



METSÄHALLITUS' YEAR
and Corporate Social Responsibility in
2015



METSÄHALLITUS

Fine history. Fine present.
Brilliant future, with patience.

**Perhaps the most notable
protector of Finnish nature**

Easy and smooth
cooperation

Cooperation has improved
in recent years, and a great deal of
progress has been made in
other respects as well

**Extremely important
and influential operator
and partner**

**Responsible timber
supplier and employer**

Doing well!

Big thanks to knowledgeable staff
for their excellent work!

Metsähallitus' stakeholder survey 2015, open answers

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Long-Term and Productive Work

In 2015, there was discussion in Finland on matters related to the economic situation, the Act of Metsähallitus and immigration, among other things. Daily professional work has also resulted in good news. Forestry produces timber efficiently and responsibly on state-owned land for more than a hundred delivery locations. Metsähallitus has promoted ecological and cultural diversity with versatile measures. More and more people are interested in well-maintained protected areas as hiking destinations.

PAYING DIVIDENDS IS IMPORTANT

Despite a slight decline in operating profit, Metsähallitus was able to meet most of its targets in 2015. The Group's turnover decreased by EUR 18 million to EUR 337 million. Operating profit amounted to EUR 107.9 million, which was eight percent less than in the previous year.

This decline can primarily be attributed to the imbalance between supply and demand in the timber markets. Despite this, Forestry was able to reach its profit target. The progress of Laatumaa's wind power plant projects was delayed due to tariff decisions related to its property business that were postponed to the end of the year. The sale of forest land areas also returned to normal from the record level of the year before.

The overall financing of Parks & Wildlife Finland amounted to EUR 59.6 million. The number of visitors to Finland's national parks continued to increase and their economic impact on local businesses grew by nearly 13 percent compared to the year before.

General social obligations are special duties issued by the state to Metsähallitus. The forestry business is the main implementer of the duties. Projects in state-owned multiple-use forests were focused on preserving the diversity of nature, promoting recreational use and employment, and supporting the Sámi culture and traditional Sámi livelihoods. The amount used was about EUR 56 million (calculated value).

According to the Board proposal, Metsähallitus will pay EUR 106 million as dividends to the state. The dividends that we pay are important in the current economic situation of the state. The dividends would cover, for example, the operation of the Rescue Services and emergency response centres (EUR 75.4 million), nearly half of the Border Guard's expenses (EUR 248.1 million) or a fifth of the material acquisitions of the Defence Forces (EUR 542.7 million).

BLUE METSÄHALLITUS

We manage more than three million hectares of the state's water property. We have been trusted with the management

duties of magnificent marine islands that we will develop into versatile recreational destinations with appropriate services in the vicinity of cities.

Finland has become one of the top countries in the world in managing problems related to the environment. In a comparison of countries prepared by two American universities and the World Economic Forum, Finland performed particularly well when, for example, water and sanitation issues, biodiversity and living environments were compared. We have also focused on these matters at Metsähallitus.

According to the commitment to the conservation of the Baltic Sea that we made in the summer to the Baltic Sea Action Group (BSAG), we will produce maps of the most vulnerable places of the Baltic Sea that will help maintain diversity. An indication of the respect for our expertise is the Freshabit-LIFE IP restoration project of lakes and rivers that we are launching together with our partners. The European Commission granted the most extensive LIFE funding for the project in Finland's EU history, EUR 12 million.

THE STATUS OF BIODIVERSITY IN FORESTS IS IMPROVING

The objective of the UN's convention on biological diversity is to stop the extinction of species by 2020. The objective for Finland is, among other things, a well-maintained network of protected areas that covers at least 17 percent of the overall area of land and inland waters. In the case of commercial forests, the objective is to continue to secure diversity.

Almost 17 percent of state-owned land are protected areas, that is about 1.5 million hectares. In addition, there are nearly 2.5 million hectares of wilderness area and other areas of special value and areas included in protection programmes.

Multiple-use forests are part of the expanding ecological network. For example, in Kainuu and western Finland, nearly 70 percent of the diversity sites of multiple-use forests are within 500 metres of the closest statutory protected area.

They will, therefore, bring a significant addition to protected areas. Diversity is also secured during the operations of forestry by conserving deciduous trees and decaying wood, for example.

Metsähallitus' performance in nature conservation has been especially good. Far-sighted work has improved the integrity and effectiveness of the conservation network and helped to slow down the loss of biodiversity. According to the most recent assessment on threatened species prepared by the Finnish Environment Institute, mammals are less threatened in Finland than before. In terms of species whose conservation is the responsibility of Metsähallitus, the population of Saimaa ringed seal has increased by about three percent in a year thanks to conservation efforts. Although the number of threatened bird species had increased in the assessment, the situation of species of which we are responsible, such as golden eagle and white-backed woodpecker, has improved.

The cultural heritage inventory of multiple-use forests that was completed last year revealed thousands of sites that were previously unknown and that provided a great amount of new information on the history of Finland. The project was the most extensive cultural heritage inventory in Finland's history and the first also to take into account the younger cultural heritage of forests. Some of the sites are automatically protected by the Antiquities Act. Metsähallitus will protect other sites based on their own decision.

INCOME AND WELL-BEING

As a major land manager and employer, Metsähallitus has an important role to play in Northern and Eastern Finland, where its operations have a considerable impact on regional economies. We provided employment for 400 forestry businesses that employ more than 1,200 people. In addition, tourism and recreation in nature conservation and hiking areas provided work for both tour operators and maintenance businesses. The number of visitors in Finland's national parks increased by an impressive 15 percent from 2014 to 2015. Total revenue and jobs generated by visitors at recreational destinations and wilderness activities were more than EUR 190 million and nearly 1,800 person-years of work.

As a result of population growth, the need for food, energy and water has been estimated to increase by 30–50 percent in the world by 2030. Bioeconomy, products that have been manufactured efficiently of renewable and recyclable natural resources, is important in this growth.

The growth prospects of bioeconomy are extremely good and there have already been investments made in them in Finland – and further investments will be made: In addition to the bioproduct mill in Äänekoski, mill projects are being planned in Kuopio, Kemijärvi, Kemi and Kainuu.

There is no bioeconomy without biomass. Investments that have already been decided and are being planned increased the processing use of timber by about 18 million



cubic metres, that is about 28 percent a year. The demand for pulpwood in particular would increase.

Thanks to successful forest management, the volume of growing stock in multiple-use forests has increased. In recent years, slightly more than half of the annual growth has been used. State-owned multiple-use forests can meet the increased demand – on the terms of sustainable forestry.

PRODUCTIVE WORK CONTINUES

Metsähallitus has managed state-owned land and water areas for more than 155 years. Many social upheavals have taken place during that period of time from Finland's independence to the settlement of resettlers and structural changes. On a historical scale, the Act on Metsähallitus will become a part of the social continuum.

As a result of the new act, our knowledgeable work as a manager and developer of state-owned land and water property continues. Partners trust Metsähallitus and consider cooperation with Metsähallitus productive. Our reputation as a responsible organisation is still at an excellent level. This is thanks to our competent and dedicated personnel. Metsähallitus will continue to provide many added values that will strengthen the national economy and support the economy and well-being.

