



METSÄHALLITUS

FINANCIAL STATEMENTS
AND ANNUAL REPORT
OF METSÄHALLITUS'
BUSINESS OPERATIONS
31 JAN 2011

Financial Statements and Annual Report of Metsähallitus' business operations 31 December 2011

Director General's Review	4
How to read the Financial Statements and Annual Report	7
Group and Enterprise.....	8
Profit and loss account	8
Balance sheet, assets.....	9
Balance sheet, equity and liabilities.....	10
Cash flow statement	11
Accounting principles for the Financial Statements 2011	12
Notes to profit and loss account	13
Notes to balance sheet	14
Other notes	16
Annual Report on Business Operations 1 Jan–31 Dec 2011	17
Members of Metsähallitus'	
Board of Directors 1 Apr 2011–31 Mar 2014.....	24
Business Group and Business Operations	25
Profit and loss account	25
Balance sheet, assets.....	26
Balance sheet, equity and liabilities.....	27
Cash flow statement	28
Notes to profit and loss account	29
Notes to balance sheet	30
Other notes	33



Last year, Metsähallitus enjoyed an excellent result. Turnover rose to a new record level and the operating profit remained unchanged. All operative business areas and subsidiaries earned a profit, which was an extraordinary achievement considering last year's market situation. The result for Natural Heritage Services was also excellent, with productivity increasing considerably - nearly 6%.

Top contributor of revenue for the State

Turnover for the entire Business Operations Group rose to EUR 369 million, which is EUR 1.5 million more than for the previous year. The operating profit amounted to EUR 113.0 million (2010: EUR 113.7 million). Profit for the financial year was EUR 103.8 million, which is EUR 1.5 million more than for the previous year.

In addition to Forestry, all operative units in the business portfolio—Laatumaa, Wild North, Morenia Oy, Fin Forelia Oy, Eräsetti Oy and Siemen Forelia Oy—were profitable and able to pay out dividends due to the excellent progress of the profitability improvement programme.

The other benefits generated by Metsähallitus' business operations further emphasise profitability. Taking these general social obligations into consideration decreased the operating profit by an estimated EUR 58 million, which is EUR 5 million more than in the previous year.

Metsähallitus has improved its business result considerably during the 2000s. The target for return on assets set by its owner—the State—has been exceeded to the extent that a new level of return has been achieved. Since 2005, the return on the investment percentage has nearly doubled to 4.2%.

The business operating profit has risen permanently to more than EUR 100 million. During the past five years, this level was

not met only once, in 2009. Even then, the operating profit was considered strong with reference to previous years.

In practical terms, Metsähallitus' entire result will be entered as income for the shareholder, and it is one of the top contributors of revenue for the State among state enterprises and public companies.

Long-term result in Forestry

Forestry reported an outstanding result at the end of the year, despite deteriorating market prospects and a drastic increase in transport costs. More than 5.8 million cubic metres of commercial timber was delivered, which is 0.3 million cubic metres less than in the previous year. The procurement of energy wood was consolidated, with a switch from the sale of harvesting rights to wood energy supply outlets. A record amount of energy wood was supplied in 2011: 520 MWh. This amount has quadrupled in four years and, in the years to come, an effort will be made to increase it by 20% each year.

A record amount—over EUR 50 million—was invested in forest management as well as in road construction and maintenance. Laser-scanned information on forest stands was adopted in planning work. The newly scanned area totalled approximately 900,000 hectares.

The management of harvesting and transport costs, as well as road network conditions, pose major challenges and require constant improvement. Indeed, special load-bearing harvesting equipment has been added for year-round harvesting. The first timber haulers equipped with CTI (Central Tyre Inflation) systems were brought into service last year.

In the timber cartel matter, a supplemental claim was filed with the Helsinki District Court in December. Metsähallitus is demanding compensation in the amount of EUR 159.4 million

from the Metsä Group, Stora Enso and UPM-Kymmene for damages caused by the cartel.

Natural Heritage Services steadily improves its productivity

Total funding for Natural Heritage Services rose from EUR 50.2 million to EUR 51.7 million, due to, for example, an increase in EU project funding. The overall productivity of Natural Heritage Services increased over the 2010 and 2009 levels. The future also looks bright: the Finnish Government's (which began its term in June 2011) action plan secures the funding and funding mechanisms for Natural Heritage Services.

During the year under review, the Finnish Parliament issued rulings on two new national parks: Bothnia Sea and Sipoonkorpi.

State investments in popular nature tourism services provide a return many times over to the general public. On average, the amount of money spent by visitors to national parks is approximately 10 euros for each euro invested in the park's nature tourism services. This tourism revenue is on the rise: in 2011, visitors to national parks, national hiking areas and seven other nature destinations injected approximately EUR 170 million into the local economy, which represents a 20% increase over the previous year.

The number of visits made to national parks increased from 1.98 million to 2.09 million. The number of hunting permits sold increased by 20%: 45,000 hunting permits and 74,000 fishing permits were sold.

Growing stocks of grouse allowed for an increase in the sale of small-game hunting permits. Our goal is to preserve wood grouse, black grouse, willow grouse and hazel grouse stocks on state lands so that they can be hunted sustainably. An excellent foundation for this starts with taking grouse habitats into consideration in processing forests as well as active game management in, for example, the restoration of marshes. Positive developments on the wilderness front also include a confirmed reduction in the poaching of big game.

The development of websites was continued. Their popularity, such as outdoors.fi and excursionmap.fi, is on the rise. Also game and fisheries services are being more widely offered as mobile permits and via the Internet. This includes tracking systems, which also serve game and fish stock management on state lands.

New forms of tourism

The long-running investigation into incorporating the tour-

ism business was finally concluded at the end of the year. Wild North's wilderness hut and rental cabin business was transferred to the Laatumaa organisation at the beginning of 2012, while corporate clients and programme services were transferred to Eräsetti Oy. The sale of hunting and fishing permits will be transferred to Natural Heritage Services' game and fisheries operations at the beginning of 2013.

A majority of the Wild North employees will be transferred to Laatumaa, with others going to Natural Heritage Services. The restructuring was done for financial and personnel policy reasons.

The wind-power project made significant progress. Laatumaa has several projects underway, which will achieve profitability in just a couple years.

Balancing various interests as a core operation

Balancing various interests and forms of use is a core Metsähallitus function in commercial forests and protected areas. Despite growing pressure to perform, Metsähallitus has succeeded well in this endeavour. The revised Environmental Guidelines for Forestry, which is the result of extensive co-operation, outlines the sustainable use of benefits gained from the forest from an ecosystem services standpoint. WWF Finland was also involved in the project.

Participative planning plays a key role in the use of areas, both multi-objectively and in a way that balances various interests. Using a variety of plans, an effort is being made to find synergies in area use in terms of recreational use, biodiversity, reindeer husbandry, cultural sustainability and other social objectives. In the natural resource planning of extensive areas, it was once again possible to simultaneously indicate additional felling opportunities as well as improve the conditions for multiple forest uses.

Realisation of the METSO programme went according to plan. Key themes were the surveying and enhanced protection of wilderness areas, investigating the interconnectedness of areas and a landscape ecological examination of lands transferred from the Finnish Forest Research Institute to Metsähallitus. The inventorying of cultural heritage sites in accordance with the National Forest Programme continued over an area covering approximately 800,000 hectares of commercial forest. Some 2,000 sites were surveyed.

An uptick in mining activity was also evident at Metsähallitus. Metsähallitus facilitated the issuing of research permits, which are granted with landowner permission, and the procedures are being further refined.

Forerunner in wood construction

Metsähallitus promoted wood construction in an impressive manner. In June, the city of Rovaniemi saw the opening of the new Pilke Science Centre, whose wood structure and an exhibition showing the innovative and sustainable use of natural resources received a number of accolades, ranging from the Wood Award to Puuinfo Oy's Wood Structure of the Year 2011 Award.

Metsähallitus received the Sports Design award at the Finnish Sports Gala, which was held at the beginning of 2012. Our recreational services "everyday design" and impressive wood architecture projects were on display.

During the year under review, two large-scale, wood-construction nature centre projects were launched: Finnish Nature Centre Haltia, which is being erected adjacent to the Nuukio National Park near Helsinki, and the Pyhä-Luosto Visitor and Culture Centre Naava in Lapland. An office building opened in Pudasjärvi in Northern Finland represented a more traditional wood construction. The office building will house some twenty Metsähallitus employees. Energy-efficiency was also emphasised in all our wood-construction projects.

Controlled and cost-effective decentralisation

Metsähallitus operations are a model of regionalisation. A regionally decentralised organisation is the lifeblood of our operations and expertise is the deciding factor in internal recruiting, not place of residence. At the same time, we have been able to improve the efficiency of our decentralised organisation. Thanks to advanced remote connections, excellent management and a flexible organisation, we were able to reduce travel and telephone costs by EUR 600,000 last year, which is approximately 6% less than the previous year. When savings in working hours are included, the total savings amount to more than EUR 1 million.

This is an outstanding achievement. Co-operation between different business units is the cornerstone of our operations. Co-operative meetings across business unit boundaries and other interaction are needed. Thanks to meetings that make use of information networks, these essential connections can be main-

tained even more cost-effectively. In addition to savings, this also improves employee well-being, with less strain caused by travel.

Substantial increase in contributions

The Government savings programme has a major impact on Metsähallitus. During the current administration, Metsähallitus' contributions to the State will be increased by EUR 20 million from the current EUR 100 million. Indeed, profitability must continue to be improved, because the profit level specified in the shareholder policy in January 2012 is expected to rise above EUR 120 million.

