

FINANCIAL STATEMENTS

2017

Metsähallitus financial statements
for the period from 1 January
to 31 December 2017



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Metsähallitus Group

Board of directors’ report

for the financial period 1 January–31 December 2017

Metsähallitus is a state-owned enterprise. The enterprise consists of property development, Group management and Public administration services, which are divided into National Parks Finland and Wildlife Service Finland. Metsähallitus Group comprises the enterprise and subsidiaries.

Metsähallitus uses, manages and protects the state-owned land and water areas under its control as an entity in line with the Government’s real estate strategy and ownership policy guidelines. The use of areas is planned in accordance with the natural resource plans, aiming for the highest possible social benefit and cost efficiency.

The enterprise engages in forestry through its subsidiary, Metsähallitus Forestry Ltd. Metsähallitus’ business operations involve the utilisation of the economic potential of the land and water areas placed under its control. It can also engage in similar market-based activities through its subsidiaries and affiliated companies. In exchange for compensation for the right to use state-owned forests, limited companies are entitled to engage in forestry activities in state-owned multiple-use forests.

Property Development’s operations include leasing, development, sales and purchases. The overall social benefit is even taken into account in Metsähallitus’ property business, creating the preconditions for the related business activities.

Metsähallitus’ Public administration services are also related to managing state-owned land and water assets. National parks, wilderness areas and other protected areas are the responsibility of Parks & Wildlife Finland unit. The unit is responsible for the use and management of Finland’s network of protected areas on state-owned land and water areas in Metsähallitus’ possession, and in private Nature Reserves in cooperation with the owners and Centres for Economic Development, Transport and the Environment. Metsähallitus continues to provide social nature and hiking services, and manages species protection

duties in all state-owned land and water areas. The Wildlife Service Finland is responsible for hunting, fishing and offroad traffic and collecting fishing management fees for the state.

The ownership policy guidelines aim to improve the productivity of National Parks Finland and to increase its impact. Use for the purposes of tourism, recreation, hunting and fishing will be developed on the basis of demand, in order to enhance the wellbeing effects of various areas and create business opportunities for entrepreneurs. The conservation status of habitats will be improved in areas used by National Parks Finland.

The Ministry of Agriculture and Forestry is responsible for the ownership steering related to Metsähallitus. In matters related to public administration duties, Metsähallitus is also steered by the Ministry of the Environment.

The Government sets a yield requirement on basic equity used for business purposes. The annual dividend payment target is determined on the basis of this yield requirement. The dividend is paid from the operating profit.

OPERATIONS DURING THE FINANCIAL PERIOD 1 JANUARY–31 DECEMBER 2017

Metsähallitus continued to work according to the ownership policy guidelines. Ensuring biodiversity and the prerequisites for the recreational use of nature is an important part of Metsähallitus’ operations. The business operations also ensured compliance with social obligations by creating benefits for recreational use, values related to nature, employment and local culture. Various degrees of use restrictions currently apply to approximately 530,000 hectares of Metsähallitus’ forests in commercial use, due to biodiversity, recreational use and reindeer husbandry requirements.

During the financial period, demand for services provided by Metsähallitus was strengthened by the improved general economic situation. Growth in tourism

and interest in outdoor activities were reflected both in the higher demand for services provided by Parks & Wildlife Finland, and in Property Development.

Metsähallitus declared its new values which include care, importance and effectiveness. Metsähallitus’ operations as a single entity were promoted by means of processes shared by all units. These include processes such as data governance services, finance and personnel management.

Metsähallitus participated in the joint Finland 100 years forest cluster project, the Bio Era Truck touring Finland from June to December, visiting 100 municipalities. Bio Era Tour, providing information on bio-economy and its potential, was particularly targeted at young people. Finland’s 40th national park, the Hossa National Park, was opened in June. The national park located at Kainuu covers an area of 110 km².

METSÄHALLITUS GROUP’S ECONOMIC DEVELOPMENT

Metsähallitus Group’s first financial period was from 15 April to 31 December 2016, and the reference year’s figures date back to the year in question.

Metsähallitus Group’s turnover totalled EUR 328.0 (246.4) million and its profit EUR 105.9 (55.9) million. Other operating income amounted to EUR 14.6 (13.3) million and fixed asset transfer profits to EUR 10.2 (10.8) million. Funding received from State budget funds for public administration services totalled EUR 43.7 (33.8) million.

Metsähallitus enterprise’s turnover totalled EUR 108.5 (77.3) million and its profit EUR 89.7 (50.1) million. Operating income amounted to EUR 21.4 (18.1) million and fixed asset transfer profits to EUR 10.0 (10.6) million. Funding received from State budget funds for public administration services totalled EUR 43.7 (33.8) million. The funding was spent on performing the duties agreed on with the steering ministries and on the expenses incurred by these duties.

The enterprise’s balance sheet includes one item in other equity, EUR 224.8 million in total, which is not used for public administration services. The annual dividend payment target does not apply to this balance sheet item. This asset item was subject to an income of EUR 195,000 and expenses of EUR 23,000 during the financial period. The income mainly consisted of rental income.

DEVELOPMENT OF BUSINESS OPERATIONS

The business operations of Metsähallitus Group consist of the enterprise’s business operations and its subsidiaries. Its subsidiaries include Metsähallitus Forestry Ltd, Siemen Forelia Oy and MH-Kivi Oy. Fin Forelia Oy was sold in June 2017.

The profit of the entire business operations totalled EUR 107.1 million (57.1). Turnover totalled EUR 319.3 million (238.2). It mainly consisted of timber sales and rental income. Turnover from forestry totalled EUR 295.4 (218.5) million, and the rest comprised rental income, sales of seeds, seedlings and soil and rock resources. Other operating income amounted to EUR 18.2 (16.2) million, of which property sales revenue accounted for EUR 9.7 (10.3) million.

The personnel expenses of the reference year included an additional pension contribution of EUR 9.6 million. It was paid in connection with the incorporation of Forestry, as staff pension liabilities transferred from the state system to a private insurance company.

The other expenses for the business operations group reference year included expenses related to the cartel trial. Helsinki District Court issued its decision on the raw timber cartel case in June 2016. The District Court dismissed the claims for damages made by Metsähallitus and ordered Metsähallitus to pay the opposing party’s legal costs. Metsähallitus appealed the case, and processing of the case continues at the time of the financial statements.

During the financial period, it was decided to abandon the seedling business. Fin Forelia Oy was sold in June. During the financial period, EUR 2.3 million in losses for the sale were recorded in the Group’s financial statements.

The turnover of Metsähallitus Forestry Ltd, engaged in forestry, totalled EUR 296.7 (219.4) million and its profit totalled EUR 21.2 (3.2) million. The 2016 result includes EUR 9.6 million of non-recurring pension expenses and EUR 1.2 million of other items, both relating to the incorporation.

The profit of Siemen Forelia Oy totalled EUR 0.3 (0.4) million and its turnover totalled EUR 2.2 (2.4) million. For the financial period, the profit of MH-Kivi Oy, engaged in the rock material business, totalled EUR 0.7 (-0.3) million and its turnover totalled EUR 1.6 (2.5) million.

Metsähallitus sold most of its earth material business in 2013. The civil action caused by the transaction was processed through arbitration in 2016. The claims made by MH-Kivi and Metsähallitus were accepted. In 2016, the opposing party took legal action to overrule the decision made through arbitration. In 2017, another decision made through arbitration was received for the case, and the opposing party has also taken legal action to overrule this decision. The decisions made through arbitration are final, but the processing of the proceedings for annulment continues.

During the financial period, business operations received land areas from the State through transfer of possession and inheritance, at a total value of EUR 0.4 (1.1) million.

DEVELOPMENT OF METSÄHALLITUS BUSINESS OPERATIONS

Metsähallitus’ business operations consist of Property Development and Group operations. The profit of the business operations totalled EUR 89.7 million (51.0). Turnover totalled EUR 98.9 million (68.4). The turnover mainly consisted of the Metsähallitus Forestry Ltd compensation for the right to use forests and of Property Development sales revenue (EUR 15.4 million). Other operating income mainly consists of

internal service production. Other operating income amounted to EUR 24.9 (20.9) million, of which property sales revenue accounted for EUR 9.6 (10.1) million.

INVESTMENTS AND SALE OF ASSETS

During the period examined, Metsähallitus Group’s Investments totalled EUR 19.2 (10.4) million, of which EUR 2.2 (2.4) million was covered by public funding. Metsähallitus enterprise’s investments amounted to EUR 11.0 (22.8) million. The reference year investments included the acquisition of shares related to the establishment of Metsähallitus Forestry Ltd.

The investments of the entire Group’s business operations, totalling EUR 14.8 (6.9) million, were covered by cashflow financing. The largest investments were related to property development and the improvement of roads used for forestry purposes. During the financial period, costs incurred from the construction and renovation of forest roads totalled EUR 7.9 (5.1) million.

The investments of the enterprise’s business operations, totalling EUR 6.5 million, were covered by cashflow financing. The largest investments were related to property development.

A breakdown of the sale of fixed assets is included below.

Data on the number of fixed asset transfers, transfer prices, profits and losses 1 January to 31 December 2017

Business Operations	Number of tutors	Book value	Transfer price	Profits	Losses
Exchanges	3	15,635.00	115,000.00	99,365.00	0.00
Sales – land and water areas	376	1,753,383.02	10,917,968.11	9,166,997.09	2,412.00
Sales – buildings	6	172,658.82	348,338.00	175,679.18	0.00
Sales to Parks & Wildlife Finland	2	61,376.00	190,000.00	128,624.00	0.00
Change in land use for Parks & Wildlife Finland	3	5,048,112.00	5,048,112.00	0.00	0.00
Other – land areas	16	3,817.00	3,817.00	0.00	0.00
Total	406	7,054,981.84	16,623,235.11	9,570,665.27	2,412.00

FINANCING

Metsähallitus Group has no long-term loans. At the end of the financial period, leasing liabilities totalled EUR 4.6 (4.6) million, mainly related to automotive and ICT equipment.

The Enterprise secures liquidity with a committed credit of EUR 20 million, of which EUR 10 million was in use at the turn of the year, and a commercial paper programme of EUR 50 million, of which EUR 40.0 million was in use at the turn of the year. Some of the subsidiaries have lines of credit.

Metsähallitus does not engage in investment activities. Its cash surplus is invested in accordance with the financial guidelines approved by the Board of Directors.

In the Metsähallitus Group cash flow statement, the cash flow from business operations totalled EUR 108.8 (30.1) million, and the cash flow for the enterprise totalled 85.3 (28.9) million. Investments amounted to EUR 5.7 (6.6) million. The sale of assets amounted to EUR 11.2 (14.4) million.

During the financial period, EUR 86 million relating to the profit for 2016 was paid in dividends to the state. The cash flow from financing activities showed a deficit of EUR 98.4 million.

Metsähallitus Group's liquid funds totalled EUR 16.7 million at the end of the financial period. At the end of the financial period, the Group's short-term interest-bearing loans totalled EUR 49.9 million.

Comparable profit for the calendar year 2016

The 2017 financial statements are the first Metsähallitus financial statements for an entire calendar year. In 2016, the enterprise prepared financial statements for the financial period 1 January to 14 April 2016, and the new Metsähallitus for the financial period 15 April to 31 December 2016. The comparable result for 2016 was prepared by combining the two financial periods of 2016 and taking account of the costs resulting from the restructuring. Comparable profits have been presented separately in the financial statements.

GOALS SET FOR THE BUSINESS

The service and other operational goals set for Metsähallitus' business and the profit and dividend payment goals for the financial period 1 January–31 December 2017, and the attainment of those goals.

The goals set by Parliament

Parliament defined the following objectives for Metsähallitus' business for the period 1 January–31 December 2017.

1. Key service targets of business operations and other operational goals

In its business operations, and in providing guidance to its subsidiaries, Metsähallitus has taken account of its general social obligations, in accordance with the legislation on Metsähallitus.

The impact of taking these general social obligations into account was EUR 55.8 million on the direct operating profit during the calendar year 2017 (EUR 56.1 million).

Metsähallitus releases a follow-up report, General social obligations. The report includes a more detailed account of the content, measurement and monitoring of these obligations, alongside the benefits obtained.

2. Changes to basic equity

In 2017, the Metsähallitus basic equity has decreased by EUR 4.963 million, which corresponded to the authorisation provided by the Parliament.

3. Maximum amount for business loans

The maximum amount for business loans set by Parliament was EUR 60 million. Metsähallitus has no long-term loans. Metsähallitus secures its liquidity with a committed loan agreement of EUR 20 million and a commercial paper programme of EUR 50 million. At the end of the financial period, Metsähallitus' business had EUR 49.9 million in short-term interest-bearing debt.

4. Maximum amount for business guarantees

Metsähallitus provided EUR 0.6 million in collateral for its operations to parties outside the Group. The authorisation granted by Parliament was EUR 2.5 million.

5. Number of investments and investment commitments

Realised investments totalled EUR 6.9 million, falling below the maximum sum of EUR 20 million defined by Parliament. Investment commitments given totalled EUR 6.4 million of the maximum sum of EUR 25 million defined by Parliament.

The goals set by the Ministry of Agriculture and Forestry and their attainment

In addition to the aforementioned objectives, the Ministry of Agriculture and Forestry defined the following service and other objectives for Metsähallitus’ business for the period 1 January–31 December 2017.

The objectives were based on the Ownership Policy relating to Metsähallitus, confirmed on 31 January 2012.

1. Service targets and other operational goals

Natural resource planning for Central and Northern Ostrobothnia was launched in the spring of 2017. Natural resource planning refers to long-term planning of the sustainable use of state-owned land and water areas. It involves the preparation, in collaboration with stakeholders, of a plan for the period 2018–2023, guiding the use of state-owned land and water areas and exploiting new opportunities. The aim of natural resource planning is to coordinate the various requirements for use, so as to achieve the maximum overall benefit for society. The plan will be completed in the spring of 2018. The natural resource plan for southern Finland was launched in 2016 and completed in the spring of 2017.

A multiple-use solution for state-owned land areas protects and enhances biodiversity, including outside protected areas, in multiple-use forests. Metsähallitus’ multiple-use forests include around 100,000 sites of high natural value, and some 30,000 habitats of threatened species that secure biodiversity. Sites of high natural value were successfully taken into account and their characteristics preserved in all lines of work monitored. The characteristics of valuable habitats were completely preserved on 99% of their total area on regeneration sites.

Retention trees are important to many species dependent on decaying wood. An average of 11.8 retention trees, compliant with the target level specified in Metsähallitus’ Environmental Guidelines for Practical Forest Management, were left on each hectare managed through regeneration felling. The result meets the target level specified by Metsähallitus: 10 trees per hectare. The number of retention trees compliant with the requirements of forest certification, 18 trees per hectare, clearly exceeded the requirements specifying 10 trees per hectare. There is an estimated total of 69 million cubic metres of decaying wood on all state-owned lands. The total amount of decaying

wood corresponds to more than 10 years of Metsähallitus’ annual harvest volumes.

Special fellings accounted for 15.1 per cent of regeneration felling in 2017. This can be considered appropriate in terms of the recreational use of forests.

Metsähallitus engages in close cooperation with reindeer herders. All felling, soil preparation and road construction plans, as well as tourism trail agreements, were sent to reindeer herding cooperatives, discussed when appropriate and amended. Regular cooperation negotiations were conducted both with the Reindeer Herders’ Association and the reindeer herding cooperatives. According to the feedback received, cooperation between reindeer herding cooperatives and Metsähallitus has functioned as agreed.

Metsähallitus’ operations in the Sámi Homeland has complied with the natural resource plan except for the realisation of the planned harvest volumes. Three reindeer herding cooperatives from Inari have requested that the global effects on the Sámi culture be assessed before any fellings. For this reason, there has been a significant reduction in the amount of forestry activities. The agreement between Metsähallitus, the Sámi Parliament, Skolt Village Meetings and the reindeer herding cooperatives in the Sámi Homeland, on cooperation procedures and the consideration of reindeer herding, was complied with. A special area plan was under preparation for the Juutua-Tuulispää recreational forest, in cooperation with local users in the area and the Akwé: Kon working group, appointed by the Sámi Parliament.

The calculated decrease in operating profit corresponding to the benefits created based on Metsähallitus’ general social obligations was an estimated EUR 55.8 (56.1 million).

In order to preserve biodiversity, promote the use of nature for recreational purposes and secure favourable conditions for the practice of reindeer husbandry and Sámi traditions, restrictions were placed on 518,000 (14.4%) hectares of forested land with a yield requirement (524,000 hectares and 15%). A total of 287,000 hectares (8%) were fully excluded from commercial use and 231,000 hectares (6.5%) were in limited use. These factors reduced Metsähallitus’ calculated operating profit by EUR 49.9 million. In addition, an increase in planning costs and the limitations of

property development decreased the operating profit by EUR 5.9 million in total.

2. Operating profit and dividend payment goal for the financial period 1 January to 31 December 2017

The profit of Metsähallitus enterprise and subsidiaries' totalled EUR 107.1 million (57.1). The result met the target, set at EUR 100.7 million. The profit of the enterprise totalled EUR 89.7 million (51.0).

Return on investment for the basic equity of the enterprise was 4.2 per cent. The corresponding defined key figure was 4.0 per cent.

The Ministry set EUR 94.9 million as the target for dividend paid to the state on the profit for the period and retained earnings, to be paid during the year 2018. When adopting the financial statements, Parliament will make its final decision on the sum to be paid to the state as dividend.

The retained earnings from business operations entered in the balance sheet of the enterprise totalled EUR 92.7 million at the end of the financial period, of which profit for the period was EUR 89.7 million. Retained earnings facilitate the payment of the EUR 94.9 million target dividend to the state.

The long-term objective set by the Ministry is to improve the profitability of the businesses. Metsähallitus Forestry Ltd, Siemen Forelia Oy and MH-Kivi Oy made a profit during the financial period. The comparable profitability of Metsähallitus' business for 12 months in 2017 remained at the 2016 level.

PARKS & WILDLIFE FINLAND – PUBLIC ADMINISTRATION SERVICES

Parks & Wildlife Finland is responsible for managing the public administrative duties of Metsähallitus. These duties form part of the enterprise.

Separate financial statements are prepared for Parks & Wildlife Finland, as part of the Group's financial statements.

The steering ministries defined goals for the public administrative duties for the entire budgetary year of 2016. During the reference year, the financial statements of the Group and the enterprise have been combined according to the separate financial statements for Parks & Wildlife Finland for the period, 15 April to 31 December 2016.

Turnover consists of the income from operations related to public administration services which are subject to a charge. Fishing and hunting licences account for most such income. Funding received from state budgets amounted to EUR 43.7 million.

The value of land and water areas used for public administration services was EUR 963,2 (941.6) million. The value of built property was EUR 19.4 (19.9) million. This includes the buildings and service structures in national parks and protected areas, and buildings in cultural heritage sites. Other equity related to public administrative duties increased during the financial period. Transfers of possession added EUR 17.0 (13.5) million to the balance sheet.

The funding of Parks & Wildlife Finland is managed separately from the Group's other funding. Cash flow from operations during the period showed a surplus of EUR 2.0 million (deficit of EUR 6.9 million). Liquid funds at the end of the financial period totalled EUR 8.1 million.

Metsähallitus owns two subsidiaries for the management of public administration services. The results of these companies are taken into account in the consolidated financial statements. Nuuksiokeskus Ltd showed a loss of EUR 311,000 for the financial period 1 January–31 December 2017. Kiinteistöosakeyhtiö Järviluonnon keskus was inactive during the financial period. A decision to sell the shares of Kiinteistöosakeyhtiö Järviluonnon keskus was made in December 2017. In the 2017 financial statements, a write-down of EUR 1 million was made, based on the agreed sale price for the shares. The shares will be sold in 2018.

METSÄHALLITUS PERSONNEL

Employees on 31 December 2017

	2017	2016
Number of employees		
Number of employees	1 224	1 481
of whom fixed-term	127	207
Employees by business unit and subsidiary		
Metsähallitus Forestry Ltd	558	735
Parks & Wildlife Finland	501	580
Service Centre	46	50
Group operations	58	55
Metsähallitus Property Development	45	47
Fin Forelia Oy		
Siemen Forelia Oy	14	12
MH-Kivi Oy	2	2
Number of employees at the head office	156	160
Number of employees outside the head office	1 068	1 254
Person-years	1 285	1 431
Person-years by business unit and subsidiary	593,6	646
Metsähallitus Forestry Ltd	529,8	548
Parks & Wildlife Finland	46,7	51
Service Centre	55,9	55
Group operations	45,2	47
Metsähallitus Property Development		70
Fin Forelia Oy	11,9	12
Siemen Forelia Oy	1,9	2
Age of employees		
Average age of employees (all permanent)	52	53
Gender distribution		
Men, %		
Permanent and fixed-term, total	70	73
Women, %		
Permanent and fixed-term, total	30	27

Wages and salaries paid by the Metsähallitus Group totalled EUR 49.7 (42.3) million. The parent enterprise’s share of this was EUR 28.6 (22.5) million. 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. It has been estimated that around EUR 0.7 million in bonuses was accrued for the year under review. This is taken into account in the profit of the financial period.

Metsähallitus updated its personnel policy in 2017 in accordance with its new strategy. The key features of the policy include good human resource management, fairness, equality and ethical practices.

Metsähallitus’ activities meet the statutory requirements and the ethical requirements for the equality of employees and for their good treatment. The implementation of the equality and non-discrimination plans as well as the development priorities in them are reviewed each year by the cooperation committee.

Harassment and other inappropriate behaviour are dealt with and, if necessary, the multiprofessional operating model prepared for exceptional situations is applied for the purpose. Metsähallitus is a participant in the Häirinnästä vapaa (harassment free) campaign launched in 2017.

Metsähallitus monitors the job satisfaction of its staff and the development of the workplace community by conducting a personnel survey each year. In 2017, 69 per cent of all employees (788 persons) took part in the survey. Employees feel that their work at Metsähallitus is quite important and the staff members are highly committed. The personnel also give good marks on equality, team spirit and occupational safety and health. The areas where improvements are needed include the opportunities for professional development and the giving of feedback.

The feelings concerning one’s own work among staff members are measured in the survey on the basis of a value for which the employees are asked about such matters as work motivation and enthusiasm. In 2017, the working capacity value was 3.84 (3.86) on a scale of 1–5.

The cooperation agreement between Metsähallitus and the organisations representing its employees was updated in 2017 in accordance with the operating model and organisation laid down in the new act on Metsähallitus.

Development work at Metsähallitus continued with a review of Group functions and the co-determination negotiations accompanying them. As a result of the negotiations, the functions and employees of the Metsähallitus Service Centre were transferred to Group business units. At the same time, the responsibilities between Group business units were clarified. Ten employees were given notice as a result of the reorganisation.

The co-determination negotiations on the employment of loggers during winter months also took place in autumn 2017. Metsähallitus Forestry Ltd decided to lay off most its loggers for the winter months, when logging work is particularly difficult. To improve the employment of loggers during winter months, Metsähallitus has convened a working group to seek new innovative solutions in the spring of 2018.

ADMINISTRATION AND MANAGEMENT

In the Board of Directors that was appointed for Metsähallitus for the period 1 June 2016 to 31 March 2019 by the Government on 26 May 2015, Timo Laitinen was the Chairman of the Board and Kai Kaatra the Vice Chairman. The Board members were Johanna Ikkäheimo, Simo Rundgren, Tuija Soanjärvi, Helena Säteri and Liisa Tyrväinen, and Pertti Itkonen as the employee representative.

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

Metsähallitus’ Director General was Pentti Hyttinen.

Metsähallitus’ Management Group members are Jussi Kumpula, CEO, Metsähallitus Forestry Ltd; Thomas Hallenberg, Property Development Director; Timo Tanninen, Executive Director, Parks & Wildlife Finland; Jukka Bisi, Director, Wildlife Service Finland; Kirsti Lehtovaara, Director of Finance until 19 May 2017; Sirpa Skytt, acting Director of Finance, 20 May–17 December 2017; Heli Lehtonen, Director of Finance, from 18 December 2017; Juha Mäkinen, Director of Communications until 31 March 2017; Kristiina Vuopala, acting Director of Communications, 1 April–31 August

2017; Terhi Koipijärvi, Director of Communications from 1 September 2017; Susanna Oikarinen, General Counsel; Tapio Pouta, Director of Development; Terhi Vires, Director of Human Resources from 1 February 2017; and Anna-Leena Ruuth, Director of Data Governance from 24 April 2017.

The wages and salaries paid to the Board and Managing Director totalled EUR 378,560 (347,515) during the financial period.

CORPORATE GOVERNANCE OF METSÄHALLITUS

Metsähallitus has posted a description of its corporate governance, approved by the Board of Directors, on its website. The description outlines matters such as Metsähallitus’ legal status, the Group’s basic structure, ownership steering, the steering of public administration duties, the Board of Directors, the Management Group, remuneration, internal supervision, auditing and external audit functions, and communications.

RESPONSIBILITY

In November 2017, the Metsähallitus management decided to develop the responsibility programme in a more goal-oriented direction and expand it to a larger scale. The corporate responsibility programme supports the Metsähallitus strategy and management.

Metsähallitus will relate its promotion of responsibility in its annual report published in March 2018.

RISK MANAGEMENT AND KEY RISKS

Objectives and operating approach

The goal of risk management is to ensure the achievement of set targets, the fulfilment of legal obligations and operational continuity. Risks are managed using a systematic risk management process.

The Board of Directors oversees the functioning and comprehensiveness of Metsähallitus’ risk management and approves the risk management policy. The audit committee assists the Board in monitoring risk management. The Managing Director bears overall responsibility for risk management and compliance. The Head of Risk Management at Metsähallitus owns the risk management process and is in charge of the coordination, development, guidance and reporting models of risk management as well as the support of the organisation’s risk management. The managers of the business units and subsidiaries are responsi-

ble for contributing to the risk management and for ensuring that they are in compliance with the regulations.

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 and managed at the source.

Key risks

For Metsähallitus, key risks include the negative development of timber and property prices and sales as well as the impairment of the goals of public administrative duties and the funding balance. Decision-making and operations in a business unit may have substantial negative impacts on Metsähallitus if the unit is unable to give adequate consideration to the overall interests of Metsähallitus or the objectives of other business units.

In addition, the risks affecting Metsähallitus’ operations include natural conditions and the uncertainties related to the operation of data systems. The value of the Metsähallitus activities in wilderness services, recreational activities, conservation and forest management has an impact on its operational prerequisites. The success of the development projects in progress has an effect on the operational performance and the attainment of objectives.

Even though Metsähallitus was able to successfully manage most of its risks during 2017, there were also areas where improvements are required. These concerned such areas as personnel competence and ensuring compliance and the functioning of the ICT environment. In 2017, the focus was on ensuring compliance with the data protection legislation that will enter into force in 2018. In winter 2017, the arson that destroyed a nature information hut and a firewood shed in Utsjoki weakened the customer service of Metsähallitus and its operational requirements in the area. The activities of Metsähallitus have been questioned in terms of some of the Metsähallitus Forestry Ltd sites, and Metsähallitus has engaged in active dialogue with various parties.

Metsähallitus manages about a third of Finland’s land area. Metsähallitus maintains information on risks related to contaminated sites. These risks are classified as primary and secondary responsibilities in accordance with the related legislation. Metsähallitus mainly bears secondary responsibility. The statement on

contaminated soils is updated on a regular basis. The most recent statement was drawn up in 2016.

KEY EVENTS AFTER THE FINANCIAL PERIOD

The operations of Metsähallitus and the Group ran according to plan in the first part of 2018, and the observations have not involved events with substantial impact on the Group’s profit or balance position.

OUTLOOK AND GOALS SET BY THE OWNER FOR 2018

The national economic outlook influences the operations of Metsähallitus Group in various ways.

The targets for Metsähallitus’ business-based services and operations set by the owner, and its profit and dividend payment objectives for 2018, emphasise the profitability of the business and its general social benefits.

The profit target set for the Business Operations Group is EUR 102.2 million, corresponding to a 3.9 per cent of return on invested basic equity. The preliminary target for the payment of dividend from the profit of the enterprise’s business in 2018 is EUR 100.7 million.

Financial performance is largely dependent on the development of timber demand and prices. Metsähallitus’ other key business area, the property business, faces a challenging outlook on the demand side, and land-use planning and other permit processes may delay projects.

The targets set for public administrative duties are

based on performance agreements concluded with the steering ministries.

BOARD OF DIRECTORS’ PROPOSAL FOR THE DISTRIBUTION OF RETAINED EARNINGS

Metsähallitus enterprise’s retained earnings total EUR 92,704,278.09, of which the profit for the financial period is EUR 89,702,346.09.

The enterprise’s retained earnings total EUR 92,704,278.09, of which the profit for the financial period is EUR 89,702,346.09.

The retained earnings of Parks & Wildlife Finland were EUR 0.00, and the profit for the financial period was EUR 0.00. The profit of the financial period and the profit of the previous financial period have been transferred to the Other equities of public administrative duties.

The Board of Directors proposes that EUR 92,704,278.09 of the operating profit be paid in dividends to the state. The Board of Directors proposes that the dividend be paid in accordance with the plan approved by the Ministry, which is based on the cash flow from Metsähallitus’ operations.