Esa Härmälä
Director General

YEAR 2015 in brief

Contribution
to State revenue*

106

EUR MILLION

*proposal by Metsähallitus' Board

Turnover
(EUR million) **337.2**

Return on
investment (%) **4.4**

Operating profit
(EUR million) **116.2**

Investment percentage
of turnover (%) **5**

Percentage
of turnover (%) **34**

Solvency
ratio (%) **98**

Profit for the financial
year (EUR million) **107.9**

Number of
employees (P-Y) **1,549**

Metsähallitus is preparing maps of the most vulnerable locations in the Baltic Sea as part of its commitment to the Baltic Sea Action Group (BSAG). The maps will help to **preserve biodiversity in the Baltic Sea**.

Metsähallitus Forestry adopted a forest owner-specific PEFC certification scheme, which gives Metsähallitus more responsibility for **promoting sustainable forestry** in multiple-use forests on a local level.

Parks & Wildlife Finland will coordinate the biggest project in Finland's EU history, aimed at **improving the status of lakes and rivers**.

5.8 million m³
of timber sold

Multiple-use forests grew
by **11** million m³

Growing stock in multiple-
use forests **307** million m³

10,000

CULTURAL HERITAGE SITES
protected in multiple-use forests

Almost

1,500,000

users on the Outdoors.fi website

MORE THAN

125,000

hunting and fishing licences sold

EMPLOYED MORE THAN

1,000

businesses

National parks and hiking
areas contributed EUR

154 million
to local economies

65 %

of wages were
paid to Eastern and
Northern Finland

EUR 2
profit for multiple-use forests
third euro

for promoting biodiversity and tourism

Visits to hiking destinations

6,200,000

We use and manage
of Finland's land and
water areas

1/3

METSÄHALLITUS GROUP

GROUP UNITS AND SERVICE CENTRE

PARKS & WILDLIFE FINLAND

Management of national parks and other nature conservation, wilderness and state-owned hiking areas; protection of species and habitats; provision of hiking, hunting and fishing services

BUSINESS UNITS

Forestry

Management of state-owned multiple-use forests, sales and marketing of timber

Laatumaa

Estate agency operations relating to holiday properties and forest, and development of wind power business

Subsidiaries

Fin Forelia Oy

Seedling production and sales

Siemen Forelia Oy

Seed production and sales

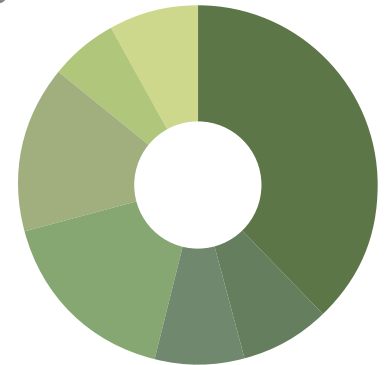
MH-Kivi Oy

Leasing of soil and rock extraction sites and sale of soil and rock resources

Metsähallitus manages 9,121,000 hectares of land and 3,417,000 hectares of waters, totalling 12,538,000 hectares.

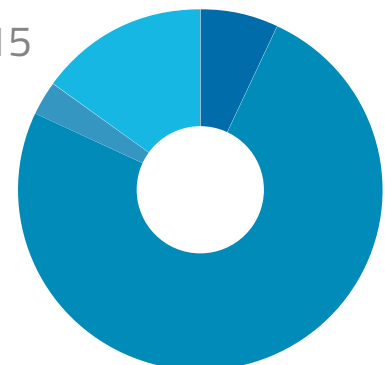
Land areas administered by Metsähallitus 31.12.2015

- Forest land in commercial forests **3,493,000** hectares (38%)
- Low-productivity land in commercial forests **722,000** hectares (8%)
- Non-productive land in commercial forests **704,000** hectares (8%)
- Statutory conservation areas **1,518,000** hectares (17%)
- Wilderness areas **1,377,000** hectares (15%)
- Areas reserved for conservation programmes **598,000** hectares (6%)
- Other areas of special value **709,000** hectares (8%)

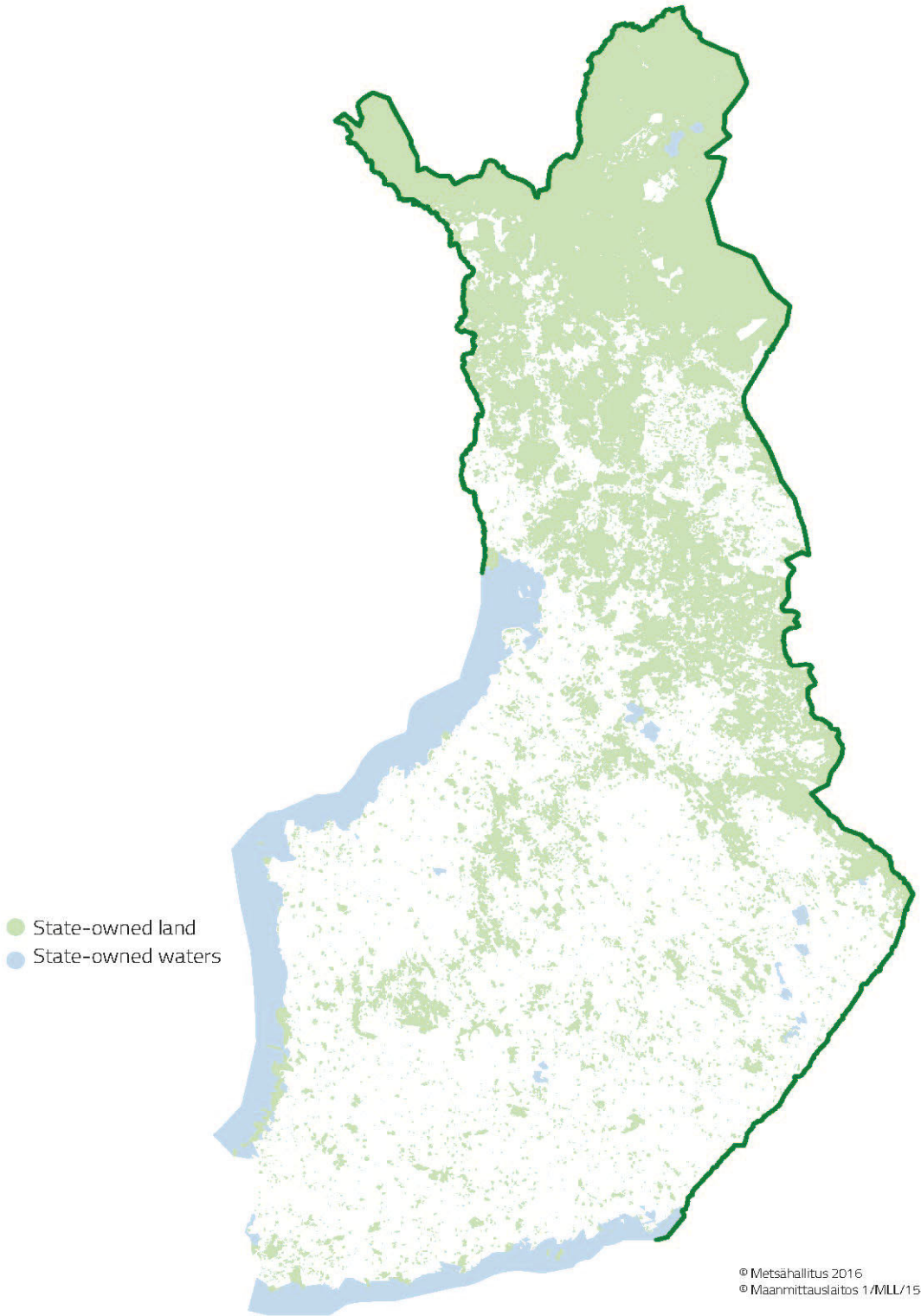


Water areas administered by Metsähallitus 31.12.2015

- Statutory conservation areas **235,000** hectares (7%)
- Public waters **2,663,000** hectares (78%)
 - of which sea **2,555,000** hectares
 - of which lakes and rivers **108,000** hectares
- Other waters **519,000** hectares (15%)



Metsähallitus land and water property



Richness in nature and from nature

Metsähallitus develops the use of state-owned land and waters responsibly so that they benefit the whole of society to the fullest possible extent, from serving the interests of trade and industry to enforcing the Climate and Energy Strategy, and producing welfare services derived from nature.

