
Minority share	99 392,40	154 164,00	0,00	0,00
<b>PROFIT DURING THE FINANCIAL YEAR</b>	<b>114 226 376,07</b>	<b>115 985 727,48</b>	<b>114 247 025,73</b>	<b>113 869 212,53</b>

BALANCE SHEET (EUR)	Group		Metsähallitus	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	322 385,47	185 969,79	322 385,47	175 315,93
Other capitalised long-term expenses	560 900,35	138 535,38	515 990,04	3 381,53
	883 285,82	324 505,17	838 375,51	178 697,46
Goodwill and consolidation	0,00	0,00	0,00	0,00
Tangible assets				
Land and water areas	3 686 915 537,55	3 687 514 026,63	3 684 414 225,05	3 683 262 831,00
Roads	24 758 391,50	20 647 379,24	24 752 925,53	20 461 719,51
Buildings and structures	55 903 220,72	60 005 561,15	37 519 163,96	40 684 232,82
Machinery and equipment	4 831 797,78	5 473 481,60	548 485,51	843 705,92
Other tangible assets	854 848,48	884 784,58	10 599,04	10 599,04
Advance payments and work in progress	12 766 155,06	10 550 476,20	12 590 569,80	10 327 466,37
	3 786 029 951,09	3 785 075 709,40	3 759 835 968,89	3 755 590 554,66
Investments				
Shares in Group's subsidiaries	0,00	0,00	29 538 941,62	32 838 941,62
Holdings in associated undertakings	967 879,12	953 960,99	950 000,00	1 200 007,20
Other shares and holdings	2 407 689,63	2 278 678,01	2 840 448,09	2 683 237,54
Other receivables	24 100,00	22 300,00	1 800,00	0,00
	3 399 668,75	3 254 939,00	33 331 189,71	36 722 186,36
NON-CURRENT ASSETS IN TOTAL	<b>3 790 312 905,66</b>	<b>3 788 655 153,57</b>	<b>3 794 005 534,11</b>	<b>3 792 491 438,48</b>
CURRENT ASSETS				
Inventories				
Finished products	25 415 950,03	29 700 495,38	14 771 684,16	14 572 544,24
Work in progress	1 622 452,80	1 120 574,00	0,00	0,00
	27 038 402,83	30 821 069,38	14 771 684,16	14 572 544,24
Receivables				
Non-current				
Other receivables	75 015,72	0,00	0,00	0,00
Current				
Accounts receivable	38 178 795,56	32 370 205,08	35 213 323,34	29 479 563,75
Receivables from Group's subsidiaries	0,00	0,00	161 996,99	350 298,50
Receivables from associated undertakings	0,00	0,00	0,00	0,00
Other receivables	522 863,81	430 084,32	421 004,46	144 877,35
Prepayments and accrued income	5 200 333,11	4 992 757,30	5 052 037,19	4 801 335,73
	43 901 992,48	37 793 046,70	40 848 361,98	34 776 075,33
Securities	0,00	0,00	0,00	0,00
Cash in hand and at banks	20 317 679,13	32 716 262,72	20 278 280,19	32 634 668,87
CURRENT ASSETS IN TOTAL	<b>91 333 090,16</b>	<b>101 330 378,80</b>	<b>75 898 326,33</b>	<b>81 983 288,44</b>
ASSETS IN TOTAL	<b>3 881 645 995,82</b>	<b>3 889 985 532,37</b>	<b>3 869 903 860,44</b>	<b>3 874 474 726,92</b>

## BALANCE SHEET | Metsähallitus Group and Metsähallitus Enterprise

BALANCE SHEET (EUR)	Group		Metsähallitus	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
EQUITY AND LIABILITIES				
EQUITY				
Basic equity	2 525 707 748,44	2 536 538 416,29	2 525 707 748,44	2 536 538 416,29
Other equity	1 175 224 045,11	1 152 671 848,95	1 175 224 045,11	1 152 671 848,95
Retained earnings	-3 764 805,78	10 249 466,74	-3 627 584,72	12 503 202,75
Profit for the financial year	114 226 376,07	115 985 727,48	114 247 025,73	113 869 212,53
<b>EQUITY IN TOTAL</b>	<b>3 811 393 363,84</b>	<b>3 815 445 459,46</b>	<b>3 811 551 234,56</b>	<b>3 815 582 680,52</b>
MINORITY SHARE	5 871 719,60	5 971 112,01	0,00	0,00
PROVISIONS				
Other provisions	1 464 241,00	1 475 812,78	0,00	0,00
LIABILITIES				
Non-current				
Loans from financial institutions	6 411 065,75	5 881 828,73	0,00	0,00
Other liabilities	1 412 391,60	319 950,60	1 220 150,00	22 850,00
Current				
Loans from financial institutions	120 000,00	5 118 355,82	0,00	4 998 355,82
Advances received	9 608 672,18	6 119 462,94	9 557 542,18	6 106 107,94
Accounts payable	10 016 747,22	12 657 529,28	9 616 283,85	12 003 166,65
Debts to Group's subsidiaries	0,00	0,00	3 925 530,57	1 943 029,21
Other liabilities (incl. interest-bearing)	16 220 293,43	15 981 177,84	15 829 528,63	15 138 188,60
Accruals and deferred income	19 104 639,31	21 002 121,58	18 203 590,65	18 680 348,18
Deferred tax liabilities	22 861,89	12 721,33	0,00	0,00
<b>LIABILITIES IN TOTAL</b>	<b>62 916 671,38</b>	<b>67 093 148,12</b>	<b>58 352 625,88</b>	<b>58 892 046,40</b>
<b>EQUITY AND LIABILITIES IN TOTAL</b>	<b>3 881 645 995,82</b>	<b>3 889 985 532,37</b>	<b>3 869 903 860,44</b>	<b>3 874 474 726,92</b>

CASH FLOW STATEMENT (EUR)	Group		Metsähallitus	
	1.1.-31.12.2014	1.1.-31.12.2013	1.1.-31.12.2014	1.1.-31.12.2013
<b>CASH FLOW FROM BUSINESS OPERATIONS</b>				
Payments from sales	357 064 896,28	375 300 949,94	343 890 385,92	350 728 796,81
Payments from other operating income	5 991 056,95	15 936 737,03	5 811 888,60	15 893 233,24
Payments from operating charges	-313 250 524,05	-322 038 455,61	-302 590 998,24	-300 002 003,66
Cash flow from business operations, before financial items and taxes	49 805 429,18	69 199 231,36	47 111 276,28	66 620 026,39
Interest and other financial expenses	-250 413,59	-220 872,29	-158 024,38	-120 589,34
Interest income from business operations	308 103,96	279 393,89	246 727,66	226 243,37
Dividends received	101 583,09	77 628,08	397 847,68	117 794,47
Direct taxes	-8 630 211,43	-9 143 259,87	-8 619 920,87	-9 108 074,400
Cash flow before the State's budget funding	41 334 491,21	60 192 121,17	38 977 906,37	57 735 400,49
State's budget funding for other operations	49 293 109,85	40 683 146,65	49 293 109,85	40 683 146,65
Cash flows from operating activities	90 627 601,06	100 875 267,82	88 271 016,22	98 418 547,14
<b>INVESTMENTS</b>				
Purchase of environmental protection areas, shares	-835 945,27	-1 127 423,52	-835 945,27	-1 127 423,52
Purchase of fixed assets, funding by Ministry	-1 042 493,13	-943 574,84	-1 042 493,13	-943 574,84
Purchase of fixed assets, funding by the EU	-212 999,07	-106 355,73	-212 999,07	-106 355,73
Purchase of fixed assets, other funding	-31 730,94	-60 546,77	-31 730,94	-60 546,77
Investments in tangible and intangible assets	-16 870 648,61	-22 230 200,17	-16 158 145,64	-11 830 407,83
Sale of tangible and intangible assets	47 243 553,59	37 738 624,80	47 277 324,00	32 890 388,53
Sale of other investments	0,00	0,00	0,00	500 000,00
Shareholder investment in/return on environmental protection areas and shares	835 945,27	1 127 423,52	835 945,27	1 127 423,52
Funding received for the construction of nature centres etc.	1 264 811,31	639 105,02	1 264 811,31	639 105,02
Cash flows from investing activities	30 350 493,15	15 037 052,31	31 096 766,53	21 088 608,38
<b>FINANCING</b>				
Change in non-current loans from financial institutions	634 096,02	174 646,59	0,00	0,00
Change in other non-current, interest-bearing loans	-104 859,00	-105 609,00	0,00	0,00
Change in other non-current, non-interest-bearing loans	1 092 441,00	-4 888,21	1 197 300,00	-4 888,21
Change in current loans from financial institutions	-4 998 355,82	-1 646 209,24	-4 998 355,82	0,00
Change in other current, interest-bearing loans	0,00	0,00	0,00	3 267,52
Change in Group loans to subsidiaries	0,00	0,00	2 076 884,39	604 108,32
Return of capital to minority shareholders	0,00	-19 350,00	0,00	0,00
Contribution to State revenue	-130 000 000,00	-120 000 000,00	-130 000 000,00	-120 000 000,00
Cash flows from financing activities	-133 376 677,80	-121 601 409,86	-131 724 171,43	-119 397 512,37
<b>CHANGE IN LIQUID FUNDS</b>				
Liquid funds on 1 Jan	32 716 262,72	38 405 352,45	32 634 668,87	32 525 025,72
Liquid funds on 31 Dec	20 317 679,13	32 716 262,72	20 278 280,19	32 634 668,87
Net change in cash and cash equivalents	-12 398 583,59	-5 689 089,73	-12 356 388,68	109 643,15