Some of the targets can be achieved by realisation of Metsähallitus property. Huts and cabins used in the tourism business, isolated forest estates and other properties will be sold to a greater extent than previously, depending on demand. This further emphasises the importance of Laatumaa. An increase in profit targets also poses challenges to the harmonisation of various interests and forms of use in forestry.

The financial goal specified by the State is set high, particularly when political solutions concerning Metsähallitus' future operating model have yet to be realised. Metsähallitus employees have worked under uncertain future prospects for several years already. It is for this reason that we must give so much weight to the record result we have achieved. Despite a delay in legislative reform, job satisfaction and motivation have remained strong and our personnel have posted outstanding results in all business units.

The new, recently drafted shareholder policy brings a much sought-after impetus for the continued development of Metsähallitus. We will be re-examining our strategy in the spring of 2012. Metsähallitus hopes that there will be harmony between the new law and the operating model that complies with it, as well as a solution that promotes synergies between different areas of the State in a way that ensures the requirements for business development and sufficient funding for Natural Heritage Services.

Jyrki Kangas
Director General

Financial Statements 31 December 2011

METSÄHALLITUS GROUP

Business operations

Forestry
Laatumaa
Wild North
Service Centre
Group Services

Natural Heritage Services

Nuuksiokeskus Oy 66.6%
Kiinteistö Oy Järviluonnon keskus 66.7%

Business Operations – subsidiaries and associated undertakings

Metsähallitus Holding Oy 100%
Siemen Forelia Oy 100%
Fin Forelia Oy 57%
Morenia Oy 100%
 Morenia Baltic OÜ 100%
 E. Hyvönen Oy 100%
Eräsetti Oy 100%
Eesti Metsataim AS 40%

Business operations

+

Natural Heritage Services



ENTERPRISE METSÄHALLITUS

Business operations

+

Business Operations – subsidiaries and associated undertakings



BUSINESS OPERATIONS GROUP*

Business operations

+

Business Operations – subsidiaries and associated undertakings

+

Natural Heritage Services



METSÄHALLITUS GROUP

*A criterion used in the external communications of Metsähallitus.

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (EUR)

	Group		Metsähallitus	
	1.1.-31.12.2011	1.1.-31.12.2010	1.1.-31.12.2011	1.1.-31.12.2010
TURNOVER	371 874 096.32	369 235 195.52	338 794 815.89	331 297 997.84
Variation in inventories of finished products and change in work in progress	962 203.14	-1 281 363.34	0.00	0.00
Other operating income	19 476 455.01	16 268 581.61	18 818 158.31	15 884 960.82
Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	12 633 169.76	10 621 157.51	11 313 482.33	8 705 446.15
Variation in inventories	-2 913 935.61	1 674 294.11	-2 461 951.92	306 842.94
External services	174 552 438.24	164 534 923.31	156 280 554.65	146 182 041.82
Staff expenses				
Wages and salaries	65 375 811.41	67 042 559.01	59 139 456.27	60 598 561.84
Social security expenses				
Pension expenses	12 016 712.68	12 505 297.19	10 935 044.76	11 392 570.08
Other social security expenses	2 930 041.79	3 083 145.64	2 620 229.02	2 742 815.89
Depreciation and reduction in value				
Depreciation according to plan	6 337 790.17	7 218 721.45	4 570 451.90	4 839 110.13
Other operating costs	45 491 117.99	43 008 365.86	41 036 963.07	38 955 704.38
Share of associated undertakings' profit/loss	22 430.14	4 334.87	0.00	0.00
OPERATING PROFIT	75 912 038.18	74 538 284.58	74 178 744.12	73 459 865.43
Financial income and expenses				
Income from other investments under non-current assets	124 345.02	120 496.62	124 130.02	162 127.09
Other interest and financial income	791 472.03	374 972.09	514 527.76	255 426.34
Interest and other financial expenses	647 352.65	464 143.64	438 762.13	190 211.47
Reductions in value of investments held as non-current assets	0.00	0.00	350 007.65	0.00
	268 464.40	31 325.07	-150 112.00	227 341.96
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	76 180 502.58	74 569 609.65	74 028 632.12	73 687 207.39
Financing for other operations from the State budget	34 267 695.08	37 810 756.03	34 267 695.08	37 810 756.03
Income taxes	9 014 881.36	11 100 571.64	9 013 312.76	11 097 749.34
Minority share	-82 477.60	-147 341.79	0.00	0.00
PROFIT FOR THE FINANCIAL YEAR	101 350 838.70	101 132 452.25	99 283 014.44	100 400 214.08

BALANCE SHEET

BALANCE SHEET (EUR)

	Group		Metsähallitus	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	400 216.30	145 429.33	77 742.50	92 774.59
Other capitalised long-term expenses	368 196.45	500 516.49	11 042.71	19 966.15
	768 412.75	645 945.82	88 785.21	112 740.74
Goodwill on consolidation	350 376.18	736 606.91	0.00	0.00
Tangible assets				
Land and water areas	3 656 761 838.30	3 632 343 132.54	3 649 975 509.06	3 625 475 845.11
Roads	15 677 140.17	11 621 492.49	15 464 665.36	11 365 491.16
Buildings and structures	52 602 525.70	54 796 813.00	47 341 015.20	49 075 022.73
Machinery and equipment	3 384 735.31	3 969 240.95	916 117.40	963 783.88
Other tangible assets	530 766.26	568 403.78	10 599.04	10 599.04
Advance payments and work in progress	12 116 820.46	9 583 935.22	8 365 699.41	8 562 825.38
	3 741 073 826.20	3 712 883 017.98	3 722 073 605.47	3 695 453 567.30
Investments				
Shares in Group's subsidiaries	0.00	0.00	35 849 632.17	35 992 132.17
Holdings in associated undertakings	1 768 818.86	1 746 381.52	2 199 957.20	2 199 950.00
Other shares and holdings	2 107 201.52	1 980 258.68	1 997 439.12	1 868 898.28
Other receivables	22 300.00	22 300.00	0.00	0.00
	3 898 320.38	3 748 940.20	40 047 028.49	40 060 980.45
NON-CURRENT ASSETS IN TOTAL	3 746 090 935.51	3 718 014 510.91	3 762 209 419.17	3 735 627 288.49
CURRENT ASSETS				
Inventories				
Finished products	30 579 020.75	26 919 873.00	15 545 688.46	13 083 736.54
Work in progress	1 052 334.37	835 343.37	0.00	0.00
	31 631 355.12	27 755 216.37	15 545 688.46	13 083 736.54
Receivables				
Non-current				
Other receivables	148 588.86	218 968.21	0.00	0.00
Prepayments and accrued income	0.00	0.00	0.00	0.00
Current				
Accounts receivable	33 447 039.41	41 930 667.31	28 980 695.83	39 022 088.55
Receivables from Group's subsidiaries	0.00	0.00	222 503.78	423 420.69
Receivables from associated undertakings	1 285.17	1 333.97	0.00	0.00
Other receivables	1 268 068.22	675 891.56	163 067.17	184 333.14
Prepayments and accrued income	7 283 364.66	3 331 108.91	6 032 389.21	2 987 622.04
	41 999 757.46	45 939 001.75	35 398 655.99	42 617 464.42
Securities	4 859 961.56	1 000 000.00	0.00	0.00
Cash in hand and at banks	20 275 671.46	70 362 045.35	13 375 823.53	55 669 918.23
CURRENT ASSETS IN TOTAL	98 915 334.46	145 275 231.68	64 320 167.98	111 371 119.19
ASSETS IN TOTAL	3 845 006 269.97	3 863 289 742.59	3 826 529 587.15	3 846 998 407.68

BALANCE SHEET

BALANCE SHEET (EUR)

	Group		Metsähallitus	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
EQUITY AND LIABILITIES				
EQUITY				
Basic equity	2 547 374 982.87	2 553 491 109.57	2 547 374 982.87	2 553 491 109.57
Other equity	1 100 167 732.20	1 074 428 035.06	1 100 167 732.20	1 074 428 035.06
Retained earnings	25 863 562.82	21 158 110.57	30 956 284.54	26 983 070.46
Profit for the financial year	101 350 838.70	101 132 452.25	99 283 014.44	100 400 214.08
EQUITY IN TOTAL	3 774 757 116.59	3 750 209 707.45	3 777 782 014.05	3 755 302 429.17
MINORITY HOLDINGS	10 830 280.62	11 524 476.42	0.00	0.00
PROVISIONS				
Other provisions	588 506.39	3 475 640.11	200 000.00	1 300 000.00
LIABILITIES				
Non-current				
Loans from financial institutions	2 630 000.00	2 770 000.00	0.00	0.00
Other liabilities	547 220.00	746 747.46	39 651.40	45 564.59
Current				
Loans from financial institutions	1 716 188.81	1 287 544.23	0.00	0.00
Advances received	8 335 477.77	16 426 829.89	7 780 232.41	15 436 395.59
Accounts payable	13 079 648.65	13 124 292.59	9 948 571.41	11 767 869.62
Payables to Group's subsidiaries	0.00	0.00	1 947 093.63	3 456 899.21
Payables to associated undertakings	0.00	104 287.50	0.00	0.00
Other liabilities (incl. interest-bearing)	818 148.64	2 787 318.54	-259 947.84	1 058 007.00
Accruals and deferred income	31 691 379.48	60 822 550.11	29 091 972.09	58 631 242.50
Deferred tax liabilities	12 303.02	10 348.29	0.00	0.00
LIABILITIES IN TOTAL	58 830 366.37	98 079 918.61	48 547 573.10	90 395 978.51
EQUITY AND LIABILITIES IN TOTAL	3 845 006 269.97	3 863 289 742.59	3 826 529 587.15	3 846 998 407.68

CASH FLOW STATEMENT

CASH FLOW STATEMENT (EUR)