Financial statements

PROFIT AND LOSS ACCOUNT (EUR)

	Notes	Metsähallitus Group 1 January to 31 December 2017	15 April to 31 December 2016	Enterprise 1 January to 31 December 2017	15 April to 31 December 2016
TURNOVER	1.1	328 022 473,13	246 378 020,00	108 522 295,34	77 287 869,66
Variation in inventories of finished products and change to work in progress		-1 007 296,86	261 649,04	0,00	0,00
Other operating income	1.2	14 609 820,05	13 276 355,64	21 438 149,63	18 058 998,26
Financing for other operations from the State budget	1.3	43 678 785,51	33 846 270,34	43 678 785,51	33 846 270,34
Raw materials and services					
Raw materials and consumables					
Purchases during the financial year		9 116 989,59	9 023 323,81	3 582 536,51	3 044 609,53
Variation in inventories		501 996,02	3 354 557,86	161 951,32	68 004,44
External services		148 297 285,67	110 363 900,24	5 017 335,01	4 244 506,06
Raw materials and services, total			122 741 781,91	8 761 822,84	7 357 120,03
Staff expenses					
Wages and salaries			42 355 337,11	28 633 625,57	22 476 041,68
Social security expenses					
Pension expenses		7 780 753,18	17 081 192,51	4 461 957,37	3 962 573,92
Other social security expenses		1 843 494,88	1 951 969,64	1 009 185,26	827 007,12
Staff expenses, total		59 297 694,43	61 388 499,26	34 104 768,20	27 265 622,72
Depreciation, amortisation and impairment	1.4				
Depreciation, amortisation and impairment in total		6 219 361,19	4 433 074,52	4 488 840,46	3 061 937,66
Other operating costs	1.5	47 032 601,91	42 259 201,28	37 045 799,57	33 047 849,62
OPERATING PROFIT		114 837 853,02	62 939 738,05	89 237 999,41	58 460 608,23
Financial income and expenses					
Income from other investments under non-current assets		45 687,76	36 155,96	3 245 547,76	35 931,96
Other interest and financial income		107 635,83	32 943,40	82 214,37	27 060,20
Interest and other financial expenses		161 125,48	128 745,40	137 988,19	89 423,88
Impairment of non-current assets		990 060,91	3 000 000,00	97 611,43	5 000 000,00
Financial income and expenses in total	1.6	-997 862,80	-3 059 646,04	3 092 162,51	-5 026 431,72
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES		113 839 990,22	59 880 092,01	92 330 161,92	53 434 176,51
Income taxes		10 109 654,65	4 163 559,08	4 741 663,36	3 344 660,50
Transfer of the profits of Public Administrative Duties to Equities		2 113 847,53	0,00	2 113 847,53	0,00
Minority share		99 257,42	160 501,13	0,00	0,00
		105 943 440,52	55 877 034,06	89 702 346,09	50 089 516,01

BALANCE SHEET (EUR)

	Notes	Metsähallitus Group 31.12.2017	31.12.2016	Enterprise 31.12.2017	31.12.2016
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
	1.7				
Intangible rights		262 407,93	1 251 563,67	243 681,85	1 014 811,67
Other intangible assets		13 470 871,26	4 801 612,72	1 176 398,88	227 782,72
Advance payments and work in progress		4 328 104,99	4 805 227,82	483 892,80	768 958,68
Intangible assets in total		18 061 384,18	10 858 404,21	1 903 973,53	2 011 553,07
Tangible assets					
Land and water areas		3 842 597 611,56	3 821 779 249,02	3 840 559 344,38	3 819 495 890,69
Roads		27 452 659,01	28 866 068,26	27 448 766,96	28 861 651,57
Buildings and structures		44 958 731,80	48 334 414,90	30 380 705,35	31 400 890,25
Machinery and equipment		1 874 022,28	3 151 118,22	108 528,69	155 679,32
Other tangible assets		283 868,15	687 521,07	10 599,04	10 599,04
Advance payments and work in progress		10 084 688,71	11 105 818,02	10 084 688,71	11 105 818,02
Tangible assets in total		3 927 251 581,51	3 913 924 189,49	3 908 592 633,13	3 891 030 528,89
Investments					
Shares in Group's subsidiaries	1.8	0,00	0,00	70 893 135,81	71 990 747,24
Other shares and holdings	1.10	2 081 520,68	2 086 307,30	2 490 393,09	2 490 403,17
Other receivables		1 800,00	24 100,00	1 800,00	1 800,00
Investments in total		2 083 320,68	2 110 407,30	73 385 328,90	74 482 950,41
NON-CURRENT ASSETS IN TOTAL		3 947 396 286,37	3 926 893 001,00	3 983 881 935,56	3 967 525 032,37
CURRENT ASSETS					
Inventories					
Finished products		15 073 063,65	19 831 585,48	1 614 356,78	1 776 308,10
Work in progress		846 738,80	1 003 044,03	0,00	0,00
Inventories in total		15 919 802,45	20 834 629,51	1 614 356,78	1 776 308,10
Receivables					
Non-current receivables					
Other receivables	1.11	2 205 015,72	2 205 015,72	24 000,00	24 000,00
Non-current receivables in total		2 205 015,72	2 205 015,72	24 000,00	24 000,00
Current receivables					
Accounts receivable		45 992 073,77	45 254 291,19	2 747 766,80	2 235 011,62
Receivables from Group's subsidiaries	1.12	0,00	0,00	647 810,36	412 144,12
Other receivables	1.13	278 402,53	1 586 915,24	21 156,93	1 353 693,60
Prepayments and accrued income	1.14	4 976 366,24	2 562 729,00	4 754 172,39	2 431 370,60
Current receivables in total		51 246 842,54	49 403 935,43	8 170 906,48	6 432 219,94
Cash in hand and at banks		16 652 718,65	11 950 580,12	11 399 989,64	10 843 987,24
CURRENT ASSETS IN TOTAL		86 024 379,36	84 394 160,78	21 209 252,90	19 076 515,28
ASSETS IN TOTAL		4 033 420 665,73	4 011 287 161,78	4 005 091 188,46	3 986 601 547,65

BALANCE SHEET (EUR)

	Notes	Metsähallitus Group 31.12.2017	31.12.2016	Enterprise 31.12.2017	31.12.2016
EQUITY AND LIABILITIES					
EQUITY					
	1.15				
Basic equity		2 596 551 464,52	2 601 514 970,45	2 596 551 464,52	2 601 514 970,45
Other equity		224 811 820,00	224 811 974,00	224 811 820,00	224 811 974,00
Other equity of public administrative duties		996 237 549,41	977 009 010,43	996 237 549,41	977 009 010,43
Retained earnings		7 884 484,36	37 096 954,82	3 001 932,00	38 001 920,52
Profit for the financial year		105 943 440,52	55 877 034,06	89 702 346,09	50 089 516,01
EQUITY IN TOTAL		3 931 428 758,81	3 896 309 943,76	3 910 305 112,02	3 891 427 391,41
MINORITY SHARE	1.16	5 572 550,51	5 671 807,92	0,00	0,00
PROVISIONS					
Other provisions	1.17	1 752 825,20	3 915 410,50	140 000,00	0,00
LIABILITIES					
Non-current liabilities					
	1.18				
Loans from financial institutions		2 284,33	2 039 934,70	0,00	0,00
Other liabilities		475 100,00	821 100,00	472 350,00	820 850,00
Non-current liabilities in total		477 384,33	2 861 034,70	472 350,00	820 850,00
Current liabilities					
	1.19				
Loans from financial institutions		49 989 786,16	59 989 320,43	49 989 786,16	59 989 320,43
Advances received		6 859 076,87	4 557 262,82	6 790 883,77	4 418 409,85
Accounts payable		13 652 336,10	11 855 729,85	4 845 267,20	4 292 130,25
Debts to Group's subsidiaries	1.20	0,00	0,00	18 900 124,08	11 097 789,67
Other liabilities (incl. interest-bearing)	1.21	7 120 242,69	7 484 278,38	4 988 877,97	5 067 461,70
Accruals and deferred income	1.22	16 530 589,44	18 606 961,44	8 658 787,26	9 488 194,34
Deferred tax liabilities		37 115,62	35 411,98	0,00	0,00
Current liabilities in total		94 189 146,88	102 528 964,90	94 173 726,44	94 353 306,24
LIABILITIES IN TOTAL		94 666 531,21	105 389 999,60	94 646 076,44	95 174 156,24
EQUITY AND LIABILITIES IN TOTAL		4 033 420 665,73	4 011 287 161,78	4 005 091 188,46	3 986 601 547,65

CASH FLOW STATEMENT (EUR)

	Metsähallitus Group 1 January to 31 December 2017	15 April to 31 December 2016	Enterprise 1 January to 31 December 2017	15 April to 31 December 2016
CASH FLOW FROM BUSINESS OPERATIONS				
Payments from sales	327 231 042,70	239 304 493,72	107 773 873,92	61 154 585,07
Payments from other operating income	3 339 402,30	2 516 669,05	8 917 822,17	7 530 043,87
Payments from operating charges	-257 493 710,42	-241 344 463,86	-77 013 104,48	-70 238 549,04
Cash flow from business operations, before financial items and taxes	73 076 734,58	476 698,91	39 678 591,61	-1 553 920,10
Interest paid and other financial expenses	-161 125,48	-128 745,40	-137 988,19	-89 423,88
Interest income from business operations	107 601,30	32 943,40	82 214,37	27 060,20
Dividends received	45 687,76	36 155,96	3 245 547,76	35 931,96
Direct taxes	-10 109 654,65	-4 163 559,08	-3 403 915,30	-3 344 660,50
Cash flow before the State's budget funding	62 959 243,51	-3 746 506,21	39 464 450,25	-4 925 012,32
State's budget funding for other operations	45 792 633,04	33 846 270,34	45 792 633,04	33 846 270,34
Cash flows from operating activities	108 751 876,55	30 099 764,13	85 257 083,29	28 921 258,02
INVESTMENTS				
Purchase of environmental protection areas, shares	162 103,16	158 911,22	162 103,16	158 911,22
Purchase of fixed assets, funding by Ministry	-1 111 648,79	-1 946 032,03	-1 111 648,79	-1 946 032,03
Purchase of fixed assets, funding by the EU				
Purchase of fixed assets, other funding	-1 078 095,07	-397 249,95	-1 078 095,07	-397 249,95
Investments, sales, subsidiaries' shares	0,00	0,00	500 000,00	-13 617 000,00
Investments in tangible and intangible assets	-16 913 923,95	-7 886 132,93	-8 629 009,18	-6 753 265,05
Sale of tangible and intangible assets	11 245 327,93	14 403 243,27	12 154 907,24	14 174 414,23
Shareholder investment in/return on environmental protection areas and shares	-162 103,16	-158 911,22	-162 103,16	-158 911,22
Funding received for the construction of nature centres etc.	2 191 786,50	2 445 106,86	2 191 786,50	2 445 106,86
Cash flows from investing activities	-5 666 553,38	6 618 935,22	4 027 940,70	-6 094 025,94
FINANCING				
Change in other non-current, interest-bearing loans	-1 985 650,37	-7 050 038,67	0,00	0,00
Change in other non-current, non-interest-bearing loans	-398 000,00	821 100,00	-348 500,00	300,00
Change in current loans from financial institutions	-9 999 534,27	49 877 288,85	-9 999 534,27	49 998 456,60
Change in Group loans to subsidiaries	0,00	0,00	7 619 012,68	6 542 663,50
Contribution to State revenue	-86 000 000,00	-116 569 037,01	-86 000 000,00	-116 569 037,01
Cash flows from financing activities	-98 383 184,64	-72 920 686,83	-88 729 021,59	-60 027 616,91
CHANGE IN LIQUID FUNDS				
Liquid funds on 1 Jan	11 950 580,12	48 152 567,60	10 843 987,24	48 044 372,07
Liquid funds on 31 Dec	16 652 718,65	11 950 580,12	11 399 989,64	10 843 987,24
Net change in cash and cash equivalents	4 702 138,53	-36 201 987,48	556 002,40	-37 200 384,83

Notes

NOTES TO THE FINANCIAL STATEMENTS 2017

The 2017 financial statements have been prepared in accordance with the Act on Metsähallitus (234/2016) and Government decree (1368/2016).

The financial statements cover the period from 1 January to 31 December 2017, and the comparative information dates from the previous financial year, 15 April to 31 December 2016.

The new Metsähallitus enterprise, compliant with the new Act, began operating on 15 April 2016.

METSÄHALLITUS GROUP AND BUSINESS OPERATIONS GROUP

Metsähallitus Group includes the business operations of the Metsähallitus enterprise and Parks & Wildlife Finland as well as their subsidiaries, Metsähallitus Forestry Ltd, MH-Kivi Oy, Siemen Forelia Oy, Nuuksiokeskus Oy as well as Kiinteistö Oy Järviluonnon keskus.

The Business Operations Group consists of the business operations of the Metsähallitus enterprise and its subsidiaries, Metsähallitus Forestry Ltd, MH-Kivi Oy and Siemen Forelia Oy.

The Fin Forelia Oy subsidiary of the Business Operations Group was sold during the financial year.

FINANCING FOR PUBLIC ADMINISTRATIVE DUTIES FROM THE STATE 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 Parks & Wildlife Finland give an account of financing received from the State budget.

VALUATION AND ALLOCATION PRINCIPLES NON-CURRENT ASSETS

By a Government decision (27 October 2016), state-owned land and water assets were transferred into

the possession of Metsähallitus' business operations on 15 April 2016, as defined in the new Act. Other assets related to business operations and assets managed in relation to public administrative duties were transferred at book value. Simultaneously, the basic equity of business operations was raised, and the losses associated with public administrative duties from the previous financial year, and the loss for the first part of the year 2016, were transferred as a reduction in other equity related to public administrative duties.

In addition, the so-called other land and water assets, areas dedicated to traditional sources of livelihood and most public water areas were transferred from public administration services to Business Operations on the accounts.

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 will be recorded as having been 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 ministry has issued its decision, as necessary, on the change in basic equity.

Assets transferred to or away from public administration services are remeasured at 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 Parks & Wildlife Finland.

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

During the financial period, the enterprise wrote down EUR 0.1 million for the shares of a subsidiary which is for sale. Accordingly, the Group recorded a total of EUR 0.9 million in expenses in relation to the sale of the company.

VALUATION OF CURRENT ASSETS

Inventories

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

Financial assets

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

COMPARABILITY WITH THE PREVIOUS YEAR

The enterprise's and Metsähallitus Group's profit and loss formula has been amended to comply with the provision in Section 2 of the decree 1368/2016. Thus, the financing received from the State budget for other activities is indicated as a profit item after Other profits. The formula has been amended accordingly in the profit and loss account of the financial year used for comparison.

In the profit and loss account, the enterprise and Metsähallitus Group present the transfer of the profits of the financial year for Parks & Wildlife Finland

to Other equities. This transfer is based on the provision in Section 5 of the decree 1368/2016.

The previous financial year covered the period from 15 April to 31 December 2016. Due to this, the profit and loss account data for the Group and for Metsähallitus are not comparable.

The comparison of the Metsähallitus Group and the Business Operations Group profits and balance to the entire financial year 2016 has been presented in the form of notes.

During the previous financial year, the Group profits included a one-off pension expense, and the enterprise profits included another type of one-off expense.

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

During the financial year, the layout of non-current assets has been modified on the balance sheet for the "Advance payments and work in progress" item. The item has now been divided into tangible and intangible assets, and the corresponding correction has been made to the balance sheets for the previous financial year.

STRUCTURAL CHANGES IN THE ORGANISATION

During the financial year, a subsidiary engaged in sapling business has been sold. The effect of the sale is included in the profits of the Group's financial year and the profits of the previous financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2017

All companies owned at the end of the year are included in the consolidated financial statements, as well as the effect of the subsidiary sold during the financial year until the time of the sale by profit item.

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.

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.

NOTES TO PROFIT AND LOSS ACCOUNT, MEUR

	Notes	MH Group 1 January to 31 December 2017	15 April to 31 December 2016	Enterprise 1 January to 31 December 2017	15 April to 31 December 2016
Turnover by business unit					
Forestry Business	1.1	294,8	218,2	80,0	56,7
Property development		15,4	10,2	15,5	10,5
Sale of soil and rock resources		1,6	2,1	0,0	0,0
Seed and sapling production		4,8	7,2	0,0	0,0
Other		11,4	8,6	13,0	10,1
Total		328,0	246,3	108,5	77,3
Other operating income					
Gains on the sale of fixed assets	1.2	10,2	10,8	10,0	10,6
Other income		4,4	2,5	11,4	7,5
Total		14,6	13,3	21,4	18,1
Funding received from the State budget					
Financing for other operations from the Budget during the financial period as income on an accrued basis	1.3	43,7	33,8	43,7	33,8
More detailed information on the distribution of the item into the main titles of expenditure and administrative sectors is provided in the separate financial statements on Parks & Wildlife Finland					
Depreciation according to plan					
Intangible assets	1.4	1,5	1,0	0,6	0,4
Depreciation for decrease in substance		0,1	0,0	0,0	0,0
Roads		1,4	0,9	1,4	0,9
Buildings and structures		2,7	2,0	2,3	1,6
Machinery and equipment, other tangible assets		0,5	0,5	0,1	0,1
Total		6,2	4,4	4,5	3,1

Depreciation according to plan, depreciation periods:

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

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

Entry of depreciation begins from the introduction of the asset.

	1.5	MH Group 1 January to 31 December 2017	15 April to 31 December 2016	Enterprise 1 January to 31 December 2017	15 April to 31 December 2016
Other operating costs					
Facility expenses		12,7	8,8	11,6	7,9
ICT expenses		9,6	6,1	8,1	5,1
Travelling expenses		5,9	4,9	2,9	2,5
External services		5,8	3,2	5,0	2,3
Machinery and equipment expenses, vehicle expenses		3,1	2,6	2,6	1,8
Other social security expenses		2,3	2,3	1,2	1,0
Other expenses		7,6	14,4	4,4	12,2
Group internal expenses		0,0	0,0	1,2	0,2
Total		47,0	42,3	37,0	33,0
Other interest and financial income	1.6				
Dividend income from external sources		0,1	0,0	0,0	0,0
Dividend income from subsidiaries		0,0	0,0	3,2	0,0
Interest income		0,1	0,0	0,1	0,0
Total		0,2	0,1	3,3	0,1
Interest and other financial expenses					
Interest expenses		0,2	0,1	0,1	0,1
Reduction in value from the subsidiary's shares (subordinated loan to subsidiary)		1,0	0,0	0,1	5,0
Provision for the reorganisation of subsidiary's business		0,0	3,0	0,0	0,0
Total		1,2	3,1	0,2	5,1
Financial income and expenses in total		-1,0	-3,1	3,1	-5,0

NOTES TO BALANCE SHEET

Non-current assets, (mill. EUR)	Notes 1.7							
	Intangible assets	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery & equipment, other tan- gible assets	In progress projects	Other shares and holdings, other receivables	Total
MH Group								
Acquisition cost on 1 Jan	11,5	3 830,6	97,3	108,8	30,4	15,9	2,1	4 099,0
Reduction in value on 1 Jan	0,0	-4,0	0,0	0,0	0,0	0,0	0,0	-4,0
Increases	13,6	28,2	0,0	1,8	0,1	0,0	0,0	43,6
Decreases	0,0	7,2	0,0	3,4	1,5	5,8	0,0	18,0
Reduction in value	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Acquisition cost on 31 Dec	25,1	3 847,5	97,3	107,2	29,0	10,1	2,1	4 120,6
Accumulated depreciation and impairment losses on 1 January	5,5	4,8	68,4	60,5	26,6	0,0	0,0	168,2
Accumulated depreciation relating to decreases and transfers	0,0	0,0	0,0	-0,9	-0,3	0,0	0,0	-1,2
Depreciation during the financial year	1,5	0,1	1,4	2,7	0,5	0,0	0,0	6,2
Accumulated depreciation on 31 Dec	7,0	4,9	69,8	62,2	26,8	0,0	0,0	173,2
Book value on 1 Jan	6,1	3 821,8	28,9	48,3	3,8	15,9	2,1	3 926,9
Book value on 31 Dec	18,1	3 842,6	27,5	45,0	2,2	10,1	2,1	3 947,4
Production machinery and equipment, book value					1,0			
Enterprise								
Acquisition cost on 1 Jan	5,3	3 823,1	97,8	85,7	16,8	11,9	104,0	4 144,5
Reduction in value on 1 Jan	0,0	-1,8	0,0	0,0	0,0	0,0	-29,6	-31,3
Increases	1,3	28,2	0,0	1,8	0,0	0,0	0,0	31,3
Decreases	0,0	7,1	0,0	1,3	0,3	1,8	1,0	11,5
Reduction in value	0,0	0,0	0,0	0,0	0,0	0,0	-0,1	-0,1
Acquisition cost on 31 Dec	6,6	3 842,4	97,8	86,1	16,6	10,1	73,4	4 132,8
Accumulated depreciation and impairment losses on 1 January	4,0	1,8	68,9	54,3	16,6	0,0	0,0	145,7
Accumulated depreciation relating to decreases and transfers	0,0	0,0	0,0	-0,9	-0,3	0,0	0,0	-1,2
Depreciation during the financial year	0,6	0,0	1,4	2,3	0,1	0,0	0,0	4,5
Accumulated depreciation on 31 Dec	4,7	1,8	70,3	55,7	16,4	0,0	0,0	149,0
Book value on 1 Jan	1,2	3 819,5	28,9	31,4	0,2	11,9	74,5	3 967,5
Book value on 31 Dec	1,9	3 840,6	27,4	30,4	0,1	10,1	73,4	3 983,9
Production machinery and equipment, book value on 31 Dec					0,0			

NOTES TO BALANCE SHEET

Shares in subsidiaries	Notes 1.8	Holding %	Book value in the parent company, euros
Enterprise			
Metsähallitus Forestry Ltd, Rovaniemi		100	50 649 635,81
MH-Kivi Oy, Oulu		100	5 500 000,00
Siemen Forelia Oy, Jyväskylä		100	2 476 000,00
Kiinteistö Oy Järviluonnon keskus, Rantasalmi		66,7	67 500,00
Nuuksiokeskus Oy, Espoo		68,1	12 200 000,00
Total			70 893 135,81

Other shares and holdings	1.10	MH Group 2017	2016	Enterprise 2017	2016
Shares and holdings, book value (MEUR)					
Shares in subsidiaries		0,0	0,0	70,9	72,0
Shares in associated undertakings		0,0	0,0	0,0	0,0
Other shares and receivables		2,1	2,1	2,5	2,5
Total		2,1	2,1	73,4	74,5
Non-current receivables					
Other receivables	1.11	0,0	0,0	0,0	0,0
Guaranteed deposits		2,2	2,2	0,0	0,0
Total		2,2	2,2	0,0	0,0
Receivables from Group's subsidiaries (MEUR)					
Accounts receivable	1.12			0,1	0,2
Other receivables				0,0	0,0
Prepayments and accrued income				0,6	0,2
Total				0,6	0,4

NOTES TO BALANCE SHEET

	Notes	MH Group		Enterprise	
	1.13	2017	2016	2017	2016
Other receivables, current (MEUR)					
Other prepayments, prepaid expenses		0,0	0,0	0,0	0,0
Deferred VAT and tax assets		0,2	1,6	0,0	1,3
Total		0,3	1,6	0,0	1,4
Current prepayments and accrued income (MEUR)	1.14				
Life projects, accrued income		0,7	0,7	0,7	0,7
EU Structural Fund projects, accrued income		2,5	1,2	2,5	1,2
Employment programme projects, accrued income		0,0	0,0	0,0	0,0
Project receivables, other accrued income		1,2	0,3	1,1	0,3
Other prepaid expenses, purchase invoices		0,6	0,4	0,4	0,3
Total		5,0	2,6	4,8	2,4
Equity (MEUR)	1.15				
Basic equity on 1 Jan		2 601,5	2 509,7	2 601,5	2 509,7
Transfers of possession, inheritance by the State		0,2	-0,2	0,2	-0,2
Changes in land use		-5,1	1,5	-5,1	1,5
Other changes, including basic equity return and value adj.		0,0	90,5	0,0	90,5
Basic equity on 31 Dec		2 596,6	2 601,5	2 596,6	2 601,5
Other equity on 1 Jan		224,8	0,0	224,8	0,0
Change		0,0	224,8	0,0	224,8
Other equity on 31 Dec		224,8	224,8	224,8	224,8
Other equity of Parks & Wildlife Finland on 1 Jan		977,0	1 199,6	977,0	1 199,6
Transfers of possession, inheritance by the State		17,0	13,5	17,0	13,5
Changes in land use, others		5,1	-235,8	5,1	-235,8
Shareholder investment in purchase of environmental conservation areas		0,2	-0,2	0,2	-0,2
Transfer of profits from Parks & Wildlife Finland in 2016 to Equities		-0,9	0,0	-0,9	0,0
Transfer of profits from Parks & Wildlife Finland in 2017 to Equities		-2,1	0,0	-2,1	0,0
Other equity on 31 Dec		996,2	977,0	996,2	977,0
Retained earnings on 1 Jan		93,0	106,5	88,1	106,6
Transfer of losses from Parks & Wildlife Finland in 2016 to Other equities		0,9	47,2	0,9	48,0
Contribution to State revenue		-86,0	-116,6	-86,0	-116,6
Retained earnings on 31 Dec		7,9	37,1	3,0	38,0
Profit for the financial year 1 Jan–31 Dec		105,9	55,9	89,7	50,1
Results for previous financial year and current financial year on 31 Dec		113,8	93,0	92,7	88,1
Equity in total on 31 Dec		3 931,4	3 896,3	3 910,3	3 891,4
Minority share	1.16				
Kiinteistö Oy Järviluonnon keskus		0,5	0,5		
Nuuksiokeskus Oy		5,0	5,1		
Minority share in total		5,6	5,7		

NOTES TO BALANCE SHEET

Provisions (MEUR)	Notes	MH Group 2017	2016	Enterprise 2017	2016
Other provisions	1.17	1,8	0,9	0,1	0,0
Provision for the reorganisation of subsidiary's business		0,0	3,0	0,0	0,0
Provisions, total		1,8	3,9	0,1	0,0
Total of long-term loans due in a period exceeding 5 years	1.18				
Total		0,0	2,0	0,0	0,0
Amount of debt not paid to the State (MEUR)	1.19				
Debt to the State, withholding tax liabilities, social security contribution liabilities, VaEL, TyEL		1,8	1,7	1,4	1,2
Debts to Group's subsidiaries (MEUR)	1.20				
Accounts payable				0,2	0,3
Accruals and deferred income				1,0	0,7
Consolidated liabilities				17,7	10,1
Total				18,9	11,1
Other liabilities (MEUR)	1.21				
VAT liabilities		4,7	4,9	2,9	3,2
Withholding taxes and social security contributions and other debts related to statutory personnel expenses payment of salaries)		1,0	1,1	0,6	0,6
Equity reviews		1,4	1,2	1,4	1,2
Other		0,1	0,2	0,0	-0,1
Total		7,1	7,5	5,0	5,1
Accruals and deferred income (MEUR)	1.22				
Differentiated statutory personnel expenses		0,8	0,6	0,8	0,5
Holiday pay liabilities, including social security expenses		12,1	12,5	6,6	6,6
Tax averaging		0,9	0,8	0,1	0,0
Other		2,7	4,7	1,2	2,3
Total		16,5	18,6	8,7	9,5

OTHER NOTES

Contingent liabilities (MEUR)	Notes 1.23	MH Group 2017	2016	Enterprise 2017	2016
Leasing liabilities					
paid during the financial year		1,0	1,1	0,9	1,0
to be paid during the following year		2,1	2,6	2,0	2,4
to be paid at a later date		2,5	2,3	2,5	2,2
Business mortgages		0,0	0,9	0,0	0,0
Bank guarantee liabilities		2,2	2,3	0,6	0,7
Other banking liabilities		1,5	1,5	1,0	1,0
Deposited securities, guarantee deposits		0,8	0,8	0,0	0,0
Guarantee for subsidiary's liabilities, limits		0,0	0,0	0,0	0,0
Investment commitments		6,4	5,9	6,4	5,9

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

The contracts can be terminated with 3 months' notice.

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

An inspection responsibility of value-added tax is related to the Group's property investments for 10 years as of 2013.

Responsibility for remediation of contaminated sites

In areas administered by Metsähallitus, the responsibility involved in contaminated soil areas lies primarily with the party who was responsible for the contaminating activity. As the holder of the area, Metsähallitus may be held responsible for the remediation costs of the contaminated soil if the primary responsible party is unable to do so.

Related-party transactions

Parks & Wildlife Finland receive Budget funding for their operations. The item is reported in the enterprise's and group's profit and loss as income on an accrued basis, described in more detail in the separate financial statements.

A contribution to State revenue was paid for the period 15 April to 31 December 2016.