# NOTES TO THE FINANCIAL STATEMENTS 2014

The 2014 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 administrative 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 the financial year, the enterprise wrote down EUR 3.3 million of the share acquisition cost of two subsidiaries, based on the companies' realised profit performance and the deterioration in the companies' profit performance outlook.

### 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 acqui-

sition 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, BALANCE SHEET AND DATA FOR THE PREVIOUS FINANCIAL YEAR

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

### COMPARABILITY OF THE DATA FOR THE PREVIOUS FINANCIAL YEAR

The data is comparable with the data for the previous financial year.

### STRUCTURAL CHANGES IN THE ORGANISATION

The steering model for subsidiaries was reformed and the separate business portfolio unit was closed during the financial year.

## 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 2014

All companies owned at the end of the year are included in the consolidated financial statements. 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.

The preliminary figures available at the time have been included in the consolidated financial statements for 2013 for MH-Kivi Oy. The difference between the final and preliminary results have been included in the Group's result for the financial year.

## NOTES TO PROFIT AND LOSS ACCOUNT

### Metsähallitus Group and Metsähallitus Enterprise

mill. EUR	Group		Metsähallitus	
	2014	2013	2014	2013
Turnover by business unit				
Forestry and related services	331,7	334,0	332,2	334,2
Seed and seedling production	8,2	8,1	0,0	0,0
Land and plot sales	6,2	6,4	6,2	6,4
Sale of soil resources, rock-crushing business	4,1	15,5	0,0	0,0
Other	10,3	11,1	10,6	11,5
<b>Total</b>	<b>360,5</b>	<b>375,0</b>	<b>348,9</b>	<b>352,0</b>
Other operating income				
Gains on the sale of fixed assets	31,7	23,9	31,7	22,5
Other income	5,1	19,1	5,0	16,2
<b>Total</b>	<b>36,8</b>	<b>43,0</b>	<b>36,6</b>	<b>38,7</b>
Depreciation according to plan				
Intangible assets	0,2	0,2	0,2	0,0
Depreciation for decrease of substance	-0,1	0,3	0,0	0,2
Roads	1,2	0,9	1,0	0,9
Buildings and structures	4,5	4,4	3,4	3,8
Machinery and equipment, other tangible assets	1,4	1,0	0,4	0,4
Goodwill and consolidation	0,0	0,0	0,0	0,0
<b>Total</b>	<b>7,2</b>	<b>6,8</b>	<b>5,0</b>	<b>5,3</b>
Impairment of non-current assets				
Impairment of land and water areas	3,5	0,5	1,8	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.

	Group		Metsähallitus	
	2014	2013	2014	2013
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	0,3	0,2
Interest income	0,3	0,3	0,2	0,2
<b>Total</b>	<b>0,4</b>	<b>0,4</b>	<b>0,6</b>	<b>0,5</b>
Interest and other financial expenses				
Interest expenses	0,2	0,2	0,1	0,1
Other financial expenses	0,0	0,0	0,0	0,0
Reduction in value of associated undertakings' shares	0,0	0,0	0,3	0,0
Reduction in value of subsidiaries' shares	0,0	0,0	3,3	2,5
Reduction in value of other investments under non-current assets	0,0	0,0	0,0	0,0
<b>Total</b>	<b>0,3</b>	<b>0,2</b>	<b>3,7</b>	<b>2,6</b>

## 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
Acquisition cost on 1 Jan	4,6	2,4	3 692,6	86,2	113,4	30,2	10,6	4,3	3 944,2
Reduction in value on 1 Jan	0,0	0,0	-0,5	0,0	0,0	0,0	0,0	-1,0	-1,5
Increases	0,8	0,0	27,3	5,3	1,8	0,8	2,7	0,4	39,1
Decreases	0,0	0,0	24,4	0,0	2,3	0,2	0,5	0,2	27,6
Reduction in value	0,0	0,0	-3,5	0,0	0,0	0,0	0,0	0,0	-3,5
Acquisition cost on 31 Dec	<b>5,3</b>	<b>2,4</b>	<b>3 691,6</b>	<b>91,5</b>	<b>112,9</b>	<b>30,9</b>	<b>12,8</b>	<b>3,4</b>	3 950,8
Accumulated depreciation and impairment losses on 1 Jan	4,2	2,4	4,6	65,6	53,4	23,9	0,0	0,0	154,1
Accumulated depreciation relating to decreases and transfers	0,0	0,0	0,2	0,0	-0,9	-0,1	0,0	0,0	-0,8
Depreciation for the financial year	0,2	0,0	-0,1	1,2	4,5	1,4	0,0	0,0	7,2
Acquisition cost on 31 Dec	<b>4,5</b>	<b>2,4</b>	<b>4,7</b>	<b>66,8</b>	<b>57,0</b>	<b>25,2</b>	<b>0,0</b>	<b>0,0</b>	<b>160,4</b>
Book value on 1 Jan	0,3	0,0	3 688,0	20,6	60,0	6,4	10,6	3,3	3 789,1
Book value on 31 Dec	<b>0,9</b>	<b>0,0</b>	<b>3 686,9</b>	<b>24,8</b>	<b>55,9</b>	<b>5,7</b>	<b>12,8</b>	<b>3,4</b>	<b>3 790,3</b>
Production machinery and equipment, book value							2,3		
Metsähallitus	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	3,4	0,0	3 685,0	85,8	88,3	17,0	10,3	55,2	3 945,0
Reduction in value on 1 Jan	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-18,5	-18,5
Increases	0,8	0,0	27,3	5,3	1,7	0,1	2,3	0,3	37,8
Decreases	0,0	0,0	24,4	0,0	2,3	0,1	0,0	0,2	27,0
Reduction in value	0,0	0,0	-1,8	0,0	0,0	0,0	0,0	-3,6	-5,3
Acquisition cost on 31 Dec	<b>4,2</b>	<b>0,0</b>	<b>3 686,2</b>	<b>91,1</b>	<b>87,8</b>	<b>16,9</b>	<b>12,6</b>	<b>33,3</b>	3 932,0
Accumulated depreciation on 1 Jan	3,2	0,0	1,7	65,3	47,7	16,1	0,0	0,0	134,1
Accumulated depreciation relating to decreases and transfers	0,0	0,0	0,0	0,0	-0,9	-0,1	0,0	0,0	-1,0
Depreciation for the financial year	0,2	0,0	0,0	1,0	3,4	0,4	0,0	0,0	5,0
Accumulated depreciation on 31 Dec	<b>3,4</b>	<b>0,0</b>	<b>1,7</b>	<b>66,4</b>	<b>50,2</b>	<b>16,3</b>	<b>0,0</b>	<b>0,0</b>	<b>138,0</b>
Book value on 1 Jan	0,2	0,0	3 683,3	20,5	40,7	0,9	10,3	36,7	3 792,5
Book value on 31 Dec	<b>0,8</b>	<b>0,0</b>	<b>3 684,4</b>	<b>24,8</b>	<b>37,5</b>	<b>0,6</b>	<b>12,6</b>	<b>33,3</b>	<b>3 794,0</b>
Production machinery and equipment, book value on 31 Dec						0,0			