Responsible management and use of natural resources

Metsähallitus employs a wide range of conservation and management methods to preserve and promote both ecological and cultural diversity.

Read more » **Blue Metsähallitus**, pp. 12–17,
Conservation and management, pp. 18–23

Forests play a major role in mitigating climate change. Trees bind carbon through photosynthesis, and forests therefore act as carbon sinks. Wood is an ecological, renewable and healthy material unlike fossil fuels. Products made from wood store carbon throughout their lifecycle.

Read more » **Sustainability from forests**, pp. 24–29

Profitability

The financial impacts of Metsähallitus' operations are substantial. In the last 10 years, Metsähallitus has generated more than EUR 1 billion for the State. Metsähallitus employs more than 1,000 businesses, many of which operate in the countryside or in small towns.

Read more » **Well-being, income and profitability**, pp. 32–35

Continuous improvement

At Metsähallitus, everyone is responsible for the continuous improvement of environmental performance. Many ideas have been incorporated into routine work.

Read more » **Progress from creativity – innovation, research and development**, pp 36–37

Employee well-being

Metsähallitus employs almost 1,500 professionals. Personnel well-being is promoted in many different ways.

Read more » **Promoting employees' well-being**, pp. 38–39

Customer-centricity

Metsähallitus carries out comprehensive surveys of its customers' and partners' satisfaction in services, products and partnerships and actively develops new products and services.

Read more » **Listening and developing**, pp. 40–41

Cooperation and partnerships

Metsähallitus cooperates with a wide range of stakeholders. Local residents and stakeholders have an opportunity to contribute to the planning of the use of natural resources. Our partnerships also help to preserve Sámi culture and traditional sources of livelihood.

Read more » **Results through cooperation**, pp. 42–47

Blue Metsähallitus

Metsähallitus manages more than three million hectares of waters. We use our expertise to improve the status of both lakes and rivers and the Baltic Sea to enable our waters to provide both income and unforgettable recreational experiences.



Conservation efforts

The Saimaa ringed seal is one of the most endangered seal species in the world and is therefore subject to special protection. There were only approximately 260 seals left in Lake Saimaa at the beginning of the 21st century, but conservation efforts have increased the population to approximately 320 individuals. A large percentage of pups are born in areas managed by Metsähallitus.

The Saimaa ringed seal population is growing at a rate of approximately
3% PER YEAR

Due to the lack of snow at the beginning of the winter, artificial snowdrifts were built to improve nesting conditions in central parts of Lake Saimaa. This innovative technique, which has also won Metsähallitus' Innovation Award, was developed in cooperation with partners such as the University of Eastern Finland. A large number of volunteers contributed to the building of snowdrifts. Pups were counted in a total of 434 nests, and their number was estimated at 71. Of these, 21 pups were born in artificial snowdrifts.



Metsähallitus' **Saimaa Seal LIFE project** (2013–2018) promotes the development and adoption of fishing techniques that help to conserve the Saimaa ringed seal and produces information to help plan conservation measures.



Research into underwater ecosystems in the Baltic Sea

Metsähallitus collects information about habitat types and species across Finland's coastal waters as part of the Finnish Inventory Programme for the Underwater Marine Environment (VELMU).

Data pooled from more than 66,000 underwater cameras, 550 dive transects and several hundreds of benthos samples allow Metsähallitus to identify areas where the risks to biodiversity are presumably the greatest.

Metsähallitus is preparing maps of the most vulnerable spots in the Baltic Sea as part of its commitment to the Baltic Sea Action Group (BSAG). The maps will be published in connection with the centenary of Finland's independence in 2017, and they will help to preserve biodiversity in the Baltic Sea.

Metsähallitus' Director General **Esa Härmälä** and the BSAG's co-founder **Iikka Herlin** believe that the partnership will improve the status of the Baltic Sea.



Metsähallitus' commitment to the conservation of the Baltic Sea





Tourism on previously inaccessible islands

The fortress island of Örö, a former military base of the Finnish Defence Forces, was handed over to Metsähallitus at the beginning of the year and added to Archipelago National Park. Metsähallitus is in the process of turning the island's history and unique natural environment into a sustainable tourist attraction. Local businesses have been entrusted with setting up commercial services on the island. Various service provision and construction projects have already created a considerable number of jobs for the local community and multiplied the number of charter boat and ferry operators' customers.



A new urban nature-based tourist destination will open just off the coast of Helsinki in 2016, when Vallisaari Island and Kuninkaansaari Island are opened to the public. Also former military bases, the islands will be turned into a nature conservation area and a sustainable nature-based tourist attraction. Much of the islands will be left in their natural state.



Metsähallitus in charge of fishing

The new Fishing Act, which entered into force at the beginning of 2016, transferred the responsibility for the administration of fishing in public waters from individual fishing areas to Metsähallitus. The fishing licensing system was also simplified and the former national fishing management fee and provincial fishing fees amalgamated into a single fishery management fee. The new system allows licence holders to fish with a single rod in all waters that were previously subject to one of the provincial fishing fees. Fishery management fees are collected by Metsähallitus.

*Each hunting or fishing licence sold
benefits the region by*
EUR 233

*Local fishing licences are
now cheaper than ever:*
EUR 39/YEAR
(previously EUR 55/year)
*Revenue from licence fees is used
to restore and stock waters
that are popular with fishermen*

Blue experiences for immigrants

For several years, Metsähallitus has been educating immigrants about Finnish nature and encouraging them to take advantage of the natural environment. Approximately 90 immigrants from Afghanistan, Syria, Iraq, Iran, Myanmar and Somalia tried ice fishing in the spring in Rovaniemi.

The outdoor activity day was hosted by Metsähallitus as part of an immigrant integration programme of MoniNet, a multicultural activity centre run by Rovala Settlement Association. We are continuously developing new ways to make Finnish nature better known among immigrants as well.





Scenic lake vistas through landscape management

Finland is a country of thousands of lakes, but many scenic lakes are hidden by dense forest. Special attention has been given to scenery in multiple-use forests to provide tourists with better views of sights such as fells, river valleys and lakes. Thanks to landscape management, the stunning islands of Nangujärvi Lake in Inari in Lapland can now also be enjoyed by passers-by.



According to a joint report (in Finnish) published by Metsähallitus and the Finnish Wildlife Agency on waterfowl hunting along Finland's south coast (2015), public waters are important recreational destinations and practically the only hunting grounds available in Southern Finland

FEEDBACK RECEIVED FROM HUNTERS

is important for managing game populations and for promoting sustainable hunting

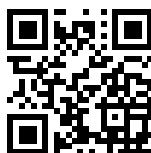


Major contribution for the restoration of lakes and rivers from the EU

The European Commission granted Finland almost EUR 12 million towards the restoration of lakes, rivers and ponds and for the development of new practices for promoting aquatic biodiversity. With a total budget of almost EUR 20 million, Freshabit-LIFE IP (2016–2022) is the most extensive LIFE project in Finland's EU history. It is one of the European Commission's first six integrated projects (IPs) aimed at solving major environmental issues and pooling operators who contribute to aquatic biodiversity in an innovative way. The project is coordinated by Metsähallitus Parks & Wildlife Finland with 30 partners from around the country.