	Group		Metsähallitus	
	1.1.–31.12.2011	1.1.–31.12.2010	1.1.–31.12.2011	1.1.–31.12.2010
CASH FLOW FROM BUSINESS OPERATIONS				
Payments from sales	368 384 544.50	359 548 900.16	338 336 195.17	321 770 027.34
Payments from other operating income	4 105 382.68	7 894 120.18	4 165 759.53	7 240 151.66
Payments from operating charges	-316 768 142.19	-295 090 171.60	-283 234 399.50	-262 054 965,68
Cash flow from business operations, before financial items and taxes	55 721 784.99	72 352 848.74	59 267 555.20	66 955 213.32
Interest and other financial expenses	-647 352.65	-464 143.64	-438 762.13	-190 211.47
Interest income from business operations	791 472.03	374 972.09	514 527.76	255 426.34
Dividends received	124 345.02	120 496.62	124 130.02	162 127.09
Direct taxes	-9 012 926.64	-11 100 571.64	-9 013 312.76	-11 097 749.34
Cash flow from business operations	46 977 322.75	61 283 602.17	50 454 138.09	56 084 805.94
INVESTMENTS				
Purchase of environmental protection areas, shareholder investment	-564 348.55	-578 795.73	-564 348.55	-578 795.73
Purchase of fixed assets, funding by Ministry	-4 003 874.08	-939 072.97	4 003 874.08	-939 072.97
Purchase of fixed assets, funding by the EU	-795 101.52	-133 523.85	-795 101.52	-133 523.85
Purchase of fixed assets, other funding	-62 659.32	-158 810.35	-62 659.32	-158 810.35
Investments in tangible and intangible assets	-20 523 010.15	-23 415 489.26	-17 121 903.79	-22 325 766.71
Sale of tangible and intangible assets	20 210 472.15	17 768 539.76	20 001 022.40	17 127 125.65
Purchase of subsidiaries' shares	0.00	0.00	-1 650 007.65	-3 800 000.00
Purchase of associated undertakings' shares	-7.20	0.00	-7.20	0.00
Funding received for the construction of nature centres	4 495 136.52	0.00	4 495 136.52	0.00
Investments	-1 243 392.15	-7 457 152.40	-298 256.81	-10 808 843.96
FINANCING				
State's budget funding for other operations	34 267 695.08	37 810 756.03	34 267 695.08	37 810 756.03
Shareholder investment in/return on environmental protection areas and shares	-149 998.33	3 354 467.00	-149 998.33	3 354 467.00
Investment by Nuuksio Nature centre shareholders	0.00	1 160 000.00	0.00	0.00
Change in non-current loans from financial institutions	-125 271.02	-1 343 805.55	0.00	0.00
Change in other non-current, interest-bearing loans	-208 593.25	-15 853.73	0.00	0.00
Change in other non-current, non-interest-bearing loans	-5 663.19	46 064.59	-5 913.18	45 564.59
Change in current loans from financial institutions	539 155.01	-3 306 822.15	0.00	0.00
Change in other current, interest-bearing loans	-543 167.23	1 493 694.27	0,00	0,00
Change in Group loans to subsidiaries	0.00	0.00	-1 531 273.17	3 084 191,55
Return of capital to minority shareholders	-107 500.00	-86 000.00	0.00	0.00
Contribution to state revenue	-96 427 000.00	-85 884 000.00	-96 427 000.00	-85 884 000.00
Account debited on 3 Jan 2011	-29 200 000.00	29 200 000.00	-29 200 000.00	29 200 000.00
Financing	-87 465 206.41	-17 571 499.54	-88 551 353.08	-12 389 020.83
CHANGE IN LIQUID FUNDS	-46 226 412.33	36 254 950.23	-42 294 094.70	32 886 941.15
Liquid funds on 1 Jan	71 362 045.35	35 107 095.12	55 669 918.23	22 782 977.08
Liquid funds on 31 Dec	25 135 633.02	71 362 045.35	13 375 823.53	55 669 918.23
Change	-46 226 412.33	36 254 950.23	-42 294 094.70	32 886 941.15

The financial statements of the year 2010 have been prepared in accordance with the State Enterprise Act (1185/2002) and Government decrees 160/2004, 1402/2004 and 1403/2004.

FINANCING FOR PUBLIC ADMINISTRATION DUTIES FROM THE STATE BUDGET

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

VALUATION AND ALLOCATION PRINCIPLES

Valuation of fixed assets

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

After this, all assets transferred to or from the possession of the business operations without a consideration are measured in fair value in connection with the transfer. After the Enterprise has received a decision on the transfer of assets and an auditors' report, the assets are recorded to or from the asset account of the balance sheet. The counter item is "Equity adjustment" under "Other liabilities" of the balance sheet, from which the transfer to or from the basic equity is made after the Government has issued its decision on the change in basic equity capital.

Assets transferred to or from the possession of the public administration duties are remeasured to the book value of the releasing party.

The transfer of assets is recorded on the basis of the received transfer decision to or from the asset account of the balance sheet; the counter item is "Other equity" of the public administration duties.

Other non-current assets that can be depreciated are recorded in the balance sheet in acquisition cost, subtracted with depreciations according to plan.

Asset items are depreciated by the straight-line method over their estimated useful life.

Depreciations for decrease in substance have been made of the remeasured gravel resources.

Each year, the Enterprise assesses the difference between the balance sheet value and the fair value of assets, on the basis of which the balance sheet values are adjusted, if necessary.

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 at the end of the ac-

counting period, the difference is recorded as expense.

Financial assets

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

COMPARABILITY WITH THE PREVIOUS YEAR

Adjustments to the balance sheet and previous year's data

The method by which consolidated account receivables and liabilities for the Enterprise and its subsidiaries are presented was changed during the financial period. The parent enterprise presents total assets in the consolidated account under Cash and bank receivables and, correspondingly, assets in the satellite accounts of subsidiaries as short-term liabilities from subsidiaries. Similar changes have also been made to the balance sheet and financial calculations.

Comparability of data from the previous financial period

Calculated advances on timber sales and accommodations are no longer included under advances received and receivable accounts on the Enterprise and business year-end balance sheet.

Organisational restructuring

Tikkurila 2 Oy was merged with its affiliate company, Eräsetti Oy. Otherwise, the Group structure remained the same as in the previous year.

Items in foreign currency in the financial statements

There were no significant items in foreign currency to report in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All companies owned at the end of the year are included in the consolidated financial statement. The consolidated financial statements have been prepared using the purchase method. The difference between the acquisition cost of subsidiaries and the equity corresponding to the acquired holdings is presented as goodwill, which is depreciated in five years.

Associated undertakings have been consolidated using the equity method. The Group's share of the profit/loss of the associate undertakings determined by the Groups holding is presented as a separate item before the item "Operating profit".

Internal Group transactions as well as internal Group receivables and liabilities have been eliminated. Minority holdings have been separated from the equity and profit and presented as a separate item in the consolidated profit and loss account and balance sheet.

There were no significant items in foreign currency to report in the financial statements.

During the financial period, Metsähallitus wrote down the book value of its holdings in the subsidiary, Metsähallitus Holding Oy by EUR 1.65 million, also entering a statutory reserve of EUR 1.3 million for this purpose.

Morenia Oy has written down the book value of its holdings in the subsidiary E.Hyvönen by EUR 250,000.

NOTES TO PROFIT AND LOSS ACCOUNT

NOTES TO PROFIT AND LOSS ACCOUNT (mill. EUR)

Turnover by business unit	Group		Metsähallitus	
	2011	2010	2011	2010
Forestry and related services	320.9	314.7	321.3	315.1
Nature tourism	8.2	6.5	3.4	3.4
Seed and seedling production	7.6	9.7	0.0	0.0
Land and plot sales	4.8	4.7	4.8	4.7
Sale of soil resources, rock-crushing business	21.5	25.9	0.0	0.0
Other	8.9	7.7	9.3	8.0
Total	371.9	369.2	338.8	331.3
Other operating income				
Gains on the sale of fixed assets	14.7	12.4	14.7	12.2
Other income	4.8	3.9	4.2	3.7
Total	19.5	16.3	18.8	15.9
Depreciation according to plan				
Intangible assets	0.3	0.3	0.1	0.1
Depreciation for decrease of substance	0.2	0.9	0.1	0.7
Roads	0.6	0.5	0.6	0.4
Buildings and structures	3.8	4.1	3.4	3.2
Machinery and equipment, other tangible assets	1.0	1.1	0.4	0.5
Goodwill on consolidation	0.4	0.3	0.0	0.0
Total	6.3	7.2	4.6	4.8
Depreciation according to plan, depreciation periods:				
Intangible rights, other long-term expenditures			4-5 years	
Gravel areas		depreciation for decrease of substance		
Roads			primarily 4-5 years	
Fish structures			primarily 10 years	
Log floating structures			25 years	
Buildings			20-40 years	
Structures			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 as straight-line depreciations for each depreciation period from the original purchase price.