	<b>Group</b>		<b>Metsähallitus</b>	
	2014	2013	2014	2013
Shares and holdings. book value (MEUR)				
Shares in subsidiaries	0,0	0,0	29,5	32,8
Shares in associated undertakings	1,0	1,0	1,0	1,2
Other shares and receivables	2,4	2,3	2,8	2,7
	3,4	3,3	33,3	36,7
<b>Shares in subsidiaries</b>	Holding %		Carrying amount in the parent company (EUR)	
Metsähallitus				
Fin Forelia Oy, Kuopio	100		6 236 830,19	
MH-Kivi Oy, Oulu	100		8 061 000,00	
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			29 538 941,62	
<b>Shares in associated undertakings</b>				
Metsähallitus				
AS Eesti Metsataim, Estonia	30,1		950 000,00	
Holdings company shares				
Metsähallitus				
Oy Estar Studios LTD, Rovaniemi	19,98		0,00	
<b>Receivables from Group's subsidiaries (MEUR)</b>	Metsähallitus		Metsähallitus	
	2014		2013	
Accounts receivable	0,2		0,2	
Other receivables	0		0,2	
Total	0,2		0,4	

	<b>Group</b>		<b>Metsähallitus</b>	
	2014	2013	2014	2013
<b>Current prepayments and accrued income (MEUR)</b>				
Life projects, accrued income	0,6	0,5	0,6	0,5
EU Structural Fund projects, accrued income	2,5	2,7	2,5	2,7
Employment programme projects, accrued income	0,7	0,8	0,7	0,8
Project receivables, other accrued income	0,7	0,5	0,6	0,5
Other prepaid expenses/purchase invoices	0,6	0,5	0,6	0,3
Total	5,2	5,0	5,1	4,8
Other receivables, non-current and current				
Other receivables, non-current, guarantee	0,1	0,0	0,0	0,0
Other prepayments, prepaid expenses, current	0,4	0,3	0,4	0,1
Deferred VAT and tax assets	0,1	0,1	0,0	0,0
Current total	0,5	0,4	0,4	0,1

## NOTES TO BALANCE SHEET | Metsähallitus Group and Metsähallitus Enterprise

	<b>Group</b>		<b>Metsähallitus</b>	
	2014	2013	2014	2013
<b>Equity (MEUR)</b>				
Basic equity on 1 Jan	2 536,5	2 538,1	2 536,5	2 538,1
Transfers of possession, inheritance by the State	0,6	0,4	0,6	0,4
Changes in land use	-11,4	-0,9	-11,4	-0,9
Other changes	0,0	-1,1	0,0	-1,1
Basic equity on 31 Dec	2 525,7	2 536,5	2 525,7	2 536,5
Other equity on 1 Jan	1 152,7	1 131,6	1 152,7	1 131,6
Transfers of possession, inheritance by the State	10,2	19,0	10,2	19,0
Changes in land use, other	11,5	0,9	11,5	0,9
Shareholder investment in purchase of environmental conservation areas	0,8	1,1	0,8	1,1
Other equity on 31 Dec	1 175,2	1 152,7	1 175,2	1 152,7
Retained earnings on 1 Jan	126,2	130,2	126,4	132,5
Contribution to State revenue	-130,0	-120,0	-130,0	-120,0
Retirement of own shares	0,1	0,1	0,0	0,0
Profit for the financial year without deferred depreciation	114,2	116,0	114,2	113,9
Results for previous financial year and current financial year on 31 Dec	110,5	126,3	110,6	126,4
Equity in total on 31 Dec	3 811,4	3 815,5	3 811,6	3 815,6
Provisions (MEUR)	1,5	1,5	0,0	0,0
Total of long-term loans due in a period exceeding 5 years				
Account limit, in use, Danske Bank	0,3	5,6		
Account limit, in use, Pohjola	0,1	0,0		
Account limit, in use, Nordea	5,9	0,0		
	6,3	5,6		
Amount of debt not paid to the State (MEUR)				
Debt to the State, withholding tax liabilities, social security contribution liabilities, pension contributions, VaEL, TyEL	2,5	2,6	2,4	2,4
<b>Debts to Group's subsidiaries (MEUR)</b>				
			<b>Metsähallitus</b>	
			2014	2013
Accounts payable			0,2	0,3
Other liabilities, accruals and deferred income			0,0	0,0
Consolidated liabilities			3,7	1,6
Total			3,9	1,9
<b>Other liabilities (MEUR)</b>				
VAT liabilities	12,9	12,1	12,8	11,7
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	1,4	2,1	1,4	2,1
Other	0,7	0,6	0,5	0,1
	16,2	16,0	15,9	15,1
Accruals and deferred income (MEUR)				
Differentiated statutory personnel expenses	1,2	1,3	1,2	1,2
Holiday pay liabilities, including social security expenses	15,0	14,3	14,8	14,1
Tax averaging	0,1	0,4	0,1	0,4
Other	2,8	5,0	2,1	3,0
Total	19,1	21,0	18,2	18,7

Contingent liabilities (MEUR)	Group		Metsähallitus	
	2014	2013	2014	2013
Leasing liabilities				
paid during the financial year	2,6	2,9	2,4	2,4
to be paid during the following year	2,6	2,6	2,6	2,6
to be paid at a later date	3,8	3,9	3,8	3,9
Business mortgages	0,9	0,9	0,0	0,0
Bank guarantee liabilities	2,6	4,3	0,4	0,4
Other banking liabilities	0,7	0,0	0,7	0,0
Deposited securities, guarantee deposits	0,9	0,0	0,0	0,0
Guarantee for subsidiary's liabilities, limits	0,0	0,0	3,5	1,0
Investment commitments	4,2	3,5	4,2	3,5

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		Metsähallitus	
	2014	2013	2014	2013
Employees	555	622	468	528
Supervisors	1 198	1 189	1 166	1 141
Total	1 752	1 811	1 634	1 669

Calculated deferred tax assets and liabilities	Group		Metsähallitus	
	2014	2013	2014	2013
Calculated deferred tax assets				
from postponed depreciations	0,7	0,6		
from subsidiary losses	2,6	2,0		
from provisions	0,3	0,4		
Total	3,6	3,0		

Auditors' fees (1000 EUR)	Group		Metsähallitus	
	2014	2013	2014	2013
KPMG Audit				
audit, financial year	40,2	0,0	35,1	0,0
audit, previous financial year	0,0	0,0	0,0	0,0
tax consulting	0,0	0,0	0,0	0,0
other services	41,7	0,0	41,7	0,0
Total	81,9	0,0	76,8	0,0
Deloitte & Touche Oy				
audit, financial year	9,7	41,3	0,0	19,4
audit, previous financial year	32,9	43,8	13,6	14,3
tax consulting, other services	58,4	0,0	19,4	0,0
Total	101,0	85,1	33,0	33,8