A new logging bridge was built across Hirvasjoki River in Ivalo in Lapland with minimal disruption to the local freshwater pearl mussel population. The river was covered for the duration of the demolition and rebuilding stages of the project so as to not alter its flow characteristics.

Metsähallitus' freshwater pearl mussel project



studied ways to revive the mussel populations of northern Fennoscandia



produced a booklet on the protection of freshwater pearl mussels for forestry operators (in Finnish)



Conservation and management

Metsähallitus employs a wide range of conservation and management methods in order to preserve and promote ecological and cultural diversity in both multiple-use forests and in Western Europe's largest nature conservation areas.

Protected areas at the core of the ecological network

State-owned nature conservation areas represent all habitat types found in Finland, which makes them vital for the preservation of biodiversity and the variety of species and landscapes. Together with other Natura 2000 sites, such as the vast wilderness areas of Lapland, they form the core of Finland's ecological network and must be kept as close as possible to their natural state.

IN 2015
heritage landscapes managed:
4,222 hectares
and habitat types surveyed across
25,598 hectares

Conservation network of state-owned land and waters

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

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



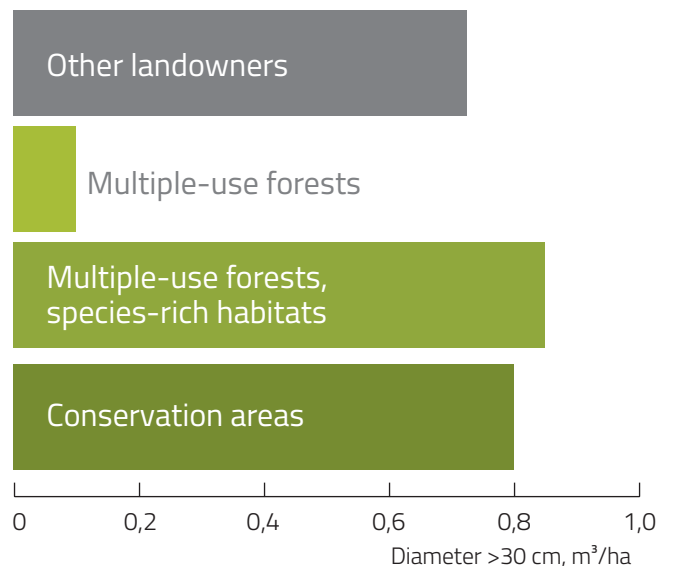


Well-being from nature conservation

Metsähallitus’ nature conservation professionals manage some of Finland’s most valuable natural environments and cultural attractions. Ecological management and restoration create habitats for vulnerable species and promote their survival. Nature conservation projects are carried out with a range of partners with funding from organisations such as the EU.

Far-sighted conservation work has improved the integrity and effectiveness of the conservation network and helped to slow down the loss of biodiversity. Diverse nature is also an asset for recreational services and nature-based tourism.

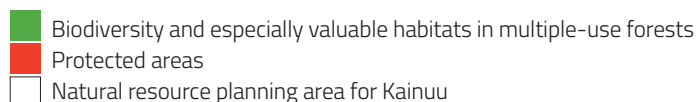
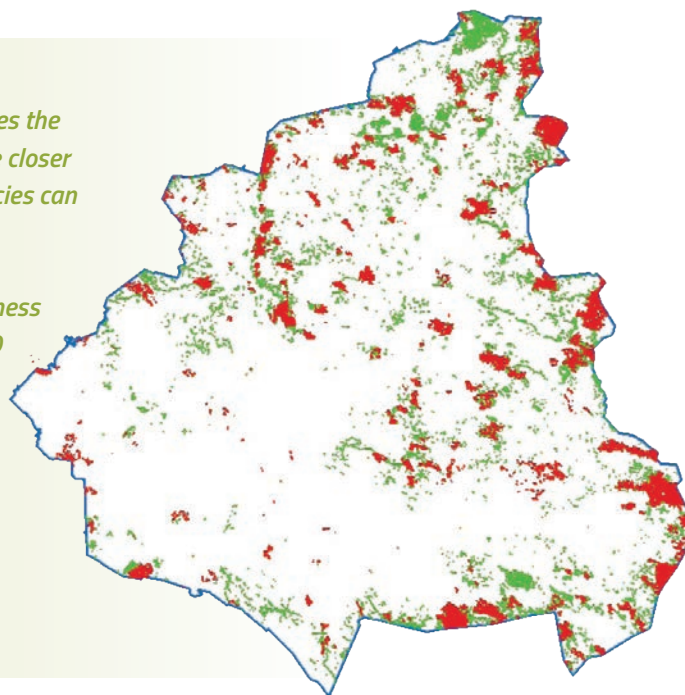
Approximately one quarter of forest species in Finland – more than 4,000 species in total – are directly or indirectly dependent on deadwood. Volume of mature live aspens in state-owned multiple-use forests and in conservation areas, whole of Finland (Source: NFI).



The interconnectedness of the ecological network measures the accessibility of an area from the perspective of species. The closer a suitable habitat is located, the more likely it is that a species can successfully spread to that area.

Four distances were used as criteria in the interconnectedness analysis: 200 metres, 500 metres, 2,000 metres and 5,000 metres. Habitats are considered to be interconnected if they intersect each other at these distances.

Almost 70% of species-rich habitats found in state-owned forests in Kainuu are located no more than 500 metres from the nearest nature conservation area.



Multiple-use forests as part of the ecological network

Metsähallitus also promotes the diversity of multiple-use forests through various measures. Their most ecologically valuable habitats, such as old-growth forests, wooded heritage biotopes, fertile mires and the surroundings of small water bodies, are off limits to the forest industry or are managed with utmost care.

According to analyses carried out in Kainuu and Western Finland, species-rich habitats found in multiple-use forests tie in well with nature conservation sites and therefore make a valuable contribution to their total area. Almost 70% of species-rich habitats in forests are located within half a kilometre of the nearest nature conservation area. More than 95% are located within two kilometres of nature conservation areas. For most species, half a kilometre is short enough a distance to tie habitats together.

In multiple-use forests,
85%
OF SPECIES-RICH HABITATS ARE OFF LIMITS TO THE FOREST INDUSTRY

AND 15%
ARE SUBJECT TO RESTRICTIONS



Light & Fire LIFE

Metsähallitus' Light & Fire LIFE project (2014–2020) aims to conserve habitats created by light and fire over centuries in 69 Natura 2000 sites and to protect species that depend on such habitats. There are a number of delicate species of plants and insects that cannot survive in any other kind of habitat. As techniques to control forest fires have evolved, new habitats of this kind are no longer created naturally, and existing habitats are at risk of overgrowing.

By the end of 2015, the project had successfully restored almost one hundred hectares of forest. The survival of species was also promoted by removing surface peat and large trees on eskers and by eliminating non-native species, such as beach rose, along sea shores.

Paahde-LIFE



Light & Fire LIFE

Species-rich LIFE

The Species-rich LIFE project (2011–2016) focuses on con-serving habitats with the richest variety of species in 59 Natura 2000 sites. Particular attention is given to traditional biotopes, herb-rich forests and old-growth deciduous forests inhabited by the white-backed woodpecker.