Other interest and financial income	Group		Metsähallitus	
	2011	2010	2011	2010
Dividend income from external sources	0.1	0.1	0.1	0.2
Dividend income from subsidiaries	0.0	0.0	0.0	0.0
Interest income	0.8	0.4	0.5	0.3
Total	0.9	0.5	0.6	0.4
Interest and other financial expenses				
Interest expenses	0.6	0.4	0.4	0.1
Other financial expenses	0.0	0.1	0.0	0.1
Reduction in value of subsidiaries' shares	0.0	0.0	0.4	0.0
Total	0.6	0.5	0.8	0.2

NOTES TO BALANCE SHEET

Non-current assets (EUR)

Group	Intangible- assets	Goodwill and consolidation	Land and water areas	Roads, land and water structures	Buildings and structures	Machinery and equipment, other tangible assets	Work in progress	Shares and holdings, other receivables	Total
Acquisition cost on 1 Jan	4.5	2.4	3 636.2	74.8	97.9	26.1	9.6	6.4	3 857.9
Reduction in value on 1 Jan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.7	-2.7
Increases	0.6	0.0	38.3	4.7	2.0	0.6	2.5	0.4	49.2
Decreases	0.1	0.0	13.7	0.0	0.8	0.3	0.0	0.3	15.2
Acquisition cost on 31 Dec	4.9	2.4	3 660.8	79.5	99.2	26.4	12.1	3.9	3 889.2
Accumulated depreciation and reduction in value 1 Jan	3.8	1.7	3.8	63.2	43.1	21.6	0.0	0.0	137.2
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.0	0.0	-0.4	-0.1	0.0	0.0	-0.5
Depreciation during the financial year	0.3	0.4	0.2	0.6	3.8	1.0	0.0	0.0	6.3
Accumulated depreciation on 31 Dec	4.2	2.1	4.0	63.8	46.6	22.5	0.0	0.0	143.1
Book value on 1 Jan	0.6	0.7	3 632.3	11.6	54.8	4.5	9.6	3.7	3 718.0
Book value on 31 Dec	0.8	0.4	3 656.8	15.7	52.6	3.9	12.1	3.9	3 746.1
Production machinery and equipment, book value					2.5				
Metsähallitus	Intangible assets	Goodwill and consolidation	Land and water areas	Roads, land and water structures	Buildings and structures	Machinery and equipment, other tangible assets	Work in progress	Shares and holdings, other receivables	Total
Acquisition cost on 1 Jan	3.2	0.0	3 626.9	74.5	87.9	16.1	8.6	53.5	3 870.6
Reduction in value on 1 Jan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-13.4	-13.4
Increases	0.1	0.0	38.3	4.7	2.0	0.4	0.0	2.0	47.6
Decreases	0.1	0.0	13.7	0.0	0.8	0.1	0.2	0.4	15.2
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.7	-1.7
Acquisition cost on 31 Dec	3.2	0.0	3 651.4	79.2	89.2	16.5	8.4	40.0	3 887.9
Accumulated depreciation on 1 Jan	3.1	0.0	1.4	63.1	38.9	15.2	0.0	0.0	121.6
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.0	0.0	-0.4	-0.1	0.0	0.0	-0.5
Depreciation during the financial year	0.1	0.0	0.1	0.6	3.4	0.4	0.0	0.0	4.6
Accumulated depreciation on 31 Dec	3.1	0.0	1.4	63.7	41.9	15.6	0.0	0.0	125.7
Book value on 1 Jan	0.1	0.0	3 625.5	11.4	49.1	1.0	8.6	40.1	3 735.6
Book value on 31 Dec	0.1	0.0	3 650.0	15.5	47.3	0.9	8.4	40.0	3 762.2
Production machinery and equipment, book value on 31 Dec						0.0			

	Group		Metsähallitus	
Shares and holdings, book value	2011	2010	2011	2010
Shares in subsidiaries	0.0	0.0	35.8	36.0
Shares in associated undertakings	1.8	1.7	2.2	2.2
Other shares	2.1	2.0	2.0	1.9
	3.9	3.7	40.0	40.1

	Holdings %	Parent company book value (EUR)
Shares in subsidiaries		
Metsähallitus		
Eräsetti Oy, Rovaniemi	100	1 910 690.55
Fin Forelia Oy, Kuopio	57	9 036 830.19
Metsähallitus Holding Oy, Vantaa	100	0.00
Morenia Oy, Oulu	100	11 061 000.00
Siemen Forelia Oy, Jyväskylä	100	2 976 000.00
Kiinteistö Oy Järviuonnon keskus, Rantasalmi	66.7	565 111.43
Nuukiokeskus Oy	66.6	10 300 000.00
Total		35 849 632.17
Morenia Oy		
E.Hyvönen Oy, Sodankylä	100	0.00
Morenia Baltic OÜ, Estonia	100	160 709.69
Total		160 709.69

NOTES TO BALANCE SHEET

Shares in associated undertakings				
Metsähallitus				
AS Eesti Metsataim, Estonia	40	1 200 007.20		
Metsähallitus Holding Oy				
Foria-ÖBf Forstmanagement GmbH, Austria	50	0.00		
Partner enterprise shares				
Metsähallitus				
Oy Estar Studios LTD, Rovaniemi	19.98	999 950.00		
			Metsähallitus	
Receivables from Group's subsidiaries			2011	2010
Accounts receivable			0.2	0.4
Prepayments and accrued income			0.1	0.1
Total			0.2	0.4
			Metsähallitus	
Current prepayments and accrued income			2011	2010
Life projects, accrued income	0.5	0.3	0.5	0.3
EU Structural Fund projects, accrued income	1.3	0.3	1.3	0.3
Employment programme projects, accrued income	1.9	1.2	1.9	1.2
Deferred tax assets	0.4	0.0	0.4	0.0
Accrued interest	0.1	0.0	0.0	0.0
Project receivables, other accrued income	2.9	1.4	1.9	1.2
Other prepaid expenses/purchase invoices	0.2	0.1	0.0	0.0
Total	7.3	3.3	6.0	3.0
Other receivables, non-current and current				
Other prepayments, non-current	0.1	0.2	0.0	0.0
Other prepayments, current	0.7	0.5	0.2	0.2
VAT receivables	0.5	0.2	0.0	0.0
Current total	1.3	0.7	0.2	0.2
Equity				
Basic equity on 1 Jan	2 553.5	2 545.4	2 553.5	2 545.4
Transfers of possession, inheritance by the State	0.7	1.2	0.7	1.2
Changes in land use	-6.8	6.9	-6.8	6.9
Other changes	0.0	0.0	0.0	0.0
Basic equity on 31 Dec	2 547.4	2 553.5	2 547.4	2 553.5
Other equity on 1 Jan	1 074.4	1 058.7	1 074.4	1 058.7
Transfers of possession, inheritance by the State	18.7	10.9	18.7	10.9
Changes in land use, other	7.2	1.4	7.2	1.4
Shareholder investment on purchase of environmental conservation areas	-0.1	3.4	-0.1	3.4
Other equity on 31 Dec	1 100.2	1 074.4	1 100.2	1 074.4
Retained earnings on 1 Jan	122.3	107.0	127.4	112.9
Contribution to state revenue	-96.4	-85.9	-96.4	-85.9
Retirement of own shares	0.0	0.0	0.0	0.0
Profit for the financial year without deferred depreciation	101.3	101.1	99.3	100.4
Results for previous financial year and current financial year on 31 Dec	127.2	122.3	130.2	127.4
Equity in total on 31 Dec	3 774.8	3 750.2	3 777.8	3 755.3
Provisions				
Restoration of gravel areas	0.2	0.4	0.0	0.0
Other provisions	0.4	3.1	0.2	1.3
Total	0.6	3.5	0.2	1.3
Amount of debt not paid to the State				
Debt to the State, withholding tax liabilities, social security contribution liabilities, pension contributions, VaEL, TyEL	2.4	2.7	2.2	2.3
			Metsähallitus	
Payables to Group's subsidiaries			2011	2010
Accounts payable			0.4	0.3
Accruals and deferred income			0.0	0.1
Consolidated liabilities			1.6	3.1
Total			1.9	3.5
			Metsähallitus	
Accruals and deferred income			2011	2010
Withholding taxes and social security contributions and other statutory personnel expenses	2.4	2.7	2.2	2.3
Holiday pay liabilities, including social security expenses	14.2	12.5	13.7	11.9
VAT liabilities	11.4	11.5	11.0	11.2
Other	3.6	34.1	2.2	33.2
Total	31.7	60.8	29.1	58.6

OTHER NOTES

OTHER NOTES (mill. EUR)

	Group		Metsähallitus	
	2011	2010	2011	2010
Contingent liabilities				
Leasing liabilities				
paid during the financial year	2.7	2.2	1.8	1.6
to be paid during the following year	2.5	2.6	1.7	2.1
to be paid at a later date	4.4	3.6	2.8	2.8
Business mortgages	0.9	0.9	0.0	0.0
Instalment liabilities, other credits/loans	0.1	0.2	0.0	0.0
Bank guarantee liabilities	4.2	3.8	0.3	0.2
Deposited securities, guarantee deposits	0.0	0.0	0.0	0.0
Guarantee limit	0.0	0.1	0.0	0.0
Investment liabilities	4.4	6.5	4.4	6.5

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

	Group		Metsähallitus	
	2011	2010	2011	2010
Number of employees, person-years				
Employees	738	764	633	659
Supervisors	1 119	1 199	1 057	1 119
Total	1 857	1 963	1 689	1 778

	Group	
	2011	2010
Calculated deferred tax assets and liabilities		
Calculated deferred tax assets		
from postponed depreciations	0.4	0.4
from subsidiary losses	1.4	1.6
from provisions	0.1	0.1
Total	2.0	2.1

	Group		Metsähallitus	
	2011	2010	2011	2010
Auditors' fees (1000 EUR)				
KPMG Audit				
audit, financial year	0.9	33.7	0.0	28.5
audit, previous financial year	41.3	35.7	8.6	13.2
tax consulting	18.6	1.8	16.5	1.8
other services	17.3	16.2	14.6	13.3
Total	78.0	87.5	39.7	56.8
Deloitte & Touche Oy				
audit, financial year	26.5	0.0	20.0	0.0
other services	9.4	0.0	8.2	0.0
Total	35.9	0.0	28.2	0.0

METSÄHALLITUS OPERATING PROFIT TARGETS

Long-term targets

Metsähallitus business operations must be profitable and provide a reasonable annual rate of return on investment. The primary objective of business development is to ensure profitability. Business operations, or the parts of them, that prove to be unprofitable are divested.