## PROFIT AND LOSS ACCOUNT | Business operations

PROFIT AND LOSS ACCOUNT (EUR)	Business operations group		Business	
	1.1.-31.12.2014	1.1.-31.12.2013	1.1.-31.12.2014	1.1.-31.12.2013
TURNOVER	354 987 926,20	369 961 354,41	343 239 464,98	346 745 488,39
Variation in inventories of finished products and change to work in progress	-623 354,56	-702 206,42	0,00	0,00
Other operating income	35 051 800,42	40 949 755,70	34 906 537,95	36 544 767,37
Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	8 292 330,81	7 477 185,76	8 475 506,06	7 733 775,39
Variation in inventories	2 831 444,63	933 859,38	-527 007,29	197 441,65
External services	166 040 786,13	180 869 936,50	163 729 555,10	165 853 831,53
Staff expenses				
Wages and salaries	40 292 542,72	44 034 138,11	36 510 221,22	39 118 660,42
Social security expenses				
Pension expenses	8 427 770,30	8 200 694,95	7 680 446,84	7 311 567,23
Other social security expenses	1 967 339,76	1 929 488,62	1 916 360,90	1 690 821,45
Depreciation, amortisation and impairment				
Depreciation according to plan	4 283 328,05	4 116 605,11	2 615 677,10	2 852 094,28
Impairment of non-current assets	3 486 026,44	487 497,00	1 779 311,41	0,00
Other operating costs	28 726 015,04	35 288 569,92	27 872 969,28	31 609 903,85
Share of affiliated companies' profits	67 677,17	113 219,00	0,00	0,00
<b>OPERATING PROFIT</b>	<b>125 136 465,35</b>	<b>126 984 147,34</b>	<b>128 092 962,31</b>	<b>126 922 159,96</b>
Financial income and expenses				
Income from other investments under non-current assets	98 447,80	77 460,48	394 712,39	289 626,87
Other interest and financial income	273 982,05	267 585,54	212 774,34	215 029,10
Interest and other financial expenses	251 861,94	219 507,14	161 415,44	120 099,42
Reductions in value of investments held as non-current assets	28 198,93	0,00	3 550 007,20	2 500 000,00
	92 368,98	125 538,88	-3 103 935,91	-2 115 443,45
<b>PROFIT BEFORE FINANCING FOR OTHER OPERATIONS</b>				
<b>FROM THE STATE BUDGET</b>	<b>125 228 834,33</b>	<b>127 109 686,22</b>	<b>124 989 026,40</b>	<b>124 806 716,51</b>
Income taxes	8 292 775,19	8 737 518,19	8 282 484,63	8 738 947,60
Minority share	0,00	0,00	0,00	0,00
<b>PROFIT DURING THE FINANCIAL YEAR</b>	<b>116 936 059,14</b>	<b>118 372 168,03</b>	<b>116 706 541,77</b>	<b>116 067 768,91</b>

BALANCE SHEET (EUR)	Business Operations Group		Business	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	151 975,23	185 891,95	151 975,23	175 238,09
Other capitalised long-term expenses	515 990,04	85 982,05	515 990,04	3 381,53
	667 965,27	271 874,00	667 965,27	178 619,62
Goodwill and consolidation	0,00	0,00	0,00	0,00
Tangible assets				
Land and water areas	2 558 151 107,39	2 579 908 126,28	2 556 379 689,65	2 576 386 825,41
Roads	24 442 876,34	20 262 851,92	24 437 410,37	20 077 192,19
Buildings and structures	16 200 659,94	19 575 196,77	13 069 274,68	15 733 911,44
Machinery and equipment	2 166 257,56	2 302 064,42	5 609,18	26 695,44
Other tangible assets	504 105,05	510 907,79	10 599,04	10 599,04
Advance payments and work in progress	12 764 180,06	10 550 476,20	12 588 594,80	10 327 466,37
	2 614 229 186,34	2 633 109 623,38	2 606 491 177,72	2 622 562 689,89
Investments				
Shares in Group's subsidiaries	0,00	0,00	16 773 830,19	20 073 830,19
Holdings in associated undertakings	967 879,12	953 960,99	950 000,00	1 200 007,20
Other shares and holdings	1 669 984,95	1 540 973,33	2 102 743,41	1 945 532,86
Other receivables	22 300,00	22 300,00	0,00	0,00
	2 660 164,07	2 517 234,32	19 826 573,60	23 219 370,25
NON-CURRENT ASSETS IN TOTAL	2 617 557 315,68	2 635 898 731,70	2 626 985 716,59	2 645 960 679,76
CURRENT ASSETS				
Inventories				
Finished products	23 311 936,53	27 268 614,51	12 667 670,66	12 140 663,37
Work in progress	1 622 452,80	1 120 574,00	0,00	0,00
	24 934 389,33	28 389 188,51	12 667 670,66	12 140 663,37
Receivables				
Non-current				
Other receivables	75 015,72	0,00	0,00	0,00
Current				
Accounts receivable	36 306 629,67	30 607 561,98	33 348 362,29	27 716 920,65
Receivables from public administration duties	741 281,18	1 181 780,45	730 369,89	1 158 535,76
Receivables from Group's subsidiaries	4 788,05	43 566,16	153 851,07	348 209,57
Receivables from associated undertakings		0,00		0,00
Other receivables	148 513,41	285 206,97	50 000,00	0,00
Prepayments and accrued income	167 700,34	198 117,93	19 374,42	8 536,16
	37 368 912,65	32 316 233,49	34 301 957,67	29 232 202,14
Securities	0,00	0,00	0,00	0,00
Cash in hand and at banks	13 401 134,03	27 228 575,38	13 396 437,55	27 221 824,43
CURRENT ASSETS IN TOTAL	75 779 451,73	87 933 997,38	60 366 065,88	68 594 689,94
ASSETS IN TOTAL	2 693 336 767,41	2 723 832 729,08	2 687 351 782,47	2 714 555 369,70

## BALANCE SHEET | Business operations

BALANCE SHEET (EUR)	Business Operations Group		Business	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
SHAREHOLDERS' EQUITY AND LIABILITIES				
EQUITY				
Basic equity	2 525 707 748,44	2 536 538 416,29	2 525 707 748,44	2 536 538 416,29
Retained earnings	2 269 093,72	13 896 925,69	2 458 413,74	16 390 644,83
Profit for the financial year	116 936 059,14	118 372 168,03	116 706 541,77	116 067 768,91
EQUITY IN TOTAL	2 644 912 901,30	2 668 807 510,01	2 644 872 703,95	2 668 996 830,03
MINORITY SHARE	0,00	0,00	0,00	0,00
PROVISIONS				
Other provisions	1 464 241,00	1 475 812,78	0,00	0,00
LIABILITIES				
Non-current				
Loans from financial institutions	6 334 508,70	5 882 264,85	0,00	0,00
Other liabilities (incl. interest-bearing)	1 407 141,60	314 450,60	1 214 900,00	17 350,00
Current				
Loans from financial institutions	120 000,00	5 118 355,82	0,00	4 998 355,82
Advances received	1 729 665,51	588 442,82	1 678 535,51	575 087,82
Accounts payable	8 634 042,68	10 813 260,99	8 237 359,07	10 199 155,27
Payables to public administration duties	236 685,80	160 551,26	236 655,80	158 462,33
Debts to Group's subsidiaries	0,00	0,00	3 914 619,28	1 889 359,59
Other liabilities (incl. interest-bearing)	15 545 597,11	15 305 474,86	15 158 958,56	14 471 993,62
Accruals and deferred income	12 929 121,82	15 353 883,76	12 038 050,30	13 248 775,22
Deferred tax liabilities	22 861,89	12 721,33	0,00	0,00
LIABILITIES IN TOTAL	46 959 625,11	53 549 406,29	42 479 078,52	45 558 539,67
EQUITY AND LIABILITIES IN TOTAL	<b>2 693 336 767,41</b>	<b>2 723 832 729,08</b>	<b>2 687 351 782,47</b>	<b>2 714 555 369,70</b>