By the end of 2015, nature conservation measures have been carried out in an area of more than 800 hectares. Most of the habitats are relatively small and, without management, at risk of losing their biodiversity. Herb-rich forests, which are dominated by deciduous trees, are at risk of being overtaken by spruce, and fields and meadows are threatened by overgrowing in the absence of traditional livestock grazing or mowing. This is why clearing trees and bushes is the most common form of ecological management in these areas.

Luonnonhoito-LIFE



Species-rich LIFE

Metsähallitus' nature conservation measures cost

EUR 1.50

per citizen per year

Further information about the nature conservation targets set by the Ministry of the Environment for Metsähallitus Parks & Wildlife Finland, and about progress relative to the targets, is available in the 2015 Annual Report and Financial Statements of Metsähallitus' public administrative duties (in Finnish).





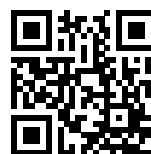
Archaeologist Timo Sepänmaa and forestry worker Mauno Tyni study an engraving found in a rock in Taivalkoski.

Thousands of cultural heritage sites in forests

Metsähallitus carried out a cultural heritage inventory in 2010–2015 to identify and document traces of human activity and structures left behind in multiple-use forests over a period of approximately 10,000 years, from the early Stone Age all the way to approximately the 1960s. Archaeologists documented more than 10,000 cultural heritage sites in forests, including more than 100,000 individual structures. The project produced a wealth of new information about Finland's history, as the majority of the sites were previously unknown, and provided a more detailed picture of our country's prehistory especially in Ostrobothnia and Lapland.

The project was the most extensive cultural heritage inventory in Finland's history and the first to also take into account the younger cultural heritage of forests. All in all, the inventory covered four million hectares of commercial forest, shrubland and barrens.

New guidelines on the preservation of cultural heritage for future generations were drawn up in cooperation with the National Board of Antiquities and other organisations and incorporated into Metsähallitus' Environmental Guidelines for Practical Forest Management. Data on the sites, including photographs, was stored in Metsähallitus' database, where it can be accessed by forest management planners. The photographs were also uploaded to the Finnish Forest Museum's image archive, and they are publicly accessible via the Kantapuu.fi portal.



The reports produced in the course of the cultural heritage inventory are available online (in Finnish)



Sustainability from forests

Metsähallitus' multiple-use forests are accessible to everyone. In addition to the forest industry, multiple-use forests are important for the promotion of biodiversity, recreation, reindeer husbandry, Sámi culture, and employment. Metsähallitus invests approximately EUR 55 million each year in preserving and promoting these important social functions.

A total of 90% of these forests are located in Eastern and Northern Finland. Thanks to successful forest management, the volume of growing stock in multiple-use forests has increased by more than 50 million cubic metres in 10 years and now amounts to 307 million cubic metres.



Kontiotuote is constructing the world's biggest log-built school in Pudasjärvi. Just over half the logs originate from state-owned forests. Metsähallitus and Kontiotuote have been cooperating for more than 20 years.

Valuable carbon sink

Forests play a major role in mitigating climate change. Trees bind carbon through photosynthesis, and forests therefore act as carbon sinks.

The carbon stores of Metsähallitus' forests have grown considerably in the last few decades. More carbon has become absorbed in trees in particular. The soil also acts primarily as a carbon sink. Discharges into the soil in drained organic peatlands have decreased. Trees have produced more forest litter, which has acted as a carbon sink.

The ability of wood to bind carbon also survives in wooden products. The longer a wooden product remains in use, the longer it acts as a store of carbon molecules.

"Increasing wooden construction is a sensible and economic way to remove carbon dioxide from the atmosphere and store it for long periods of time."

*Senior Scientist Henrik Heräjärvi,
Natural Resources Institute Finland*

Metsähallitus adopted a forest owner specific PEFC certification scheme in 2015, which gives Metsähallitus more responsibility for promoting sustainable forestry in multiple-use forests on a local level. Metsähallitus Forestry's managerial staff were introduced to the new criteria by means of online training.





Timber harvested on 2% of the total area of multiple-use forests

A total of 5.8 cubic metres of timber was sold from state-owned multiple-use forests. Thinning accounted for more than half (53%) of the cutting yield.

Regeneration felling accounted for less than half (41%) of all felling. The average size of regeneration sites was less than two hectares in all of southern Finland and approximately three hectares in Northern Finland.

Special felling techniques were applied on sites that are valuable in terms of biodiversity, recreation or scenery in order to preserve forest cover and scenic views. These kinds of felling operations accounted for 6% of all felling.

The growth of a new forest was ensured on all regeneration sites. A total of 7% of the sites were regenerated by natural means and 93% by planting seeds or seedlings. All seeds and seedlings were of Finnish origin. Forests grown from seeds and seedlings produce more than 20% more timber, and their rotation time is also shorter. Moreover, the timber is of better quality.

Multiple-use forests

GREW BY 11 MILLION CUBIC METRES DURING THE YEAR

A total of

53% OF THE GROWTH WAS UTILISED

On thinning sites

ONE THIRD OF THE TREES WERE HARVESTED FOR FURTHER PROCESSING

and the rest were left to grow

An average of

11 RETENTION TREES PER HECTARE
were left on regeneration sites

Approximately

20 MILLION SEEDLINGS
were planted in multiple-use forests



High-quality of environmental management standards maintained

Metsähallitus' Environmental Guidelines for Practical Forest Management lay down clear environmental requirements for forestry operators and for continuous improvement. Annual assessments are carried out on the preservation of valuable habitats during timber harvesting, the quantity and quality of trees left to grow to ensure biodiversity, the impact of forestry on landscape, the success of water protection, and the standard of fuelwood harvested.

The standard of environmental management measures remained high in 2015. All the monitored operations performed especially well in the preservation of the unique characteristics of valuable habitats. The characteristics of valuable habitats were completely or almost completely preserved on 95% of their total area on regeneration sites.

Environmental monitoring of Forestry 2015, summary (in Finnish)