				Enterprise 2017	15 April to 31 December 2016
Internal Group transactions					
Sale of goods				0,3	0,5
Sale of services				89,0	63,3
Purchase of goods				0,1	0,1
Purchase of services				1,2	1,0
Total				88,0	62,7
Number of employees during the period, person-years	1.24	MH Group 2017	15 April to 31 December 2016	Enterprise 2017	15 April to 31 December 2016
Employees		305	309	0	0
Supervisors		995	718	678	497
Total		1 300	1 027	678	497
Calculated deferred tax assets and liabilities	1.25	MH Group 2017	2016		
Calculated deferred tax assets					
from postponed depreciations		0,0	0,6		
from subsidiary losses		2,7	4,1		
from provisions		0,3	0,2		
Total		3,0	4,9		
Auditors' fees (1000 EUR)	1.26	MH Group 2017	15 April to 31 December 2016	Enterprise 2017	15 April to 31 December 2016
KPMG Audit					
audit, financial year		45,8	45,9	21,1	28,1
audit, previous financial year		58,1	12,7	17,3	0,0
tax consulting		9,1	0,0	3,2	0,0
other services		37,8	276,6	37,8	264,3
Total		150,8	335,2	79,4	292,4

Notes, PROFIT AND LOSS ACCOUNT (EUR), compared to the entire financial year 2016

	Metsähallitus Group 1 January to 31 December 2017	1 January to 31 December 2016
TURNOVER	328 022 473,13	341 350 377,48
Variation in inventories of finished products and change to work in progress	-1 007 296,86	261 649,04
Other operating income	14 609 820,05	23 323 517,29
Financing for other operations from the State budget	43 678 785,51	46 001 997,82
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	9 116 989,59	10 108 444,66
Variation in inventories	501 996,02	1 553 652,18
External services	148 297 285,67	158 431 969,44
Raw materials and services, total	157 916 271,28	170 094 066,28
Staff expenses		
Wages and salaries	49 673 446,37	56 383 229,94
Social security expenses		
Pension expenses	7 780 753,18	19 469 135,41
Other social security expenses	1 843 494,88	2 947 526,54
Staff expenses, total	59 297 694,43	78 799 891,89
Depreciation, amortisation and impairment		
Depreciation according to plan	6 219 361,19	6 336 675,49
Depreciation, amortisation and impairment in total	6 219 361,19	6 336 675,49
Other operating costs	47 032 601,91	53 664 503,01
OPERATING PROFIT	114 837 853,02	102 042 404,96
Financial income and expenses		
Income from other investments under non-current assets	45 687,76	49 892,46
Other interest and financial income	107 635,83	43 473,54
Interest and other financial expenses	161 125,48	195 624,99
Impairment of non-current assets	990 060,91	3 000 000,00
Financial income and expenses in total	-997 862,80	-3 102 258,99
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES	113 839 990,22	98 940 145,97
Income taxes	10 109 654,65	6 530 726,66
Transfer of the profits of Public Administrative Duties to Equities	2 113 847,53	0,00
Minority share	99 257,42	104 367,75
PROFIT FOR THE FINANCIAL YEAR	105 943 440,52	92 513 787,06

Notes, BALANCE SHEET (EUR), compared to the entire financial year 2016

	Metsähallitus Group 31.12.2017	31.12.2016
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	262 407,93	1 251 563,67
Other intangible assets	13 470 871,26	4 801 612,72
Advance payments and work in progress	4 328 104,99	4 805 227,82
Intangible assets in total	18 061 384,18	10 858 404,21
Tangible assets		
Land and water areas	3 842 597 611,56	3 821 779 249,02
Roads	27 452 659,01	28 866 068,26
Buildings and structures	44 958 731,80	48 334 414,90
Machinery and equipment	1 874 022,28	3 151 118,22
Other tangible assets	283 868,15	687 521,07
Advance payments and work in progress	10 084 688,71	11 105 818,02
Tangible assets in total	3 927 251 581,51	3 913 924 189,49
Investments		
Shares in Group's subsidiaries	0,00	0,00
Other shares and holdings	2 081 520,68	2 086 307,30
Other receivables	1 800,00	24 100,00
Investments in total	2 083 320,68	2 110 407,30
NON-CURRENT ASSETS IN TOTAL	3 947 396 286,37	3 926 893 001,00
CURRENT ASSETS		
Inventories		
Finished products	15 073 063,65	19 831 585,48
Work in progress	846 738,80	1 003 044,03
Inventories in total	15 919 802,45	20 834 629,51
Receivables		
Non-current receivables		
Other receivables	2 205 015,72	2 205 015,72
Current receivables		
Accounts receivable	45 992 073,77	45 254 291,19
Other receivables	278 402,53	1 586 915,24
Prepayments and accrued income	4 976 366,24	2 562 729,00
Current receivables in total	51 246 842,54	49 403 935,43
Cash in hand and at banks	16 652 718,65	11 950 580,12
CURRENT ASSETS IN TOTAL	86 024 379,36	84 394 160,78
ASSETS IN TOTAL	4 033 420 665,73	4 011 287 161,78

Notes, BALANCE SHEET (EUR), compared to the entire financial year 2016

	Metsähallitus Group 31.12.2017	31.12.2016
EQUITY AND LIABILITIES		
EQUITY		
Basic equity	2 596 551 464,52	2 601 514 970,45
Other equity	224 811 820,00	224 811 974,00
Other equity of Parks & Wildlife Finland	996 237 549,41	977 009 010,43
Retained earnings	7 884 484,36	460 201,83
Profit for the financial year	105 943 440,52	92 513 787,06
EQUITY IN TOTAL	3 931 428 758,81	3 896 309 943,77
MINORITY SHARE	5 572 550,51	5 671 807,92
PROVISIONS		
Other provisions	1 752 825,20	3 915 410,50
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	2 284,33	2 039 934,70
Other liabilities	475 100,00	821 100,00
Non-current liabilities in total		2 861 034,70
Current liabilities		
Loans from financial institutions	49 989 786,16	59 989 320,43
Advances received	6 859 076,87	4 557 262,82
Accounts payable	13 652 336,10	11 855 729,85
Other liabilities (incl. interest-bearing)	7 120 242,69	7 484 278,38
Accruals and deferred income	16 530 589,44	18 606 961,43
Deferred tax liabilities	37 115,62	35 411,98
Current liabilities in total	94 189 146,88	102 528 964,89
LIABILITIES IN TOTAL	94 666 531,21	105 389 999,59
EQUITY AND LIABILITIES IN TOTAL	4 033 420 665,73	4 011 287 161,78

Business Operations Group and Business Operations

PROFIT AND LOSS ACCOUNT, BUSINESS OPERATIONS (EUR)

	Notes	Business Operations Group 1 January to 31 December 2017	15 April to 31 December 2016	Business Operations 1 January to 31 December 2017	15 April to 31 December 2016
TURNOVER	2.1	319 269 330,99	238 246 446,54	98 934 742,53	68 447 075,71
Variation in inventories of finished products and change to work in progress		-1 007 296,86	261 649,04	0,00	0,00
Other operating income	2.2	18 231 990,05	16 245 132,45	24 913 743,18	20 920 633,85
Raw materials and services					
Raw materials and consumables					
Purchases during the financial year		6 364 071,28	6 868 757,58	389 440,35	384 148,62
Variation in inventories		340 044,70	3 286 553,42	0,00	0,00
External services		144 870 045,15	106 634 920,40	608 985,99	142 555,77
Raw materials and services, total					
Staff expenses					
Wages and salaries		28 771 018,08	25 989 344,72	7 735 639,43	6 119 651,14
Social security expenses					
Pension expenses		4 353 845,42	14 259 458,20	1 035 049,61	1 140 839,61
Other social security expenses		1 088 277,36	1 342 089,46	253 967,74	217 126,94
Staff expenses, total		34 213 140,86	41 590 892,38	9 024 656,78	7 477 617,69
Depreciation, amortisation and impairment					
Depreciation according to plan	2.3	3 880 684,61	2 735 842,66	2 677 697,02	1 765 622,03
Depreciation, amortisation and impairment in total					
Other operating costs	2.4	29 634 173,20	29 280 507,84	19 893 849,27	20 230 307,22
OPERATING PROFIT		117 191 864,38	64 355 753,75	91 253 856,30	59 367 458,23
Financial income and expenses					
Income from other investments under non-current assets		45 124,34	36 127,96	3 244 984,34	35 903,96
Other interest and financial income		103 859,12	30 729,52	78 472,39	24 865,07
Interest and other financial expenses		155 803,73	122 078,90	133 666,91	83 555,28
Impairment of non-current assets		0,00	3 000 000,00	0,00	5 000 000,00
Financial income and expenses in total	2.5	-6 820,27	-3 055 221,42	3 189 789,82	-5 022 786,25
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES		117 185 044,11	61 300 532,33	94 443 646,12	54 344 671,98
Income taxes		10 109 291,32	4 163 559,08	4 741 300,03	3 344 660,50
PROFIT FOR THE FINANCIAL YEAR		107 075 752,79	57 136 973,25	89 702 346,09	51 000 011,48

BALANCE SHEET, BUSINESS OPERATIONS (EUR)

	Notes	Business Operations Group 31.12.2017	31.12.2016	Business Operations 31.12.2017	31.12.2016
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
		63 163,75	896 453,72	45 632,57	660 423,73
		13 421 439,83	4 755 665,13	1 173 634,69	227 782,72
		4 328 104,99	4 805 227,82	483 892,80	768 958,68
Intangible assets in total					
		17 812 708,57	10 457 346,67	1 703 160,06	1 657 165,13
Tangible assets					
		2 878 628 559,94	2 879 439 721,33	2 877 320 187,52	2 877 886 257,76
		27 281 725,82	28 654 335,40	27 277 833,77	28 649 918,71
		11 017 097,39	13 600 603,19	10 974 034,88	11 429 271,43
		327 348,14	1 313 500,48	0,00	0,00
		10 599,04	387 081,48	10 599,04	10 599,04
		9 999 635,59	11 073 776,10	9 999 635,59	11 073 776,10
Tangible assets in total					
		2 927 264 965,92	2 934 469 017,98	2 925 582 290,80	2 929 049 823,04
Investments					
	2.7	0,00	0,00	58 625 635,81	59 625 635,81
	2.9	1 343 816,00	1 348 602,62	1 752 688,41	1 752 698,49
	2.10	0,00	22 300,00	0,00	0,00
Investments in total					
		1 343 816,00	1 370 902,62	60 378 324,22	61 378 334,30
NON-CURRENT ASSETS IN TOTAL					
		2 946 421 490,49	2 946 297 267,27	2 987 663 775,08	2 992 085 322,47
CURRENT ASSETS					
Inventories					
		13 461 706,87	18 055 277,38	0,00	0,00
		843 738,80	1 003 044,03	0,00	0,00
Inventories in total					
		14 305 445,67	19 058 321,41	0,00	0,00
Receivables					
Non-current receivables					
		2 205 015,72	2 205 015,72	24 000,00	24 000,00
Non-current receivables in total					
		2 205 015,72	2 205 015,72	24 000,00	24 000,00
Current receivables in total					
		43 622 109,45	43 539 077,40	377 802,48	518 897,83
	2.11	817 563,04	182 333,23	649 575,58	67 651,67
	2.12	0,00	0,00	469 813,49	271 094,86
	2.13	262 688,72	1 568 599,45	5 443,12	1 345 038,77
	2.14	658 829,02	192 491,26	460 810,94	93 588,16
Current receivables in total					
		45 361 190,23	45 482 501,34	1 963 445,61	2 296 271,29
Cash in hand and at banks					
		8 197 449,93	3 932 025,14	3 335 517,07	3 080 711,44
CURRENT ASSETS IN TOTAL					
		70 069 101,55	70 677 863,61	5 322 962,68	5 400 982,73
ASSETS IN TOTAL					
		3 016 490 592,04	3 016 975 130,88	2 992 986 737,76	2 997 486 305,20

BALANCE SHEET, BUSINESS OPERATIONS (EUR)

	Liitetieto	Business Operations Group 31.12.2017	31.12.2016	Business Operations 31.12.2017	31.12.2016
EQUITY AND LIABILITIES					
EQUITY					
Basic equity		2 596 551 464,52	2 601 514 970,45	2 596 551 464,52	2 601 514 970,45
Other equity		224 811 820,00	224 811 974,00	224 811 820,00	224 811 974,00
Retained earnings		8 185 413,67	37 048 440,42	3 001 932,00	38 001 920,52
Profit for the financial year		107 075 752,79	57 136 973,25	89 702 346,09	51 000 011,48
EQUITY IN TOTAL	2.15	2 936 624 450,98	2 920 512 358,12	2 914 067 562,61	2 915 328 876,45
PROVISIONS					
Other provisions	2.16	1 752 825,20	3 915 410,50	140 000,00	0,00
LIABILITIES					
Non-current					
Loans from financial institutions	2.17	2 284,33	2 039 934,70	0,00	0,00
Other liabilities (incl. interest-bearing)		468 600,00	815 600,00	465 850,00	815 350,00
Current					
Loans from financial institutions	2.18	49 989 786,16	59 989 320,43	49 989 786,16	59 989 320,43
Advances received		165 389,10	452 045,47	97 196,00	312 292,50
Accounts payable		11 241 878,73	9 866 408,09	2 457 112,02	2 335 929,08
Payables to Parks & Wildlife Finland	2.19	180 553,71	340 611,94	15 654,43	245 753,25
Debts to Group's subsidiaries	2.20	1 035,40	1 509,08	18 732 136,62	10 983 108,11
Other liabilities (incl. interest-bearing)	2.21	6 512 164,99	6 789 939,08	4 388 535,02	4 377 720,90
Accruals and deferred income	2.22	9 514 507,82	12 216 581,49	2 632 904,90	3 097 954,48
Deferred tax liabilities		37 115,62	35 411,98	0,00	0,00
LIABILITIES IN TOTAL		78 113 315,86	92 547 362,26	78 779 175,15	82 157 428,75
EQUITY AND LIABILITIES IN TOTAL		3 016 490 592,04	3 016 975 130,88	2 992 986 737,76	2 997 486 305,20

CASH FLOW STATEMENT, BUSINESS OPERATIONS (EUR)

	Business Operations Group 1 January to 31 December 2017	15 April to 31 December 2016	Business Operations 1 January to 31 December 2017	15 April to 31 December 2016
CASH FLOW FROM BUSINESS OPERATIONS				
Payments from sales	318 551 069,13	239 788 413,93	98 295 195,40	61 421 945,93
Payments from other operating income	9 802 892,77	5 894 573,25	15 154 487,38	10 800 806,85
Payments from operating charges	-211 503 422,18	-204 228 267,52	-30 231 539,54	-32 968 981,00
Cash flow from business operations, before financial items and taxes	116 850 539,72	41 454 719,66	83 218 143,24	39 253 771,78
Interest paid and other financial expenses	-155 803,73	-122 078,90	-133 666,91	-83 555,28
Interest income from business operations	103 859,12	30 729,52	78 472,39	24 865,07
Dividends received	45 124,34	36 127,96	3 244 984,34	35 903,96
Direct taxes	-10 109 291,32	-4 163 559,08	-3 313 772,38	-3 344 660,50
Cash flows from operating activities	106 734 428,13	37 235 939,16	83 094 160,68	35 886 325,03
INVESTMENTS				
Investments, sales, subsidiaries' shares	0,00	0,00	500 000,00	-13 617 000,00
Investments in tangible and intangible assets	-14 775 749,68	-7 965 845,44	-6 521 368,09	-6 863 162,55
Sale of tangible and intangible assets	10 787 051,83	14 147 352,25	11 712 334,60	13 869 123,16
Cash flows from investing activities	-3 988 697,85	6 181 506,81	5 690 966,51	-6 611 039,39
FINANCING				
Change in other non-current, interest-bearing loans	-1 985 650,37	-7 045 028,11	0,00	0,00
Change in other non-current, non-interest-bearing loans	-399 000,00	815 600,00	-149 800,00	-80,95
Change in current loans from financial institutions	-10 095 655,12	49 877 288,85	-9 999 534,27	49 998 456,60
Change in Group loans to subsidiaries	0,00	0,00	7 619 012,68	6 542 663,50
Contribution to State revenue	-86 000 000,00	-116 569 037,01	-86 000 000,00	-116 569 037,01
Cash flows from financing activities	-98 480 305,49	-72 921 176,27	-88 530 321,59	-60 027 997,86
CHANGE IN LIQUID FUNDS				
Liquid funds on 15 April	3 932 025,14	33 435 755,44	3 080 711,44	33 833 423,66
Liquid funds on 31 Dec	8 197 449,93	3 932 025,14	3 335 517,04	3 080 711,44
Change	4 265 424,79	-29 503 730,30	254 805,60	-30 752 712,22

Notes

NOTES TO THE PROFIT AND LOSS ACCOUNT, BUSINESS OPERATIONS (EUR)

	Notes	Business Operations Group 1 January to 31 December 2017	15 April to 31 December 2016	Business Operations 1 January to 31 December 2017	15 April to 31 December 2016
Turnover by business unit					
Forestry business		295 415 829,10	218 472 593,48	79 994 958,81	56 671 572,64
Property development		15 405 821,06	10 222 604,59	15 566 692,09	10 473 679,49
Sale of soil and rock resources		1 592 767,10	2 050 487,55	0,00	0,00
Seed and sapling production		4 804 040,57	7 211 349,94	0,00	0,00
Other		2 050 873,16	289 410,98	3 373 091,63	1 301 823,58
Total		319 269 330,99	238 246 446,54	98 934 742,53	68 447 075,71
of which turnover for Parks & Wildlife Finland and its subsidiaries		2 379 508,95	292 855,44	1 803 160,00	224 834,05
and other subsidiaries		9 881,00	5 972,00	9 881,00	5 972,00
		0,00	0,00	81 478 048,31	57 935 060,14
Other operating income					
	2.2				
Gains on the sale of fixed assets		9 723 372,56	10 350 559,20	9 575 276,16	10 119 827,00
Income from services to Parks & Wildlife Finland		7 044 701,34	5 269 969,87	6 914 221,09	5 167 813,00
Income from services to subsidiaries		0,00	994,00	7 566 078,14	5 363 777,61
Other income		1 463 916,15	623 609,38	858 167,79	269 216,24
Total		18 231 990,05	16 245 132,45	24 913 743,18	20 920 633,85
Depreciation according to plan					
	2.3				
Intangible assets		1 381 947,17	909 382,59	459 563,57	263 098,47
Depreciation for decrease in substance		90 120,99	45 134,03	13 697,40	20 363,12
Roads		1 384 781,42	891 238,72	1 384 256,78	890 888,96
Buildings and structures		908 404,88	734 711,77	820 179,27	591 271,48
Machinery and equipment, other tangible assets		115 430,15	155 375,55	0,00	0,00
Total		3 880 684,61	2 735 842,66	2 677 697,02	1 765 622,03

Depreciation according to plan, depreciation periods:

Intangible rights, other long-term expenditure	4–5 years
Gravel areas	depreciation for decrease of substance
Roads	10–25 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. Entry of depreciation begins from the introduction of the asset.

NOTES TO THE PROFIT AND LOSS ACCOUNT, BUSINESS OPERATIONS (EUR)

	Notes	Business Operations Group 1 January to 31 December 2017	15 April to 31 December 2016	Business Operations 1 January to 31 December 2017	15 April to 31 December 2016
Other operating costs	2.4				
Facility expenses		6 302 806,20	4 281 991,40	5 316 947,91	3 480 428,07
ICT expenses		6 884 029,20	4 295 328,71	5 366 513,67	3 348 237,33
Travelling expenses		3 457 858,85	2 918 157,93	496 288,66	456 519,56
External services		4 449 791,50	2 158 155,37	3 615 813,32	1 347 049,68
Machinery and equipment expenses, vehicle expenses		941 278,13	985 056,22	347 763,34	211 491,81
Other social security expenses		1 543 774,73	1 657 392,80	466 787,23	375 272,80
Other expenses		6 053 998,14	12 984 425,41	3 080 296,83	10 869 074,82
Group internal expenses		636,45	0,00	1 203 438,31	142 233,15
Total		29 634 173,20	29 280 507,84	19 893 849,27	20 230 307,22
Other interest and financial income	2.5				
Dividend income from external sources		45 124,34	36 127,96	44 984,34	35 903,96
Dividend income from subsidiaries		0,00	0,00	3 200 000,00	0,00
Interest income		103 859,12	30 729,52	78 472,39	24 865,07
Total		148 983,46	66 857,48	3 323 456,73	60 769,03
Interest and other financial expenses (EUR)					
Interest expenses		155 803,73	122 078,90	133 666,91	83 555,28
Reduction in value from the subordinated loan to subsidiary		0,00	0,00	0,00	5 000 000,00
Provision for the reorganisation of subsidiary's business		0,00	3 000 000,00	0,00	0,00
Total		155 803,73	3 122 078,90	133 666,91	5 083 555,28
Financial income and expenses in total		-6 820,27	-3 055 221,42	3 189 789,82	-5 022 786,25

NOTES TO BALANCE SHEET, BUSINESS OPERATIONS

Non-current assets (mill. EUR)	Notes 2.6							
Business Operations Group	Intangible assets	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery & equipment, other tan- gible assets	In progress projects	Other shares and hold- ings, other receivables	Total
Acquisition cost on 1 Jan	10,5	2 888,2	95,5	47,2	20,7	15,9	1,4	3 082,8
Reduction in value on 1 Jan	0,0	-4,0	0,0	0,0	0,0	0,0	0,0	-5,0
Increases	13,5	6,3	0,0	0,8	0,0	0,0	0,0	0,0
Decreases	0,0	7,1	0,0	3,4	1,3	5,9	0,0	0,0
Reduction in value	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Acquisition cost on 31 Dec	24,1	2 883,5	95,5	44,6	19,4	10,0	1,3	3 078,4
Accumulated depreciation and reduction in value on 1 January	4,9	4,8	66,8	33,6	19,0	0,0	0,0	131,5
Accumulated depreciation relating to decreases and transfers	0,0	0,0	0,0	-0,9	0,0	0,0	0,0	0,0
Depreciation during the financial year	1,4	0,1	1,4	0,9	0,1	0,0	0,0	3,9
Accumulated depreciation on 31 Dec	6,2	4,9	68,2	33,6	19,1	0,0	0,0	132,0
Book value on 1 Jan	5,7	2 879,4	28,7	13,6	1,7	15,9	1,4	2 946,3
Book value on 31 Dec	17,8	2 878,6	27,3	11,0	0,3	10,0	1,3	2 946,4
Production machinery and equipment Book value on 31 Dec					0,3			
Business Operations	Intangible assets	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery & equipment, other tan- gible assets	In progress projects	Other shares and holdings	Total
Acquisition cost on 1 Jan	4,3	2 881,4	95,9	38,5	9,7	11,8	90,5	3 132,7
Reduction in value on 1 Jan	0,0	-1,8	0,0	0,0	0,0	0,0	-29,2	-31,4
Increases	1,3	6,3	0,0	0,8	0,0	0,0	0,0	0,0
Decreases	0,0	6,9	0,0	1,3	0,0	1,8	1,0	0,0
Reduction in value	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Acquisition cost on 31 Dec	5,6	2 879,1	95,9	38,0	9,7	10,0	60,4	3 098,6
Accumulated depreciation and impairment losses on 1 January	3,4	1,8	67,3	27,0	9,7	0,0	0,0	109,2
Accumulated depreciation relating to decreases and transfers	0,0	0,0	0,0	-0,9	0,0	0,0	0,0	0,0
Depreciation during the financial year	0,5	0,0	1,4	0,8	0,0	0,0	0,0	2,7
Accumulated depreciation on 31 Dec	3,9	1,8	68,7	27,0	9,7	0,0	0,0	111,0
Book value on 1 Jan	0,9	2 877,9	28,6	11,4	0,0	11,8	61,4	2 992,1
Book value on 31 Dec	1,7	2 877,3	27,3	11,0	0,0	10,0	60,4	2 987,7
Production machinery and equipment, book value on 31 Dec					0,0			

NOTES TO BALANCE SHEET, BUSINESS OPERATIONS

Shares in subsidiaries	Notes	Holdings	Parent company	
	2.7	Holdings %	in the parent company (EUR)	
Metsähallitus				
Metsähallitus Forestry Ltd, Rovaniemi		100	50 649 635,81	
MH-Kivi Oy, Oulu		100	5 500 000,00	
Siemen Forelia Oy, Jyväskylä		100	2 476 000,00	
Total			58 625 635,81	

Shares and holdings, book value (EUR)	Notes	Business Operations Group		Business Operations	
	2.9	2017	2016	2017	2016
Shares in subsidiaries		0,00	0,00	58 625 635,81	59 625 635,81
Shares in associated undertakings		0,00	0,00	0,00	0,00
Holdings company shares		0,00	0,00	0,00	0,00
Other shares and holdings		712 048,86	716 835,48	1 120 921,27	1 120 931,35
Joint forest holdings		631 767,14	631 767,14	631 767,14	631 767,14
Total		1 343 816,00	1 348 602,62	60 378 324,22	61 378 334,30

Investments, other receivables (EUR)	Notes	Business Operations Group		Business Operations	
	2.10	2017	2016	2017	2016
Subscription fee receivables		0,00	22 300,00	0,00	0,00

Receivables from public administrative duties (EUR)	Notes	Business Operations Group		Business Operations	
	2.11	2017	2016	2017	2016
Accounts receivable		490 110,42	155 660,13	322 122,96	42 501,67
Prepayments and accrued income		327 452,62	26 673,10	327 452,62	25 150,00
Total		817 563,04	182 333,23	649 575,58	67 651,67

Receivables from subsidiaries (EUR)	Notes	Business Operations Group		Business Operations	
	2.12	2017	2016	2017	2016
Accounts receivable		0,00	0,00	22 382,99	165 019,79
Other receivables		0,00	0,00	0,00	0,00
Prepayments and accrued income		0,00	0,00	447 430,50	106 075,07
Total		0,00	0,00	469 813,49	271 094,86

Other receivables, current (EUR)	Notes	Business Operations Group		Business Operations	
	2.13	2017	2016	2017	2016
Other prepayments, prepaid expenses		17 279,95	17 948,46	5 443,12	7 290,71
VAT receivables		245 408,77	212 902,93	0,00	0,00
Deferred tax assets		0,00	1 337 748,06	0,00	1 337 748,06
Other receivables		0,00	0,00	0,00	0,00
Total		262 688,72	1 568 599,45	5 443,12	1 345 038,77

NOTES TO BALANCE SHEET, BUSINESS OPERATIONS

Current external prepayments and accrued income (EUR)	Notes	Business Operations Group	2016	Business Operations	2016
	2.14	2017		2017	
Accrued interest		0,00	0,00	0,00	0,00
Deferred tax assets		0,00	0,00	0,00	0,00
Other prepaid expenses/purchase invoices		355 942,88	145 629,75	157 924,80	93 588,16
Other accrued income		302 886,14	46 861,51	302 886,14	0,00
Total		658 829,02	192 491,26	460 810,94	93 588,16
Equity (EUR)	2.15				
Basic equity on 14 Apr		2 601 514 970,45	2 509 674 701,59	2 601 514 970,45	2 509 674 701,59
Transfers of possession		151 671,00	-168 070,20	151 671,00	-168 070,20
Inheritance by the State		0,00	0,00	0,00	0,00
Changes in land use		-5 130 037,93	1 512 561,17	-5 130 037,93	1 512 561,17
Other		14 861,00	90 495 777,89	14 861,00	90 495 777,89
Basic equity on 31 Dec		2 596 551 464,52	2 601 514 970,45	2 596 551 464,52	2 601 514 970,45
Other equity on 1 Jan		224 811 974,00	0,00	224 811 974,00	0,00
Increase, decrease		-154,00	224 811 974,00	-154,00	224 811 974,00
Other equity on 31 Dec		224 811 820,00	224 811 974,00	224 811 820,00	224 811 974,00
Retained earnings on 1 Jan		94 185 413,67	117 069 490,73	89 001 932,00	117 102 658,91
Profit for the period 1 Jan–14 Apr 2016		0,00	36 547 986,70	0,00	37 468 298,62
Contribution to State revenue		-86 000 000,00	-116 569 037,01	-86 000 000,00	-116 569 037,01
Retained earnings on 31 Dec		8 185 413,67	37 048 440,42	3 001 932,00	38 001 920,52
Profit for the financial year		107 075 752,79	57 136 973,25	89 702 346,09	51 000 011,48
Equity in total on 31 Dec		2 936 624 450,98	2 920 512 358,12	2 914 067 562,61	2 915 328 876,45
Provisions (EUR)	2.16				
Other provisions (EUR)		1 752 825,20	915 410,50	140 000,00	0,00
Provision for the reorganisation of subsidiary's business		0,00	3 000 000,00	0,00	0,00
Total		1 752 825,20	3 915 410,50	140 000,00	0,00
Total of long-term loans due in a period exceeding 5 years (EUR)	2.17				
Total		2 284,33	2 039 934,70		

NOTES TO BALANCE SHEET, BUSINESS OPERATIONS

Amount of debt not paid to the State (EUR)	Notes 2.18	Business Operations Group 2017	2016	Business Operations 2017	2016
Debt to the State, withholding tax liabilities, social security contribution liabilities, VaEL, TyEL		757 534,82	783 461,62	394 933,38	294 505,94
Payables to public administrative duties (EUR)	2.19				
Accounts payable		30 166,75	29 988,22	9 696,83	14 717,11
Accruals and deferred income		150 386,96	310 623,72	5 957,60	231 036,14
Total		180 553,71	340 611,94	15 654,43	245 753,25
Payables to subsidiaries (EUR)	2.20				
Accounts payable		0,00	0,00	18 921,99	180 418,04
Other liabilities		0,00	0,00	0,00	0,00
Accruals and deferred income		1 035,40	1509,08	1 004 549,24	713 037,36
Consolidated liabilities		0,00	0,00	17 708 665,39	10 089 652,71
Total		1 035,40	1 509,08	18 732 136,62	10 983 108,11
Other external liabilities (EUR)	2.21				
VAT liabilities		4 466 754,20	4 564 525,91	2 739 796,30	2 880 026,73
Withholding taxes and social security contributions and other debts related to statutory personnel expenses (payment of salaries)		561 410,67	669 128,62	198 809,23	206 573,42
Equity reviews		1 439 396,55	1 277 308,55	1 439 396,55	1 277 308,55
Other		44 603,57	278 976,00	10 657,74	13 812,20
Total		6 512 164,99	6 789 939,08	4 388 659,82	4 377 720,90
External accruals and deferred income (EUR)	2.22				
Differentiated statutory personnel expenses		196 124,15	114 333,00	196 124,15	87 932,52
Holiday pay liabilities, including social security expenses		7 258 119,55	7 781 425,34	1 743 930,80	1 915 489,99
Tax averaging		894 441,31	814 564,72	89 779,59	0,00
Other		1 165 822,51	3 506 258,43	603 070,36	1 094 531,97
Total		9 514 507,52	12 216 581,49	2 632 904,90	3 097 954,48

OTHER NOTES, BUSINESS OPERATIONS (MEUR)

Contingent liabilities	Notes 2.23	Business Operations Group 2017	2016	Business Operations 2017	2016
Leasing liabilities					
paid during the financial year		0,3	0,6	0,2	0,5
to be paid during the following year		2,1	2,6	2,0	2,4
to be paid at a later date		2,5	2,3	2,5	2,2
Business mortgages		0,0	0,9	0,0	0,0
Bank guarantee liabilities		2,2	2,3	0,6	0,7
Other banking liabilities		1,5	1,5	1,0	1,0
Deposited securities, guarantee deposits		0,0	0,0	0,0	0,0
Guarantee for subsidiary's liabilities, limits		0,0	0,0	0,0	0,0
Investment commitments		6,4	5,9	6,4	5,9

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

Responsibility for remediation of contaminated sites

In areas administered by Metsähallitus, the responsibility involved in contaminated soil areas lies primarily with the party who was responsible for the contaminating activity. As the holder of the area, Metsähallitus may be held responsible for the remediation costs of the contaminated soil, if the primary responsible party is unable to do so.