CASH FLOW STATEMENT (EUR)	Business Operations Group		Business	
	1.1.-31.12.2014	1.1.-31.12.2013	1.1.-31.12.2014	1.1.-31.12.2013
<b>CASH FLOW FROM BUSINESS OPERATIONS</b>				
Payments from sales	352 241 770,84	369 985 038,60	338 946 910,64	345 184 975,94
Payments from other operating income	3 956 369,83	14 502 044,94	3 773 968,15	14 396 635,98
Payments from operating charges	-258 360 152,90	-273 037 957,85	-247 670 435,59	-250 581 969,24
Cash flow from business operations, before financial items and taxes	97 837 987,77	111 449 125,69	95 050 443,20	108 999 642,68
Interest and other financial expenses	-251 861,94	-219 507,14	-161 415,44	-120 099,42
Interest income from business operations	273 982,05	267 585,54	212 774,34	215 029,10
Dividends received	98 447,80	77 460,48	394 712,39	117 626,87
Direct taxes	-8 630 211,43	-9 143 259,87	-8 619 920,87	-9 108 074,40
Cash flows from operating activities	89 328 344,25	102 431 404,70	86 876 593,62	100 104 124,83
<b>INVESTMENTS</b>				
Investments in tangible and intangible assets	-15 585 633,65	-12 804 719,60	-14 872 404,46	-11 756 145,29
Sale of tangible and intangible assets	45 883 269,02	37 431 071,16	45 894 345,39	32 443 612,34
Sale of other investments	0,00	0,00	0,00	500 000,00
Purchase of subsidiaries' shares	0,00	-3 616 492,64	0,00	0,00
Cash flows from investing activities	30 297 635,37	21 009 858,92	31 021 940,93	21 187 467,05
<b>FINANCING</b>				
Change in non-current loans from financial institutions	557 102,85	175 082,71	0,00	0,00
Change in other non-current, interest-bearing loans	-104 859,00	-104 859,00	0,00	0,00
Change in other non-current, non-interest-bearing loans	1 092 691,00	-5 388,21	1 197 550,00	-5 388,21
Change in current loans from financial institutions	-4 998 355,82	-1 646 209,24	-4 998 355,82	0,00
Change in other current, interest-bearing loans	0,00	0,00	0,00	3 267,52
Change in Group loans to subsidiaries	0,00	0,00	2 076 884,39	604 108,32
Return of capital to minority shareholders	0,00	-19 350,00	0,00	0,00
Contribution to State revenue	-130 000 000,00	-120 000 000,00	-130 000 000,00	-120 000 000,00
Cash flows from financing activities	-133 453 420,97	-121 600 723,74	-131 723 921,43	-119 398 012,37
<b>CHANGE IN LIQUID FUNDS</b>				
Liquid funds on 1 Jan	27 228 575,38	25 388 036,50	27 221 824,43	25 328 245,92
Liquid funds on 31 Dec	13 401 134,03	27 228 576,38	13 396 437,55	27 221 825,43
Change	-13 827 441,35	1 840 539,88	-13 825 386,88	1 893 579,51

## NOTES TO PROFIT AND LOSS ACCOUNT | Business operations

	<b>Business operations group</b>		<b>Business</b>	
	2014	2013	2014	2013
<b>Turnover by business unit</b>				
Forestry and related services	332 391 700,37	335 515 445,87	332 859 063,80	335 789 787,06
Seed and seedling production	8 316 972,53	8 206 096,48	0,00	0,00
Land and plot sales	6 209 611,14	6 414 153,16	6 231 171,14	6 414 153,16
Sale of soil resources, rock-crushing business	4 095 785,12	15 488 444,73	0,00	0,00
Other	3 973 857,04	4 337 214,17	4 149 230,04	4 541 548,17
<b>Total</b>	<b>354 987 926,20</b>	<b>369 961 354,41</b>	<b>343 239 464,98</b>	<b>346 745 488,39</b>
of which turnover for public administration duties and its subsidiaries	4 557 435,64 15 220,00	5 731 728,6 42 231,0	4 336 833,4 15 220,0	5 634 966,02 42 231,00
<b>Other operating income</b>				
Gains on the sale of fixed assets	31 254 952,95	23 590 462,91	31 254 952,95	22 148 122,39
Income from services to public administration duties	3 189 274,45	3 310 640,53	3 189 274,45	3 310 640,53
Income from services to subsidiaries	3 233,33	45 114,01	151 740,01	279 555,69
Other income	604 339,69	14 003 538,25	310 570,54	10 806 448,76
<b>Total</b>	<b>35 051 800,42</b>	<b>40 949 755,70</b>	<b>34 906 537,95</b>	<b>36 544 767,37</b>
<b>Depreciation according to plan</b>				
Intangible assets	198 045,49	230 538,61	150 610,32	42 184,17
Depreciation for decrease of substance	-142 067,19	340 394,91	9 987,96	167 760,74
Roads	1 129 377,58	856 521,94	949 183,82	811 563,73
Buildings and structures	2 267 837,40	2 271 706,79	1 478 458,74	1 816 504,18
Machinery and equipment, other tangible assets	830 134,77	417 442,86	27 436,26	14 081,46
Goodwill and consolidation	0,00	0,00	0,00	0,00
<b>Total</b>	<b>4 283 328,05</b>	<b>4 116 605,11</b>	<b>2 615 677,10</b>	<b>2 852 094,28</b>
<b>Impairment of non-current assets</b>				
Impairment of land and water areas	<b>3 486 026,44</b>	<b>487 497,00</b>	<b>1 779 311,41</b>	<b>0,00</b>
<b>Depreciation according to plan, depreciation periods:</b>				
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				
<b>Other interest and financial income</b>				
Dividend income from external sources	98 447,80	77 460,48	98 109,80	76 932,48
Dividend income from subsidiaries	0,00	0,00	242 843,55	197 650,00
Dividend income from associated undertakings	0,00	0,00	53 759,04	15 044,39
Interest income	273 982,05	267 585,54	212 774,34	215 029,10
<b>Total</b>	<b>372 429,85</b>	<b>345 046,02</b>	<b>607 486,73</b>	<b>504 655,97</b>
<b>Interest and other financial expenses (EUR)</b>				
Interest expenses	251 861,94	219 507,14	159 001,54	119 189,53
Interest expenses to subsidiaries	0,00	0,00	2 413,90	909,89
Reduction in value of associated undertakings' shares	0,00	0,00	250 007,20	0,00
Reduction in value of subsidiaries' shares	0,00	0,00	3 300 000,00	2 500 000,00
Reduction in value of other investments under non-current assets	28 198,93	0,00	0,00	0,00
<b>Total</b>	<b>280 060,87</b>	<b>219 507,14</b>	<b>3 711 422,64</b>	<b>2 620 099,42</b>