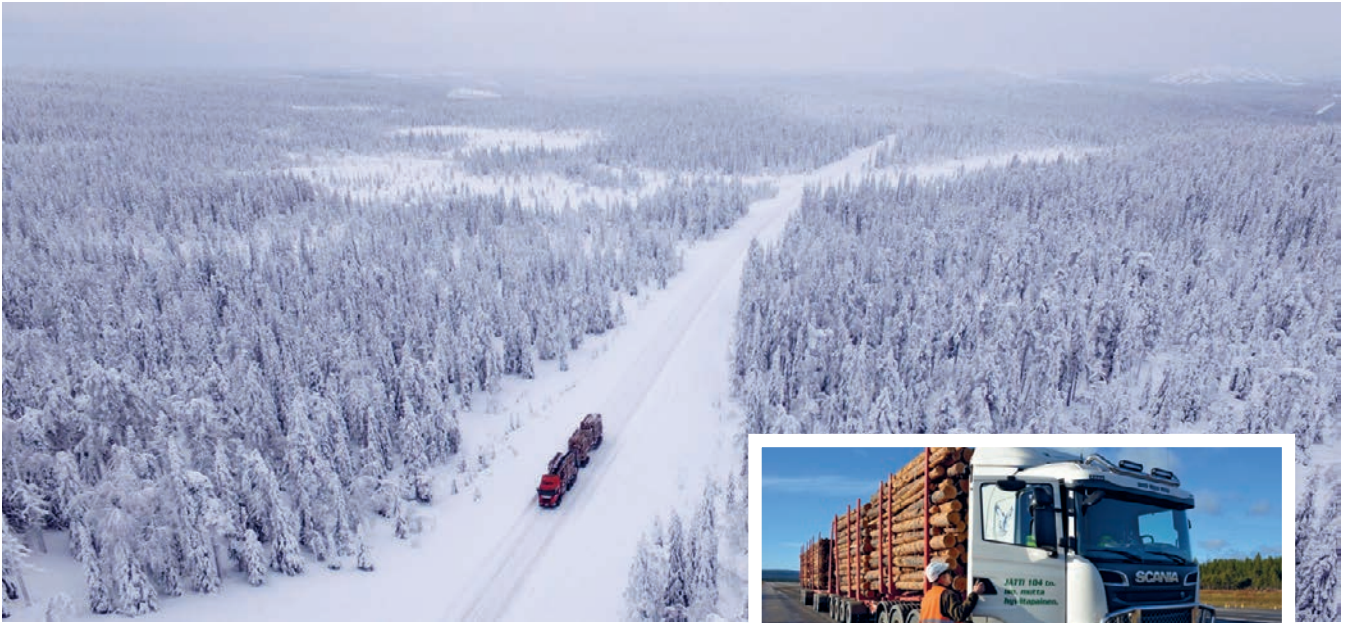
Recreational use of logging roads

Logging roads on state-owned land are built for forestry purposes, but they also serve berry pickers, hunters and other nature-lovers. Metsähallitus studied the use of state-owned logging roads in Southern Finland by means of traffic counts and interviews. The survey followed up on a study conducted in Kainuu the year before last.

According to the surveys, road users other than forestry operators account for 85% of all traffic on logging roads. Recreational visitors – hunters, mushroom pickers, berry pickers and hikers – make up the biggest user group on state-owned logging roads. One in three visitors come to hunt for small game and one in five to pick berries or mushrooms. The most common activity among women is dog-walking.

In Lapland and Eastern Finland, Metsähallitus' roads are also important access routes for the local population. Approximately 15% of logging roads can be used year-round.

In multiple-use forests, there are
37,000 KILOMETRES
OF LOGGING ROADS
and **1,000 BRIDGES**



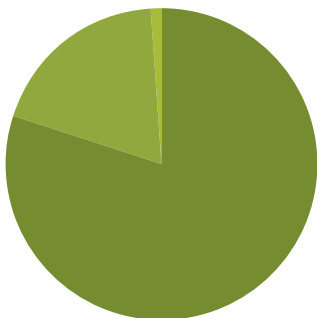
Pioneering more efficient transport

Metsähallitus' contractors manage the felling of trees and the transport of timber. Using larger lorries is an efficient way to lower emissions from road transport.

Approximately 160 lorries were used to transport Metsähallitus' timber. High-capacity lorries weighing between 68 and 76 tonnes accounted for approximately 90% of the transport fleet. Their payload is up to one third greater, but they consume approximately 10% less fuel per transported tonne. The number of the largest lorries weighing 76 tonnes has multiplied in a year and a half. The rate at which Metsähallitus has introduced these kinds of lorries exceeds the national average.

Metsähallitus' timber transport

- Road transport (80%)
- Rail transport (19%)
- Log floating and vessel transport (1%)



Lower noise levels and less pollution

The most massive timber lorry in Europe began operating in Lapland in the autumn. Ketosen Kuljetus Oy's 104-tonne lorry transports timber supplied by Metsähallitus, among others, from Inari to Rovaniemi.

The giant lorry can carry double the amount of timber compared to 64-tonne lorries, and its payload is greater than the total weight of 76-tonne lorries. The number of journeys is halved, thus reducing harmful impacts such as road noise and pollution. The giant lorry is also expected to lower greenhouse gas emissions and road wear.

The giant lorry is part of a research project aimed at studying the cost-effectiveness, environmental impacts and road safety associated with timber deliveries. Metsähallitus also intends to make more extensive use of high-capacity lorries in its deliveries in the future, as two 84-tonne lorries are expected to be given operating licences for Kainuu and Lapland.

"These are bold trials related to how payload can be optimised relative to energy consumption and road wear without compromising road safety."
 Group Manager Otto Lahti, Finnish Transport Safety Agency



Wilderness sponsors and sustainable hunting

Metsähallitus monitors game populations and manages hunting grounds in order to ensure sustainable hunting. Ecologically sustainable licence quotas are laid down annually for each area. Proceeds from the sale of licences are used to improve customer service and manage hunting grounds and fishing destinations. Game and Fisheries Wardens supervise compliance with good hunting and fishing practices.



Hunting and fishing supervision report
2015 (in Finnish)

*Hunting and fishing on state-owned land and waters contributed **EUR 39.3 MILLION** in revenue and **240** person-years in jobs*

Metsähallitus began to pilot a wilderness sponsor scheme for young people in the capital region. The plan is to turn the scheme into a nationwide programme.



Wilderness sponsors are responsible hunters and fishermen who work with children and young people to inspire them to spend time outdoors, to respect and know nature, and to understand the principles of sustainable fishing and hunting. The scheme is also designed to encourage teachers to incorporate themes relating to fishing and hunting into their lesson plans.

Promoting the use of sustainable energy

Metsähallitus aims to increase renewable energy production in state-owned areas in order to promote the achievement of climate objectives in line with the Finnish Government's Climate and Energy Strategy.



Locally sourced fuelwood

Forest residues generated in the course of felling and timber of no economic value were used as sources of renewable energy. In Lapland timber harvested on first-time thinning sites, which would otherwise be wasted, was used as fuelwood.

Metsähallitus supplied a total of approximately 563 GWh of fuelwood to power plants in large cities and to industrial facilities, primarily for heating. The ski resorts of Ylläs and Levi were also partially heated with fuelwood harvested on state-owned land. In addition, logs and pulpwood supplied by Metsähallitus generated approximately 2,800 GWh of energy in the course of processing.

Fuelwood is a by-product of wood processing: Forest residues and small trees from felling sites, bark and sawdust from sawmills, and wastewater from pulp factories.

The volume of forest residues supplied by Metsähallitus is

ENOUGH TO HEAT A TOWN THE SIZE OF ROVANIEMI FOR A WHOLE YEAR



Active wind power development

Metsähallitus Laatumaa contributes to the development of wind power projects by identifying suitable locations, reserving the areas in question, and leasing them to wind power companies by means of competitive tendering. More extensive wind farms are being built on state-owned land to make roads and other infrastructure more economic to build and maintain than for small groups of wind turbines.

Metsähallitus' vast land assets also allow wind farms to be designed so as to minimise harmful impacts on local residents, nature and other infrastructure.

Plans were drawn up for four wind farms in Hyrynsalmi, Pudasjärvi, Raahe and Suomussalmi. Changes introduced to legislation pushed the projects' completion dates back to 2016. There are also plans to build wind farms in Jalasjärvi, Karstula and Pyhäntä.

Metsähallitus does not buy holdings in wind power companies, but safeguards public interests by ensuring that the users of wind farms operate in accordance with Metsähallitus' sustainable development criteria.

On state-owned land, a buffer zone of
1.5–2 KILOMETRES IS LEFT BETWEEN WIND FARMS AND RESIDENTIAL AREAS



Well-being, income and profitability

Metsähallitus responsibly develops the use of state-owned land so that it benefits the whole of society to the fullest possible extent, from serving the interests of trade and industry to enforcing the Climate and Energy Strategy, and producing welfare services derived from nature.