Related-party transactions

A contribution to State revenue was paid for the period 15 April to 31 December 2016.

Internal Group transactions	Business Operations Group 2017	15 April to 31 December 2016	Business Operations 2017	15.4.-31.12.2016
Sale of goods	0,1	0,1	0,0	0,0
Sale of services	9,4	5,7	97,7	68,7
Purchase of goods	0,3	0,5	0,0	0,0
Purchase of services	0,1	0,0	1,2	1,0
Total	9,1	5,3	96,5	67,7

Calculated deferred tax assets and liabilities

	2017	2016
Calculated deferred tax assets		
from postponed depreciations	0,0	0,6
from subsidiary losses	2,3	3,8
from provisions	0,3	0,2
Total	2,6	4,5

2.25

Self-financed investments

	Business Operations Group 2017	2017	Business Operations 2017	2017
	Investments planned	Actual	Investments planned	Realised
Land, water and gravel areas	8,1	3,4	8,1	3,4
Roads, road projects, plot processing works	8,0	7,9	0,0	0,3
Machinery and equipment, wind power projects	2,8	1,0	2,7	1,0
Buildings and structures	1,2	0,9	1,1	0,9
Other, including IT systems	5,9	1,6	1,0	0,9
Total	26,0	14,8	12,9	6,5

**Notes, PROFIT AND LOSS ACCOUNT, BUSINESS OPERATIONS (EUR)
compared to the entire financial year 2016**

	Business Operations Group 1 January to 31 December 2017	1 January to 31 December 2016
TURNOVER	319 269 330,99	332 930 294,02
Variation in inventories of finished products and change to work in progress	-1 007 296,86	261 649,04
Other operating income	18 231 990,05	26 404 231,75
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	6 364 071,28	7 377 596,01
Variation in inventories	340 044,70	1 384 191,86
External services	144 870 045,15	153 696 985,12
Raw materials and services, total	151 574 161,13	162 458 772,99
Staff expenses		
Wages and salaries	28 771 018,08	34 918 856,78
Social security expenses		
Pension expenses	4 353 845,42	15 880 991,12
Other social security expenses	1 088 277,36	1 966 205,19
Staff expenses, total	34 213 140,86	52 766 053,09
Depreciation, amortisation and impairment		
Depreciation according to plan	3 880 684,61	3 780 720,56
Depreciation, amortisation and impairment in total	3 880 684,61	3 780 720,56
Other operating costs	29 634 173,20	37 279 036,04
OPERATING PROFIT	117 191 864,38	103 311 592,13
Financial income and expenses		
Income from other investments under non-current assets	45 124,34	49 811,36
Other interest and financial income	103 859,12	41 031,83
Interest and other financial expenses	155 803,73	186 748,41
Impairment of non-current assets	0,00	3 000 000,00
Financial income and expenses in total	-6 820,27	-3 095 905,22
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES	117 185 044,11	100 215 686,91
Income taxes	10 109 291,32	6 530 726,66
Minority share	0,00	0,00
PROFIT FOR THE FINANCIAL YEAR	107 075 752,79	93 684 960,25

Notes, BALANCE SHEET, BUSINESS OPERATIONS (EUR) compared to the entire financial year 2016

	Business Operations Group 2017	2016
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	63 163,75	896 453,72
Other intangible assets	13 421 439,83	4 755 665,13
Advance payments and work in progress	4 328 104,99	4 805 227,82
Intangible assets in total	17 812 708,57	10 457 346,67
Tangible assets		
Land and water areas	2 878 628 559,94	2 879 439 721,33
Roads	27 281 725,82	28 654 335,40
Buildings and structures	11 017 097,39	13 600 603,19
Machinery and equipment	327 348,14	1 313 500,48
Other tangible assets	10 599,04	387 081,48
Advance payments and work in progress	9 999 635,59	11 073 776,10
Tangible assets in total	2 927 264 965,92	2 934 469 017,98
Investments		
Shares in Group's subsidiaries	0,00	0,00
Other shares and holdings	1 343 816,00	1 348 602,62
Other receivables	0,00	22 300,00
Investments in total	1 343 816,00	1 370 902,62
NON-CURRENT ASSETS IN TOTAL	2 946 421 490,49	2 946 297 267,27
CURRENT ASSETS		
Inventories		
Finished products	13 461 706,87	18 055 277,38
Work in progress	843 738,80	1 003 044,03
Inventories in total	14 305 445,67	19 058 321,41
Receivables		
Non-current receivables		
Other receivables	2 205 015,72	2 205 015,72
Non-current receivables in total	2 205 015,72	2 205 015,72
Current receivables		
Accounts receivable	43 622 109,45	43 539 077,40
Receivables from Parks & Wildlife Finland	817 563,04	182 333,23
Other receivables	262 688,72	1 568 599,45
Prepayments and accrued income	658 929,02	192 491,26
Current receivables in total	45 361 290,23	45 482 501,34
Cash in hand and at banks	8 197 449,93	3 932 025,14
CURRENT ASSETS IN TOTAL	70 069 101,55	70 677 863,61
ASSETS IN TOTAL	3 016 490 592,04	3 016 975 130,88

**Notes, BALANCE SHEET, BUSINESS OPERATIONS (EUR)
compared to the entire financial year 2016**

	Business Operations Group 2017	2016
EQUITY AND LIABILITIES		
EQUITY		
Basic equity	2 596 551 464,52	2 601 514 970,45
Other equity	224 811 820,00	224 811 974,00
Retained earnings	8 185 413,67	500 453,42
Profit for the financial year	107 075 752,79	93 684 960,25
EQUITY IN TOTAL	2 936 624 450,98	2 920 512 358,12
PROVISIONS		
Other provisions	1 752 825,20	3 915 410,50
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	2 284,33	2 039 934,70
Other liabilities (incl. interest-bearing)	468 600,00	815 600,00
Non-current liabilities in total	470 884,33	2 855 534,70
Current liabilities		
Loans from financial institutions	49 989 786,16	59 989 320,43
Advances received	165 389,10	452 045,47
Accounts payable	11 241 878,73	9 866 408,09
Payables to Parks & Wildlife Finland	180 553,71	340 611,94
Debts to Group's subsidiaries	1 035,40	1 509,08
Other liabilities (incl. interest-bearing)	6 512 164,99	6 789 939,08
Accruals and deferred income	9 514 507,82	12 216 581,49
Deferred tax liabilities	37 115,62	35 411,98
Current liabilities in total	77 642 431,53	89 691 827,56
LIABILITIES IN TOTAL	78 113 315,86	92 547 362,26
EQUITY AND LIABILITIES IN TOTAL	3 016 490 592,04	3 016 975 130,88

Parks & Wildlife Finland – Public administration services

PROFIT AND LOSS ACCOUNT, PARKS & WILDLIFE FINLAND (EUR)

	Public Administrative Duties 1 January to 31 December 2017	15 April to 31 December 2016
TURNOVER	11 406 201,78	9 072 228,56
Other operating income	3 454 627,54	2 321 603,22
Financing for other operations from the State budget	43 678 785,51	33 846 270,34
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	3 224 349,76	2 677 179,20
Variation in inventories	161 951,32	68 004,44
External services	4 481 137,44	4 164 232,63
Raw materials and services, total	7 867 438,52	6 909 416,27
Staff expenses		
Wages and salaries	20 897 986,14	16 356 390,54
Social security expenses		
Pension expenses	3 426 907,76	2 821 734,31
Other social security expenses	755 217,52	609 880,18
Staff expenses, total	25 080 111,42	19 788 005,03
Depreciation, amortisation and impairment		
Depreciation according to plan	1 811 143,44	1 296 315,63
Other operating costs	25 797 141,67	18 153 215,19
OPERATING PROFIT	-2 016 220,22	-906 850,00
Financial income and expenses		
Income from other investments under non-current assets	563,42	28,00
Other interest and financial income	3 741,98	2 195,13
Interest and other financial expenses	4 321,28	5 868,60
Impairment of non-current assets	97 611,43	0,00
Financial income and expenses in total	-97 627,31	-3 645,47
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES	-2 113 847,53	-910 495,47
Transfer of the profits of the financial year to Equities	2 113 847,53	0,00
PROFIT/LOSS FOR FINANCIAL PERIOD	0,00	-910 495,47

BALANCE SHEET, PARKS & WILDLIFE FINLAND (EUR)

	Public Administrative Duties 31.12.2017	31.12.2016
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	198 049,28	354 387,94
Other intangible assets	2 764,19	
Intangible assets in total	200 813,47	354 387,94
Tangible assets		
Land and water areas	963 239 156,86	941 609 632,93
Roads	170 933,19	211 732,86
Buildings and structures	19 406 670,47	19 971 618,82
Machinery and equipment	108 528,69	155 679,32
Advance payments and work in progress	85 053,12	32 041,92
Tangible assets in total	983 010 342,33	961 980 705,85
Investments		
Shares in Group's subsidiaries	12 267 500,00	12 365 111,43
Other shares and holdings	737 704,68	737 704,68
Other receivables	1 800,00	1 800,00
Investments in total	13 007 004,68	13 104 616,11
NON-CURRENT ASSETS IN TOTAL	996 218 160,48	975 439 709,90
CURRENT ASSETS		
Inventories		
Finished products	1 614 356,78	1 776 308,10
Inventories in total	1 614 356,78	1 776 308,10
Receivables		
Current receivables		
Accounts receivable	2 369 964,32	1 716 113,79
Receivables from enterprise's business operations	15 654,43	245 753,25
Receivables from the enterprise's subsidiaries	177 996,87	141 049,26
Other receivables	15 713,81	8 654,83
Prepayments and accrued income	4 293 361,45	2 337 782,44
Current receivables in total	6 872 690,88	4 449 353,57
Cash in hand and at banks	8 064 472,57	7 763 275,80
CURRENT ASSETS IN TOTAL	16 551 520,23	13 988 937,47
ASSETS IN TOTAL	1 012 769 680,71	989 428 647,37

BALANCE SHEET, PARKS & WILDLIFE FINLAND (EUR)

	Public Administrative Duties 31.12.2017	31.12.2016
EQUITY AND LIABILITIES		
EQUITY		
Other equity	996 237 549,41	977 009 010,43
Retained earnings	0,00	0,00
Profit/loss for financial period	0,00	-910 495,47
EQUITY IN TOTAL	996 237 549,41	976 098 514,96
LIABILITIES		
Other liabilities, non-interest-bearing	6 500,00	5 500,00
Current		
Advances received	6 693 687,77	4 106 117,35
Accounts payable	2 388 155,18	1 956 201,17
Debts to enterprise's business operations	649 575,58	67 651,67
Debts to Group's subsidiaries	167 987,46	114 681,56
Other liabilities	600 342,95	689 740,80
Accruals and deferred income	6 025 882,36	6 390 239,86
LIABILITIES IN TOTAL	16 532 131,30	13 330 132,41
EQUITY AND LIABILITIES IN TOTAL	1 012 769 680,71	989 428 647,37

CASH FLOW STATEMENT, PARKS & WILDLIFE FINLAND (EUR)

	Public Administrative Duties 1 January to 31 December 2017	15 April to 31 December 2016
CASH FLOW FROM BUSINESS OPERATIONS		
Payments from sales	10 945 502,46	2 410 457,69
Payments from other operating income	603 776,29	1 912 475,83
Payments from operating charges	-55 378 673,24	-45 106 624,80
Cash flow from business operations, before financial items and taxes	-43 829 394,49	-40 783 691,28
Interest paid and other financial expenses	-4 321,28	-5 868,60
Interest income from business operations	3 741,98	2 195,13
Dividends received	563,42	28,00
State's budget funding for other operations	45 792 633,04	33 846 270,34
Cash flow from operations	1 963 222,67	-6 941 066,41
INVESTMENTS		
Purchase of environmental protection areas, shares	162 103,16	158 911,22
Purchase of fixed assets, funding by Ministries	-1 111 648,79	-1 946 032,03
Purchase of fixed assets, funding by the EU		
Purchase of fixed assets, other funding	-1 078 095,07	-397 249,95
Investments in tangible and intangible assets	-2 107 641,09	391 187,97
Sale of tangible and intangible assets	442 572,55	
Shareholder investment in purchase of environmental protection areas and shares	-162 103,16	-158 911,22
Funding received for the construction of nature centres etc.	2 191 786,50	2 445 106,86
Cash flows from investing activities	-1 663 025,90	493 012,85
FINANCING		
Change in other non-current, non-interest-bearing loans	1 000,00	380,95
Cash flows from financing activities	1 000,00	380,95
CHANGE IN LIQUID FUNDS		
Liquid funds on 1 Jan	7 763 275,80	14 210 948,41
Liquid funds on 31 Dec	8 064 472,57	7 763 275,80
Change	301 196,77	-6 447 672,61

Signature of the Financial Statements and Auditor's marking

METSÄHALLITUS

0116726-7

Signature of the financial statements and annual report 1 January–31 December 2017

Vantaa, 28 February 2018

Timo Laitinen
Chair

Kai Kaatra
Vice Chair

Johanna Ikäheimo
Board member

Pertti Itkonen
Board member

Simo Rundgren
Board member

Tuija Soanjärvi
Board member

Helena Säteri
Board member

Liisa Tyrväinen
Board member

Pentti Hyttinen
Director General

A report on the performed audit has been issued today.

Helsinki, on . 2018

KPMG Oy Ab
Jorma Nurkkala,
Authorised Public Accountant,
Chartered Public Finance Auditor

KPMG Oy Ab
Heikki Ruosteenoja,
Authorised Public Accountant,
Chartered Public Finance Auditor

FINANCIAL STATEMENTS

2017

Parks & Wildlife Finland
– Public Administration Services



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Main page photo: Heikki Ketola, Vastavalo

Separate Financial Statements for Parks & Wildlife Finland

1.1.–31.12.2017

Separate Financial Statements and Report for Metsähallitus’
Parks & Wildlife Finland

1 Management review

The operations of Parks & Wildlife Finland were very successful in 2017. Parks & Wildlife Finland consists of National Parks Finland and Wildlife Service Finland and is responsible for Public Administrative Duties of Metsähallitus. The operations were strongly characterised by the centenary of Finland’s independence, the numerous related events and the active development of Public Administrative Duties’ operations. In the operating environment, it was noteworthy that nature tourism continues to grow rapidly. The growth is largely focused on national parks, which leads to increasing demands placed on versatile, high-quality hiking services. The health benefits of natural environments and exercising outdoors and the resulting increase in well-being were in the forefront of social debate. The demand for wilderness permits remained strong, and in fact in many areas, permit applications had to be rejected because of sustainability considerations.

The Nature Days project, coordinated by Metsähallitus and included in the official programme of the centenary of Finland’s independence, was a great success, involving more than 60 national and regional organisations. Approx. 300,000 people from various parts of Finland participated in the four Nature Day events organised during different seasons of the year. The President of the Republic Sauli Niinistö participated in two events, the inauguration of the Hossa National Park on 17 June, and the celebration of the Finnish Nature Day at the Teijo National Park on 26 August. The Nature Day events encouraged people to spend time in nature, promoted communality and raised awareness about nature’s effects on well-being. Finland was also the first country in the world to raise the national flag in honour of its natural world on 26 August.

The Finnish Nature Day events, the strong communications involved, and the increasing co-operation

with the tourism sector played a role in the continuing increase of numbers of visitors to national parks and other key sites. Between January and December, there were 3.1 million visits to national parks, which was 10 per cent more than in the previous year. Excluding the Hossa National Park, there was a 6 per cent increase. In the Hossa National Park, the numbers of visitors doubled compared to the previous year. The economic impact of nature sites and historical sites increased to EUR 258 million, which was 11 per cent more than in the previous year. 87 per cent of visitors felt that their health and well-being had benefited somewhat or greatly, and the estimated value of these benefits was approx. EUR 100 per visit. Hunters and fishermen spent approx. 405,000 wilderness recreation days under their permits, and 90 per cent of the visitors reported an enjoyable experience.

Metsähallitus’ operations were recognised for developing recreation and nature tourism in several ways. Metsähallitus received a World Travel & Tourism Council prize for the responsible development of the Pallas-Yllästunturi National Park and cooperation with the local community. The Blue Feat, the longest biking trail in the Hossa National Park, was added to the list of EPIC routes of IMBA (International Mountain Bicycling Association) as the first cycling trail in the Nordic area. The Association of Finnish Travel Agents (AFTA) awarded its prize for the most memorable travel experience to the national parks of Metsähallitus. The award ceremony took place at the annual Finnish Travel Gala. As for the Vallisaari Island off Helsinki, it was chosen as the domestic tourist destination of the year by the Finnish Guild of Travel Journalists.

The increasing tourism operations focusing on national parks and other sites, and the increasing numbers of visitors, place increasing demands on the quality

and good management of the service and guidance structures at the sites. It is generally said that some of the service and guidance structures are in a poor or deteriorating condition. For this reason, Metsähallitus carried out repair debt calculations based on its best knowledge to establish how much it would cost to renovate the service and guidance structures. The calculations did not include the costs related to the improvement of the quality of the services, complementary services or new investments. Based on the calculations, the estimated repair debt of trails, buildings and structures for recreational use and tourism as well as nature centres and exhibitions was a total of EUR 44.2 million. The estimated repair debt for cultural heritage sites was approx. EUR 72 million. The backlog calculations will be made into detailed action plans and site-specific cost estimates in 2018.

LIFE funding and other project funding is extremely important for the protection of species and habitats. In 2017, an extensive Hydrology LIFE project (total budget EUR 8.9 million) was launched alongside ongoing extensive projects. In addition, three new LIFE project applications were prepared. Should they be accepted, the protection of species and habitats will be increasingly reinforced. Rewilding and nature management work, which improves the state of the habitats in practice, is mainly based on LIFE and Interreg funding for agricultural environmental subsidies. Significant results were also achieved in the framework of projects such as Saimaa Seal and Forest Reindeer LIFE projects.

During the year, the Government established a considerable number of new nature reserves prepared by the Ministry of the Environment and National Parks Finland. These nature reserves were mainly established in eastern Lapland as part of the Natura network implementation. The three-year project for property formation, property management and use planning in established nature reserves, which is supported by a discretionary transfer, was continued. Property formation enjoyed a 'peak year' for the project, both in terms of workload and costs. In the status assessments for Natura areas (NATA), related to management and use planning, the number of estimated sites increased by approx. 30 per cent compared to the previous year.

Metsähallitus' fishing experts mapped barriers on fish migration routes and successfully removed them in Ostrobothnia. In Northern Lapland, disputes related

to fishing arrangements, resulting from the new Fishing Act, came to the fore and kept the staff occupied. An attempt is being made to settle disputes in cooperation with the local population and the Ministry of Agriculture and Forestry. In late 2017, the Parliament raised the Fisheries Management Fee. Wildlife Service Finland is responsible for collecting the fee, and the change requires some communications.

The total number of licenses for small game was almost equivalent to that of previous years, though quotas for area-specific gamefowl permits decreased due to the small gamefowl counts. Once the quotas for popular permit areas were full, hunters purchased permits for areas which are normally less in demand, which evened out the sale of permits between the areas. The increasing bear counts were reflected in an increase of 10 per cent in the demand for bear hunting permits compared to the previous year. In the framework of forest reindeer transfer projects, transfer enclosures were established at Lauhavuori and Seitsemien, and reindeer farming began for the first reindeer set to be released into the wild.

In game and fisheries supervision, significant measures improving the quality and efficiency of the operations were taken. The police force field system POKE was made available to wilderness inspectors, who now share it with the police force and the Border Guard. Game and fisheries supervision oversaw wolverine hunting based on the first special hunting permits and participated in settling fishing disputes in Northern Lapland. The disputes received extensive media coverage.

For the further development of productivity and the impact of operations, a joint development programme was prepared for Parks & Wildlife Finland, and its implementation was launched. To reinvigorate the operations and improve effectiveness, an extensive modernisation of the operating approach of National Parks Finland was also carried out. In addition, the prioritisation of the operations of Public Administrative Duties was developed. This also allowed the development of tools improving the effectiveness of the operations, such as service and protection type selections. The development of voluntary activities and use of prison labour has also had a significant impact on the results of the operations. In 2017, the responsibilities in the operations and management of Wildlife Service Finland were modified. The key objective was to improve customer service and effectiveness. Parks

& Wildlife Finland was actively involved in the development of the joint Metsähallitus Group processes.

The total use of funds for the financial year 2017 totalled EUR 61,437,573.87. The loss of the financial

period before the transfer of the profit/loss to Other equities was EUR 2,113,847.53 and the balance sheet total was EUR 1,012,769,680.71. The transfer of the profit/loss of the financial period is based on the provision in Section 5 of Government Decree 1368/2016.

2 Impact

2.1

ATTAINMENT OF OPERATIVE IMPACT OBJECTIVES SET BY THE PARLIAMENT

The Parliament set six impact objectives to Metsähallitus' Public Administration Services unit, art. 35.10.52, Public Administration Services of Metsähallitus (transfer appropriation 3 years) and art. 30.64.50, Certain Public Administration Services of Metsähallitus (transfer appropriation 3 years), which has also been recorded in the 2017 performance agreement between Metsähallitus, the Ministry of the Environment and the Ministry of Agriculture and Forestry.

1. Improving the conservation status for species and natural habitats.

The conservation status of species and habitats was improved in state conservation areas, and management measures particularly targeted traditional environments. Traditional environments are our most diversified habitats, with the greatest number of species, but they are also the most endangered. Twenty-five per cent of endangered species in Finland are entirely dependent on traditional biotopes, and in reports on the EU Habitats Directive, it has been stated that the status of traditional biotopes is at a far from favourable protection level. By means of environmental compensation, the management resources for traditional biotopes are multiplied. For this reason, successful cooperation with Centres for Economic Development, Transport and the Environment, cattle breeders and other local parties has proved effective. Local cooperation and combining resources from various sources is a cost-effective and socially efficient operating approach to nature conservation.

By mire rewilding measures, cost-related improvements to the structure and operation of ecosystems have been achieved. Skills derived from long-term experience in improving mire hydrology by water management restoration measures have led to integrated solutions which take rare mire habitats into consideration and cost-effectively improve large surface

areas (e.g. Freshabit LIFE IP project). By these means, it is possible not only to improve the status of many of the most endangered mire habitats and species but also to have a positive impact on large-scale ecosystem services such as carbon sequestration and the natural ability of mires to filter out the water in their catchment area.

2. Improving the status of the network of Natura 2000 sites and nature reserves

Status assessments for Natura areas (NATA) are a key feature of monitoring the state of the Natura and nature reserve network. They determine the protection and use of values of the areas, threats to and pressures on these areas, as well as measures required by the state of these values that are needed for improving or securing them. Good progress was made in NATA assessments, and at the end of the year, the assessment had been completed for a total of 71 per cent of Natura areas where Metsähallitus was responsible for the assessment. The remaining 327 Natura area assessments will largely be completed in 2018. Once NATA assessments are comprehensively completed, their results can be used to estimate the impact, the condition and the trends of the Natura area network in a versatile manner.

General plans for the Natura areas were completed. They were prepared under the Ministry of the Environment and in conjunction with Centres for Economic Development, Transport and the Environment. In general planning, Metsähallitus was responsible for the assessment of data from 1,120 Natura areas. The general plans determined the urgency of the NATA assessments and the urgency and the needs for management and use plans as well as rewilding action plans for Natura areas. Over the next few years, the results of general planning will largely direct the planning of the management and use of nature reserves and NATA assessments.

The preparation projects for statutes for Eastern Lapland and Northern Ostrobothnia, which have been pending for a long time, were completed under the Ministry of the Environment. Forty-two nature reserves, a total of 198,000 hectares, were established in Eastern Lapland, and forty nature reserves, a total of 22,000 hectares, were established in Northern Ostrobothnia. In addition to this, the nature reserve network was reinforced by the establishment of the Hossa National Park. In connection with the establishment of nature reserves, protection regulations based on the Nature Conservation Act were drafted for nature reserves. They serve to secure the preservation of protection values in these areas and to render this protection more effective. The majority of the surface area of the new nature reserves is also part of the Natura network. This means that the establishment of these areas also significantly promoted the implementation of protection in the Natura network.

3. The value of cultural and historic property assets is preserved and their status is improved.

Thanks to successful projects and the discretionary grant for arranging the transfer of possession of the National Board of Antiquities sites, the strategic cultural and historic property assets have increased. For a greater impact, discretionary grants have been used for self-financing, for instance for the Lights On! project improving visitor services on historical sites and raising awareness of their existence.

The maintenance book plays a significant role in meeting the quality targets set in 2013 for the management of strategic cultural and historic property assets. The maintenance book is an entity consisting of a site survey by an expert, an annual maintenance list for the site and the up-to-date characteristics data in the PAVE information system. By means of completed maintenance books, an attempt is made to maximise the impact of management on cultural and historic sites, since maintenance books reveal the condition of the sites, and the annual maintenance can focus on the correct measures.

4. The vitality of the standing crop and fish stock remains, and hunting and fishing are ethical and responsible.

The vitality of the standing crop and fish stock is ensured by means of high-quality planning and quotas. The modernisation of the game husbandry planning and monitoring system used for assessing the scale of small game hunting has been launched. Game and

fisheries supervision has been used to ensure that hunting and fishing comply with legal statutes and the terms for the permits. The percentage of violations discovered by game and fisheries supervision decreased by 0.3 per cent compared to the previous year. Preventive measures (providing customers with information and guidance as well as the dissemination of information) have been the main reasons for the reduction in the number of violations. Extensive cooperation with the authorities and stakeholders as well as joint supervision campaigns have made the supervision more comprehensive and helped to strengthen its preventive impact.

5. The game and fisheries services provided are comprehensive, ecological and socially sustainable, and are used to promote welfare.

The total number of hunting permits was almost equivalent to that of the previous year, though quotas for gamefowl hunting permits had to be decreased in many areas due to the small gamefowl counts. The total number of fishing permits increased compared to the previous year. Particularly active angling has increased, while passive trap fishing has decreased. Hunters hunting under small game licences granted by Metsähallitus and fishermen fishing under angling permits spent approx. 405,000 days outdoors in 2017. The number of these wilderness recreation days increased by almost 10 per cent compared to the previous year. The total impact of the revenue from hunting and fishing permit customers on the local economy was EUR 42.7 million (the calculations are based on the 2013 key figures for spending). Compared to the previous year, the impact on the local economy increased by EUR 2.1 million, which was mainly due to the increasing number of angling permit customers.

6. Refreshing oneself in nature promotes welfare and the appreciation of nature, which is supported by means of active communication.

The total impact of the revenue from visitors to national parks, state hiking areas and historic sites as well as other popular sites on the local economy was EUR 258 million. In addition to service structures, rest areas and trails, recreational and nature tourism, customers also use accommodation, transportation, catering, programme and commercial services in the areas. The increasing number of customers results in potential for growth, not only for services mentioned above, but also for new types of productification and business operations based on conservation and hiking areas and historic sites. The increasing impact

on local economy and employment are a significant factor in terms of the approval of nature conservation on a general and local level.

Visitors to nature reserves felt that their visits also bring considerable benefits for their health and well-being. According to questionnaire surveys, more than 87 per cent of visitors feel that spending time at the sites has fairly significant or very significant impacts on health and well-being. The visitors estimated the monetary value of the benefits that they experienced for their health and well-being at about EUR 100 per visit. This means that the health benefits of the visits as estimated by visitors to national parks was worth approx. EUR 310 million. Recreation and nature tourism is increasingly important for preventive health care, and it offers new possibilities for features such as rehabilitation: hiking in national parks and exercising outdoors are reinvigorating and relaxing, improve concentration, motivate people to exercise in daily life, strengthen the bond with close relatives and increase children's fascination with nature. In terms of healthcare and public health, nature tours are a form of extremely important preventive activities. Exercising outdoors maintains

and promotes good health and increases happiness in the Finnish population.