## NON-CURRENT ASSETS (MILL. EUR)

<b>Business operation Group</b>	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	4,1	2,4	2 585,0	84,3	50,3	20,1	10,6	3,5	2 760,3
Reduction in value on 1 Jan	0,0	0,0	-0,5	0,0	0,0	0,0	0,0	-1,0	-1,5
Increases	0,6	0,0	6,0	5,3	0,3	0,7	2,7	0,4	16,1
Decreases	0,0	0,0	24,3	0,0	2,3	0,0	0,5	0,2	27,3
Reduction in value	0,0	0,0	-3,5	0,0	0,0	0,0	0,0	0,0	-3,5
Acquisition cost on 31 Dec	<b>4,7</b>	<b>2,4</b>	<b>2 562,8</b>	<b>89,6</b>	<b>48,3</b>	<b>20,8</b>	<b>12,8</b>	<b>2,7</b>	<b>2 744,1</b>
Accumulated depreciation and impairment losses on 1 Jan	3,9	2,4	4,6	64,1	30,7	17,3	0,0	0,0	122,9
Accumulated depreciation relating to decreases and transfers	-0,0	0,0	0,2	0,0	-0,9	0,0	0,0	0,0	-0,7
Depreciation during the financial year	0,2	0,0	-0,1	1,1	2,3	0,8	0,0	0,0	4,3
Accumulated depreciation on 31 Dec	<b>4,1</b>	<b>2,4</b>	<b>4,7</b>	<b>65,2</b>	<b>32,1</b>	<b>18,1</b>	<b>0,0</b>	<b>0,0</b>	<b>126,5</b>
Book value on 1 Jan	0,3	0,0	2 579,9	20,3	19,6	2,8	10,6	2,5	2 635,9
Book value on 31 Dec	<b>0,7</b>	<b>0,0</b>	<b>2 558,2</b>	<b>24,4</b>	<b>16,2</b>	<b>2,7</b>	<b>12,8</b>	<b>2,7</b>	<b>2 617,6</b>
Production machinery and equipment						2,166000			
Book value on 31 Dec									
<b>Business</b>	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	3,0	0,0	2 578,1	83,9	40,8	9,7	10,3	41,8	2 767,7
Reduction in value on 1 Jan	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-18,5	-18,5
Increases	0,6	0,0	6,0	5,3	0,3	0,0	2,3	0,3	14,8
Decreases	0,0	0,0	24,3	0,0	2,3	0,0	0,0	0,2	26,7
Reduction in value	0,0	0,0	-1,8	0,0	0,0	0,0	0,0	-3,6	-5,3
Acquisition cost on 31 Dec	<b>3,6</b>	<b>0,0</b>	<b>2 558,1</b>	<b>89,3</b>	<b>38,8</b>	<b>9,7</b>	<b>12,6</b>	<b>19,8</b>	<b>2 731,9</b>
Accumulated depreciation on 1 Jan	2,8	0,0	1,7	63,9	25,1	9,7	0,0	0,0	103,2
Accumulated depreciation relating to decreases and transfers	0,0	0,0	0,0	0,0	-0,9	0,0	0,0	0,0	-0,9
Depreciation during the financial year	0,2	0,0	0,0	0,9	1,5	0,0	0,0	0,0	2,6
Accumulated depreciation on 31 Dec.	<b>3,0</b>	<b>0,0</b>	<b>1,7</b>	<b>64,8</b>	<b>25,7</b>	<b>9,7</b>	<b>0,0</b>	<b>0,0</b>	<b>105,0</b>
Book value on 1 Jan	0,2	0,0	2 576,4	20,1	15,7	0,0	10,3	23,2	2 646,0
Book value on 31 Dec	<b>0,7</b>	<b>0,0</b>	<b>2 556,4</b>	<b>24,4</b>	<b>13,1</b>	<b>0,0</b>	<b>12,6</b>	<b>19,8</b>	<b>2 627,0</b>
Production machinery and equipment, book value on 31 Dec						0,0			

## NOTES TO BALANCE SHEET | Business operations

	Business operations group		Business	
	2014	2013	2014	2013
Shares and holding, book value (EUR)				
Shares in subsidiaries	0,00	0,00	16 773 830,19	20 073 830,19
Shares in associated undertakings	967 879,12	953 960,99	950 000,00	1 200 007,20
Holdings company shares	0,00	0,00	0,00	0,00
Other shares and holdings	755 988,68	944 344,91	1 188 747,14	1 348 904,44
Joint forest holdings	913 996,27	596 628,42	913 996,27	596 628,42
<b>Total</b>	<b>2 637 864,07</b>	<b>2 494 934,32</b>	<b>19 826 573,60</b>	<b>23 219 370,25</b>
Subscription fee receivables	22 300,00	22 300,00		0,00
<b>Shares in subsidiaries</b>			Holding share %	Book value in parent company
Fin Forelia Oy, Kuopio			100	6 236 830,19
MH-Kivi Oy, Oulu			100	8 061 000,00
Siemen Forelia Oy, Jyväskylä			100	2 476 000,00
<b>Total</b>				<b>16 773 830,19</b>
<b>Shares in associated undertakings</b>			share %	Book value
AS Eesti Metsataim, Estonia			30,1	950 000,00
<b>Holdings company shares</b>				
Oy Estar Studios Ltd, Rovaniemi			19,98	0,00

	Business Operations Group		Business	
	2014	2013	2014	2013
<b>Receivables from enterprise's public administration duties, EUR</b>				
Accounts receivable	740 650,18	1 179 510,95	729 738,89	1 157 490,26
Prepayments and accrued income	631,00	2 269,50	631,00	1 045,50
<b>Total</b>	<b>741 281,18</b>	<b>1 181 780,45</b>	<b>730 369,89</b>	<b>1 158 535,76</b>
<b>Receivables from subsidiaries (EUR)</b>				
Accounts receivable	4 788,05	43 566,16	153 851,07	176 209,57
Other receivables	0,00	0,00	0,00	172 000,00
<b>Total</b>	<b>4 788,05</b>	<b>43 566,16</b>	<b>153 851,07</b>	<b>348 209,57</b>
<b>Other receivables, current (EUR)</b>				
Other prepayments, prepaid expenses	52 908,47	166 780,24	50 000,00	0,00
VAT receivables	95 604,94	81 811,85	0,00	0,00
Deferred tax assets	0,00	36 614,88	0,00	0,00
Other receivables	0,00	0,00	0,00	0,00
<b>Total</b>	<b>148 513,41</b>	<b>285 206,97</b>	<b>50 000,00</b>	<b>0,00</b>
<b>Current external prepayments and accrued income (EUR)</b>				
Accrued interest	386,70	2 142,16	381,30	2 142,16
Deferred tax assets	34 965,30	0,00	0,00	0,00
Other prepaid expenses/purchase invoices	48 511,13	191 600,84	16 017,12	2 019,07
Other accrued income	83 837,21	4 374,93	2 976,00	4 374,93
<b>Total</b>	<b>167 700,34</b>	<b>198 117,93</b>	<b>19 374,42</b>	<b>8 536,16</b>
<b>Equity (EUR)</b>				
Basic equity on 1 Jan	2 536 538 416,29	2 538 127 797,15	2 536 538 416,29	2 538 127 797,15
Reduction in equity during the financial year				
Transfers of possession	424 691,28	55 621,00	424 691,28	55 621,00
Inheritance by the State	185 175,00	311 276,70	185 175,00	311 276,70
Changes in land use	-11 436 495,13	-874 816,36	-11 436 495,13	-874 816,36
Other	-4 039,00	-1 081 462,20	-4 039,00	-1 081 462,20
Basic equity on 31 Dec	<b>2 525 707 748,44</b>	<b>2 536 538 416,29</b>	<b>2 525 707 748,44</b>	<b>2 536 538 416,29</b>