Metsähallitus pays more than EUR 100 million in dividends to the Finnish State each year, which are spent on promoting public interests. The amount of revenue generated for the State has doubled in the last seven years. Our profit over the last 10 years totals more than EUR 1 billion.



More value from property transactions

Property transactions help to improve the Finnish State's property portfolio and increase the value of land: Land is mostly bought for the Defence Forces on strategic grounds as well as for forestry purposes, in which case priority is given to land adjacent to existing state-owned properties. Metsähallitus has also been forced to sell forestland to meet its ambitious revenue targets in recent years.

Metsähallitus strives to only sell small isolated plots that are located far away from large state-owned forestland areas, as well as fields and co-owned forests. Properties of more than one hundred hectares are only sold in special circumstances. Water areas are very rarely sold, and usually only in connection with forestland.

Planning authorities design plots for many different purposes, such as for building holiday homes and residential properties

as well as tourist destinations and business premises. The aim is to promote local economies and vitality in sparsely populated areas in particular. Planning is regulated by the Finnish Government's principles for planning on Metsähallitus' land, which emphasise the need to preserve the natural, recreational and cultural value of areas, ensure public access and promote social responsibilities such as preserving reindeer husbandry and Sámi culture.

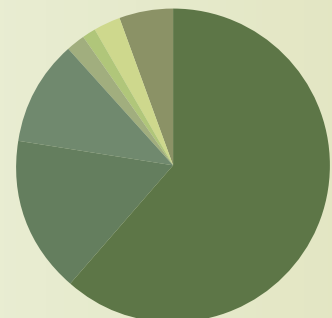
Laatumaa also carries out property transactions relating to re-allotment and nature conservation on the basis of assignments from Parks & Wildlife Finland.

The average size of forestland plots sold was
22 HECTARES

Metsähallitus Parks & Wildlife Finland funding in 2015

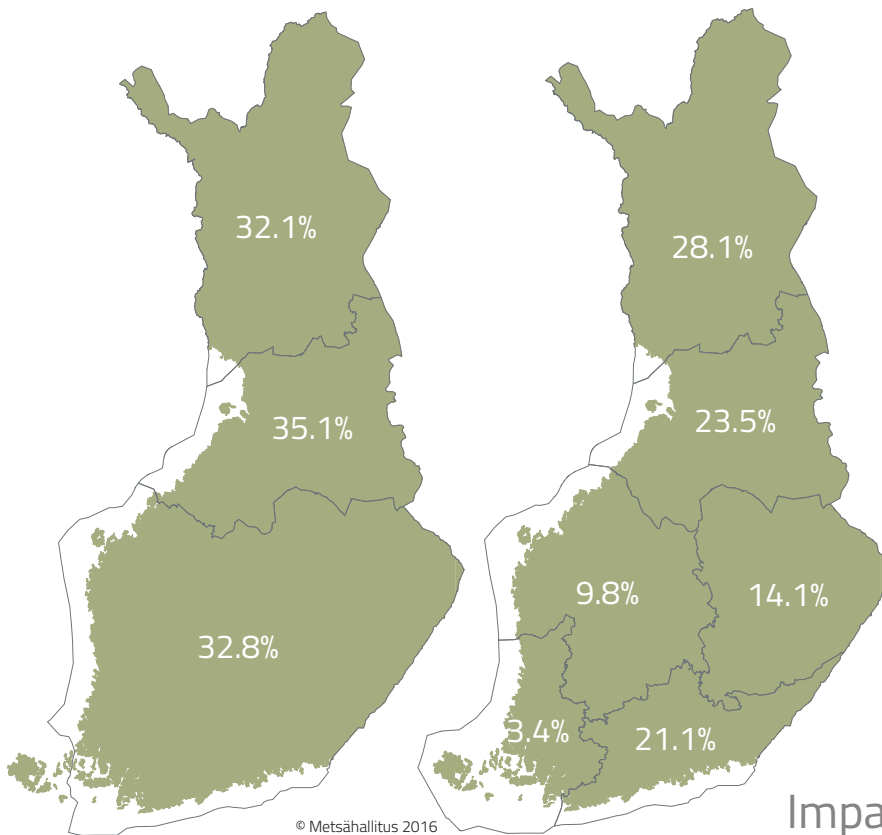
Metsähallitus Parks & Wildlife Finland looks after public administrative services, and its operations are mostly funded from the government budget. Revenue is generated from services such as hunting and fishing licensing and rents.

- Ministry of the Environment EUR 36.6 million
- Internal financing EUR 9.7 million
- Ministry of Agriculture and Forestry EUR 6.4 million
- Ministry of Employment and the Economy EUR 1.2 million
- Ministry of Justice EUR 0.8 million
- EU project funding EUR 1.7 million
- Other financing EUR 3.2 million



Services outsourced by Metsähallitus Forestry

Salary payments (%)



Total revenue and jobs generated by tourists

National parks:
EUR 141.5 million
 and **1,400 person-years**

Hiking areas:
EUR 12.2 million
 and **131 person-years**

Impact of national parks and hiking areas on local economies

The amount of money invested by the Finnish State in national parks and hiking areas is returned to society many times over in the form of local business and jobs.

On average, the money spent by visitors in national parks injects approximately EUR 10 into the local economy for each euro invested in hiking services and nature centres. The return from national parks that are located in areas that are popular with tourists is even higher at EUR 14 on average.

The national parks that generated the most money for local economies were Pallas–Yllästunturi National Park (EUR 36.5 million), Urho Kekkonen National Park (EUR 21.5 million), Oulanka National Park (EUR 19.0 million) and Koli National Park (EUR 17.7 million). National parks located close to big cities and the capital region had less of an impact on local economies, but contributed to recreation and public health.

The financial input of hunters and fishermen into local economies was also considerable. Each hunting or fishing licence sold benefits the region by an average of EUR 233. In addition to the amount of money injected into the local economy, the total impact also extends to money spent during the journey to wilderness destinations. The benefits to regional economies are highest in Eastern and Northern Finland.

Contributing to regional development

As a major landowner and employer, Metsähallitus has an important role to play in Northern and Eastern Finland, where its operations have a considerable impact on regional economies.

Metsähallitus employed more than 3,000 people across the country. For example, Metsähallitus outsourced all its mechanical forestry work to independent contractors and some of its forest management duties to private forestry service providers. Tourism and recreation in nature conservation and hiking areas provided work for both tour operators and maintenance businesses.

Metsähallitus' pool of contractors includes approximately 400 forestry businesses that employ more than 1,200 people. Most contracts are for a period of between three and five years. Of the more than one hundred businesses that carry out planting and sapling stand management, fewer than 10 are based abroad. Metsähallitus only uses contractors that meet the requirements laid down in the Act on the Contractor's Obligations and Liability when work is contracted.



Well-being and health

National parks, hiking areas, multiple-use forests and waters managed by Metsähallitus, along with the associated services, road networks and hiking facilities, provide excellent opportunities for fishing, hunting and hiking. More than six million tourists visited national parks, hiking areas and other recreational nature conservation and hiking destinations last year. The number of visitors in Finland's national parks increased by an impressive 15% from 2014 to 2015. More than 125,000 fishing and hunting licences were sold.

The indirect financial impacts are also considerable. In various surveys, recreational visitors to the national parks and multiple-use forests have estimated that they receive health benefits worth EUR 200.

Nature – Finland's largest physical exercise facility – is open all year round

Accessible nature destinations

Spending time in the great outdoors is known to be beneficial to health. However, according to estimates, a considerable percentage of Finns also need, and will in the future need accessible hiking routes, nature destinations and services.