The numbers of visitors to the Luontoon.fi (Nationalparks.fi) online service increased by 14 per cent compared to the same period in the previous year. In addition to the increase in the number of visitors to national parks, the growth was impacted by the Nature Day events and certain novelties in the Luontoon.fi (Nationalparks.fi) service, such as new descriptions of vehicle routes. Thanks to the increase in the number of users, new target groups are being reached, and awareness is raised about nature sites and recreation and nature tourism services under the management of Metsähallitus. It is also possible to distribute more information on the prerequisites for the sustainability of recreation and nature tourism, and the development of positive attitudes towards nature conservation is encouraged. In addition, the companies engaged in sustainable nature tourism presented in the Luontoon.fi (Nationalparks.fi) online service will find new customers.

2.2 ANALYSIS OF THE RESULTS BY INDICATOR

Impact indicators and their development according to the performance agreement.

Impact objectives and their development

Impact objective/indicator	Implementation 2014	Implementation 2015	Implementation 2016	Objective 2017	Implementation 2017
1. Improving the conservation status for species and natural habitats					
Conservation status index in Annex 2 to the Habitats Directive	52,5	52,5	52,5	52,7	Transition year
Natural state and representation index (scale 1–5) for Natura 2000 terrestrial habitats	3,9	3,90	3,90	3,92	3,89
2. Improving the status of the Natura 2000 and the nature reserve network					
Coverage of the Natura assessments (% of the objective)	9	11	39	73	71
3. The value of cultural and historic real property assets is preserved and their status is improved					
The percentage of sites in good and average condition in the distribution by condition of strategic cultural and historic real property assets	71	71	76	80	80
4. The vitality of the standing crop and fish stock remains, and hunting and fishing is ethical and responsible					
The percentage of game and fisheries inspections revealing wrongful acts and permit violations (%)	10,1	11,3	10,1	10,0	9,8
5. The game and fisheries services provided are comprehensive, ecological and socially sustainable, and are used to promote welfare					
Number of wilderness recreation days for hunting and fishing customers (small game and recreational fishery).		350 000	370 000	350 000	405 000
6. Refreshing oneself in nature promotes welfare and the appreciation of nature, which is supported by means of active communication					
The total impact of the revenue from visitors to national parks, state hiking areas, historical sites and other popular sites on the local economy (MEUR)	173,7	191	232	217	258
The total impact of the revenue from hunting and fishing customers on the local economy (MEUR)	38,9	39,3	40,6	42,0	42,7

New protection areas, which are modest in terms of representation and natural state, had a decreasing effect on the natural state and representation index of the Natura 2000 terrestrial habitat types. Over the next few years, the prioritisations made in the Zonation software will allow a more efficient impact on improving the state of habitats. The status assessment for Natura areas (NATA) has made good progress, and a total of 353 status assessments have been completed. The percentage of cultural and historic property asset sites in good and average condition was on target.

The percentage of violations discovered by game and fisheries supervision decreased by 0.3 per cent compared to the previous year. Preventive measures (providing customers with information and guidance as well as the dissemination of information) have been the main reasons for the reduction in the number of violations. Extensive cooperation with the authorities and stakeholders as well as joint supervision campaigns have made the supervision more comprehensive and helped to strengthen its preventive impact. Number of wilderness recreation days for hunting and fishing customers increased by 10 per cent compared to the previous year.

The visitors' spending impact on the income was EUR 134 million, where the nature reserve was the only or the most important reason for a visit to national parks, state hiking areas as well as historic and other popular sites. The impact of national parks on the local economy increased by 15 per cent compared to the previous year, and the economic impact of all sites included in the local economy calculations increased by 11 per cent. The impact of hunting- and fishing-permit customers on the local economy increased by EUR 2.1 million, which was mainly due to the increasing number of angling permit customers.

2.3 PROMOTION OF OWNERSHIP POLICY GUIDELINES

Metsähallitus' ownership policy guidelines 2016–2020 have been discussed in the Cabinet Committee on Economic Policy and confirmed on 25 October 2016.

Guidelines for the operations of public administrative duties and an analysis of the results by guideline item.

National Parks Finland (Public Administrative Services) will increase productivity and the impact of its operations.

To increase productivity and the impact of the operations, the operations have focused and will continue to focus on areas most in demand in recreation and nature tourism in use. For rewilding and nature management, there is a similar ongoing review, after which measures may be targeted to increase biodiversity in an increasingly effective manner. The focal review for the protection and management of nature and cultural heritage, the so-called protection selection, will direct the operations until 2021. The action plan for traditional biotopes was published and management guidelines were determined until 2025.

Changes to the Metsähallitus ownership policy, strategy and operating environment also required a revision and development of operating approaches. The modernisation of National Parks Finland operating approach as well as the Parks & Wildlife Finland development programme were completed. They serve to improve the efficiency, productivity and impact of the operations. The model for the National Parks Finland steering unit and regions of National Parks Finland as well as the model for the cooperation between them were determined by modernising the operating model. The operational entity was also clarified.

National Parks Finland (Public Administrative Services) maintains and develops biodiversity so as to improve the conservation status for species and natural habitats in areas under its control and management and to ensure the vitality, productivity and diversity of standing crops and fish stocks in all state-owned areas.

The conservation status for species and natural habitats have been improved, among other things, in the framework of the Life project by rewilding and managing valuable habitats within the Natura 2000 network, such as small bodies of water, light and fire sites, forests and mires. The conservation status for species has also been improved in the framework of Life projects. Public Administrative Services were involved in a total of 10 Life projects improving the conservation status for species and natural habitats. Traditional environments have been managed by voluntary work and in conjunction with cattle owners, mainly under the environmental agreement.

The vitality of the standing crop and fish stock is ensured by means of high-quality planning and quotas. The modernisation of the game planning system was launched within Wildlife Service Finland. The national development of planning systems based on fishing

information has also been launched as an administrative cooperation project. Game and fish habitats are developed in conjunction with Metsähallitus Forestry Ltd.

Parks & Wildlife Finland (Public Administrative Services) develops the nature tourism and recreational use of state-owned areas and game husbandry use based on demand, so that the impact on well-being in the areas increases and more business opportunities are created for entrepreneurs. The use of outsourced services will be increased in the management of areas under the control of National Parks Finland.

Corporate cooperation with tourism companies has shown a positive development. At the end of the year, there were 606 valid tourism cooperation agreements, which is an increase of 17 per cent compared to the previous year. The number of visitors to national parks increased by 10 per cent compared to the previous year. A total of more than 6.7 million visits were made to state nature reserves, which is an increase of 2 per cent compared to the previous year. Events organised in conjunction with companies and various organisations have become popular. The use of outsourced services has increased, and the joint Metsähallitus purchase and tender systems have rendered service outsourcing and tendering more effective.

In terms of game and fisheries supervision, Wildlife Service Finland unit (Public Administrative Services) cooperates closely with other supervisory authorities, develops supervisory methods and prevents criminal activities outdoors and in wilderness areas on all state-owned lands.

Progress was made in the harmonisation of data and communication systems with other supervisory authorities when the police field system, which keeps track of the situation of criminal activities related to natural resources and game and fisheries supervision and renders joint operations more effective, was made available to wilderness inspectors. Wilderness inspectors regularly participated in joint inspection operations and projects with the police and the Border Guard. Unmanned aerial vehicles or drones were introduced to game and fisheries supervision, and they have yielded very positive experiences.

The state-owned land and water assets under the control of Metsähallitus are managed as an entity in line with the Government's real estate strategy. The use of areas is planned in accordance with the natural resource plans as a single entity, aiming for the highest possible social benefit and cost efficiency. The potential of open

data is used to benefit all Metsähallitus areas.

The Public Administrative Services of Metsähallitus were involved in drafting the natural resource plans for southern Finland (completed in summer 2017) and Ostrobothnia. Features such as the landscape ecological sites located in all areas under the management of the business operations are presented as new content in the open Retkikartta (Excursionmap.fi) application under National Parks Finland. In conjunction with Metsähallitus Forestry Ltd, National Parks Finland has managed the habitats for endangered species in the sites included in the business operations balance sheet. In addition, Metsähallitus Forestry Ltd and National Parks Finland agreed on the practices and operating approaches specifying the Forestry environmental guide.

2.4 SERVICE COMMITMENT SET IN THE PERFORMANCE AGREEMENT

The Metsähallitus Public Administrative Services unit, consisting of National Parks Finland and Wildlife Service Finland units, engages in the responsible management of Finland's most beautiful nature and historical sites as well as standing crops and fish stocks. Our versatile services encourage and motivate people to spend time outdoors and in the wilderness, which benefits their health, generates income and creates jobs. We want everyone to be able to enjoy and experience nature by targeting our services cost-effectively according to demand. (NOTE: the service commitment has been updated according to the 2018 performance agreement.)

National Parks Finland manages almost all of the nature reserves in our country, for instance, all national parks, nature reserves and state hiking areas as well as the extensive wilderness areas in Lapland. National Parks Finland is also responsible for several historic sites. National Parks Finland produces basic services for hikers in order to encourage an increasing number of people to spend time in nature. The number of visits increased by 10 per cent compared to the previous year. National parks and their basic services also form the basis for the development of nature tourism. The spending impact of visitors to national parks on the local areas increased by 15 per cent compared to 2016. National Parks Finland is responsible for the protection of several significant endangered species such as the Saimaa ringed seal and the golden eagle. In addition, National Parks Finland rewilded and managed 5,746 hectares of habitats and charted types of nature and species on land and in water.

Wildlife Service Finland transferred wilderness permit income for the benefit of game and fishing ground. By autumn 2017, EUR 4 million of hunting permit income had been used for the benefit of game during the preceding decade. Finnish wilderness permit holders spent a total of about 400,000 days at wilderness sites, and according to the survey, they felt that spend-

ing time in the wilderness had enhanced their well-being. Nine out of ten hunters and eight out of ten fishers feel that their latest wilderness trip had made them fitter and more relaxed and strengthened their friendships. The calculated employment impact of a single hunting or fishing site in the local area is approx. 1.5 person-years.

3 Outputs and quality management

3.1 ATTAINMENT OF OBJECTIVES INCLUDED IN THE 2017 PERFORMANCE AGREEMENT

3.1.1 Deliverables and public goods

Deliverables indicators and their development according to the performance agreement.

Impact objective/indicator	Implementation 2015	Implementation 2016	Objective 2017	Implementation 2017
1. Improving the conservation status for species and natural habitats				
Rewilding and management, hectare	5 670	5 738	5 530	5 746
Species occurrence checks (pcs)	2 755	8 536	3 450	6 409
3. The value of cultural and historic real property assets is preserved and their status is improved				
Number of maintenance books created for strategic real property asset sites	-	10	10	10
4. The vitality of the standing crop and fish stock remains, and hunting and fishing is ethical and responsible				
Number of game and fisheries supervision events	10 287	11 278	11 000	10 791
5. The game and fisheries services provided are comprehensive, ecological and socially sustainable, and are used to promote welfare				
Number of permits sold	125 184	138 518	135 000	136 702
hunting permits	56 489	56 659	50 000	53 962
Fishing permits	68 695	81 859	85 000	82 740
National fish management fee (number of individuals paying for the annual permit)	60 485	205 170	215 000	192 360
6. Refreshing oneself in nature promotes welfare and the appreciation of nature, which is supported by means of active communication				
Numbers of visitors: national parks, state hiking areas, nature centres, historical sites, other popular sites	5 297 200	5 746 600	5 850 000	5 948 500
Users of the Luontoon.fi (Nationalparks.fi), Eräluvut.fi and Suurpedot.fi websites	1 986 001	2 704 225	2 520 000	3 007 483
Visits to the Retkikartta.fi (Excursionmap.fi) website	3 196 033	3 685 968	3 470 000	4 029 148

The increase in the surface area used for rewilding and management compared to the previous year was due to the increase in the surface area of continuously managed traditional biotopes, since new surface areas to be managed under the environmental agreement were received for grazing. The number of species-occurrence checks was significantly greater than the set target, which, in practice, is due to the unambitious target figure for 2017. The condition of strategic cultural and historic property assets was improved, since the discretionary grant for arranging the transfer of possession of the Finnish Heritage

Agency sites was still partially available for the renovation of cultural heritage sites.

The number of game and fisheries supervision events decreased slightly in comparison to the previous year. This was mainly due to personnel changes. Quotas for area-specific gamefowl permits decreased due to the small gamefowl counts, but once the quotas were full, hunters purchased permits for areas which are normally less in demand, which evened out the sale of permits between the areas. The number of angling permits increased and the number of trap fishing

permits decreased compared to the sale of permits during the previous year. This is a general sales development which has continued for a long time: so-called active angling is increasingly popular, while the popularity of passive trap fishing (such as the use of nets) is decreasing. There is no single reason for the decrease of the fisheries management fees. The number of individuals exempted each year from the fisheries management fee (those turning 65) is still larger than the number of new fishermen paying that annual fisheries management fee. Last year's belated spring was also clearly reflected in the progress of sales in the spring and in the early summer. Though the number of annual permits sold decreased, the number of daily permits (one and seven days) sold showed a relative increase.

The strong increase in the number of visitors to national parks continued throughout the country. That increase was greatest at the Hossa, Urho Kekkonen, Repovesi, Koli, Pallas-Yllästunturi, Syöte, and Bothnian Bay national parks. The increase in the popularity of national parks was affected by features such as their strong visibility as part of the celebrations of the centenary of Finnish independence and by the large Nature Day project events in national parks. There was also an increase in the proportion of international

visitors. The main reason for the decrease in the total number of visitors to hiking areas was the Evo hiking area, but it must be considered that the previous year's visitor numbers were exceptionally high at Evo due to a large camping event for scouts. The increase in the number of visitors to nature centres and customer service points clearly reflected the positive developments in tourism. It must be noted that basic funding is not sufficient to ensure the level of services and the positive development of demand.

The increase in the number of users of the Luontoon.fi (Nationalparks.fi) online service was affected by the general growth in the number of visitors, the Nature Day project and the modernisation of the services, such as the new descriptions of vehicle routes. The increase in the use of the Eräluvat.fi service was due to the new Fishing Act under which Metsähallitus is in charge of collecting the fisheries management fee. The number of visitors to the Suurpedot.fi service peaked during times at which an active discussion on large predators, related to the wolverine and the wolf, was going on. The popularity of the Retkikartta.fi (Excursionmap.fi) surveys continue to increase, and a significant proportion of the visits to this site are made through other online services, such as Luontoon.fi (Nationalparks.fi) and Eräluvat.fi.

3.1.2 SERVICE CAPACITY AND QUALITY

Quality indicators and their development according to the performance agreement

Impact objective/indicator	Implementation 2015	Implementation 2016	Objective 2017	Implementation 2017
1. Improving the conservation status for species and natural habitats				
Percentage of up-to-date information on species (%)	87,7	93,3	87,9	92,8
6. Refreshing oneself in nature promotes welfare and the appreciation of nature, which is supported by means of active communication				
Customer satisfaction among nature centre customers, off-road service customers and permit holders (on a scale of 1–5)	4,04	4,1	4,04	4,08
Feedback provided by partners in cooperation on the functionality of Parks & Wildlife Finland (percentage of satisfied and extremely satisfied partners)	transition year	79	transition year	transition year

Percentage of up-to-date information on species exceeded the objective, which is mainly due to the fact that it has been possible to export the existing information on species, which increases the value of the up-to-dateness indicator, to the LajiGIS system. Customer satisfaction at Metsähallitus' nature and historic sites remains high. The customer satisfaction of permit holders remains on the level of previous years, and it is still relatively good.

3.1.3 OPERATIVE OBJECTIVES

The attainment of impact objectives in the annex to the performance agreement and the report section of Metsähallitus Public Administrative Services unit budget articles 35.10.52, Public Administrative Services of Metsähallitus (transfer appropriation 3 years) and 30.64.50, Certain Public Administrative Services of Metsähallitus (transfer appropriation 3 years).

Performance agreement impact objective 1:

Improving the conservation status for species and natural habitats.

Impact objectives set during the preparation of the budget:

- the implementation of management, rewilding and other protective measures in the Natura 2000 areas and other nature reserves with the aim of improving the status of the areas and connections between the areas as well as improving the operation of ecosystem services. Metsähallitus also

monitors the impact of the implemented measures and is in charge of monitoring the status of the entire network of nature reserves.

- the improvement of the level of protection for endangered species under the Habitats and Birds Directives by supplementing the knowledge base related to them and by using it to target protective measures as efficiently as possible.
- the involvement in the planning and implementation of the management and the development of the protection of diversity in inland waters.

<p>Improving the level of protection for species and habitats which are important for nature conservation and to supplement the knowledge base for features such as reporting related to the Habitats and Birds Directives. Key habitats and species will be prioritised in the habitat rewilding and management measures.</p>	<p>An inventory of 14,461 hectares of habitats was made, and a significant part of this was allocated for NATA sites. 6,409 species occurrence checks were made, and the checks were focused on species under the directives and on species in urgent and particular need of protection, and on mammals and birds for which Metsähallitus is responsible.</p> <p>Rewilding and management measures were focused on mires, traditional biotopes and light and fire sites. The total surface area covered by the measures is 5,745 hectares. A Zonation analysis for the cost-effective allocation of rewilding and nature management measures was prepared. A management programme for traditional biotopes was completed, and it directs the priorities of the measures. The elimination of invasive species, particularly the giant hogweed, the lupine and the rugosa rose, was reinforced. Invasive predators were caught in 20 areas important for birdlife from the eastern part of the Gulf of Finland to the Bothnian Bay.</p>
<p>Focusing the work of experts was on the endangerment assessments for species and habitats.</p>	<p>The experts of National Parks Finland were involved in the assessment of the endangerment of species and habitats in organism working groups and in LuTu working groups for abandonment subsidies. Their contribution equals 2.5 person-years. National Parks Finland plays a significant role in many organism working groups.</p>
<p>Protecting inland waters and wetlands by means of the FRESHABIT LIFE IP project, and other habitats and their species by means of the Light & Fire LIFE and Saimaa Seal LIFE as well as the Arctic Fox Together Interreg projects. Improving the protection of habitats and species by launching new LIFE projects related to the rewilding of wetlands and forests with valuable insect species and to the protection of the flying squirrel, is the projects receive funding.</p>	<p>During the first two years of the FRESHABIT LIFE IP project, the creation of renovation plans and permit applications as well as background reports was emphasised. The purpose of the project was to rewild mires and to improve the protection of waters in commercial forests. The four southern populations of the endangered river pearl mussel were managed in order to improve the reproduction of the species. The mapping method for the underwater nature in lakes and their cultural heritage was developed at two lakes.</p> <p>In the Light & Fire LIFE project, the project was made almost according to plan. Despite the rainy summer, restoration burning of forests was performed at ten Natura sites (87 hectares). Dozens of hectares of light and fire environments were managed at 13 sites. At some sites, voluntary workers were used. Alien species were removed from a number of sandy beaches. At least in the short term, pasqueflowers and sand pinks as well as baton blues were successfully moved to habitats that had undergone management measures. In addition, the five partners in the project carried out environmental management measures in accordance with the project plan.</p> <p>The Saimaa Seal LIFE tested both artificial peat lairs and lairs made from bundles of lakeside reeds. The testing was a success, since for the first time, a Saimaa ringed seal used an artificial lair made from lakeside reeds. Due to the small amount of snow in winter, a total of 277 snowdrifts were made. The lair counts revealed 65 pups, and diving checks in ice-free water revealed traces of another 13 pups.</p>

	<p>The Felles Fellrev Nord Interreg project focusing on the protection of the Arctic fox involved catching foxes in order to improve the Arctic fox's habitat. It has been detected that the Arctic fox has visited automatic feeders taken into the wild.</p> <p>The Hydrology LIFE project, Europe's largest project intended to improve the status of protected mires and small bodies of water, was launched, and it focused on inventories and measure planning. In addition, the involvement in the Forest Reindeer LIFE, PeatLandUse, ESCAPE and NATNET Life projects continued. The Beetles Life and Flying Squirrel Life applications, which received a negative financing decision in the 2016 application round, were resubmitted.</p>
<p>Preparing the application for the continued BALANCE 2 project for the Baltic Sea and the LIFE project application to render the protection of coastal habitat hotspots more effective. Participating in the VELMU 2 programme.</p>	<p>The preparation for the BALANCE 2 project was not launched, since the main partner and coordinator for the project did not take the project forward.</p> <p>A new Life application for the rewilding and management of coastal habitats (Rannikko-Life) was prepared.</p> <p>The participation in the VELMU 2 programme involved planning and implementing field work and launching the creation of a VELMU field method strategy. In the framework of the VELMU programme, underwater sandbanks and the potential areas of their occurrence were surveyed, and the survey of lagoons and endangered species and habitats continued.</p>

Performance agreement impact objective 2:

Improving the status of the network of Natura 2000 sites and nature reserves

Impact objectives set during the preparation of the budget:

- Continuing the three-year project for property formation, property management and use planning in nature reserves.
- Being in charge of the development and technical maintenance of data systems for nature conservation areas.

<p>Continuing the three-year project for property formation, property management and use planning in nature reserves by means of a discretionary transfer allocated for this purpose. The management and use will be planned based on the results of the general planning for Natura areas, which focuses on NATA assessments.</p>	<p>Excellent progress was made in property formation, though the difficult weather in the early summer delayed the launch of off-road work in northern Finland. An application for new deliveries was submitted for 81 sites (including eight national parks and three nature reserves). In addition to this, 31 deliveries launched in 2016 were continued. A total of 62 deliveries were completed. The figures mentioned above do not include the extensive parcelling project for Suomussalmi (Kalevalanpuisto) launched in 2016, which resulted in 22 parcelling deliveries. Metsähallitus' measuring groups measured a 250 km boundary in the terrain in Lapland and the Ostrobothnia (e.g. Koitelaisenkaira 107 km and Litokaira 80 km). Almost 900 km of boundaries for national parks and nature reserves were marked in the wild. The costs for property formation and boundary marking totalled EUR 3.2 million, and the contribution made by Metsähallitus was a total of approx. nine person-years.</p> <p>On the whole, the NATA performance objectives were successfully met. Throughout the country, a total of 353 NATA assessments were made, which represented 95% of the annual objective. The number of assessments increased by 30% compared to 2016. The number of the assessments made includes four Natura areas for whose assessment a Centre for Economic Development, Transport and the Environment was responsible in the original agreement. At the end of the year, a total of 71% of the Natura areas (793/1120), for whose assessment Metsähallitus was responsible, had been assessed. In 2017, a total of 7.44 person-years were used to complete the NATA assessment.</p>
<p>Launching the property formation for the Hossa National Park to be established.</p>	<p>Both the property formation and boundary marking procedures were completed, and their costs totalled EUR 97,000. 128 km of boundary lines were followed and marked into the wild.</p>

<p>Carrying out further development work for the geographic information systems for nature reserves and supplementing the information content in the systems in conjunction with the administration nature conservation.</p>	<p>In June, a new version of the geographic SATJ information system was adopted, and the following version was processed during the rest of the year. It will be adopted in February 2018. Both versions include several improvements, particularly to the functionalities used by Centres for Economic Development, Transport and the Environment. At the beginning of the year, almost all decisions on the establishment of protected sites on private lands and land exchange properties were exported to the system.</p> <p>During the year, two new versions of the geographic SASS information system were adopted. In addition to the parts already implemented (MUP, regulations, work programme), they also contained general improvements to usability. All nature reserve regulations have been exported to the system. In the framework of follow-up work to the general planning of Natura areas, all necessary NATA, MUP and action plan presentations for the next ten years have been created in the system. The use of the NATA section was implemented in the Centres for Economic Development, Transport and the Environment, and in conjunction with the guidance process and discussion (OHKE) project for the Centre for Economic Development, Transport and the Environment of Southwestern Finland, NATA training and post-training support meetings were organised.</p> <p>Three new versions of the geographic SAKTI information system were published. Several training events, related particularly to updating biotope patterns and traditional biotope data, were organised for users in Centres for Economic Development, Transport and the Environment and the administration for nature conservation. Reporting features were developed as well.</p> <p>A new version of the LajiGIS information system was adopted. It includes features such as a new data input form which is suitable for more extensive use. The adaptation of the material for the marine life in sea areas to a format suitable for input was launched, and it will be continued. Training events (basic training and storage training) have been organised for nature conservation administrators (Metsähallitus, Centres for Economic Development, Transport and the Environment, Finnish Environment Institute).</p>
<p>Being responsible for producing the national summary and report on the status of Natura areas 2016.</p>	<p>On the initiative of the Ministry of the Environment, the objective was abandoned in its current form, and it was replaced with a new 2018 objective, included in the performance agreement as follows: 'Metsähallitus develops the reporting on the Natura 2000 network, taking into account the reporting obligations required by the Habitats and Birds Directives and the Action Plan for the network.' Metsähallitus' obligation to update the PAF framework programme 2018-2019 in conjunction with the Ministry of the Environment, included in that 2018 agreement, is also related to this entity.</p>

Performance agreement impact objective 3:

The special values of cultural and historic property assets are preserved and their status is improved.

Impact objectives set during the preparation of the budget:

- Maintaining and managing the cultural and historic property assets under the management of Public Administrative Duties in line with the Government's real estate strategy.

<p>Renovating valuable construction heritage, such as the Skolt homestead in the Urho Kekkonen National Park, the temple of luck in the English-style park at Aulanko nature reserve and the Kuusisto guard shed.</p>	<p>In the Urho Kekkonen National Park, three Skolt homesteads, which were inhabited in the 1940s, were renovated at Suomujoki, Oskarinkoski and Oskarinjärvi. A granary, a sauna and a sheep fence were renovated at Suomujoki. The old cabin at Oskarinkoski was documented and bolstered. Roofs were tarred at all sites. The renovation plan for the temple of luck at Aulanko nature reserve was completed, and there will be an invitation to tender for the renovations in the spring of 2018. The renovation plans for the Kuusisto guard shed and toilet building were completed.</p> <p>284 holes were detected in October at the Slottsmalmen antiquity site east of the Raseborg castle ruins. As a result, unique information about medieval Finland was destroyed. Both Metsähallitus and the Finnish Heritage Agency filed a criminal complaint in this serious case, and the investigation is still under way.</p>
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Performance agreement impact objective 4:

The vitality of the standing crop and fish stock remains, and hunting and fishing are ethical and responsible.

Impact objectives set during the preparation of the budget:

- Providing for citizens ecologically and socially sustainable hunting and fishing opportunities to the largest possible extent and following the impact of the operations.
- Developing the activities of the cooperation network between game and fisheries supervision authorities as well as new models of cooperation with operators in the game group and the fishery field.

Developing joint operations between the Oma riista service and the systems of Metsähallitus with the aim of modernising the catch feedback system for hunting customers using state-owned land.	The Oma riista service was taken into account when planning the new Game husbandry and monitoring system (RISU) in conjunction with the Finnish Wildlife Agency. The objective is to use the Oma riista service as part of the Metsähallitus' catch feedback system for small game hunting. Metsähallitus' permit data is currently being exported to the Oma riista surveys, and piloting the transfer has been postponed to 2018.
Continuing, in conjunction with other fishery operators, a project examining the information necessary for implementing the new Fishing Act and data collection on fishing. In addition, the aim is to continue the production of joint authority registers required under the new Fishing Act.	Based on previous preparations, the Ministry of Agriculture and Forestry launched the development of the planning, monitoring and steering system based on fisheries data. Wildlife Service Finland was actively involved in this development work and in the organised workshops. Wildlife Service Finland was involved in producing data for various registers and systems and in supporting them (e.g. fisheries management fee register, kalastusrajoitus.fi, recording planting data in an electronic register).
Rendering game and fisheries supervision more effective by reinforcing the joint use of electronic services by the authorities and improving the supervisory authorities' possibilities of receiving permit data electronically from the systems of various operators and from various customers.	The police field system POKE has been made available to wilderness inspectors. In operative joint use with the police and the Border Guard, the system will result in a more realtime and detailed regional situation status for game and fisheries supervision. Thus, game and fisheries supervision resources may be directed more systematically to the required focus areas. The use of the permit search system in game and fisheries supervision was rendered more effective, and in 2018, the possibility of extending the use of the system to include the police and the Border Guard will be examined. If this can be done, the numbers of orders to show proof, written in the supervision situation, and received later, will decrease.
Examining the possibilities to support the Natural Resources Institute in collecting wolf DNA samples.	Metsähallitus Forestry Ltd loggers were trained for sample collection, and they were also involved in field work under the direction of Wildlife Service Finland.
Launching the preparations for reintroducing forest reindeer as part of the implementation of the Forest Reindeer LIFE project.	The introduction farms were constructed in the Seitsemien and Lauhanvuori national parks, and three forest reindeer from Kainuu and 10 from zoos were transferred there as original specimens. The animals have enjoyed their stay at the farm. The LIFE project has progressed according to plan in other respects as well.
Piloting the operating models for breeding purity in forest reindeer and the responsibilities of various operators in Kainuu by launching the three-year project if a discretionary grant is received.	During the first year of the 'Forest reindeer breeding purity and its development 2017-2019' project, forest reindeer fences have been renovated, four forest reindeer have been removed from the reindeer herding area, and opportunities for key operators have been created at Suomussalmi and Oulu. In addition, the northern Ostrobothnia operating model to ensure breeding purity was prepared as a joint project. The model will be completed in the spring of 2018. Key equipment acquisitions have been made.

Performance agreement impact objective 5:

The game and fisheries services provided are comprehensive, ecological and socially sustainable, and are used to promote welfare.

Impact objectives set during the preparation of the budget:

- Effective communications on the management of the standing crop and fish stock as well as the possibilities to use state hiking areas and other state-owned areas, promoting the positive effects of refreshing oneself in the great outdoors.