	Business Operations Group		Business	
	2014	2013	2014	2013
Retained earnings on 1 Jan	132 269 093,72	133 896 925,69	132 458 413,74	136 390 644,83
Contribution to State revenue	-130 000 000,00	-120 000 000,00	-130 000 000,00	-120 000 000,00
Retirement of own shares	0,00	0,00	0,00	0,00
Profit for the financial year	117 020 254,14	118 372 168,03	116 706 541,77	116 067 768,91
Results for the previous financial year and current financial year on 31 Dec	119 289 347,86	132 269 093,72	119 164 955,51	132 458 413,74
Equity in total on 31 Dec	2 644 997 096,30	2 668 807 510,01	2 644 872 703,95	2 668 996 830,03
<b>Provisions (EUR)</b>	1 464 241,00	1 475 812,78	0,00	0,00
<b>Total of long-term loans due in a period exceeding 5 years (EUR)</b>				
Account limit, in use, Danske Bank	272 018,71	5 642 264,85		
Account limit, in use, Pohjola	76 557,05	0,00		
Account limit, in use, Nordea	5 942 489,99	0,00		
	6 291 065,75	5 642 264,85		
<b>Amount of debt not paid to the State (EUR)</b>				
Debt to the State, withholding tax liabilities, social security contribution liabilities, VaEL, TyEL	1 419 293,67	1 627 735,42	1 362 867,62	1 469 387,63
<b>Payables to public administration duties (EUR)</b>				
Accounts payable	28 520,26	61 477,04	28 520,26	59 388,11
Accruals and deferred income	208 165,54	99 074,22	208 135,54	99 074,22
Total	236 685,80	160 551,26	236 655,80	158 462,33
<b>Payables to subsidiaries (EUR)</b>				
Accounts payable	0,00	0,00	215 909,69	264 339,99
Other liabilities	0,00	0,00	0,00	0,00
Accruals and deferred income	0,00	0,00	2 916,53	6 110,93
Consolidated liabilities	0,00	0,00	3 695 793,06	1 618 908,67
Total	0,00	0,00	3 914 619,28	1 889 359,59
<b>Other external liabilities (EUR)</b>				
VAT liabilities	11 879 434,18	12 074 711,85	11 573 063,25	11 916 471,35
Withholding taxes, 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
<b>External accruals (EUR)</b>				
Differentiated statutory personnel expenses	677 536,39	825 508,60	674 603,66	720 648,90
Holiday pay liabilities, including social security expenses	9 842 092,98	9 768 828,92	9 628 441,95	9 553 656,23
Tax averaging	93 228,20	430 664,44	93 228,20	430 664,44
Other	2 316 264,25	4 328 881,80	1 641 776,49	2 543 805,65
Total	12 929 121,82	15 353 883,76	12 038 050,30	13 248 775,22

## NOTES TO BALANCE SHEET | Business operations

	Business operations group		Business	
	2014	2013	2014	2013
<b>Contingent liabilities</b>				
Leasing liabilities				
paid during the financial year	1,7	2,3	1,6	1,7
to be paid during the following year	2,6	2,6	2,6	2,6
to be paid at a later date	3,8	3,9	3,8	3,9
Business mortgages	0,9	0,9	0,0	0,0
Bank guarantee liabilities	2,6	4,3	0,4	0,4
Other banking liabilities	0,7	0,0	0,7	0,0
Deposited securities, guarantee deposits	0,1	0,0	0,0	0,0
Guarantee for subsidiary's liabilities, limits	0,0	0,0	3,5	1,0
Investment commitments	4,2	3,5	4,2	3,5

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.

	Business operations group	
	2014	2013
<b>Calculated deferred tax assets and liabilities</b>		
Calculated deferred tax assets		
from postponed depreciations	0,7	0,6
from subsidiary losses	2,4	2,0
from provisions	0,3	0,4
<b>Total</b>	<b>3,4</b>	<b>3,0</b>

	Business operations group		Business	
	2014 Investments planned	2014 Realised	2014 Investments planned	2014 Realised
<b>Self-financed investments</b>				
Land, water and gravel areas	5,6	5,1	5,6	5,1
Roads, plot processing works	7,4	6,5	7,4	6,5
Machinery and equipment, wind power projects	2,0	2,2	1,5	1,6
Buildings and structures	0,2	0,2	0,1	0,1
Other	1,7	1,6	1,7	1,6
<b>Total</b>	<b>16,9</b>	<b>15,6</b>	<b>16,3</b>	<b>14,9</b>

PROFIT AND LOSS ACCOUNT (EUR)	Parks & Wildlife Finland	
	1.1.-31.12.2014	1.1.-31.12.2013
TURNOVER	10 462 859,07	11 224 938,06
Other operating income	4 954 242,83	5 480 016,33
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	3 431 267,84	3 249 786,35
Variation in inventories	327 867,37	202 804,32
External services	4 655 906,08	5 213 753,19
Staff expenses		
Wages and salaries	24 881 637,06	22 528 784,42
Social security expenses		
Pension expenses	5 261 670,30	4 239 296,65
Other social security expenses	1 043 811,14	866 160,09
Depreciation, amortisation and impairment		
Depreciation according to plan	2 380 993,79	2 432 184,94
Other operating costs	23 635 504,91	23 367 184,95
OPERATING PROFIT	-50 201 556,59	-45 395 000,52
Financial income and expenses		
Income from other investments under non-current assets	3 135,29	167,60
Other interest and financial income	39 990,93	11 214,27
Interest and other financial expenses	2 646,55	489,92
	40 479,67	10 891,95
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	-50 161 076,92	-45 384 108,57
Financing for other operations from the Budget	47 701 560,88	43 185 552,19
Minority share	0,00	0,00
PROFIT DURING THE FINANCIAL YEAR	<b>-2 459 516,04</b>	<b>-2 198 556,38</b>

# BALANCE SHEET | Public administrative duties

BALANCE SHEET (EUR)	Parks & Wildlife Finland	
	31.12.2014	31.12.2013
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Intangible rights	170 410,24	77,84
Other capitalised long-term expenses	0,00	0,00
	170 410,24	77,84
Tangible assets		
Land and water areas	1 128 034 535,40	1 106 876 005,59
Roads	315 515,16	384 527,32
Buildings and structures	24 449 889,28	24 950 321,38
Machinery and equipment	542 876,33	817 010,48
Other tangible assets	0,00	0,00
Advance payments and work in progress	1 975,00	0,00
	1 153 344 791,17	1 133 027 864,77
Investments		
Shares in Group's subsidiaries	12 765 111,43	12 765 111,43
Other shares and holdings	737 704,68	737 704,68
Other receivables	1 800,00	0,00
	13 504 616,11	13 502 816,11
<b>NON-CURRENT ASSETS IN TOTAL</b>	<b>1 167 019 817,52</b>	<b>1 146 530 758,72</b>
<b>CURRENT ASSETS</b>		
Inventories		
Finished products	2 104 013,50	2 431 880,87
Work in progress	0,00	0,00
	2 104 013,50	2 431 880,87
Receivables		
Current		
Accounts receivable	1 871 324,97	1 762 643,10
Receivables from enterprise's business operations	236 655,80	158 462,33
Receivables from Group's subsidiaries	0,00	2 088,93
Receivables from associated undertakings		0,00
Other receivables	371 004,46	131 121,10
Prepayments and accrued income	5 032 662,77	4 806 555,82
	7 511 648,00	6 860 871,28
Securities	0,00	0,00
Cash in hand and at banks	6 881 842,64	5 412 844,44
<b>CURRENT ASSETS IN TOTAL</b>	<b>16 497 504,14</b>	<b>14 705 596,59</b>
<b>ASSETS IN TOTAL</b>	<b>1 183 517 321,66</b>	<b>1 161 236 355,31</b>

BALANCE SHEET (EUR)	Parks & Wildlife Finland	
	31.12.2014	31.12.2013
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Other equity	1 175 224 045,11	1 152 671 848,95
Retained earnings	-6 085 998,46	-3 887 442,08
Profit for the financial year	-2 459 516,04	-2 198 556,38
<b>EQUITY IN TOTAL</b>	<b>1 166 678 530,61</b>	<b>1 146 585 850,49</b>
<b>MINORITY SHARE</b>	<b>0,00</b>	<b>0,00</b>
<b>LIABILITIES</b>		
<b>Non-current</b>		
Loans from financial institutions	0,00	0,00
Other liabilities, non-interest-bearing	5 250,00	5 500,00
<b>Current</b>		
Loans from financial institutions	0,00	0,00
Advances received	7 879 006,67	5 531 020,12
Accounts payable	1 376 784,38	1 824 799,49
Debts to enterprise's business operations	730 369,89	1 158 535,76
Debts to Group's subsidiaries	10 911,29	23 244,69
Other liabilities (incl. interest-bearing)	670 570,07	666 194,98
Accruals and deferred income	6 165 898,75	5 441 209,78
<b>LIABILITIES IN TOTAL</b>	<b>16 838 791,05</b>	<b>14 650 504,82</b>
<b>EQUITY AND LIABILITIES IN TOTAL</b>	<b>1 183 517 321,66</b>	<b>1 161 236 355,31</b>