Companies generate a stable return on investment in the form of an annual contribution to state revenue (dividends).

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

Targets for 2011

Forestry

2011 was one of the best years in history for Forestry, with all of the key targets being achieved. Forestry's turnover for 2011 was EUR 322.8 million (2010: EUR 316.2 million). The operating profit was EUR 109.6 million (2010: EUR 111.4 million). The supply of commercial timber was carried out in an outstanding manner. The amount of commercial timber sold was 5.8 million m³. The ramping up of wood energy operations continued, with

Financial position and result

	Business group				Business			
	Budget 2011	Tot. 2011	Tot. 2010	Tot. 2009	Budget 2011	Tot.2011	Tot.2010	Tot.2009
Turnover (MEUR)	366,5	369	367,5	289,8	329,3	335,6	329,4	252,7
Operating profit (MEUR)	116,5	113,0	113,7	61,9	114,8	111,0	112,4	67,6
% of turnover	32 %	31 %	31 %	21 %	35 %	33 %	34 %	27 %
Profit/loss for financial period (MEUR)	106,8	103,8	102,3	57,8	105,5	101,7	101,5	59,7
% of turnover	29 %	28 %	28 %	20 %	32 %	30 %	31 %	24 %
Return on investment (%)	4,3 %	4,2 %	4,3 %	2,3 %	4,3 %	4,1 %	4,2 %	2,5 %
Investment (% of turnover)	6 %	5 %	6 %	5 %	6 %	6 %	7 %	6 %
Solvency ratio (%)	98 %	98 %	97 %	98 %	99 %	99 %	97 %	99 %
Balance sheet total (MEUR)	2 730	2 725	2 771	2 711	2 715	2 714	2 761	2 695
Person-years (PY)	1 362	1 346	1 384	1 406	1 200	1 181	1 201	1 228

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

a record 520 MWh of energy wood supplied. The beginning of 2011 promised to be positive on the timber market, but the European financial crisis that summer made the autumn market situation extremely uncertain. Unusual weather conditions increased the demand for commercial timber all the way to the end of December – this demand was met. The average price of commercial timber was significantly better than in the previous year. Correspondingly, timber harvesting and long-distance transport costs increased substantially during the year under review. The general cost increase was 8.7% in timber harvesting and 7.5% in OTR transports.

A record amount—over EUR 50 million—was invested in forest management as well as in road construction and maintenance. This was 10% more than in the previous year. Forest health and growth fertilising was done on nearly 19,000 hectares (a 72% increase over 2010) to ensure the favourable growth of high-quality cultivated stands, even over the long term. 0.8% of the turnover was used for the development of Forestry and the unit participated in, for example, the EffFibre research programme, which investigates ways to develop intensive timber cultivation and efficient transport over a broad area. The stock of load-bearing and super load-bearing timber harvesting equipment suitable for year-round use was increased and the first timber transport vehicles equipped with Central Tyre Inflation (CTI) systems were brought into use. Laser-scanned information on forest stands was adopted in planning work. The newly scanned

area totalled approximately 900,000 hectares.

The revised Environmental Guidelines for Practical Forestry was released for use. The publication examines the sustainable use of benefits gained from the forest from an ecosystem services standpoint. Even greater attention was given to water protection. An internal training programme was held during the autumn. Realisation of the METSO programme proceeded in accordance with the targets specified in the action plan. Key themes were the surveying and enhanced protection of wilderness areas, investigating the interconnectedness of areas and a regional-ecological examination of Finnish Forest Research Institute lands. The inventorying of cultural heritage sites in accordance with the National Forest Programme 2015 continued throughout Finland. In all, approximately 800,000 hectares of forest were inventoried and approximately 2,000 sites within this area were surveyed. The oldest sites were Stone Age settlements and the most recent involved the multifaceted use of forests in recent centuries and decades.

Laatumaa

Laatumaa's turnover was EUR 5.0 million, which was slightly more than for the previous year. This rise was the result of an increase in the invoicing of plot leases. The operating profit amounted to EUR 9.1 million, representing a EUR 1.6 million increase over the previous year, due to a rise in revenues from land sales.

Fin Forelia Oy

Turnover was EUR 7.8 million, which was a 23.0% decrease from the previous year. This decrease was due to the cancellation and postponement of set transactions. The operating profit was EUR 0.3 million, marking a EUR 0.2 million decrease from the previous year, due to the decline in turnover. The dividend proposal is EUR 150,000.

Morenia Oy

Turnover was EUR 22.6 million, which was a 13.0% decrease from the previous year. This decrease in turnover was due to a decline in demand for the industry. The operating profit was 1.2 million, which was a EUR 0.2 million increase over the previous year. Operational efficiency improvement measures produced results. The dividend proposal is EUR 646,000.

Siemen Forelia Oy

Turnover was EUR 1.9 million, which was a 17% increase over the previous year. This growth in turnover was the result of excellent sales performance. The operating profit was EUR 0.3 million, as opposed to the negative result reported in the previous year. The systematic structure of operations was further developed. The dividend proposal is EUR 200,000.

Wild North and Eräsetti Oy

The combined turnover for Wild North and Eräsetti was EUR

8.9 million, thus representing a 25% increase. This was due to a strong sales performance. The operating profit was EUR 0.2 million, as opposed to the negative result reported in the previous year. The improvement in the operating profit was due to an increase in turnover. The dividend proposal is EUR 30,000.

IMPLEMENTATION OF PARLIAMENT DECISIONS

The targets specified in the State budget for 2011 have been achieved as follows:

Change in basic capital

Metsähallitus' basic capital was decreased by EUR 6.1 million. EUR 6.8 million in internal, state-owned company transfers were made to the balance sheet for public administration duties and other equity. Administrative transfers and inheritances by the State increased the value of basic capital by EUR 0.7 million. Following the change, the value of basic capital is EUR 2,547.4 million.

Key service targets and other operational goals

General social obligations, such as preserving biodiversity, promoting the use of nature for recreational purposes and ensuring conditions to allow for the practice of reindeer husbandry and Sámi traditions, were taken into consideration by Metsähallitus in its business operations. A more detailed description of this matter is found under "Implementation of Ministry of Agriculture

and Forestry decisions”.

Metsähallitus business operations achieved a profitable result in all essential areas, and actions toward eliminating unprofitable businesses were taken.

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

Maximum number of investments and investment commitments

Investments totalling EUR 18.8 million were made. The maximum amount of investment set by Parliament was EUR 30 million. A total of EUR 4.4 million in investment commitments were made. The maximum amount of investment set by Parliament was EUR 34 million.

Maximum amount for business loans

Metsähallitus did not have any long-term loans in 2011. The maximum amount set by Parliament was EUR 69 million.

Guarantees for subsidiary loans

Metsähallitus did not issue any guarantees for subsidiary loans. The authorisation of guarantees granted by Parliament was EUR 15 million.

Maximum amount for business collateral

Metsähallitus did not provide any collateral for its operations. The authorisation granted by Parliament was EUR 0.5 million.

IMPLEMENTATION OF MINISTRY OF AGRICULTURE AND FORESTRY DECISIONS

Based on a mandate from the State budget, the Ministry of Agriculture and Forestry issued its decision concerning the business operation targets for Metsähallitus on 27 January 2011.

The profit target set for Metsähallitus was EUR 105.5 million, which accounts for 4.3% of the return on investment, and a preliminary state contribution target of 95%. The preliminary profit target was raised to EUR 110 million in the State budget 2012 deliberations. Metsähallitus' business result for 2011 was EUR 101.7 million and its return on investment was 4.1%.

Metsähallitus' compliance with its general social obligations resulted in an estimated EUR 58 million (calculated) decrease in operating profit (2010: EUR 53 million) .

Restrictions were placed on 642,400 (17.8%) hectares of forested land with a required rate of return (2010: 624,000 ha and 17.5%; 2009: 632,200 ha and 17.7%) in order to preserve biodiversity, promote the use of nature for recreational purposes and ensure conditions to allow for the practice of reindeer husbandry and Sami traditions.

- 260,300 ha (7.2%) (2010: 238,000 ha and 6.6%; 2009: 246,100 ha and 6.9%) of this was fully excluded from commercial use.

- 382,100 ha (10.6%) (2010: 385,600 ha and 10.7%; 2009: 386,100 ha and 10.8%) of this was in limited use.

These factors resulted in a calculated decrease of EUR 52

million (2010: EUR 46 million; 2009: EUR 38 million) in Metsähallitus' operating profit. In addition to this, other factors related to the promotion of reindeer husbandry and Sámi culture, the promotion of employment and an increase in planning costs decreased the operating profit by a total of EUR 6 million (2010: EUR 7 million; 2009: EUR 7 million).

Working in co-operation with research institutions, Metsähallitus continued examining the beneficial impact of honouring its general social obligations.

The obligations stipulated in the Reindeer Husbandry Act were taken into consideration outside the Sámi Homeland area, in accordance with a co-operative agreement between Metsähallitus and the Reindeer Herders' Association.

Based on negotiations held with the Reindeer Herders' Association, Metsähallitus initiated an examination of the Natural Resource Plan for Upper Lapland in the Sámi Homeland area.

Metsähallitus promoted employment through personnel policy measures by refraining from laying off forest management and wood procurement personnel during the period January–March, when work output is at its lowest levels. Flexibility in the seasonal work schedules of forest employees was enhanced by means of a system that equalises working hours. Employment in the three northernmost municipalities was promoted through special measures, which meant that approximately 58% of the timber harvested was done manually.

In its procurement of land, Metsähallitus took the needs of

the Defence Forces into consideration, procuring in 2011 approximately EUR 2.2 million in land for their use; the set target was EUR 3.4 million.