<p>Launching the planning and implementation of the new game planning and catch feedback system.</p>	<p>The project name 'Game husbandry and monitoring system (RISU)' was used to launch the planning of the new game planning and catch feedback system. The project group has been assembled, and the call for tender in the EU was launched by inviting all interested tenderers to engage in a market dialogue. The actual documents necessary for the invitation to tender were prepared at the end of the year, and the selection of the supplier and the plans for the implementation will be made in early 2018.</p>
<p>Examining the possibilities of supporting wildlife tourism entrepreneurship in the hunting arrangements on state owned land, and the related needs for legislative changes.</p>	<p>Wildlife tourism entrepreneurship was examined as an internal project. The projects surveyed wildlife tourism entrepreneurs with a significant part of their business operations based on wildlife tourism services related to hunting and/or fishing, such as guidance in wilderness, accommodation, catering and other related services. The interviews were conducted with parties organising or planning the organisation of nature services in state-owned lands. Stakeholder parties were interviewed as well. The interview and questionnaire deal with the prerequisites for operating as a wildlife tourism entrepreneur in state-owned lands. The report will be completed in early 2018.</p>
<p>Continuing the collection of state fisheries management fees and rendering marketing and electronic services more effective to increase the amount of fees collected, to expand the customer base and to improve the accounting and reporting practices for fisheries management fees.</p>	<p>The usability and layout of the Metsähallitus Eräluvat online shop was modernised so that fisheries management fees can be paid easily without registration in advance. In the spring, the first Suomu magazine was published. It was posted to all individuals paying the fisheries management fee for the calendar year. The magazine contains a printed fishing permit card which fishermen can also use as a printed document. The magazine received excellent feedback from fishermen, and it will also be published in 2018. In addition, various types of electronic media (television, radio, social media) have also been used effectively for marketing. In early 2018, the Eräluvat mobile application completed during the autumn will be launched. Through the application, customers registered with the Eräluvat shop can examine their permit data.</p>
<p>Participating in the work of regional fishery cooperation groups and promoting the development of fishing industry areas as well as the implementation of the Fishing Act.</p>	<p>Wildlife Service Finland participated closely in the work of the cooperation groups and was actively involved in the activities of the fishing industry areas and in the development of their operations. The duties related to the implementation of the Fishing Act have been continued on a national level. The largest number of duties related to the implementation has concerned fishing affairs in Northern Lapland (implementation of section 10 of the Fishing Act).</p>
<p>Participating in projects restoring the natural life cycle of migratory fishes and in the OTVA project whose key objective is to prepare the permit application and construction of the fish pass planned Raasakka power plant in the Iijoki river.</p>	<p>The Raasakka fish pass permit application was submitted to AVI Northern Finland. The applicants were PVO-Vesivoima Oy and Metsähallitus. Metsähallitus is included as an operator in the Iijoki river OTVA project, for instance in the consultative committee, the steering group, the fish pass innovation group and the river working group. In the key project involving the Lieksanjoki river, an application for the restoration of the Ruunaa rapids for fisheries management was submitted to the Regional State Administrative Agency for Eastern Finland. In the same project, the reproduction of wild trout in the Ruunaa rapids was examined by means of electric pulse fishing. As part of the project, small fingerling stockings were also carried out, and the number of smolts migrating downstream was studied by means of screw perch fishing. In addition, gravel was spread in spawning areas from helicopters, broodstock was transferred to restored running areas, the spawning behaviour of broodstock was examined using telemetry monitoring and a fish pass was constructed in the Saarijoki river, which flows in the old Lieksanjoki river channel.</p>
<p>Preparing a fish habitat management programme for state-owned waters.</p>	<p>Wildlife Service Finland prepared a national operating model for rendering the management of fish habitats more effective. The aim is to promote the rehabilitation of fish habitats in areas administered by Metsähallitus and to improve the effectiveness of the projects. The work will be carried out in a coordinated manner and it will involve close cooperation between Metsähallitus units and experts.</p>

Performance agreement impact objective 6:

Refreshing oneself in nature promotes welfare and the appreciation of nature, which is supported by means of active communication.

Impact objectives set during the preparation of the budget:

- Creating the preconditions for nature tourism and the recreational use of nature by improving this service structures, guidance and resistance of key nature reserves, and monitoring the economic importance and other benefits of these areas.
- Communicating on the protection of nature’s diversity and on its potential uses, promoting the positive effects of refreshing oneself in the great outdoors.
- Ensuring that customer satisfaction remains on a good level.

<p>Improving the service structure of the newly established Hossa National Park and organising the inauguration of the park opened to celebrate the centenary of Finnish independence on 17 June 2017. In addition, the implementation of the development plan for the recreational use of the Porkkala nature reserve will be launched.</p>	<p>The service structure of the national park established at Hossa was extensively renovated. New route products for backpacking and mountain biking were created for the park. The Nature Centre was modernised, and the largest rental huts were renovated. The National Park was successfully inaugurated. Approx. 5,000 people participated in the celebrations.</p> <p>The development plan adapting the recreational use of the Porkkala nature reserve to natural and cultural heritage values was completed, and the inauguration is planned for the summer of 2018. Concrete needs for development are mainly related to signposts and guidance on the routes.</p>
<p>Improving the preconditions for nature tourism by reinforcing cooperation with tourism companies and other companies, with the aim of reinforcing local economies and the effective use of possibilities for tourism and recreational use in Metsähallitus’ areas, without endangering the nature conservation objectives in the areas.</p>	<p>In Repovesi, the preconditions for the operation of local tourism companies were reinforced, among other things, by productifying the day trip sites and by creating communications materials. The needs for developing water body tourism were also surveyed. The project cooperation with VisitKouvola was continued.</p> <p>In the Koillismaa area, new tourism marketing concepts (‘A square metre of national parks for each company’ and ‘Land of National Parks’) were created in conjunction with companies. The aim was to increase the visibility of the parks. In cooperation with the local operators, the aim was to create a tourism marketing entity for a larger area in order to reach the international market (Oulanka, Syöte, Riisitunturi and Hossa).</p> <p>To develop nature tourism in the Pallas-Yllästunturi National Park and its surroundings, a joint ERDF project application was created in conjunction with approximately 100 entrepreneurs. The aim is to develop corporate products and to productify the park. In Northern Lapland, cooperation for productification and marketing activities were carried out in conjunction with tourism companies and organisations. The Kiilopää tracks were developed in conjunction with Suomen Latu, the Outdoor Association of Finland, and mountain biking was introduced to visitors to the national park. The tourism cooperation for the Pyhä-Luosto National Park was reinforced thanks to a new management and use plan and the approval of the regulations. At Rovaniemi, electronic marketing for nature tourism was developed, and brand promotion work was carried out with local tourist entrepreneurs. In Lapland, we were involved in the REILA project for the safety of route markings. At Ylläs, a collection of signs was created according to the risk-based route marking instructions, and there was a pilot project for a new rescue and localisation sign.</p>
<p>Improving the cost-effectiveness of maintaining service structures based on demand and using an increasing number of outsourced basic maintenance services if this is justified for productivity. The regional nature conservation objectives/cost-effectiveness is taken into account when placing the services.</p>	<p>In eastern Finland, dozens of little-used service structures in poor condition were removed. Some of them were transferred to societies and associations for maintenance. The maintenance of Saimaa excursion harbours was carried out in conjunction with local yacht clubs. Plans were made for outsourcing maintenance services for several national parks.</p> <p>Maintenance services were outsourced in the Oulanka National Park and Ylä-Kainuu. Ärjänsaari at Oulunjärvi was repossessed by means of a strongly inclusive ‘Ärjä 2020 Masterplan’ project.</p>

	<p>Structures in poor condition, which provided a poor level of service, were removed from the Fell Lapland area. Renovation investments were used to improve the cost-efficiency of best area structures by using ready-made corporate products and erecting services as well as assembling construction in pre-fabricated units. In addition, maintenance was rendered more effective, and an invitation to tender was launched in order to ensure 95% of firewood management and waste management as outsourced services. In northern Lapland, firewood and waste management were outsourced in the Saariselkä and the Urho Kekkonen National Park and at Hammastunturi in the Ivalojoiki river area. In the Northern Finland park area in southern Lapland, firewood and waste management were outsourced in five areas. Renovation work was carried out in two voluntary work camps at the Pyhä-Luosto National Park. Agreements on offering worksites to individuals for whom the municipality must, under a statutory obligation, arrange job placements were made with the municipality of Savukoski, Salla, Simo and Keminmaa. Labour force was made available for renovation work.</p>
<p>Introducing a new service structure data system (PAVE).</p>	<p>This service structure data system (PAVE) was implemented. The system allows the systematic and cost-effective management and maintenance of fixed construction assets. PAVE implementation project training events were organised and the necessary module-specific guidelines were created. Personnel from Metsähallitus Property Development and Metsähallitus Forestry Ltd also participated in the training. Digital data is also available to various Metsähallitus applications based on geographic information. The location and description data for the service structures in Metsähallitus' Retkikartta.fi is based on information in PAVE. The material is distributed free of charge to various private service providers, based on the open data principle. The system also includes a large number of municipal sites. The PAVE system replaced the previously used REISKA system.</p>
<p>Launching the implementation of the plan/action plan for hiking areas and recreational areas.</p>	<p>Methods for clarifying the role of state-owned hiking areas were examined in a Metsähallitus project which included representatives of all business units. The work will continue in a follow-up project determined by the Metsähallitus Director General.</p>
<p>Improving communications and marketing in national parks and in key sites destined for the public.</p>	<p>In conjunction with the VisitFinland and the Outdoors Finland project, new visibility was obtained on websites and in social and international media. Vehicle route descriptions for fascinating sites were created for the Luontoon.fi service to serve both Finnish and foreign tourists. The use of social media in the communications for national parks and other key sites was developed in an increasingly interactive direction. At various sites (such as Syöte, Oulanka, Rokua, Oulu region, Kalajoki, Teijo, Saaristomeri, Seitsemien), marketing was modernised in conjunction with companies. The coastal #helpostisaaristoon campaign enjoyed national visibility. The numbers of visitors to the Luontoon.fi online service increased by 14 per cent compared to the same period in the previous year.</p>
<p>Developing the methods for monitoring the service structure renovation debt and improving the reporting on the management of national resources.</p>	<p>The report on renovation data was completed. The report is a calculation on the current renovation debt for service structures, buildings, structures, nature centres, exhibitions, routes and route structures. It is based on geographic information and separate reports. The calculation also included an estimate of the renovation debt for culturally and historically valuable sites and of the investments required for developing waste management.</p> <p>In the future, the material required for renovation debt calculations will be received in the form of updated reports from the PAVE data system. For this purpose, the action plans and the cost estimates required for renovation investments are imported into the system in 2018.</p>

<p>Coordinating and implementing, in conjunction with partners, the Nature Day 2017 communications and event project for the centenary of Finland's independence.</p>	<p>More than 60 organisations were involved in the implementation of the project coordinated by National Parks Finland. Many of these organisations also boast an extensive network of local organisations. A total of about 300,000 people visited the events held during the four Nature Days. The Nature Day event was widely covered by various media. International media also extensively covered the Nature Day events and the crucial role of nature in the celebrations for the centenary of Finland's independence. The Secretariat for the celebrations has considered these events to be the most significant and the most extensive projects for the centenary of Finland's independence. Metsähallitus found new potential partners and the project also encouraged more people to visit national parks and to take up outdoor activities.</p>
<p>Developing off-road traffic arrangements and off-road traffic regulation and improving their cost-effectiveness.</p>	<p>The development of off-road traffic arrangements and off-road traffic regulation was launched in the framework of the Development of Preconditions for Snowmobiling as Part of Sustainable Nature Tourism (MOKEMA) project. Municipalities from four counties (Lapland, North Ostrobothnia, Kainuu, North Karelia) were involved in updating the geographic data for snowmobiling routes and tracks, and the updated data on the location of snowmobiling routes and tracks were published in the Retkikartta.fi service. The snowmobiling routes and tracks of 62 municipalities were imported into the municipal Lipas service, and currently, 10,600 km of route and track location data is being transferred from this service to the Retkikartta site (the equipment Metsähallitus data will be transferred to the Retkikartta site from the PAVE system). To improve cost-effectiveness and to develop electronic services, the creation of electronic off-road traffic permit applications on the Eräluvat.fi site and the development of systems for granting the permits were launched in conjunction with an external service provider. The modernised electronic application system for track and off-road permits and the electronic notification service for safari entrepreneurs will be launched on the Eräluvat.fi site in early February 2018. The pricing for off-road traffic permits has been clarified. The Metsähallitus off-road traffic principles and permit guidelines were updated, and they will be implemented in early 2018.</p>

The other operational objectives set by the Ministry of Agriculture and Forestry and the Ministry of the Environment (objectives for international activities are included in paragraph 3.2.1).

<p>Utilising the potential of digitalisation in order to increase open information and electronic services.</p>	<p>A partner agreement was made with the Finnish Museum of Natural History on sharing and publishing digital data on species through the Finnish Biodiversity Information Facility data system. In addition, a partner agreement on a maritime data portal was made with the Finnish Environment Institute and seven other partners. In conjunction with the Ministry of the Environment, the Finnish Heritage Agency and the Finnish Environment Institute, the Cultural environment data for joint use! project was launched as part of the government's KIRAdigi key project. The technical solutions related to opening up geographic data were promoted by participating in the creation of the Metsähallitus pilot version of a publication platform for joint geographic data and in learning to use it.</p> <p>The descriptions of the key Metsähallitus services were created in the Suomi.fi service information resources and published in the Suomi.fi service. The majority of the descriptions are related to services provided by Parks & Wildlife Finland. As a new form of electronic service, the purchase of track permits, the process of applying for off-road traffic permits and the electronic notification service for safari entrepreneurs was implemented as a single entity. It will be launched in connection with the Eräluvat online shop in early February 2018.</p> <p>The material presented in the Retkikartta.fi service was updated and expanded with features such as Metsähallitus' multiple-use forests and updated location data for snowmobile tracks and routes.</p>
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	<p>A report on implementing an electronic permit verification tool was commissioned to facilitate the work of wilderness inspectors in the wild. The objective is to enable the verification of all Metsähallitus' hunting and fishing permits in the wild, also in off-line situations. By implementing the permits verification tool, it might be possible to abolish the hunters'/ fishermen's obligation to show their permit during the inspection, and the conditions for cancelling paid permits could be more flexible.</p>
<p>Participating in the development of joint cost-effective Metsähallitus processes, taking into account the special economic and operative position of National Parks Finland.</p>	<p>Parks & Wildlife Finland was actively involved in the development of the joint Metsähallitus processes. Land and Water, Personnel Management, Economy, Data Governance and Communications were determined as joint processes. The work will continue in 2018.</p>
<p>Preparing for the reorganisation of financing for seed management in northern Finland.</p>	<p>In the State budget article 30.40.50, Certain Public Administrative Duties of Metsähallitus (transfer appropriation 3 years), EUR 1,100,000 was allocated for seed collection in northern Finland in 2018. In addition, the article has the following authorisation: Metsähallitus may make commitments to carry out the extensive seed collection in northern Finland under Section 5 Paragraph 7 of the Act on Metsähallitus so that after 2018, the costs incurred by the state do not exceed EUR 2,200,000.</p> <p>If, due to the seed crop, the extensive collection is not launched in 2018, the unused additional appropriation allocated for the collections will be transferred to the following year. In the framework for future years, the expensive collection work will be prepared by making a total of EUR 3.3 million available each year, taking into account the potential transferred appropriations.</p>

3.2 OPERATIONS SUPPORTING CORE ACTIVITIES

3.2.1 International operations

Metsähallitus posted the annual EUROSITE meeting, 'Improving natural sites – join forces and prioritise your conservation actions' in the Finnish Nature Centre Haltia. The annual meeting was organised in conjunction with the biogeographical Natura 2000 process. During the annual meeting, thematic partner agreements were signed between National Parks Finland and Natural England and between National Parks Finland and North Pennines AONB. These agreements were related to activities such as the rewilding of mires and carbon sequestration.

The topic of the Hunan Forest administration from China was related to the implementation of bilateral

agreements, and it covered the CEPA activities for the Ramsar Convention on Wetlands. The importance of the IUCN nature reserve categories was emphasised to the Governor of Hunan, who is in charge of the establishment of national parks in Hunan. The Korean group focused on features such as using the information on the number of visitors to conservation areas. A framework agreement on cooperation was signed with the Swedish Naturvårdsverket in June. In July, the Executive Director for National Parks Finland participated in the UNESCO World Heritage Committee meeting in Kraków. The position of Director for International Affairs was established in National Parks Finland, and the modernisation of the international programme was launched.

Objectives for international operations set for Metsähallitus by the Ministry of the Environment

<p>Participating as a partner in the implementation of the Arctic Council chairmanship programme 2017–2019 ('Looking for joint solutions').</p>	<p>Metsähallitus was involved in planning the events in the Arctic Council chairmanship programme, in working groups hosted by the Ministry of the Environment and the Ministry of Agriculture and Forestry, and participated in the events by making presentations and additional programmes. The work was carried out in close cooperation with National Parks Finland and Metsähallitus Forestry Ltd regional units for Lapland. Metsähallitus will participate in the events organised in Lapland in 2018, highlighted by the Arctic Biodiversity Congress at Rovaniemi between 8 and 12 October 2018, and would also be involved in their organisation. Metsähallitus aims at introducing the management of conservation areas, land use planning and reconciliation as well as the sustainable use of renewable natural resources in accordance with the themes of the chairmanship programme.</p>
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<p>Being in charge of organising the nature conservation cooperation between Finland and Estonia in the framework of the partner agreement signed between the Ministries of the Environment for the two countries in 1991 (a maximum of EUR 18,000) and of the implementation of the partner agreement made between National Parks Finland and the Latvian nature conservation agency in 2010 (a maximum of EUR 7,000).</p>	<p>The operations of the Finnish and Estonian nature conservation working group were implemented according to the action plan. In addition to the meetings for two working groups and to the related expert seminars, a cooperation meeting was arranged between Parks & Wildlife Finland directors and Keskkonnaamet directors, a meeting on the Estonian Presidency of the European Union was held, as well as a meeting between experts on lichen and moss, and a Junior Ranger meeting which also involved Latvians, and the customer service personnel cooperation meeting. In addition, the cooperation was used to promote the preparation of projects (Flying Squirrel Life and Rannikko-Life project applications). Activities increased practical cooperation and learning between experts from both countries.</p> <p>The cooperation with the Latvian nature conservation agency has progressed according to plan. In connection with the EUROPARC Federation's Nordic and Baltic meeting in Lithuania, a Junior Ranger meeting was held to decide on a seminar to be organised in Estonia in 2018. The Light & Fire LIFE fire conference also had some Latvian participants. Finns were involved in the international meadow and wetlands seminar and in the final seminar for the Birds in Adazi LIFE project. A group of Latvians got to know the Finnish Nature Day concept. The group participated in a cooperation coordination meeting in Finland. Through sharing best practices, the benefits of the cooperation will be reaped in both countries in turn.</p>
<p>Participating in the national implementation of the Ramsar Convention on Wetlands and in the related international cooperation (a maximum of EUR 9,000) and the activities in the boreal area of the biogeographical Natura 2000 process (a maximum of EUR 10,000).</p>	<p>Good progress is being made in the national implementation of the Ramsar Convention on Wetlands. The information on the Ramsar areas was updated, and in September, a workshop on the ecosystem services for the Ramsar wetlands was organised. The national Ramsar contact person operating in National Parks Finland and the STRP contact person participated in the meeting for the standing Ramsar committee and STRP meetings.</p> <p>As part of the biogeographical Natura 2000 process, we participated in the arrangements of the annual EURISITE meeting in the Finnish Nature Centre Haltia. The topics of the event include ecological compensations and the cost-effective and efficient improvement of natural habitats under the Habitats Directive in the boreal zone. In addition, we participated in the 'WAKE UP! Boreal Grasslands' meeting of the traditional biotope network for the boreal zone countries and were involved in organising it in conjunction with the Estonian Keskkonnaamet in Muhu, Estonia.</p>

3.2.2 Development

The development programme for Metsähallitus' Parks & Wildlife Finland was completed. The development programme determined the new measures and measures requiring further development which will be taken in the next few years in order to improve the effectiveness, the productivity and the impact of the operations. Activities related to project applications were animated, and a total of 45 applications were submitted, mainly for various EU financial instruments. Among these applications, 25 projects received a positive financing decision by the end of 2017. The total additional financing for the applications over the next few years was approx. EUR 10 million. A total of 88 projects receiving external funding were included in the project portfolio.

The number of projects funded by the EU increased by nine projects (see the table below). The increase was mainly due to the larger number of EAFRD projects. The most extensive project launched was the Hydrology LIFE project, aiming at the preservation of peatlands, streams and bird lakes, with a total budget of EUR 8.9 million. As for EU funding, a new start was made with the Macedonia Twinning project supporting the Macedonian nature conservation administration between 2017 and 2019 on Macedonia's way to membership of the European Union.

Number of projects financed through European Union programmes and total use of funds, 2014–2017

Name of Fund	2014		2015		2016		2017	
	pcs	EUR	pcs	EUR	pcs	EUR	pcs	EUR
European Agricultural Fund for Rural Development, EAFRD	8	655 000	5	155 000	18	1 199 000	20	1 442 423
European Regional Development Fund, ERDF	19	1 332 000	8	272 000	9	408 000	6	383 551
European Social Fund, ESF	3	320 000	3	52 000			1	58 431
Cross-border development programmes, INTERREG	8	584 000	3	28 000	4	171 000	11	1 015 634
LIFE+ financial instrument	8	1 870 000	7	1 840 000	8	2 374 000	8	1 244 141
European Maritime and Fisheries Fund, EMFF			1	5 000			1	6 782
European Neighbourhood Instrument (ENI) Cross-border Cooperation (CBC) programme	5	2 040 000	2	125 000				
IPA Transition Assistance and Institution Building (Twinning)							1	35 441
TOTAL	51	6 801 000	33	2 477 000	39	4 152 000	48	4 186 404

3.2.3 Communications and online services

National Parks Finland carried out one of the most extensive projects celebrating the centenary of Finnish independence, Nature Day 2017. As part of the project, the Finnish Nature Day 2017 also became an official flag day, and the Ministry of the Interior recommends that flags are flown on the Finnish Nature Day in 2018 as well. The Nature Day 2017 project for the centenary of Finnish independence proved to be a significant channel in mainstreaming the theme of nature and provided excellent means for increasing communications on nature in the channels of its extensive network of partners (healthcare and welfare sector, outdoor activities organisations).

Awareness on the Hossa National Park was raised in national and international media by active internal communications and by cooperating with the tourism sector, for instance with VisitFinland.

Awareness on historic sites is being raised particularly by organising large events. On the Finnish Nature Day, lighting events were organised in four historic sites, Raseborg castle ruins, Kuusisto castle ruins and the ancient Rapola castle, as well as the Vallisaari Island. More than 6,000 people participated in these events. 5,000 people participated in the Linnanvirta festival at the Kajaani castle ruins.

Progress was made in the project launched in 2016 to increase the impact of communications on nature conservation. The objective is to familiarise nature conservation experts with the potential of communications in promoting nature conservation objectives and to render communications on nature conservation more effective, particularly through LIFE projects.

In spring 2017, the modernisation of the Luontoon.fi online service was launched (implementation 2018–2019) by collecting extensive feedback from online service users and the tourism sector to lay the foundations of the modernisation work. In spring 2017, Wildlife Service Finland edited the new Suomu magazine which was distributed to all individuals paying the fisheries management fee for the entire year. Approx. 190,000 copies were issued, which means that this is Finland's fishing publication with the largest number of issues. Fishermen received a fishing permit card along with the Suomu magazine. Fisheries management fees were also marketed in a television campaign on the MTV3 channel, where the calculated reach of the campaign was 2 million viewers. The advertisements were supported by means of radio spots on various channels. In the spring, the Tuikki (35,000 issues) and Kieppi (45,000 issues) customer magazines were published for Metsähallitus' fishing and hunting customers. The theme of the magazines was the centenary of Finland's independence: they retraced the development of fishing and game species during Finnish independence. In addition, Wildlife Service Finland communications department updated instructions for communication in times of crisis, particularly due to the crisis in Northern Lapland after the adoption of the new Fishing Act. In the autumn, training in communicating in times of crisis was offered to the Wildlife Service Finland personnel both from the point of view of sales and of Northern Lapland.

3.2.4 Forest tree seed management

1,580 kg of seeds from the Northern Finland security stock were sold. EUR 799,000 was accrued from the sale. Approx. 700 kg of seeds non-viable due to a de-

creased germinating capacity were removed from the stock. The stock currently includes a total of approx. 53,000 kg of seeds, of which 44,600 kg are pine seeds and 8,400 kg spruce seeds.

3.2.5 Administration

The re-organisation of public administrative duties was completed as part of rendering the operations more effective. The Executive Director for Parks & Wildlife Finland made a decision on the organisation of public administrative duties. The decision entered into force on 1 January 2018. The modernisation of the operating approach involved the clarification of responsibilities and duties within the National Parks Finland steering unit. National Parks Finland in southern Finland was divided into two regions of National Parks Finland, Lakeland region and Coastal and

Metropolitan Areas. In this connection, all maritime operations were focused on the Coastal Areas, and the Vaasa region was removed from the Ostrobothnian regional organisation and attached to the Coastal and Metropolitan Areas of National Parks Finland.

3.2.6 Environmental system

Metsähallitus uses an environmental system compliant with the SFS-EN ISO 14001 standard. In August, Inspecta Sertifointi Oy carried out an external assessment in Savonlinna and in the Linnansaari National Park. The central theme was the protection of the Saimaa ringed seal. Wildlife Service Finland was assessed in December. No anomalies were detected during the assessments. Five internal assessments were carried out. One minor anomaly concerned the failure to report a serious incident related to electrical fishing.

4 Operative efficiency (use of funds)

The tables indicating the total costs in the separate accounting of the Parks & Wildlife Finland are based on the use of funds, including the increases and decreases of non-current assets without depreciations and transfers of possession and without the changes in stock for current assets.

4.1 ECONOMIC EFFICIENCY

In 2017, the total costs of the Parks & Wildlife Finland were EUR 61.4 million (EUR 62.8 million in 2016).

The three-year transfer appropriation received through steering ministries, the Ministry of the Environment and the Ministry of Agriculture and Forestry, from the State budget in 2017 based on the strategic performance agreement and its annual annex, totalled EUR 38.8 million, including the appropriation of EUR 0.18 million received for maritime protection. EUR 39.6 million (in 2016, EUR 44.1 million) of funding, invoiced based on the annual annex to the Ministry of the Environment and the Ministry of Agriculture and Forestry strategic performance agreement, was spent during the operating year. According to the matching principle, this funding covered 67 per cent of the total expenses of the operating year (in 2016, 70%). The cumulative unused percentage of the transfer appropriations will be recorded in the balance sheet as advances received. A more detailed breakdown of items transferred to the following year is available in the

calculation notes complementary to the profit and loss account in section 7.4.4. The attainment of objectives recorded in performance agreements requires that financing is also acquired from other financing channels.

The total use of funds decreased by EUR 1.4 million or by 2 per cent compared to the previous year. The total use of funds was, on the one hand, affected by the increase in the income from paid activities and in project financing, and on the other hand, by the decrease in the financing received based on the performance agreement. The decrease in the expenses covered by the Ministry of the Environment articles, EUR 4.14 million, was affected particularly by the change in one-off financing and by the decrease in the appropriation transferred from the previous year. Accordingly, the percentage of expenses covered by project financing increased by EUR 2.54 million

By expense type, the greatest decrease to place in land acquisition investments, EUR 1.47 million, in the purchase of external services, EUR 1.33 million, and in salary expenses, EUR 0.94 million. The decrease in the purchase of external services indicated the end of significant projects, such as the Öro and Vallisaari projects. The need for services external to project operations decreased by EUR 1.43 million.

During the operating year, person-years decreased to 530, while there were 548 corresponding gross person-years in 2016 (see Chapter 5.1, Development of the number of employees, and 7.4.3., Notes).

The project financing received is largely based on international partnerships, county-level partnerships and local partnerships. The financing decisions concerning Metsähallitus are mostly made on the county level, and the projects are intended to attain both local objectives, particularly targets set in county programmes, and the objectives set for Metsähallitus in

the performance agreement. The projects integrate Metsähallitus' public administrative services in their operating environment, and they also have a significant effect on job creation and the activation of local economies. The percentage of project financing in the total financing for the operating year and in the corresponding total expenses increased by 15 per cent, totalling EUR 9.04 million (EUR 6.5 million or 10%). The most significant increase in project financing occurred in EU Structural Funds and in the European Agricultural Fund for Rural Development, a total of EUR 1.72 million.