# CASH FLOW STATEMENT | Public administrative duties

## CASH FLOW STATEMENT (EUR)

### Parks & Wildlife Finland

	1.1.-31.12.2014	1.1.-31.12.2013
<b>CASH FLOW FROM BUSINESS OPERATIONS</b>		
Payments from sales	10 084 224,96	11 547 071,75
Payments from other operating income	6 866 670,09	5 010 377,06
Payments from operating charges	-63 309 131,01	-58 938 995,67
Cash flow from business operations, before financial items and taxes	-46 358 235,96	-42 381 546,86
Interest and other financial expenses	-2 646,55	-489,92
Interest income from business operations	39 990,93	11 214,27
Dividends received	3 135,29	167,60
State's budget funding for other operations	49 293 109,85	40 683 146,65
Cash flow from operations	2 975 353,56	-1 687 508,26
<b>INVESTMENTS</b>		
Purchase of environmental protection areas, shares	-835 945,27	-1 127 423,52
Purchase of fixed assets, funding by Ministry	-1 042 493,13	-943 574,84
Purchase of fixed assets, funding by the EU	-212 999,07	-106 355,73
Purchase of fixed assets, other funding	-31 730,94	-60 546,77
Investments in tangible and intangible assets	-1 515 122,67	-74 262,54
Sale of tangible and intangible assets	31 429,14	448 707,76
Shareholder investment in purchase of environmental protection areas and shares	835 945,27	1 127 423,52
Funding received for the construction of nature centres etc.	1 264 811,31	639 105,02
Cash flows from investing activities	-1 506 105,36	-96 927,10
<b>FINANCING</b>		
Change in other non-current, non-interest-bearing loans	-250,00	500,00
Cash flows from financing activities	-250,00	500,00
<b>CHANGE IN LIQUID FUNDS</b>		
Liquid funds on 1 Jan	5 412 844,44	7 196 779,80
Liquid funds on 31 Dec	6 881 842,64	5 412 844,44
Change	1 468 998,20	-1 783 935,36



# AUDITORS' REPORT

## To the Government

We have audited the accounting records, financial statements, reports of the Board of Directors, and administration of Metsähallitus for the financial year 1 January to 31 December 2014. The Board of Directors and the Managing Director have prepared the annual report and financial statements for the business operations, including the Group's, parent enterprise's, Business Operations' and Business Operations Group's balance sheets, profit and loss accounts, cash flow statements and notes to the financial statements. In addition, the Board of Directors and the Director of Parks & Wildlife Finland have prepared the annual report and financial statements on public administration duties, including the balance sheet, profit and loss account, cash flow statement and notes to the financial statements.

### **RESPONSIBILITY OF THE BOARD OF DIRECTORS, MANAGING DIRECTOR AND DIRECTOR, PARKS & WILDLIFE FINLAND**

The Board of Directors, Managing Director and Director of Natural Heritage Services are responsible for the preparation of the financial statements and reports of the Board of Directors and ensuring that they give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements in Finland. The Board of Directors is responsible for arranging control of the company's accounts and finances in the appropriate manner, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### **AUDITOR'S RESPONSIBILITY**

It is our responsibility to express an opinion on the financial statements and the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit in such a manner as to obtain reasonable assurance of whether the financial statements and the report of the Board of Directors are free of material misstatement, and whether the members of the Board of Directors, the Managing Director or the Director of Parks & Wildlife Finland are guilty of an act or negligence which may result in the enterprise becoming liable for damages or that have violated the Act on Unincorporated State Enterprises or the Act on Metsähallitus.

Jorma Nurkkala,  
Authorised Public Accountant, Chartered Public Finance Auditor

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement, whether due to fraud or error. In making such risk assessments, the auditor takes account of internal control relevant to the entity's preparation of financial statements and the report of the Board of Directors, which gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to providing us with a basis for our audit opinion.

### **OPINION ON THE FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS**

In our opinion, the financial statements and the reports of the Board of Directors give a true and fair view of the operations, finances, financial performance and financial responsibilities of the Group, parent enterprise, Business Operations and Business Operations Group and public administration duties in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

The financial statements, including the consolidated financial statements, may be adopted. Metsähallitus' corporate governance has complied with the Act on Unincorporated State Enterprises and the Act on Metsähallitus, as well as decisions taken by Parliament, the Government, the Ministry of Agriculture and Forestry and the Ministry of the Environment. Internal control and audits have been appropriately organised in Metsähallitus. The Board proposal concerning profit is in accordance with the Act on Unincorporated State Enterprises.

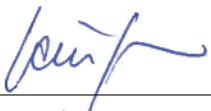
Helsinki, 26 March 2015

Leif-Erik Forsberg,  
Authorised Public Accountant, Chartered Public Finance Auditor

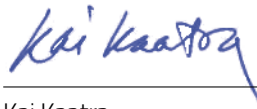
## Signatures

# Signatures of Metsähallitus Financial Statements

Vantaa, 26 March 2015



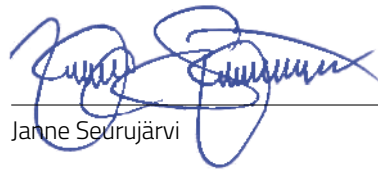
Aino Jalonen



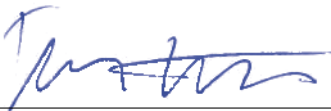
Kai Kaatra  
Vice-Chairman



Irene Rantala



Janne Seurujärvi



Tuija Soanjärvi



Helena Walldén



Arto Tiitinen  
Chairman



Esa Härmälä  
Director General

Our auditor's report has been issued today.

Helsinki, 26 March 2015



Jorma Nurkkala,  
Authorised Public Accountant, Chartered Public Finance Auditor



Leif-Erik Forsberg,  
Authorised Public Accountant, Chartered Public Finance Auditor

# Glossary

**Bioeconomy:** Bioeconomy refers to the utilisation of renewable materials derived from natural sources and the development and deployment of the related innovations and technologies.

**Ecosystem service:** Ecosystem services refer to the various material and immaterial services and benefits people obtain from nature, including natural resources and processes, biodiversity etc.

**Uneven-aged forestry:** Uneven-aged forestry involves forest regeneration through cutting small-scale openings or reducing the shading impact of large trees by crown thinning. In this way, trees of various ages grow in the forest at all times and no clear cutting occurs.

**Thinning or improvement cutting:** Improvement cutting is a forestry measure that improves the financial yield of forests. It involves the removal of poor quality trees, or trees that hamper the growth of the best trees in the forest stand. The trees left standing grow larger in diameter, enabling the forest stand to reach the final felling stage sooner.

**National park:** National parks are large nature reserves that ensure biodiversity and provide people with the opportunity to exercise in a natural environment.

**Harvesting stand:** A forest area allocated for cutting measures.

**Multiple-use forest:** Metsähallitus' productive forest lands are multiple-use forests. Forest ecosystem services are secured during the use and management of such land. Services of this kind include timber production, recreational use, the preconditions for reindeer husbandry and Sámi culture, and forest biodiversity.

**Final felling:** Felling of a forest stand that is mature for regeneration from the forestry point of view, or that has reached the desired age or diameter.

**Regenerated area:** An area that has undergone final felling and on which new forest will be planted.



## METSÄHALLITUS

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