OTHER ANNUAL REPORT SECTIONS

Key events during the financial period

- Preparations for Metsähallitus' new operational structure continued in and between sector ministries.
- Metsähallitus filed its claim in the timber cartel matter with the Helsinki District Court, demanding a total of EUR 159 million in compensation from three forest industry corporations.
- Metsähallitus' wood construction projects were the centre of positive attention: the Pilke Science Centre, which received several forestry industry awards, opened in Rovaniemi and construction on the Finnish Nature Centre Haltia started in Nuuksio.
- Metsähallitus' role in tourism business operations was restructured, which resulted in the closure of the Wild North business unit.

Key events following the financial period

There were no major accidents after the financial period.

Estimate on business development for the current financial period

Development of Metsähallitus' Forestry unit is expected to remain positive, even if the sharp rise in costs continues. As a whole, both

turnover and returns are expected to remain on a par with 2011 levels. Special attention will continue to be given to improving the profitability of Metsähallitus' business operations during the coming financial period.

Risk management and key risks

The goal of Metsähallitus' risk management is to ensure the achievement of set targets, the fulfilment of legal obligations and operational continuity. Risk awareness in all business units has also increased during 2011. Metsähallitus' risk assessment and reporting has been further developed.

Metsähallitus' risk management focuses on preventive measures, operational safety, limitation of hazards and capitalising on opportunities. Metsähallitus takes a moderate stance where risk-taking is concerned. The significance of risks is assessed as a combination of the probability and impact of an incident.

The Metsähallitus Board oversees the function and comprehensiveness of risk management and reinforces risk management policy. The most significant risks facing Metsähallitus' business operations involve market price trends in the forest sector.

Corporate governance

The principles of corporate governance are observed in state-owned enterprises

Metsähallitus has published its Corporate Governance Statement on its website. The statement gives an account of Metsähallitus' general administrative principles, the regulation of business operations (under Parliamentary, Governmental and Ministerial

authority), the regulation of public administrative duties (under Parliamentary, Governmental and Ministerial authority), the Board of Directors, Managing Director, Management Group, incentive and bonus systems, internal supervision, auditing, the publishing of information and information related to corporate governance.

The Corporate Governance Statement supplements the Board of Directors' decision about Metsähallitus' organisational structure, which addresses such matters as ownership steering, Board duties, management duties and authority, and hiring and terminating personnel.

Metsähallitus has a certified Environmental Management System that is based on ISO 14001 standards. All profit areas and subsidiaries are included in the system. In Forestry, a special emphasis is placed on environmental issues, but these also receive due attention in our other business areas.

Personnel 31 December 2010

The number of person-years in business operations was 1,181 (2010: 1,201; 2009: 1,228).

Each year, employees take a job satisfaction survey, whose results are examined by top management. Job satisfaction has remained quite high, despite the enormous pressures caused by change and uncertain future prospects.

Scope of research and development

EUR 3.7 million was spent on research and development (2010: EUR 3.3 million; 2009: EUR 3.3 million).

Salaries, bonuses and other compensation paid to the Board of Directors and Managing Director

Salaries, bonuses and other compensation amounting to EUR 366,000 (2010: EUR 349,000; 2009: EUR 335,000) was paid to the Board of Directors and Managing Director. The salaries paid to other employees amounted to EUR 41.6 million (2010: EUR 40.3 million; 2009: EUR 39.2 million).

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

Board proposal concerning profit measures

Metsähallitus' business profit totalled EUR 101,706,154.83.

The Board proposes that EUR 110,000,000 in dividends be paid out in 4 increments in 2012.

Data on the number of fixed asset transfers, transfer prices, profits and losses 2011 (thousands €)

Business	No.	Book value	Transfer price	Profits	Losses
Exchanges	13	170	526	356	
Sales - land and water areas	733	4 513	17 218	12 983	278
Sales - buildings	36	323	881	625	68
Sales to public administration	11	297	568	300	30
Change in land use	103	6 857	6 857		
Other – land areas	103	74	74		
Total	999	12 235	26 125	14 265	375



Arto Tiitinen
Chairman



Aino Jalonen



Irene Rantala



Ville Schildt
Vice chairman



Janne Seurujärvi



Tuija Soanjärvi



Helena Wallden

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (EUR)

	Business operations Group		Business operations	
	1.1.–31.12.2011	1.1.–31.12.2010	1.1.–31.12.2011	1.1.–31.12.2010
TURNOVER	368 970 820.19	367 489 194.57	335 618 867.84	329 359 837.14
Variation in inventories of finished products and change in work in progress				
Variation in inventories	962 203.14	-1 281 363.34	0.00	0.00
Other operating income	18 070 068.13	14 493 395.76	17 399 814.73	14 094 176.52
Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	10 936 062.71	9 327 350.17	9 526 536.84	7 322 568.37
Variation in inventories	-3 123 780.69	1 399 365.17	-2 671 797.00	31 914.00
External services	172 190 468.89	162 516 494.90	153 733 105.55	144 048 485.06
Staff expenses				
Wages and salaries	46 436 606.98	47 458 558.02	40 355 384.87	41 142 520.81
Social security expenses				
Pension expenses	8 501 254.55	8 809 105.05	7 447 068.16	7 712 634.73
Other social security expenses	2 118 629.39	2 404 067.77	1 813 866.34	2 067 777.14
Depreciation and reduction in value				
Depreciation according to plan	3 569 897.13	4 348 409.38	1 802 558.86	1 968 798.06
Other operating costs	34 438 284.55	30 770 387.67	30 022 480.98	26 743 322.82
Share of associated undertakings' profit/loss	22 430.14	4 334 870.00	0.00	
OPERATING PROFIT	112 958 098.09	113 671 823.73	110 989 477.97	112 415 992.67
Financial income and expenses				
Income from other investments under non-current assets				
investments	124 120.32	116 185.71	123 905.32	157 816.18
Other interest and financial income	479 039.66	275 636.91	393 346.04	211 612.84
Interest and other financial expenses	645 827.33	459 351.03	437 254.09	185 446.16
Reductions in value of investments held as non-current assets	0.00	0.00	350 007.65	0.00
	-42 667.35	-67 528.41	-270 010.38	183 982.86
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET ESTIMATES ON FINANCING FOR OTHER OPERATIONS	112 915 430.74	113 604 295.32	110 719 467.59	112 599 975.53
Income taxes	9 014 881.36	11 100 571.64	9 013 312.76	11 097 749.34
Minority share	-97 191.82	-185 472.78	0.00	0.00
PROFIT DURING THE FINANCIAL YEAR	103 803 357.56	102 318 250.90	101 706 154.83	101 502 226.19

BALANCE SHEET

BALANCE SHEET (EUR)

	Business operations Group		Business operations	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	397 368.52	127 762.08	74 894.72	75 107.34
Other capitalised long-term expenses	368 196.45	500 516.49	11 042.71	19 966.15
	765 564.97	628 278.57	85 937.43	95 073.49
Goodwill on consolidation	350 376.18	736 606.91	0.00	0.00
Tangible assets				
Land and water areas	2 599 519 570.20	2 601 310 424.13	2 593 221 730.00	2 594 931 625.74
Roads	15 136 787.21	10 984 024.89	14 924 312.40	10 728 023.56
Buildings and structures	22 880 635.58	24 075 569.31	19 014 063.04	19 748 717.00
Machinery and equipment	2 459 808.69	2 962 494.10	36 690.06	2 536.31
Other tangible assets	490 395.01	528 032.53	10 599.04	10 599.04
Advance payments and work in progress	8 899 876.37	7 617 112.47	8 313 584.26	7 617 112.47
	2 649 387 073.06	2 647 477 657.43	2 635 520 978.80	2 633 038 614.12
Investments				
Shares in Group's subsidiaries	0.00	0.00	24 984 520.74	25 127 020.74
Holdings in associated undertakings	1 768 818.86	1 746 381.52	2 199 957.20	2 199 950.00
Other shares and holdings	1 369 496.84	988 554.00	1 259 734.44	877 193.60
Other receivables	22 300.00	22 300.00	0.00	0.00
	3 160 615.70	2 757 235.52	28 444 212.38	28 204 164.34
NON-CURRENT ASSETS IN TOTAL	2 653 663 629.91	2 651 599 778.43	2 664 051 128.61	2 661 337 851.95
CURRENT ASSETS				
Inventories				
Finished products	27 646 920.31	23 777 927.48	12 613 588.02	9 941 791.02
Work in progress	1 052 334.37	835 343.37	0.00	0.00
	28 699 254.68	24 613 270.85	12 613 588.02	9 941 791.02
Receivables				
Non-current				
Other receivables	148 588.86	218 968.21	0.00	0.00
Prepayments and accrued income	0.00	0.00	0.00	0.00
Current				
Accounts receivable	32 763 498.47	40 967 048.90	28 297 154.89	38 058 470.14
Receivables from public administration duties	1 294 907.62	1 574 667.72	1 238 357.99	1 569 235.86
Receivables from Group's subsidiaries	6 676.76	2 306.58	210 553.47	408 278.74
Receivables from associated undertakings	1 285.17	1 333.97	0.00	0.00
Other receivables	755 334.91	646 828.38	145 840.63	167 106.60
Prepayments and accrued income	592 011.52	388 436.57	423 524.47	51 389.02
	35 413 714.45	43 580 622.12	30 315 431.45	40 254 480.36
Securities	0.00	1 000 000.00	0.00	0.00
Cash in hand and at banks	7 384 064.41	49 703 995.23	7 047 075.50	49 137 012.77
CURRENT ASSETS IN TOTAL	71 645 622.40	119 116 856.41	49 976 094.97	99 333 284.15
ASSETS IN TOTAL	2 725 309 252.31	2 770 716 634.84	2 714 027 223.58	2 760 671 136.10