Parks & Wildlife Finland operations distributed by financial resource 2016–2017

Total expenditure by financial resource EUR 1,000	2017 Total	2016 Total	Change, EUR	Change, %
Expenses for paid activities	11 341	10 216	1 125	11 %
Business operations funding for customer service duties	0	20	-20	-100 %
MAF art. 30.64.50	6 968	6 374	594	9 %
ME art. 35.10.52	33 751	37 898	-4 147	-11 %
ME, protection of maritime areas art. 35.10.22	104	103	1	1 %
ME, acquisition of nature reserves art. 35.10.63	230	1 729	-1 499	-87 %
EU Structural Funds	1 405	416	988	237 %
EU Life Funds	1 244	1 156	88	8 %
Other EU funding	35	-	35	
MJ, day-release work	826	750	76	10 %
European Agricultural Fund for Rural Development	1 502	767	735	96 %
MEAE, employment, educational and specialised measures	469	707	-238	-34 %
MEAE, employment-based transfer payments for investments	0	-	0	
Other external funding	3 563	2 708	855	24 %
Total	61 438	62 844	-1 407	-2 %
Expenses excl. land acquisition investments	61 230	61 165	65	

Parks & Wildlife Finland operations distributed by type of expense 2016–2017

Total expenditure by expenditure type EUR 1,000	2017 Total	2016 Total	Change, EUR	Change, %
Materials and supplies	3 224	3 338	-114	-3 %
Pay expenditure	25 080	26 024	-944	-4 %
Travels and other staff expenses	3 216	3 298	-82	-2 %
ICT expenses	2 718	2 291	427	19 %
Rent and other expenses for business premises	6 432	5 454	978	18 %
Vehicle expenditure and other machinery and equipment expenditure	2 218	2 260	-42	-2 %
External services	4 481	5 819	-1 338	-23 %
Other purchase of services	1 346	1 145	201	18 %
Other expenses	9 864	9 116	748	8 %
Other investments	2 650	2 420	230	10 %
Land acquisition investments	208	1 679	-1 471	-88 %
Total	61 438	62 844	-1 406	-2 %
Expenses excl. land acquisition investments	61 230	61 165	65	

The following table presents the distribution of financing based on the performance agreement and its annex, as well as their sources of financing, by task and financial resource. Expenses such as expenses for administrative duties and international duties have been included in the joint expenses. For 2016, the majority of Group charges were also included in

the joint expenses. Financing and operating expenses for the Wildlife Service Finland business unit are covered by game and fisheries affairs. The 'other financial resources' for Wildlife Service Finland mainly include permit revenue. The percentage of project financing is significant in other National Parks Finland financial resources.

Parks & Wildlife Finland gross expenses 2016–2017 by task and financial resource

Financial resources and tasks EUR 1,000	MAF art. 30.64.50	ME art. 35.10.52 incl. Protection of maritime areas	Other financial resources	Expenses in total, 2017	Expenses in total, 2016	Change, EUR	Change, %
Joint expenses	281	2 545	689	3 515	9 845	-6 330	-64 %
Nature conservation	29	8 250	3 146	11 425	10 716	709	7 %
Recreational use of nature	4 691	17 034	8 967	30 692	29 843	849	3 %
Area management	63	6 001	1 057	7 121	5 039	2 082	41 %
Game and fisheries affairs	1 689	25	6 757	8 470	7 191	1 279	18 %
Seed management and log floating structures	215	0	0	215	211	4	2 %
Expenses in total, 2017	6 968	33 854	20 616	61 438	62 844	-1 407	
Expenses in total, 2016	6 374	38 001	18 469				
Change, EUR	594	-4 146	2 146				
Change, %	9 %	-11 %	12 %				

The table below contains calculations on the cumulative use of Parks & Wildlife Finland three-year transfer appropriation (article 30.64.50) from the Ministry of Agriculture and Forestry. The gross expenses covered by the appropriation from the Min-

istry of Agriculture and Forestry totalled EUR 6.96 million (EUR 6.37 million in 2016). A total of EUR 0.35 million of the appropriations available in 2017 were transferred to 2018.

Parks & Wildlife Finland's use of the Ministry of Agriculture and Forestry appropriation (article 30.64.50) by task 2017

Use of MAF appropriation (art. 30.64.50) by task EUR 1,000	Appropriation 2017	Transferred from 2016	Gross income 2017	Available in total 2017	Gross income 2017	Transferred to 2018
1. Joint expenses	318			688	400	288
2. State hiking areas, wilderness areas, recreational forests, recrea- tional areas, other trail network	3506		15	4894	4 783	110
3. Game and fisheries supervision			7	1286	1 377	-91
4. Hunting projects		984		0	3	-3
5. Fishery projects				114	119	-5
6. Iijoki and Hossajoki river log floating obligation management	1690			41	70	-29
7. Seed management in northern Finland			803	300	215	85
Total	5 514	984	824	7 322	6 967	355

4.2 PRODUCTIVITY

The Government's ownership policy guidelines for Metsähallitus include an objective for the operations of the Parks & Wildlife Finland: National Parks Finland will increase productivity and the impact of its operations. The development targets for total productivity have been included in the modernised performance agreement. For 2017, no direct cost-effectiveness objectives were set. On the whole, the performance agreement and the annual performance guidance indirectly set objectives promoting cost-effectiveness, since they include impact objectives, objectives for deliverables and for quality, and the resources that must be used to achieve the objectives are determined (National Audit Office of Finland 1/2018).

According to the objectives, measuring the productivity development has been established as part of the management and reward procedures. Productivity is assessed by means of the total productivity contribution and output method developed by Statistics Finland. In the method, the productivity of the operating year is compared to the productivity of the previous year. In other aspects of central government, indicators assessing public sector productivity have largely been abandoned. When calculating the total productivity of the Parks & Wildlife Finland, the total contribution was not deflated, unlike in the calculation model.

The National Audit Office of Finland carried out a review on Metsähallitus' operations in the management of state-owned land and water assets 1/2018, which was included in its review plan for 2017 (https://www.vtv.fi/files/5982/1_2018_Metsahallituksen_toiminta_valtion_maa-_ja_vesiomaisuuden_hallinnassa.pdf page 9, 41–44). Based on the review, Metsähallitus'

Parks & Wildlife Finland has good prerequisites for the cost-effective management of public administrative duties. An attempt has been made to promote the cost-effectiveness of public administrative duties in many ways. One of the objectives increasing productivity has also included the application of project financing to supplement budget financing. The external financing volumes, which vary each year, will affect the objectives, deliverables and resources. Cost-effectiveness is managed, and its development is monitored. In its report, the National Audit Office of Finland states that conclusions on the development of cost-effectiveness cannot be made by assessing the total productivity index, since the operating years differ significantly from one another in the field of public administrative duties. The cost-effectiveness of quantitative deliverables is also dependent on external factors. In this case, cost-effectiveness changes without changes to contributions. In this case, attention should be paid to the impact of the operations. However, there is no indicator to replace the total productivity index.

In the total productivity calculations, productivity is presented as the ratio (productivity of work, total productivity) between the outcome of final deliverables (outputs), the person-years spent on producing them (labour input) and the expenses (total contribution) in the business accounting profit and loss account in the table below. A ratio of 100 indicates that the contributions, outputs and productivity are on the same level as in the previous year.

Final deliverables describing productivity in the arks & Wildlife Finland total productivity calculations 2016–2017

Final deliverables used for the calculation of the productivity index

Final deliverables by process	Indicator
Area management	
Management and use plan in Natura areas	Number of Natura areas with a completed management and use plan (MUP)
Establishment of nature reserves	Number of completed (pre-)conservation properties
Exerting an influence on land use	Number of statements in the case management system (no neighbour consultations included since 2015)
Paid rights of use	Number of new/updated contracts in Rents
Off-road traffic permits	Number of track permits and track-external permits
Number of NATA assessments	Number of Natura areas with a completed NATA assessment
Nature conservation	
Inventories in land areas	Inventoried hectares in land areas
Rewilding and management	Rewilded and managed hectares
Species occurrence checks	Inspected occurrences, pcs
Maintenance books for strategic cultural and historic real property asset sites	Number of completed maintenance books
Recreational use of nature	
Maintenance of the Luontoon.fi (Nationalparks.fi) website	Page downloads
Guidance free of charge	Number of visitors to nature centres and other customer service points
Maintenance of service structures and facilities	Number of buildings and structures administered by Parks & Wildlife Finland in the Reiska data system. The figure of the latter year will be extracted directly from the application. The number of sites constructed during the year and the number of sites transferred to Parks & Wildlife Finland for management will be deduced from the figure.
Paid guidance (number of individuals using guidance services)	Number of individuals using guidance services
Paid rental of business premises	Rental income for business premises EUR 1,000
Game and fisheries affairs	
Game and fisheries supervision	Number of customer contacts
Fisheries management fee	Fisheries management fees: number of annual fishing permit holders
Hunting and fishing (number of fishing permits)	Number of fishing permits
Other duties	
Seed management (kilograms sold)	Kilograms of seeds sold

Parks & Wildlife Finland's undeflated total productivity index outcome 2016-2017 and corresponding outcome for 2015–2016 and 2014–2015

	Outcome 2016-2017	Outcome 2015-2016	Outcome 2014-2015
Total productivity index	105,61	115,52	102,39

Parks & Wildlife Finland's output and contribution outcome indices, work productivity and undeflated total productivity 2016–2017 and corresponding outcomes for 2015–2016 and 2014–2015

Index	2016–2017	2015–2016	2014–2015
Output	104,64	117,36	93,86
Labour input	96,37	100,71	83,41
Total input	99,09	101,59	91,67
Labour productivity	108,58	116,53	112,53
Total productivity	105,61	115,52	102,39

The increase in the productivity of work was affected by the increase of outputs or deliverables (4.64%), while the labour input (person-years) required for producing the deliverables decreased by 4.34 per cent, to 96.37. At the same time, the charging structure, the total contribution for the outputs and labour inputs mentioned above, decreased by 0.91% compared to 2016.

4.3 PROFITABILITY

The profitability of the paid activities for the Parks & Wildlife Finland and the outcome of cost relatedness 2015–2017

Paid activities	2017 Outcome	2016 Outcome	2015 Outcome
Public law deliverables			
Cost relatedness of the public law deliverables under the MAF fees regulation 1592/2015 (%)	80 %	84 %	91 %
Cost relatedness of the public law deliverables under the ME fees regulation 1517/2015 (%)	74 %	283 %	44 %
Business operations deliverables			
Cost relatedness of the deliverables priced based on business operations under the MAF fees regulation 1592/2015 (%)	121 %	97 %	118 %
Cost relatedness of the deliverables priced based on business operations under the ME fees regulation 1517/2015 (%)	149 %	154 %	123 %
Deliverables based on individual legislation			
Cost relatedness of the deliverables based on individual MAF legislation (%)	153 %	444 %	153 %
Cost relatedness of the deliverables based on individual ME legislation (%)	276 %	103 %	440 %

The cost relatedness of the paid service activities in Parks & Wildlife Finland, based on internal financing, will be calculated using the State Treasury model. The total cost relatedness for all deliverables of the 2017 paid service activities was 118% (115% in 2016). The increase in the cost relatedness was affected by the increase in the total turnover (EUR 0.07 million, +1%) while the costs spent on producing the deliverables decreased (EUR -0.17 million, -2%).

The pricing of the paid deliverables for the Parks & Wildlife Finland is provided for in the Act on Criteria for Charges Payable to the State and in acts specifically provided for Metsähallitus, the Ministry of the Environment decree on payments for certain public administration tasks (1571/2015) and the Ministry of Agriculture and Forestry decree on payments for certain Metsähallitus public administration tasks (1592/2015). According to the provisions in these decrees, the pricing of the deliverables is distributed into deliverables with a pricing according to absorption cost, with pricing lower than the absorption cost, public law deliverables free of charge, deliverables

In 2018, Parks & Wildlife Finland will take measures for developing the indicator used for the calculations. Observations made in the National Audit Office of Finland reports will be used for the development.

priced based on business operations and other paid deliverables.

The cost relatedness for all public law deliverables decreased compared to the previous year. The turnover and the costs for the deliverables in the field of the Ministry of Agriculture and Forestry remained on almost the same level as in 2016. The percentage of the public law deliverables in the administrative branch of the Ministry of the Environment was EUR 0.19 million or 6 per cent of the total profits of public law deliverables (6% in 2016), and the corresponding percentage of the costs was EUR 0.14 million or 4 per cent (2% in 2016). The increase in the costs was mainly due to the data system costs related to the online sale of track permits and the person-year contributions required for development.

The cost relatedness for all public law deliverables was 138 per cent. In the previous year, the figure was 129 per cent. Compared to the previous year, the turnover of deliverables in the field of the Ministry of the Environment and the Ministry of Agriculture and For-

etry increased by a total of EUR 0.36 million (+5%), and the corresponding costs decreased by EUR 0.15 million (-3%).

The provision of accommodation and other rentals of business premises and the turnover for nature guidance and counselling products in the field of the Ministry of the Environment increased during the 2017 operating year. The turnover for the deliverables mentioned above increased by a total of EUR 0.21 million or 8 per cent. The increase of the rental activities was particularly affected by the newly established operations in recent sites and in updating the rental agreements for sites received from transfers of possession, such as Örö, Vallisaari and Raasepori.

The turnover for the public law deliverables in the field of the Ministry of Agriculture and Forestry increased by EUR 0.05 million compared to the previous year, while the costs decreased by EUR 0.47 million. The changes to the turnover were different for various deliverables. However, the increase in the turnover was greatest in the sale of fishing permits and decreased in the sale of seeds by EUR 0.08 million.

The turnover for the paid deliverables of Parks & Wildlife Finland have been presented by business unit in Chapter 7.4.1, and the principles of cost calculations and cost relatedness calculations are presented numerically in Chapter 7.4.6.

5 Management and development of mental resources

5.1 DEVELOPMENT OF THE NUMBER OF EMPLOYEES

In Parks & Wildlife Finland, person-years decreased for both permanent and fixed-term employees. For Parks & Wildlife Finland, the gross labour input was 530 person-years. In 2016, the corresponding figure was 548. At the end of 2017, the effective labour input was a total of 398 permanent employees, and a to-

tal of 505 completed person-years. In Wildlife Service Finland, person-years increased by 12 compared to the previous year. In National Parks Finland, person-years decreased by 31. The average age of permanent employees was 49 years. The payroll paid was EUR 20.9 million, which was approx. 1 million less than in the previous year.

DEVELOPMENT OF THE NUMBER OF EMPLOYEES 2014–2017

Objective	2014	2015	2016	2017
Number of employees on 31 Dec				
permanent	415	404	408	398
fixed-term	190	88	122	103
Person-years				
permanent	373	371	374	371
fixed-term	251	150	150	134
Personnel mean age				
permanent	49	49	49	49
fixed-term	35	37	37	37
Educational level index for permanent employees on 31 Dec	6,50	6,62	6,76	6,63
Wage costs, MEUR without social security expenses	24,7	21,1	22,1	20,9

The creation of a comprehensive personnel plan was launched, and it will be completed in early 2018.

5.2 WELL-BEING AT WORK

DEVELOPMENT OF WORKPLACE WELLBEING 2014–2017

Objective	2014	2015	2016	2017
Departure turnover, permanent employees (%)	3,4	1,4	2,9	5,5
Incoming turnover, permanent employees (%)	3,5	3,5	3,1	2,0
Invalidity pension (number of employees)	1	2		
Number of accidents	36	29	15	15
Absences due to accidents at work (working days per person-years)	0,3	0,2	0,3	0,1
Job satisfaction and development of human capital (personnel study)				
supervisory work (scale 1–5)	4,0	4,0	3,9	3,9
development and invigoration of skills (scale 1–5)			3,9	3,7
working capacity (scale 1–5)			3,9	3,9

Based on the 2016 personnel survey, the most important targets for development included the internal flow of information, the steering unit's 'image', the development or supervisory work, haste, fixed-term employment relationship, interaction with other business units and rendering the use of data systems more effective. In the personnel survey, the working capacity value describing the employees' emotional experience – energy, excitement and relevance – of their own work decreased. The targets for development were met by modernising the operating approach (organisational modernisation) and by creating a development programme. Both were completed by the end of the year. Both are intended to react to several targets for development which have been brought out. Putting them both into practice is crucial for meeting the objectives. Personnel days were organised in the regional units and in the steering unit. The examination of a digital learning environment was launched, and it may be partially implemented in 2018. Several online training events on the Uljas environment were organised both internally and elsewhere in the environmental administration.

As for the 2017 focal points for occupational safety, the implementation of a mobile application has been launched in order to make observations on security and in order to use or share the best practices across the units. The occupational safety manager has actively provided training on occupational safety and training for obtaining an occupational safety card. There have been several topical briefings on occupational safety and health.

An office report related to occupational safety was made in Lieksa and Vaasa in conjunction with occupational health services. The Regional State Administrative Agency made an occupational safety inspection at the Petola Nature Centre in Kuhmo and at the Kuusamo office. In the autumn, occupational safety elections were held to select occupational safety representatives for the employees and for officers. In addition, regional occupation safety agents were elected for the employees.

5.4 BONUSES

According to the Board of Directors' decision, two indicators shared by the entire Group were added to the 2017 bonus factors: implementation of interconnected processes (weighting 10%) and reputation (5%). The weighting of the factors is currently as follows: Profit of the Metsähallitus Group 25 per cent (previously 20%), effectiveness of the employee's own unit (= total productivity) 25 per cent (40%), customer satisfaction 20 per cent (25%), and public image 15 per cent (15%). Apart from the customer satisfaction indicator, the indicators for Parks & Wildlife Finland are identical. The 2017 financial statements include a EUR 0.455 million reservation for bonus payment in 2018.

6 Financial statement analysis (business correspondence)

The 2017 separate accounting and the separate financial statements for the Parks & Wildlife Finland were made according to the Act on Metsähallitus (234/2016) and the Government Decree (1368/2016). The business accounting profit and loss account for the Parks & Wildlife Finland, the balance sheets and the notes as well as the financial statement analysis describing them have been made on an accrued basis according to the enterprise's financial statements model for the entire 2017 operating year. The profit and loss account profit or loss before transfers within the financial statements will show a deficit for technical reasons related to recording in business accounting, since depreciations and the change in the northern Finland seed management stock should not be covered by the annual financing from the State budget. Instead, they have already been covered at the time of the acquisition by using the budget funding. The profit and loss account presents the transfer of the financial period profits to Other equities as a separate item. This transfer is based on the provision in Section 5 of the decree 1368/2016. The objective of Parks & Wildlife Finland is not to produce profits. Instead, the value of the profits is measured by the social impact of the operations.

The deficit in the business accounting profit and loss account before transfers within the financial statements totalled EUR 2.11 million. The deficit was mainly due to the depreciations during the financial period (EUR 1.811 million), the change in the Northern Finland seed security stock (EUR 0.16 million) and the reduction in the value of Kiinteistö Oy Järviluonnonkeskus shares (EUR 0.97 million).

The investments made in unfinished buildings, other buildings and structures as well as machinery and equipment during the financial period and the related depreciations (EUR 2.19 million) have been recorded as acquisition cost deductions or corrections. The business accounting profit and loss account for Parks & Wildlife Finland presents the financing received from the State budget and the other business observations profits as income on an accrued basis, so that they correspond to the expenses recorded for the financial period (excl. depreciations and change in stock, the profit or loss of paid activities and reduc-

tion in the value of shares), expense adjustments and the acquisition costs of fixed assets subject to partial wear and tear. With such presentation, the continuity of Other equities is identical to the enterprise's financial statements.

The turnover for the financial period by business unit and other business operations profits have been presented in the notes section 7.4.1, Complementary notes to the Profit and Loss Account. The turnover and the other operating income increased by a total of EUR 0.65 million (4.6%) compared to the previous year. The increase was mainly due to the increase in the sale of fishing permits priced based on business operations, in the provision of accommodation and other rentals of business premises and in mining concession fees and to the insurance payments received. The turnover is decreased by the annulment of EUR 0.19 million in unclear receivables, which decreases the turnover and the accounts receivable. The change in the turnover and profitability have been described in more detail in Chapter 4.3, Profitability, and in Chapter 7.4.5, Other income by funding source.

The financing for other operations from the State budget decreased by EUR 2.32 million (5.05%). Changes in the financing for other operations from the State budget varied by funding source. The financing for the Ministry of the Environment article 35.10.52 decreased mainly due to the lower value of the appropriation transferred from the previous year, EUR 1.84 million, compared to the corresponding 2016 figure, EUR 4.04 million. The targeted discretionary government transfers which were received from parties such as the Ministry of the Environment and the Ministry of Economic Affairs and Employment increased by a total of EUR 2.25 million. The change in the seed stock included a deduction of non-vital seeds, a total of EUR 0.08 million.

The business accounting costs for the 2017 financial period (a total of EUR 60.55 million) decreased by EUR 0.55 million (0.91%) compared to the previous year. The decrease in costs was mainly due to the decrease in material and service acquisitions and staff expenses. The decrease in external services, included in material and service acquisitions, was mainly due to the

change in project operations, for instance at the end of the Vallisaari and Örö projects in 2016, and to the change in the recording method, so that EUR 1.3 million in external services have been recorded in other operating costs. The corresponding figure was EUR 1.11 million in 2016. During the same period, operating costs increased by EUR 2.01 million compared to the previous year. The most significant growth occurred in the property-related payments covered by discretionary transfer from the Ministry of the Environment, EUR 0.69 million, and in data system costs mainly covered by project financing, EUR 0.49 million, and in the increase in the internal charges of the enterprise, EUR 1.00 million.

6.1 USE OF APPROPRIATIONS FROM THE STATE BUDGET

The appropriation from the State budget (EUR 43.67 million) has been broken down in section 7.4.1, Complementary Notes to the Profit and Loss account. The funding was spent on performing the duties agreed on with the steering ministries and on the expenses incurred by these duties. From the State budget, project financing and other complementary financing was received in addition to basic financing (article 30.64.50 MAF and 35.10.52 ME).

The most significant separately targeted expenses agreed on with the Ministry of the Environment in the performance agreement, transferred to the 2017 appropriations under article 35.10.52, included the establishment of the Hossa National Park, EUR 0.97 million, the assessment of the status of the Natura areas (NATA), EUR 0.7 million, property formation and boundary markings, EUR 3.41 million, repossession of castle ruins and fortresses, EUR 0.63 million, and the development of the service structure data system, EUR 0.56 million.

The project financing and other complementary financing from the administrative branch of the Ministry of the Environment was mainly targeted to the development of the ULJAS data system entity, the inventories of the underwater nature in the Baltic Sea and to ecological decision analyses to support social decision-making in projects (MetZo II). In addition, the financing was used to promote international cooperation with Estonia and Latvia, to implement the Ramsar Convention on Wetlands and to participate in organising the joint activities in the boreal Natura 2000 process.

The project financing and other complementary financing from the administrative branch of the Ministry of Agriculture and Forestry were mainly targeted to the costs incurred by the collection of the fisheries management fee, EUR 0.56 million, the forest reindeer breeding purity project, EUR 0.08 million, and the development of snowmobiling, EUR 0.07 million.

The EUR 0.79 million of financing received from the Ministry of Justice main title was used to pay for expenses incurred by the labour input of prisoners from open penal institutions.

Funding received from the administrative branch of the Ministry of Economic Affairs and Employment amounted to EUR 2.37 million. The financing mainly consisted of discretionary employment appropriations and was particularly targeted at Kainuu, Koillismaa and Lapland.

6.2 OTHER USE OF APPROPRIATIONS

Funding other than that received from the State budget consists of the internal financing of paid activities, project funding and other complementary funding, the sale of fixed assets included.

The internal financing of paid activities is used to cover expenses incurred by deliverables for paid activities and, according to a decision made by the Parliament, other expenses related to the field of the Ministry of the Environment and the Ministry of Agriculture and Forestry within Public Administrative Duties.

The internal financing received from the sale of seeds for seed management in northern Finland, EUR 0.8 million, will be spent not only on the expenses incurred by seed management but also to manage other duties agreed on with the Ministry of Agriculture and Forestry. This has been taken into account in the extent of the article in question.

The EUR 0.88 million received from the sale of fibre and energy wood in the conservation area rewilding sites was spent on features such as the self-financing for the EU Life projects.

EUR 4.15 million of funding other than that received from the State budget was spent on the implementation of projects. This funding mainly consists of EU funding and of municipal and corporate percentages for project self-financing. The projects involving the largest sums and the largest extent included projects

receiving Life, Interreg, EAFRD and EMFF funding. In Life projects launched in 2017, 13 forest reindeer were transferred to introduction farms as original specimens, and the planning of rewilding measures for preserving peatlands, streams and bird lakes began. Interreg projects, among other things, improved visitor

services in historic sites and raised awareness of their existence. Projects for the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund were launched for instance at Röyttä, Etelä-Konnevesi, Hossa and Syöte.

7 Financial statements' calculation and notes

7.1 PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT, PARKS & WILDLIFE FINLAND (EUR)

	Parks & Wildlife Finland 1 January to 31 December 2017	1 January to 31 December 2016
TURNOVER	11 406 201,78	11 326 871,36
Other operating income	3 454 627,54	2 880 425,62
Financing for other operations from the State budget	43 678 785,51	46 001 997,82
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	3 224 349,76	3 337 821,84
Variation in inventories	161 951,32	169 460,32
External services	4 481 137,44	5 819 130,19
Raw materials and services, total	7 867 438,52	9 326 412,35
Staff expenses		
Wages and salaries	20 897 986,14	21 454 771,31
Social security expenses		
Pension expenses	3 426 907,76	3 588 144,29
Other social security expenses	755 217,52	981 321,35
Staff expenses, total	25 080 111,42	26 024 236,95
Depreciation, amortisation and impairment		
Depreciation according to plan	1 811 143,44	1 978 432,25
Other operating costs	25 797 141,67	23 785 389,22
OPERATING PROFIT	-2 016 220,22	-905 175,97
Financial income and expenses		
Income from other investments under non-current assets	563,42	81,10
Other interest and financial income	3 741,98	2 422,96
Impairment of non-current assets	97 611,43	0,00
Interest and other financial expenses	4 321,28	7 823,56
Financial income and expenses in total	-97 627,31	-5 319,50
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	-2 113 847,53	-910 495,47
Transfer of the profits of the financial year for the Public Administrative Duties unit to the change of Other equities	2 113 847,53	0,00
PROFIT/LOSS FOR FINANCIAL PERIOD	0,00	-910 495,47

7.2 BALANCE SHEET

BALANCE SHEET, PARKS & WILDLIFE FINLAND (EUR)

	Parks & Wildlife Finland 31.12.2017	31.12.2016
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	198 049,28	354 387,94
Other intangible assets	2 764,19	0,00
Intangible assets in total	200 813,47	354 387,94
Tangible assets		
Land and water areas	963 239 156,86	941 609 632,93
Roads	170 933,19	211 732,86
Buildings and structures	19 406 670,47	19 971 618,82
Machinery and equipment	108 528,69	155 679,32
Advance payments and work in progress	85 053,12	32 041,92
Tangible assets in total	983 010 342,33	961 980 705,85
Investments		
Shares in Group's subsidiaries	12 267 500,00	12 365 111,43
Other shares and holdings	737 704,68	737 704,68
Other receivables	1 800,00	1 800,00
Investments in total	13 007 004,68	13 104 616,11
NON-CURRENT ASSETS IN TOTAL	996 218 160,48	975 439 709,90
CURRENT ASSETS		
Inventories		
Finished products	1 614 356,78	1 776 308,10
Inventories in total	1 614 356,78	1 776 308,10
Receivables		
Current receivables		
Accounts receivable	2 369 964,32	1 716 113,79
Receivables from enterprise's business operations	15 654,43	245 753,25
Receivables from the enterprise's subsidiaries	177 996,87	141 049,26
Other receivables	15 713,81	8 654,83
Prepayments and accrued income	4 293 361,45	2 337 782,44
Current receivables in total	6 872 690,88	4 449 353,57
Cash in hand and at banks	8 064 472,57	7 763 275,80
CURRENT ASSETS IN TOTAL	16 551 520,23	13 988 937,47
ASSETS IN TOTAL	1 012 769 680,71	989 428 647,37

BALANCE SHEET, PARKS & WILDLIFE FINLAND (EUR)

	Parks & Wildlife Finland 31.12.2017	31.12.2016
EQUITY AND LIABILITIES		
EQUITY		
Other equity	998 351 396,94	977 009 010,43
Retained earnings		0,00
Transfer of the profits of the financial year for the Public Administrative Duties unit to the change of Other equities	-2 113 847,53	0,00
Profit/loss for financial period	0,00	-910 495,47
EQUITY IN TOTAL	996 237 549,41	976 098 514,96
LIABILITIES		
Other liabilities, non-interest-bearing	6 500,00	5 500,00
Current		
Advances received	6 693 687,77	4 106 117,35
Accounts payable	2 388 155,18	1 956 201,17
Debts to enterprise's business operations	649 575,58	67 651,67
Debts to the enterprise's subsidiaries	167 987,46	114 681,56
Other liabilities (incl. interest-bearing)	600 342,95	689 740,80
Accruals and deferred income	6 025 882,36	6 390 239,86
LIABILITIES IN TOTAL	16 532 131,30	13 330 132,41
EQUITY AND LIABILITIES IN TOTAL	1 012 769 680,71	989 428 647,37

7.3 CASH FLOW STATEMENT

CASH FLOW STATEMENT, PARKS & WILDLIFE FINLAND (EUR)