BALANCE SHEET

BALANCE SHEET (EUR)

	Business operations Group		Business operations	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
EQUITY AND LIABILITIES				
EQUITY				
Basic equity	2 547 374 982.87	2 553 491 109.57	2 547 374 982.87	2 553 491 109.57
Retained earnings	25 017 332.55	19 126 081.65	30 489 895.39	25 414 669.20
Profit for the financial year	103 803 357.56	102 318 250.90	101 706 154.83	101 502 226.19
EQUITY IN TOTAL	2 676 195 672.98	2 674 935 442.12	2 679 571 033.09	2 680 408 004.96
MINORITY HOLDINGS	5 211 895.35	5 891 376.93	0.00	0.00
PROVISIONS				
Other provisions	588 506.39	3 475 640.11	200 000.00	1 300 000.00
LIABILITIES				
Non-current				
Loans from financial institutions	2 644 728.98	2 770 000.00	0.00	0.00
Other liabilities	526 491.02	741 247.46	34 401.40	40 564.59
Current				
Loans from financial institutions	1 716 188.81	1 287 544.23	0.00	0.00
Advances received	1 332 979.81	10 240 531.91	777 734.45	9 250 097.61
Accounts payable	10 290 067.19	12 162 933.15	8 323 908.17	10 830 318.25
Payables to public administration duties	137 685.17	306 550.24	125 734.86	291 408.30
Payables to Group subsidiaries	0.00	933.58	1 890 544.00	3 432 337.06
Payables to associated undertakings	0.00	104 287.50	0.00	0.00
Other liabilities (incl. interest-bearing)	816 186.98	2 787 318.50	-261 909 50	1 058 007.00
Accruals and deferred income	25 836 546.62	56 002 480.82	23 365 777.11	54 060 398.33
Deferred tax liabilities	12 303.01	10 348.29	0.00	0.00
LIABILITIES IN TOTAL	43 313 177.59	86 414 175.68	34 256 190.49	78 963 131.14
EQUITY AND LIABILITIES IN TOTAL	2 725 309 252.31	2 770 716 634.84	2 714 027 223.58	2 760 671 136.10

CASH FLOW STATEMENT

CASH FLOW STATEMENT (EUR)

	Business operations Group		Business operations	
	1.1.–31.12.2011	1.1.–31.12.2010	1.1.–31.12.2011	1.1.–31.12.2010
CASH FLOW FROM BUSINESS OPERATIONS				
Payments from sales	368 409 061.64	359 447 507.39	337 064 287.62	321 452 893.82
Payments from other operating income	3 459 636.95	8 025 510.56	3 508 057.10	7 355 943.59
Payments from operating charges	-280 941 233.13	-256 145 520.03	-246 849 197.40	-222 839 624.28
Cash flow from business operations, before financial items and taxes	90 927 465.46	111 327 497.92	93 723 147.32	105 969 213.13
Interest and other financial expenses	-645 827.33	-459 351.03	-437 254.09	-185 446.16
Interest income from business operations	479 039.66	275 636.91	393 346.04	211 612.84
Dividends received	124 120.32	116 185.71	123 905.32	157 816.18
Direct taxes	-9 012 926.64	-11 100 571.64	-9 013 312.76	-11 097 749.34
Cash flow from business operations	81 871 871.47	100 159 397.87	84 789 831.83	95 055 446.65
INVESTMENTS				
Investments in tangible and intangible assets	-18 379 291.05	-23 415 489.26	-17 121 903.79	-22 325 766.71
Sale of tangible and intangible assets	19 266 035.64	17 334 235.08	19 056 585.90	15 896 381.42
Purchase of subsidiaries' shares	0.00	0.00	-1 650 007.65	0.00
Purchase of associated undertakings' shares	-7.20	0.00	-7.20	0.00
Investments	886 737.39	-6 081 254.18	284 667.26	-6 429 385.29
FINANCING				
Change in non-current loans from financial institutions	-125 271.02	-1 343 805.55	0.00	0.00
Change in other non-current, interest-bearing loans	-208 593.25	-15 853.73	0.00	0.00
Change in other non-current, non-interest-bearing loans	-6 163.19	40 564.59	-6 163.19	40 564.59
Change in current loans from financial institutions	539 155.01	-3 306 822.15	0.00	0.00
Change in other current, interest-bearing loans	-543 167.23	1 493 694.27	0.00	0.00
Change in Group loans to subsidiaries	0.00	0.00	-1 531 273.17	3 084 191.55
Return of capital to minority shareholders	-107 500.00	-86 000.00	0.00	0.00
Contribution to state revenue	-96 427 000.00	-85 884 000.00	-96 427 000.00	-85 884 000.00
Account debited on 3 Jan 2011	-29 200 000.00	29 200 000.00	-29 200 000.00	29 200 000.00
Financing	-126 078 539.68	-59 902 222.57	-127 164 436.36	-53 559 243.86
CHANGE IN LIQUID FUNDS	-43 319 930.82	34 175 921.12	-42 089 937.27	35 066 817.50
Liquid funds on 1 Jan	50 703 995.23	16 528 074.11	49 137 012.77	14 070 195.27
Liquid funds on 31 Dec	7 384 064.41	50 703 995.23	7 047 075.50	49 137 012.77
Change	-43 319 930.82	34 175 921.12	-42 089 937.27	35 066 817.50

NOTES TO THE PROFIT AND LOSS ACCOUNT, BUSINESS OPERATIONS

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

Turnover by business unit	Business Group		Business operations Group	
	2011	2010	2011	2010
Forestry and related services	322 252 236.76	315 734 109.51	322 633 889.82	316 129 699.83
Nature tourism	8 634 493.27	6 887 806.20	3 824 119.18	3 861 297.53
Seed and seedling production	7 740 505.01	9 831 235.23	0.00	0.00
Land and plot sales	4 946 331.84	4 931 416.42	4 946 331.84	4 931 416.42
Sale of soil resources, rock-crushing business	21 490 042.04	25 947 573.12	0.00	0.00
Other	3 907 211.27	4 157 054.09	4 214 527.00	4 437 423.36
Total	368 970 820.19	367 489 194.57	335 618 867.84	329 359 837.14
of which turnover for public administration duties and its subsidiaries	5 828 593.06 33 936.00	5 826 052.24 29 861.00	5 631 504.28 33 936.00	5 704 299.60 29 861.00
Other operating income				
Gains on the sale of fixed assets	13 941 257.67	11 310 953.35	13 891 757.63	11 053 654.75
Income from services to public administration duties	2 822 073.34	2 650 697.62	2 822 073.34	2 650 697.62
Income from services to subsidiaries	13 500.00	8 991.00	374 398.00	312 364.00
Other income	1 293 237.12	522 753.79	311 585.76	77 460.15
Total	18 070 068.13	14 493 395.76	17 399 814.73	14 094 176.52
Depreciation according to plan				
Intangible assets	323 100.02	302 755.86	45 012.43	50 370.18
Depreciation for decrease of substance	184 648.12	889 854.87	64 531.06	652 224.52
Roads	551 313.83	369 349.47	507 787.31	326 254.21
Buildings and structures	1 603 445.89	1 846 566.47	1 174 666.12	936 786.96
Machinery and equipment, other tangible assets	521 158.54	624 523.18	10 561.94	3 162.19
Goodwill on consolidation	386 230.75	315 359.53	0.00	0.00
Total	3 569 897.15	4 348 409.38	1 802 558.86	1 968 798.06
Depreciation according to plan, depreciation periods:				
Intangible rights, other long-term expenditures			4-5 years	
Gravel areas		depreciation for decrease of substance		
Roads			primarily 25 years	
Fish structures			primarily 10 years	
Log floating structures			25 years	
Buildings			20-40 years	
Structures			4-10 years	
Machinery and equipment			4-8 years	
Other tangible assets: asphaltting, planting beds asphaltting, planting beds			15-20 years	
Depreciation according to plan has been calculated by fixed asset.				
Other interest and financial income				
	Business operations - Group		Business operations	
	2011	2010	2011	2010
Dividend income from external sources	124 120.32	116 185.71	123 905.32	157 816.18
Interest income	479 039.66	275 636.91	347 025.57	211 612.84
Total	603 159.98	391 822.62	470 930.89	369 429.02
Interest and other financial expenses				
Interest expenses	645 827.33	458 783.54	350 590.35	185 446.16
Interest expenses to subsidiaries	0.00	0.00	40 343.27	0.00
Reduction in value of investments	0.00	567.49	0.00	0.00
Reduction in value of subsidiaries' shares	0.00	0.00	350 007.65	0.00
Total	645 827.33	459 351.03	740 941.27	185 446.16

NOTES TO BALANCE SHEET, BUSINESS OPERATIONS

Non-current assets (mill. EUR)