	Parks & Wildlife Finland 1 January to 31 December 2017	1 January to 31 December 2016
CASH FLOW FROM BUSINESS OPERATIONS		
Payments from sales	10 945 502,46	2 410 457,69
Payments from other operating income	603 776,29	1 912 475,83
Payments from operating charges	-55 378 673,24	-45 106 624,80
Cash flow from business operations, before financial items and taxes	-43 829 394,49	-40 783 691,28
Interest paid and other financial expenses	-4 321,28	-5 868,60
Interest income from business operations	3 741,98	2 195,13
Dividends received	563,42	28,00
State's budget funding for other operations	45 792 633,04	33 846 270,34
Cash flow from operations	1 963 222,67	-6 941 066,41
INVESTMENTS		
Purchase of environmental protection areas, shares	162 103,16	158 911,22
Purchase of fixed assets, funding by Ministries	-1 111 648,79	-1 946 032,03
Purchase of fixed assets, funding by the EU		
Purchase of fixed assets, other funding	-1 078 095,07	-397 249,95
Investments in tangible and intangible assets	-2 107 641,09	391 187,97
Profits for the sale of tangible and intangible assets	442 572,55	
Shareholder investment in purchase of environmental protection areas and shares	-162 103,16	-158 911,22
Funding received for the construction of nature centres etc.	2 191 786,50	2 445 106,86
Cash flows from investing activities	-1 663 025,90	493 012,85
FINANCING		
Change in other non-current, non-interest-bearing loans	1 000,00	380,95
Cash flows from financing activities	1 000,00	380,95
CHANGE IN LIQUID FUNDS		
Liquid funds on 1 Jan	7 763 275,80	14 210 948,41
Liquid funds on 31 Dec	8 064 472,57	7 763 275,80
Change	301 196,77	-6 447 672,61

7.4 NOTES

7.4.1 Complementary notes to the profit and loss account

Turnover by business unit	2017	2016
Turnover related to the field of the Ministry of Agriculture and Forestry		
Public law deliverables:		
hunting permits	2 723 413,55	2 722 588,96
fishing permits	211 418,48	320 556,61
other public law deliverables	396,66	3 861,64
Pricing based on business operations:		
hunting area rentals	538 337,92	570 144,01
fishing area rentals	122 787,75	116 483,91
fishing permits	1 083 575,28	935 498,68
Sale of seeds and analyses	801 898,61	890 307,07
long-term area rentals and transfer of user rights	32 513,47	7 020,64
provision of accommodation and other rentals of business premises	7 034,89	11 308,83
other deliverables priced based on business operations	13 522,92	9 636,16
Deliverables based on individual legislation:		
compensation for (fishing-related) water areas	154 950,43	275 038,37
Total	5 689 849,96	5 862 444,88
Turnover related to the field of the Ministry of the Environment		
Public law deliverables:		
track permits	192 977,98	200 037,82
decisions and permits	2 080,17	1 550,00
Pricing based on business operations:		
long-term area rentals and transfer of user rights	539 401,03	642 889,84
provision of accommodation and other rentals of business premises	1 865 658,74	1 743 637,58
sale of wood (from rewilding areas etc.)	880 620,16	900 436,73
nature guidance and counselling products	995 556,99	900 300,05
books and series of nature conversation publications	156 378,59	154 161,09
other business operations deliverables	877 121,41	672 469,76
Deliverables based on individual legislation:		
compensations for gold prospecting and claims	47 426,52	215 264,97
mining concession fees, compensations for mineral prospecting	159 130,23	33 678,64
Total	5 716 351,82	5 464 426,48
Turnover in total	11 406 201,78	11 326 871,36
Other operating income	2017	2016
Gains on the sale of fixed assets	445 640,71	482 358,17
Insurance payments	362 099,00	17 698,88
Subsidies	2 700,00	0,00
Other income	2 612 091,63	2 355 527,41
Other income, internal	32 096,20	24 841,16
Total	3 454 627,54	2 880 425,62

Staff expense breakdown	1 January to 31 December 2017	1 January to 31 December 2016
Wages and salaries	21 059 171,76	21 102 718,30
Salaries, for external parties	47 378,59	108 428,48
Change of holiday pay provision	99 620,56	80 888,86
Profit sharing, incentive remuneration, change	-308 184,77	162 735,67
VaEL and TyEL contributions	3 426 907,76	3 588 144,29
Social security contributions	755 217,52	981 321,35
STAFF EXPENSES, TOTAL	25 080 111,42	26 024 236,95

Depreciation according to plan	2017	2016
Depreciation of intangible rights	156 397,66	156 361,64
Depreciation of roads and other land structures	40 799,67	47 276,18
Depreciation of buildings and structures	1 523 978,33	1 597 728,31
Depreciation of machinery, devices and equipment	89 967,78	177 066,12
Total	1 811 143,44	1 978 432,25

Depreciation according to plan, depreciation periods

Intangible rights, other long-term expenditure	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

Financial income and expenses	2017	2016
Interest income	4 305,40	2 504,06
Reduction in value of investments	-97 611,43	0,00
Interest expenses	-4 321,28	-7 823,56
Financial income and expenses in total	-97 627,31	-5 319,50

Financing for other operations from the State budget

Use of financing allocated for other operations in the State budget	2017	2016
Ministry of Agriculture and Forestry main title		
30.64.50 Certain Public Administrative Duties of Metsähallitus	6 143 347,23	5 439 137,09
Ministry of the Environment main title		
35.10.52 Public Administrative Duties of Metsähallitus	33 184 030,60	37 328 881,49
35.10.63 Acquisition of nature reserves (share of expenses)	25 907,95	37 678,03
Financing for other operations from the State budget, total	39 353 285,78	42 805 696,61
Other financing from the State budget	2017	2016
Administrative branch of the Ministry of Justice	793 466,79	733 218,33
Administrative branch of the Ministry of Education and Culture	30 528,50	94 766,41
Administrative branch of the Ministry of Economic Affairs and Employment	2 379 206,86	1 501 328,40
Administrative branch of the Ministry of Agriculture and Forestry	729 986,90	497 842,84
Administrative branch of the Ministry of the Environment	1 448 523,31	1 052 963,20
Other financing from the State budget	146 871,00	180 867,41
Elimination of investment subsidies	-1 203 083,62	-1 985 731,04
Other financing from the State budget, total	4 325 499,74	2 075 255,55
Financing for other operations from the State budget	43 678 785,51	44 880 952,16
Opening balance sheet 15 April, transfer to Other equities by a Government decision	-	1 121 045,66
Financing for other operations from the State budget	43 678 785,51	46 001 997,82

Transfer of profits to the change of Other equities

Government Decree 1368/2016, Section 5

The profit of the financial period for public administrative duties will be recorded in connection with the preparation of the financial statements.

	2017	2016
Profits before transfers within the financial statements	-2 113 847,53	-910 495,47
Transfer of the profits to Other equities	2 113 847,53	0,00
Profit/loss for financial period	-	-910 495,47

7.4.2 Complementary notes to the balance sheet

Asset item 2017	Intangible assets	Land and water areas	Roads, land and water structures	Buildings and structures	Machinery, equipment and other tangible assets	Unfinished tangible projects	Shares and holdings	Total
EUR 1,000								
on 1 January Acquisition cost before entering subsidies as acquisition cost deductions	1302	941 610	2 965	55 757	7 417	2 146	13 104	1 024 301
on 1 January Subsidies received	-305	0	-1 102	-8 552	-316	-2 114	0	-12 389
on 1 January Acquisition cost	997	941 610	1 863	47 205	7 101	32	13 104	1 011 912
Acquisition cost increases	3	21 824	528	2 203	225	290	0	25 073
Subsidies received during the financial period	0	0	-528	-1 244	-183	-237	0	-2 192
Decreases	0	-195	0	-375	-294	0	-98	-962
31.12. Acquisition cost	999	963 239	1 863	47 789	6 850	85	13 006	1 033 832
on 1 January Accumulated depreciation before the depreciation of subsidies	740	0	1 745	28 109	7 051	0	0	37 645
on 1 January Depreciation of received subsidies	-98	0	-94	-876	-105	0	0	-1 173
on 1 January Accumulated depreciation	642	0	1 651	27 233	6 946	0		36 472
Accumulated depreciation relating to decreases and transfers	0	0	0	-368	-294	0		-662
Financial period depreciation before the depreciation of subsidies	233	0	95	1 927	170	0	0	2 424
Financial period depreciation from the subsidies received	-77	0	-54	-409	-79	0	0	-620
Depreciations during the financial year	156	0	41	1 149	-204	0	0	1 142
31.12. Accumulated depreciation	798	0	1 692	28 382	6 742	0	0	37 614
on 1 January Book value	354	941 610	212	19 972	155	32	13 104	975 439
on 31 December Book value	201	963 239	171	19 407	108	85	13 006	996 218

Shares and holdings, book value (EUR)	31.12.2017	31.12.2016
Shares in subsidiaries	12 267 500,00	12 365 111,43
Other shares	737 704,68	737 704,68
Interfaces	1 800,00	1 800,00
	13 007 004,68	13 104 616,11

Shares in subsidiaries (EUR)	31.12.2017	31.12.2016	
Kiinteistö Oy Järviluonnonkeskus, Rantasalmi holding-%	66,7	67 500,00	165 111,43
Nuuksiokeskus Oy holding-%	68,1	12 200 000,00	12 200 000,00
Shares in subsidiaries, total		12 267 500,00	12 365 111,43

Receivables from enterprise's business operations and enterprise's subsidiaries, EUR

	Subsidiaries 31.12.2017	31.12.2016	Business Operations 31.12.2017	31.12.2016	Total 31.12.2017	31.12.2016
Accounts receivable	20469,92	15 271,11	9 696,83	14 717,11	30 166,75	29 988,22
Prepayments and accrued income	144429,36	79 587,58	5 957,60	231 036,14	150 386,96	310 623,72
Group internal receivables in total	164899,28	94 858,69	15 654,43	245 753,25	180 553,71	340 611,94

Prepayments and accrued income, EUR	31.12.2017	31.12.2016
Life projects, accrued income	739 219,68	711 753,39
EU Structural Fund projects, accrued income	2 512 452,94	1 150 135,08
Employment promotion programme projects, accrued income	0,00	0,00
Other accrued income	817 066,63	268 887,61
Other prepaid expenses, purchase invoices and others	224 622,20	207 006,36
External prepayments and accrued income, total	4 293 361,45	2 337 782,44

Equity for Parks & Wildlife Finland on 31 December 2017, EUR	31.12.2017	31.12.2016
Other equity on 1 Jan	977 009 010,43	1 197 874 890,09
Received by transfers of possession during the financial period	16 977 716,89	13 545 994,61
Transferred by transfers of possession during the financial period	0,00	-426,00
Changes in land use, decreases	-30 872,00	-226 206 640,78
Changes in land use, increases	5 143 933,93	2 020 890,83
Owner's investment (land areas, shares)	162 103,16	1 427 134,24
Correction of errors, other, increases	0,00	1 835,00
Profits of the financial period to Other equities		-11 654 667,56
Transfer of the profits of the previous financial period to Equities	-910 495,47	0,00
Transfer of the profits of the financial year to Equities	-2 113 847,53	0,00
Other equity on 31 Dec	996 237 549,41	977 009 010,43
Retained profits/losses		
Opening balance sheet 1 Jan	-910 495,47	-10 533 621,90
Retained profits/losses for previous financial periods on 31 Dec	910 495,47	10 533 621,90
Profit for the financial period 1 Jan-31 Dec	0,00	-910 495,47
Free equity on 31 Dec	0,00	-910 495,47
Equity in total on 31 Dec 2017	996 237 549,41	976 098 514,96

Advances received, EUR	31.12.2017	31.12.2016
Funded by the EU	4 259 355,20	914 971,15
From the Ministry of the Environment	1 670 680,99	1 808 001,04
From the Ministry of Agriculture and Forestry	354 345,92	983 693,15
Other	409 305,66	399 452,01
Total	6 693 687,77	4 106 117,35
Other liabilities (EUR)	31.12.2017	31.12.2016
Deposits received	6 500,00	5 500,00
Total	6 500,00	5 500,00

Debts to enterprise's business operations and enterprise's subsidiaries

	Subsidiaries		Business Operations		Total	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Accounts payable	167 987,46	113 158,46	322 122,96	42 501,67	490 110,42	155 660,13
Other liabilities	0,00	0	0	0	0,00	0,00
Accruals and deferred income	0,00	1 523,10	327 452,62	25 150,00	327 452,62	26 673,10
Group internal debts in total	167 987,46	114 681,56	649 575,58	67 651,67	817 563,04	182 333,23

Other liabilities	31.12.2017	31.12.2016
Withholding tax debt	371 452,37	405 050,05
Social security contribution debt	17 837,44	35 589,63
Membership fee debt	7 677,16	8 931,03
Value-added tax debt	34 270,32	359 145,51
Other	169 105,66	-118 975,42
	600 342,95	689 740,80

Accruals and deferred income (EUR)	31.12.2017	31.12.2016
Amount of debt not paid to the State	615 149,19	453 087,50
Holiday pay liabilities, including social security expenses	4 831 539,31	4 721 628,96
Bonus liabilities, including social security expenses	454 614,46	874 830,25
Other accruals and deferred income	124 579,40	1 215 523,40
External accruals and deferred income, total	6 025 882,36	7 265 070,11

Amount of debt not paid to the State	31.12.2017	31.12.2016
Vael debt	378 633,74	401 120,19
Unemployment insurance contributions	236 515,45	51 967,31
Total	615 149,19	453 087,50

7.4.3 Contingent liabilities, personnel and changes to fixed assets

Contingent liabilities (MEUR)	2017	2016
Leasing liabilities		
paid during the financial year	0,749	0,865

The leasing contracts include a redemption clause after the residual value reaches the agreed level. The contracts can be terminated with 3 months' notice.

Number of employees, person-years	2017	2016
Supervisors	530	548

Changes to fixed assets Increases	NUMBER	CHANGE, LAND AREA	CHANGE, WATER AREA	CHANGE, BALANCE SHEET VALUE
3022 Redemption	1	18,91	0,00	756,40
3010 Capital transfer tax	1	0,00	0,00	480,00
3026 Commercial transaction for nature conservation purposes	1	65,00	0,00	12 000,00
3034 Exchange for nature conservation purposes	2	40,90	0,00	190 000,00
3036 Exchange of areas	1	0,14	0,00	170,00
3042 Transfer of possession for nature conservation purposes	298	4 802,32	568,69	15 990 271,25
3060 Change of land use (P&WF to Public Administrative Duties)	3	8 695,60	1 134,90	5 048 112,00
3090 Internal commercial section (MT to P&WF)	2	91,06	0,00	190 000,00
Total	309	13 713,93	1 703,59	21 431 789,65

Changes to fixed assets Decreases	NUMBER	CHANGE, LAND AREA	CHANGE, WATER AREA	CHANGE, BALANCE SHEET VALUE
3022 Lunastus	12	-0,87	0,00	-4 683,00
3034 Vaihto luonnonsuojelutarkoitukseen	2	-91,06	0,00	-190 000,00
3036 Tilusvaihto	1	-0,14	0,00	-170,00
Total	15	-92,07	0,00	-194 853,00

7.4.4 Financing allocated from the State budget to the Parks & Wildlife Finland

Budget account (EUR)	SB 2017	Business operations area 2017	Budgets in total, 2017	Transferred from 2016	Available in 2017	Net use 2017	Transferred to 2018
30.64.50 Certain Public Administrative Duties of Metsähallitus (MAF)	5 514 000	0	5 514 000	983 693	6 497 693	6 143 347	354 346
35.10.52 Public Administrative Duties of Metsähallitus (ME)	32 656 000 ¹	0	32 656 000	1 845 111	34 501 111	33 184 031	1 317 080 ²
35.10.63 Acquisition of nature reserves (ME)	500 000	0	500 000	7 869	507 869	188 011	319 858
Financing allocated in the budget, total	38 670 000	0	38 670 000	2 836 674	41 506 674	39 515 389	1 991 285
Investment funding entered in Equities is deduced directly						162 103	
The invoiced separate financing netted off to funding types are added						0	
Other financing from the State budget						4 325 500	
Financing from the State budget, total						43 678 786	

¹ Appropriation allocated from the Ministry of the Environment article 35.10.52 includes EUR 3.0 million of appropriations allocated in the 2016 budget, which was paid in 2017.

² Transferred to 2018, mainly committed from the appropriation to various projects according to the TA16 and TA17 decisions.

Statement of expenditure and income by budget account

Ministry of the Environment, art. 35.10.52	Outcome 2017	Outcome 2016
Pay expenditure	2 943 051,45	2 846 233,03
Other consumption expenditure	3 875 235,19	3 485 000,86
Other investments	149 297,10	11 187,51
Income (mainly sale of seeds)	-802 686,51	-888 284,31
Other invoiced funding	-21 550,00	-15 000,00
Net use	6 143 347,23	5 439 137,09

Ministry of the Environment, art. 35.10.52	Outcome 2017	Outcome 2016
Pay expenditure	14 597 052,77	17 019 282,42
Other consumption expenditure	18 184 891,15	18 906 046,77
Other investments	968 719,85	1 972 911,69
Income	-24 305,27	-16 935,50
Other invoiced funding	-542 327,91	-517 476,11
Net use	33 184 030,59	37 363 829,27

Ministry of the Environment, art. 35.10.63	Outcome 2017	Outcome 2016
Pay expenditure	0,00	128,92
Other consumption expenditure	26 492,20	50 239,11
Other investments	0,00	0,00
Income	-584,25	0,00
Land acquisition expenses, total	25 907,95	50 368,03
Land acquisition investments and sales	162 103,16	1 610 015,64
Net use	188 011,11	1 660 383,67

7.4.5 Financing external to the State budget

Income by funding source	Outcome 2017	Outcome 2016
European Regional Development Fund	1 006 356,62	349 590,72
European Environmental Fund (Life)	1 244 140,94	1 155 895,28
Other EU funding	35 441,14	126 629,32
Other providers of funds	1 314 855,81	1 131 250,30
Elimination of investment subsidies	-988 702,88	-407 838,21
Total	2 612 091,63	2 355 527,41

The breakdown includes financing items recorded under Other income (excluding items internal to the enterprise). The majority of items under Other income consists of financing portions for jointly funded projects.

7.4.6 Cost relatedness calculations

Principles of cost relatedness calculations

Cost relatedness calculations are based on the provision in Section 8 of Government Decree 1368/2016. The cost calculation model is based on the general principles to follow in cost relatedness calculations published in the State accounting handbook. The distribution of expenses by process was calculated based on the accounting data, using cost centre grouping where process distribution is followed. Cost relatedness calculations were made based on the matching principle and cost relatedness principles based on accounting and the regular monitoring of the use of working hours.

In cost calculations, all pay expenditure is targeted to duties proportionately to the use of working hours. The immediate working hours for paid activities are

targeted directly to groups of deliverables. Indirect working hours and other costs are targeted in proportion to direct working hours. Direct working hours used for paid activities were a total of 13.11 per cent (14.06% in 2016) of the entire labour input.

In the calculation of the capital cost for paid activities, the proportion of direct working hours to total labour input was used. The interest rate determined by the State Treasury was used. For 2017, it was 0.0 per cent (0.2% in 2016).

The turnover describing the profits from paid activities is presented in section 7.4.1, Complementary Notes to the Profit and Loss Account, and its table, Turnover by business unit.

Cost relatedness calculations for paid activities 2016–2017

Public law deliverables operations (EUR 1,000)	Field of ME		Field of MAF		Deliverables, total	
	Outcome 2017	Outcome 2016	Outcome 2017	Outcome 2016	Outcome 2017	Outcome 2016
Income	195	202	2 935	3 047	3 130	3 249
Staff expenses	81	25	1 310	1 737	1 391	1 762
Other separate expenses	46	38	2 064	1 337	2 110	1 375
Depreciation and interest	8	2	124	146	131	148
Share of joint expenses	10	6	162	407	172	413
Total expenditure	145	71	3 660	3 627	3 804	3 698
Cost relatedness	51	130	-724	-580	-674	-449
Cost relatedness (%)	74 %	283 %	80 %	84 %	82 %	88 %

Deliverables priced based on business operations (EUR 1,000)	Field of ME		Field of MAF		Deliverables, total	
	Outcome 2017	Outcome 2016	Outcome 2017	Outcome 2016	Outcome 2017	Outcome 2016
Income	5 315	5 014	2 600	2 540	7 914	7 554
Staff expenses	1 226	1 085	645	896	1 871	1 981
Other separate expenses	2 079	1 818	1 364	1 445	3 443	3 263
Depreciation and interest	116	91	61	75	177	166
Share of joint expenses	152	254	80	210	232	464
Total expenditure	3 572	3 249	2 150	2 626	5 722	5 875
Cost relatedness	1 743	1 765	450	-86	2 193	1 679
Cost relatedness (%)	149 %	154 %	121 %	97 %	138 %	129 %

Deliverables based on individual legislation (EUR 1,000)	Field of ME		Field of MAF		Deliverables, total	
	Outcome 2017	Outcome 2016	Outcome 2017	Outcome 2016	Outcome 2017	Outcome 2016
Income	207	249	155	275	362	524
Staff expenses	60	183	36	11	97	194
Other separate expenses	1		57	48	59	48
Depreciation and interest	6	15	3	1	9	16
Share of joint expenses	7	43	4	3	12	45
Total expenditure	75	241	102	62	176	303
Cost relatedness	132	8	53	213	185	221
Cost relatedness (%)	276 %	103 %	153 %	444 %	205 %	173 %

Annex: Quantitative objectives and their attainment and other key figures

IMPACT OBJECTIVES AND THEIR DEVELOPMENT

Impact objective/indicator	Implementation 2015	Implementation 2016	Objective 2017	Implementation 2017
Rewilding and management (hectare)	5 670	5 738	5 530	5 746
Rewilding of mires, state conservation areas (hectares)	702	923		540
Rewilding of heathland forests, state conservation areas (hectares)	639	148		142
Management and restoration of other valuable habitats state conservation areas (hectares)	107	248		351
Rewilding and management, private conservation areas (hectares)		89		119
Continuous management of traditional biotopes, state conservation areas (hectares)	4 222	4 330		4 594
Species occurrence checks (pcs)	2 755	8 536	3 450	6 409
Occurrence checks for species in need of urgent protection, special protection and covered by a directive (pcs), excl. species for which MH is liable	936	6 361		4 469
Mammal and bird sites under observation for which MH is liable (pcs)	1 819	2 175		1 940
Habitat inventories (hectares)				
Terrestrial nature type inventories, state conservation areas (hectares)	25 598	10 174		12 436
Terrestrial nature type inventories, private conservation areas (hectares)	9 948	3 461		2 025
Number of NATA-assessed Natura sites per year	44	269		535
Number of maintenance books created for strategic cultural asset sites (pcs)		10	10	10
Number of game and fisheries supervision events	10 287	11 278	11 000	10 791
Number of permits sold	125 184	138 518	135 000	136 702
Hunting permits (pcs)	56 489	56 659	50 000	53 962
Fishing permits (pcs)	68 659	81 859	85 000	82 740
Fisheries management fees (number of annual fishing permit holders)	60 458	205 170	215 000	192 360
Customer satisfaction among hunting permit holders (scale 1–5)	3,8	3,7		3,7
Customer satisfaction among fishermen (scale 1–5)	3,7	3,8		3,7
Number of rental agreements for hunting and fishing areas	3 387	3 442		3 414
Number of wilderness recreation days for hunting and fishing customers	350 000	370 000	350 000	405 000
The total impact of the revenue from hunting and fishing customers on the local economy (MEUR)	39,3	40,6	42,0	42,7
The total impact of the revenue from visitors to nature reserves on the local economy (MEUR)	191	232	217	258
Customer satisfaction among visitors to nature centres and field services (scale 1–5)	4,30	4,33		4,34
Numbers of visitors to nature sites and cultural sites:	5 297 200	5 746 600		5 948 500
Visits to national parks	2 634 600	2 811 200		3 104 700
Visits to state-owned hiking areas	275 400	319 600		237 900
Visits to visitor centres	1 032 700	1 130 900		1 198 900
Visits to historical sites	722 400	837 400		730 800
Other popular sites	632 100	647 500		676 200

Number of customers using guidance services in groups	85 871	89 458		77 224
Online service users The total impact of the revenue from hunting and fishing customers	1 986 001	2 704 225		3 007 483
Luontoon.fi (Nationalparks.fi) online service users	1 497 746	1 840 597		2 067 366
Suurpedot.fi online service users	94 862	155 112		213 000
Eräluvut.fi users	393 393	708 516		727 117
Retkikartta.fi (Excursionmap.fi) online service sessions	3 196 033	3 685 986	3 470 000	4 029 148
Valid cooperation agreements with tourism companies (pcs)	512	518		606
Snowmobile track permits (pcs)	5 148	5 047		7 328
Cross-country traffic permits outside tracks (pcs)	2 249	4 927		8 076

OTHER KEY FIGURES

Other key figures, Ministry of the Environment	31.12.2015	31.12.2016	31.12.2017
Management of national parks (pcs)	39	39	40
Management of other nature reserves (pcs)	662	674	763
Management of national parks (hectares)	989 000	990 000	1 002 000
Management of other nature reserves (hectares)	763 000	764 000	993 000
Management of other nature conservation sites (hectares)	1 016 000	1 045 000	821 000
Management of wilderness (12 pcs) areas (hectares)	1 489 000	1 489 000	1 489 000
Protection of the occurrence of species in need of special protection (pcs)	4 797	5 216	5 563
Protection and other endangered species and the occurrences of species protected under the EU Habitats Directive (pcs)	21 253	20 882	24 257
Antiquities (pcs)	2 178	2 267	2 269
Protected buildings (pcs)	343	356	383
Nature centres and other customer service points (pcs)	28	27	25
Guidance structures (pcs)	2 238	3 009	2 529
Wilderness and rental huts (pcs)	299	322	321
Rest area structures (pcs)	1 771	2 036	1 933
Boating structures (pcs)	244	512	356
Dry toilets and other waste management facilities (pcs)	1 336	1 323	1 489
Firewood management structures (pcs)	967	1 069	1 062
Hiking and nature trails (km)	4 141	4 462	4 539
Ski tracks (km)	1 236	1 517	1 569
Boating routes (km)	281	430	454
Snowmobile tracks (km)	2 298	1 789	1 764
Other key figures, Ministry of Agriculture and Forestry			
Number of State hiking areas (pcs)	6	6	5
Surface area for State hiking areas (hectares)	33 000	33 000	24 000
Surface area for other sites reserved for hiking and recreation (hectares)	132 000	92 000	92 000
Guidance structures (pcs)	1 504	1 004	1 469
Wilderness and rental huts (pcs)	110	99	97
Rest area structures (pcs)	1 100	871	920
Boating structures (pcs)	298	59	227
Dry toilets and other waste management facilities (pcs)	886	738	760
Firewood management structures (pcs)	681	596	579
Hiking and nature trails (km)	2 938	1 846	1 619
Ski tracks (km)	1 321	687	627
Boating routes (km)	785	294	262
Snowmobile tracks (km)	4 460	2 191	1 942

Signature of Separate Financial Statements and Auditor’s Marking

METSÄHALLITUS

0116726-7

Signature of the Parks & Wildlife Finland separate financial statements and report 1 January–31 December 2017

Vantaa, 28 February 2018

Timo Laitinen
Chair

Kai Kaatra
Vice Chair

Johanna Ikäheimo
Board member

Pertti Itkonen
Board member

Simo Rundgren
Board member

Tuija Soanjärvi
Board member

Helena Säteri
Board member

Liisa Tyrväinen
Board member

Timo Tanninen
Executive Director for Parks & Wildlife Finland

A report on the performed audit has been issued today.

Helsinki, on . 2018

KPMG Oy Ab
Jorma Nurkkala,
Authorised Public Accountant,
Chartered Public Finance Auditor

KPMG Oy Ab
Heikki Ruosteenoja,
Authorised Public Accountant,
Chartered Public Finance Auditor

List of accounts and material

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Stock accounts

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VAT statements	Electronic
Memo statements	Paper statements and electronic statements
Note statements	Paper statements and electronic statements

SAP system reports have been extracted separately from the material:

Balance sheet and profit and loss account, main ledgers (accounting and internal calculations), journals (accounting and internal calculations) as well as event lists and open listings from the sales and purchase ledger, saved in a long-time archive in the MH network.

Auditor's Report

To the Government

Report on the Audit of Financial Statements

OPINION

We have audited the financial statements of Metsähallitus (business identity code 0116726-7) for the year ended 31 December, 2017. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the Group, parent public utility, business operations and public administrative functions as well as for the parent public utility.

In our opinion, the financial statements and the consolidated financial statements have been prepared in accordance with the rules and regulations applicable to the preparation of financial statements and give a true and fair account of the operations, finances, financial performance and financial responsibilities during the financial period.

Metsähallitus' corporate governance has been compliant with the Act on Metsähallitus and the decisions taken by Parliament, the Government and ministries, as well as other steering decisions.

Internal control and audits have been appropriately organised in Metsähallitus.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practices in Finland. Our responsibilities under good auditing practice are further described under Auditor's responsibilities in the audit of financial statements. We are independent of the parent public utility, the business operations and business operations' group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS, MANAGING DIRECTOR AND DIRECTOR OF PARKS & WILDLIFE FINLAND RELATING TO THE FINANCIAL STATEMENTS

The Board of Directors, Managing Director and Director

of Parks & Wildlife Finland are responsible for the preparation of the financial statements and reports of the Board of Directors, which give a true and fair account in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors, Managing Director and Director of Parks & Wildlife Finland are also responsible for such internal control as they deem necessary to enabling the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors, Managing Director and Director of Parks & Wildlife Finland are responsible for assessing the parent public utility and the Business Operations Group's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent public utility and the Business Operations Group's or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES IN THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 parent public utility's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent public utility's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Metsähallitus to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an

opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER REPORTING REQUIREMENTS

Other information

The Board of Directors, the Managing Director and Director of Parks & Wildlife Finland are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 28 February 2018

Jorma Nurkkala
Authorised Public Accountant,
Chartered Public Finance Auditor

Heikki Ruosteenoja
Authorised Public Accountant,
Chartered Public Finance Auditor