Business operations Group	Intangible assets consolidation	Goodwill and consolidation	Land and water areas	Roads, land and water structures	Buildings and structures	Machinery and equipment, other tangible assets	Work in progress	Shares and holdings, other receivables	Total
Acquisition cost on 1 Jan	4.1	2.4	2 605.1	72.9	50.6	19.5	7.6	5.4	2 767.7
Reduction in value on 1 Jan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.7	-2.7
Increases	0.6	0.0	11.4	4.7	0.8	0.2	1.3	0.4	19.4
Decreases	0.1	0.0	13.0	0.0	0.8	0.2	0.0	0.0	14.1
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition cost on 31 Dec	4.6	2.4	2 603.5	77.6	50.6	19.5	8.9	3.2	2 770.4
Accumulated depreciation and reduction in value 1 Jan	3.5	1.7	3.8	62.0	26.5	16.0	0.0	0.0	113.5
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	-0.4
Depreciation during the financial year	0.3	0.4	0.2	0.6	1.6	0.5	0.0	0.0	3.6
Accumulated depreciation on 31 Dec	3.8	2.1	4.0	62.5	27.7	16.6	0.0	0.0	116.7
Book value on 1 Jan	0.6	0.7	2 601.3	11.0	24.1	3.5	7.6	2.8	2 651.6
Book value on 31 Dec	0.8	0.4	2 599.5	15.1	22.9	3.0	8.9	3.2	2 653.7
Production machinery and equipment book value on 31 Dec						3.0			
Group	Intangible assets consolidation	Goodwill and consolidation	Land and water areas	Roads, land and water structures	Buildings and structures	Machinery and equipment, other tangible assets	Work in progress	Shares and holdings, other receivables	Total
Acquisition cost on 1 Jan	2.8	0.0	2 596.3	72.6	42.0	9.6	7.6	41.6	2 772.6
Reduction in value on 1 Jan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-13.4	-13.4
Increases	0.1	0.0	11.3	4.7	0.8	0.0	0.7	2.0	19.8
Decreases	0.1	0.0	13.0	0.0	0.7	0.0	0.0	0.1	14.0
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.7	-1.7
Acquisition cost on 31 Dec	2.8	0.0	2 594.7	77.3	42.1	9.7	8.3	28.4	2 763.3
Accumulated depreciation on 1 Jan	2.7	0.0	1.4	61.9	22.2	9.6	0.0	0.0	97.8
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	-0.4
Depreciation during the financial year	0.0	0.0	0.1	0.5	1.2	0.0	0.0	0.0	1.8
Accumulated depreciation on 31 Dec	2.8	0.0	1.4	62.4	23.0	9.6	0.0	0.0	99.3
Book value on 1 Jan	0.1	0.0	2 594.9	10.7	19.7	0.0	7.6	28.2	2 661.3
Book value on 31 Dec	0.1	0.0	2 593.2	14.9	19.0	0.0	8.3	28.4	2 664.1
Production machinery and equipment, book value on 31 Dec						0.0			

Business operations Group	Business operations	
Shares and holding, book value (EUR)	2011	2010
Shares in subsidiaries	0.00	0.00
Shares in associated undertakings	768 868.86	746 431.52
Partner enterprise shares	999 950.00	999 950.00
Other shares and holdings	981 046.84	988 554.00
Joint forest holdings	388 450.00	0.00
Total	3 138 315.70	2 734 935.52
Other receivables (EUR)		
Subscription fee receivables	22 300.00	22 300.00
		0.00
		0.00

Shares in subsidiaries	Holdings %	Parent company book value (EUR)
Metsähallitus		
Eräsetti Oy, Rovaniemi	100	1 910 690.55
Fin Forelia Oy, Kuopio	57	9 036 830.19
Metsähallitus Holding Oy, Vantaa	100	0.00
Morenia Oy, Oulu	100	11 061 000.00
Siemen Forelia Oy, Jyväskylä	100	2 976 000.00
Total		24 984 520.74
Morenia Oy		
E.Hyvönen Oy, Sodankylä	100	0.00
Morenia Baltic OÜ, Estonia	100	160 709.69
Total		160 709.69

NOTES TO BALANCE SHEET, BUSINESS OPERATIONS

Shares in associated undertakings				
Metsähallitus				
AS Eesti Metsataim, Estonia		40	1 200 007.20	
Metsähallitus Holding Oy				
Foria-ÖBf Forstmanagement GmbH, Austria		50	0.00	
Holdings company shares				
Metsähallitus				
Oy Estar Studios LTD, Rovaniemi		19.98	999 950.00	
Business operations Group			Business operations	
Receivables from public administration duties (EUR)	2011	2010	2011	2010
Accounts receivable	628 685.15	495 638.12	572 135.52	490 938.11
Prepayments and accrued income	666 222.47	1 079 029.60	666 222.47	1 078 297.75
Total	1 294 907.62	1 574 667.72	1 238 357.99	1 569 235.86
Receivables from subsidiaries (EUR)				
Accounts receivable	2 705.09	2 215.08	142 635.81	340 097.32
Prepayments and accrued income	3 971.67	91.50	67 917.66	68 181.42
Total	6 676.76	2 306.58	210 553.47	408 278.74
Other receivables, current (EUR)				
Other advances	665 734.07	438 258.37	145 840.63	167 106.60
VAT receivables	89 600.84	208 571.01	0.00	0.00
Total	755 334.91	646 829.38	145 840.63	167 106.60
Current external prepayments and accrued income (EUR)				
Deferred tax assets	383 599.10	0.00	379 787.06	0.00
Other accrued income	208 412.42	388 436.57	43 737.41	51 389.02
Total	592 011.52	388 436.57	423 524.47	51 389.02
Equity (EUR)				
Basic equity on 1 Jan	2 553 491 109.57	2 545 378 977.06	2 553 491 109.57	2 545 378 977.06
Reduction in equity during the financial year				
Transfers of possession	3 437.00	40 919.80	3 437.00	40 919.80
Inheritance by the State	691 800.00	1 203 160.00	691 800.00	1 203 160.00
Changes in land use	-6 823 906.70	6 865 146.71	-6 823 906.70	6 865 146.71
Other	12 543.00	2 906.00	12 543.00	2 906.00
Basic equity on 31 Dec	2 547 374 982.87	2 553 491 109.57	2 547 374 982.87	2 553 491 109.57
Other equity on 1 Jan	0.00	0.00	0.00	0.00
Other equity on 31 Dec	0.00	0.00	0.00	0.00
Retained earnings on 1 Jan	121 444 332.55	105 010 081.65	126 916 895.39	111 298 669.20
Contribution to state revenue	-96 427 000.00	-85 884 000.00	-96 427 000.00	-85 884 000.00
Retirement of own shares	0.00	0.00	0.00	0.00
Profit for the financial year	103 803 357.56	102 318 250.90	101 706 154.83	101 502 226.19
Results for the previous financial year and current financial year on 31 Dec	128 820 690.11	121 444 332.55	132 196 050.22	126 916 895.39
Equity in total on 31 Dec	2 676 195 672.98	2 674 935 442.12	2 679 571 033.09	2 680 408 004.96
Provisions (EUR)				
Restoration of landscaping	231 657.11	203 640.11	0.00	0.00
Other provisions	356 849.28	3 272 000.00	200 000.00	1 300 000.00
Total	588 506.39	3 475 640.11	200 000.00	1 300 000.00

NOTES TO BALANCE SHEET, BUSINESS OPERATIONS

Amount of debt not paid to the State (EUR)	Business operations Group		Business operations	
	2011	2010	2011	2010
Debt to the State, withholding tax liabilities, social security contribution liabilities, pension contributions, VaEL, TyEL.	1 700 165.67	1 887 293.78	1 524 224.33	1 538 642.24
Payables to public administration duties (EUR)				
Accounts payable	59 073.93	171 842.90	47 123.62	156 700.95
Accruals and deferred income	78 611.24	134 707.34	78 611.24	134 707.35
Total	137 685.17	306 550.24	125 734.86	291 408.30
Payables to subsidiaries (EUR)				
Accounts payable	0.00	0.00	296 148.34	269 675.30
Accruals and deferred income	0.00	933.58	41 477.28	78 470.21
Consolidated liabilities	0.00	0.00	1 552 918.38	3 084 191.55
Total	0.00	933.58	1 890 544.00	3 432 337.06
External accruals and deferred income (EUR)				
Withholding taxes and social security contributions and other statutory personnel expenses	1 700 165.67	1 887 293.78	1 524 224.33	1 538 642.24
Holiday pay liabilities, including social security expenses	10 378 930.82	9 367 010.49	9 865 001.88	8 794 969.96
VAT liabilities	11 091 102.67	11 510 739.51	10 640 539.52	11 213 613.51
Other	2 666 347.46	33 237 437.04	1 336 011.38	32 513 172.62
Total	25 836 546.62	56 002 480.82	23 365 777.11	54 060 398.33

OTHER NOTES, BUSINESS OPERATIONS

OTHER NOTES, BUSINESS OPERATIONS (mill. EUR)

Contingent liabilities	Business operations Group		Business operations	
	2011	2010	2011	2010
Leasing liabilities				
paid during the financial year	2.2	1.8	1.3	1.2
to be paid during the following year	2.5	2.6	1.7	2.1
to be paid at a later date	4.4	3.6	2.8	2.8
Business mortgages	0.9	0.9	0.0	0.0
Instalment liabilities, other credit/loans	0.1	0.2	0.0	0.0
Bank guarantee liabilities	4.2	3.8	0.3	0.2
Deposited securities, guarantee deposits	0.0	0.0	-	-
Guarantee limit	0.0	0.1	0.0	0.0
Investment liabilities	4.4	6.5	4.4	6.5

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

Calculated deferred tax assets and liabilities	Business operations Group	
	2011	2010
Calculated deferred tax assets		
from postponed depreciations	0.4	0.4
from subsidiary losses	1.4	1.6
from provisions	0.1	0.1
Total	2.0	2.1

Self-financed investments	Business operations Group		Business operations	
	2011	2011	2011	2011
	Investment plans	Realised	Investment plans	Realised
Land, water and gravel areas	12.1	10.7	10.6	10.5
Roads	5.8	4.1	5.8	4.1
Buildings and structures	1.1	1.4	0.7	0.8
Machinery and equipment	1.3	1.2	0.9	1.0
Other	1.9	1.0	1.5	2.4
Total	22.2	18.4	19.5	18.8

Metsähallitus

PL 94 (Vernissakatu 4)

01301 Vantaa

vaihde 0205 64 100

www.metsa.fi

ISBN 978-952-446-929-6