Parks & Wildlife Finland has launched a project aimed at promoting accessible nature destinations and disseminating information. Metsähallitus' partner in the project is the Finnish Federation of Adapted Physical Activity, which is an umbrella organisation of 18 nationwide public health, disability and fitness associations.

"Every resident of Finland, regardless of whether they have a chronic illness or a disability, must be able to enjoy the health and well-being benefits of physical activity. This innovative partnership allows us to make outdoor physical activity a viable alternative for more and more people."

*Executive Director Anne Taulu,
Finnish Federation of Adapted Physical Activity*

Progress from creativity –innovation, research and development

At Metsähallitus, everyone is responsible for continuous improvement. Anyone can suggest new ways of doing things better and more sensibly. Many ideas have been incorporated into routine work.

The best innovations and efforts to promote the sustainable use of natural resources are recognised by Metsähallitus' annual innovation and environmental awards.



One good idea and several good deeds

Fieldwork Manager **Arto Pummila** from Metsähallitus Parks & Wildlife Finland took his colleagues to watch sea trout spawning in Tikkurilankoski Rapids and explained the shortage of gravel that makes it difficult for trout to build redds. The team considered what could be done to help the vulnerable trout.

Metsähallitus' personnel club consequently joined forces with the City of Vantaa and the Uusimaa Centre for Economic Development, Transport and the Environment to build artificial redds. Spawning sea trout were spotted in the new redds just a few weeks after the work had been completed.

While digging, Director General Esa Härmälä was struck by the idea of donating Metsähallitus' Christmas present fund to the restoration of streams. This idea has enabled Virtavesien hoitoyhdistys, an association for the restoration of streams, to buy approximately 20 cubic metres of gravel and build 75 square metres of artificial redds.

Just before Christmas, Metsähallitus Parks & Wildlife Finland also chose the association as the winner of its 2015 Volunteer of the Year award in recognition of the association's many decades of work protecting fish populations in streams, promoting sustainable fishing, and restoring fluvial waters.

Cooperation in the sphere of stream restoration continues this year in the form of the Freshabit-LIFE- project, which, among other initiatives, involves a volunteer work party on River Karjaanjoki in the summer.



Diverse game habitats through "doughnut thinning"

Metsähallitus' Planning Officer **Timo Pelkonen** had spent a long time pondering how more variation in denseness could be introduced in even-aged pine woods to improve the living conditions of game species. The solution came to him on one of his planning trips.

Pelkonen was also a student at the time, so he decided to write his dissertation on the subject. His supervisor at work loved the idea, and that is how "doughnut thinning" came to be piloted in southern Lapland.

The technique proved very efficient: Leaving groups of trees in the middle of clearings increased biodiversity and gave game species more cover. The narrow rings cleared around the groups of trees also increased the area of transitional habitats that are important to gamefowl. The technique did not damage the productivity of the forest industry either; in fact, cutting yields increased by approximately 10%.

"Doughnut thinning" has been carried out across an area of 578 hectares in Lapland in the last couple of years. The technique has been incorporated into Metsähallitus' Forest Management Guidelines, and it is also due to be introduced in Ostrobothnia and Kainuu.



Promoting employees' well-being

Metsähallitus promotes occupational safety and health in many ways. Fair and impartial treatment of all employees, continuous learning and development are shared responsibilities, and everyone is entitled to good management and transparent feedback.

Numerous development initiatives

A model for dealing with special circumstances was developed to support managers, which has become an important tool for prevention and early intervention. A campaign aimed at raising awareness about Metsähallitus' substance abuse programme yielded results: According to a personnel survey, the programme is now much better known.

Occupational safety and health work focused on personnel training. OSH training courses were organised in different towns, and employees who drive long distances for work purposes were introduced to a predictive driving style.

Equality and non-discrimination plans were also reviewed in cooperation with personnel representatives and new targets set for promoting them.

Metsähallitus continues to invest in its employees' well-being by promoting schemes such as job rotation and career planning.

Metsähallitus employs approximately 1,500 professionals. Temporary employees account for 14%. Men account for 63.2% of employees and women for 36.8%. The average age of personnel is 51 years.

The majority of Metsähallitus' personnel, approximately 1,340 people, work in offices around the country. Metsähallitus' headquarters in Tikkurila, Vantaa employ approximately 150 people. The next biggest offices in terms of the number of personnel are in Rovaniemi, Oulu, Ivalo, Jyväskylä and Kuopio.

METSÄHALLITUS SCORED 8.1

(on a scale of 1–10) in its most recent personnel satisfaction survey. The figure is almost identical to the previous year's score (8.2).

Personnel by profit centre

(permanent and temporary employees)



More efficient Service Centre operations

The organisation of Metsähallitus' Service Centre, which provides human resources management, financial administration and other support services for the Group, was restructured to meet current needs. Instead of the previous 16 offices, the Service Centre now operates in four locations: in Kemijärvi, Oulu, Rovaniemi and Vantaa. The number of personnel dropped by approximately 20, and the number of managers by two. Seven people relocated to new areas. The unit now employs approximately 50 people.

The Service Centre performed well in an internal customer satisfaction survey carried out towards the end of the year: All teams scored above 4 (on a scale of 1–5) for customer satisfaction.



Listening and developing

Metsähallitus carries out comprehensive surveys of its customers' and partners' satisfaction in services and partnerships, and actively develops new products and services.

Metsähallitus publishes information about its services and operations on its website and on social media, ensuring that an increasing number of customers and partners are reached. The popularity of the Excursionmap.fi service increased by 70%, and 3.2 million people visited the site. Other online services for the public (Outdoors.fi, Eräluvat.fi, Suurpedot.fi) attracted almost two million visitors.



Nature-based tourism services for foreigners

Metsähallitus works in close cooperation with Visit Finland. Three strategic programmes were launched in April to support the objectives of the Ministry of Employment and the Economy's Roadmap for Tourism 2015–2025. Through the programmes, Metsähallitus wants to ensure that our partners produce high-quality, ecological and sustainable tourism services for our national parks and hiking areas.

The programmes help businesses to conquer international markets, to develop new products and services, and to boost sales. Each programme is targeted at different countries.

The FinRelax® programme, which promotes well-being through Finnish nature, food and sauna, is aimed at turning Finland into a leading country for well-being tourism by developing regional tourism services. The programme focuses on Finland's leading national parks in areas that are popular with tourists.

A programme aimed at increasing global awareness of the Finnish archipelago seeks to make Finland's most attractive islands and coastal areas accessible to Central European tourists, to develop the archipelago brand, and to turn regions and businesses into powerful tourism networks.

The Stop Over programme focuses on designing and marketing tourism packages for Asian customers who stop in Finland for a few hours or a few days on long-distance routes.

Among the most responsible organisations in Finland

According to a stakeholder survey, Metsähallitus' reputation has not changed in the last five years and remains good. Partners trust Metsähallitus and consider cooperation with Metsähallitus productive. According to the respondents, Metsähallitus' most important duty is to manage the Finnish State's natural resources.

Metsähallitus is still perceived to be performing extremely well in terms of corporate social responsibility. Metsähallitus' performance in nature conservation has been especially good. However, Metsähallitus still needs to improve when it comes to coordinating different interests. The most critical reputation scores came from non-governmental organisations and representatives of the tourism industry. Metsähallitus' stakeholders consider the new Act on Metsähallitus and the surrounding debate to be damaging on the organisation's image.

SURVEYS CARRIED OUT IN 2015

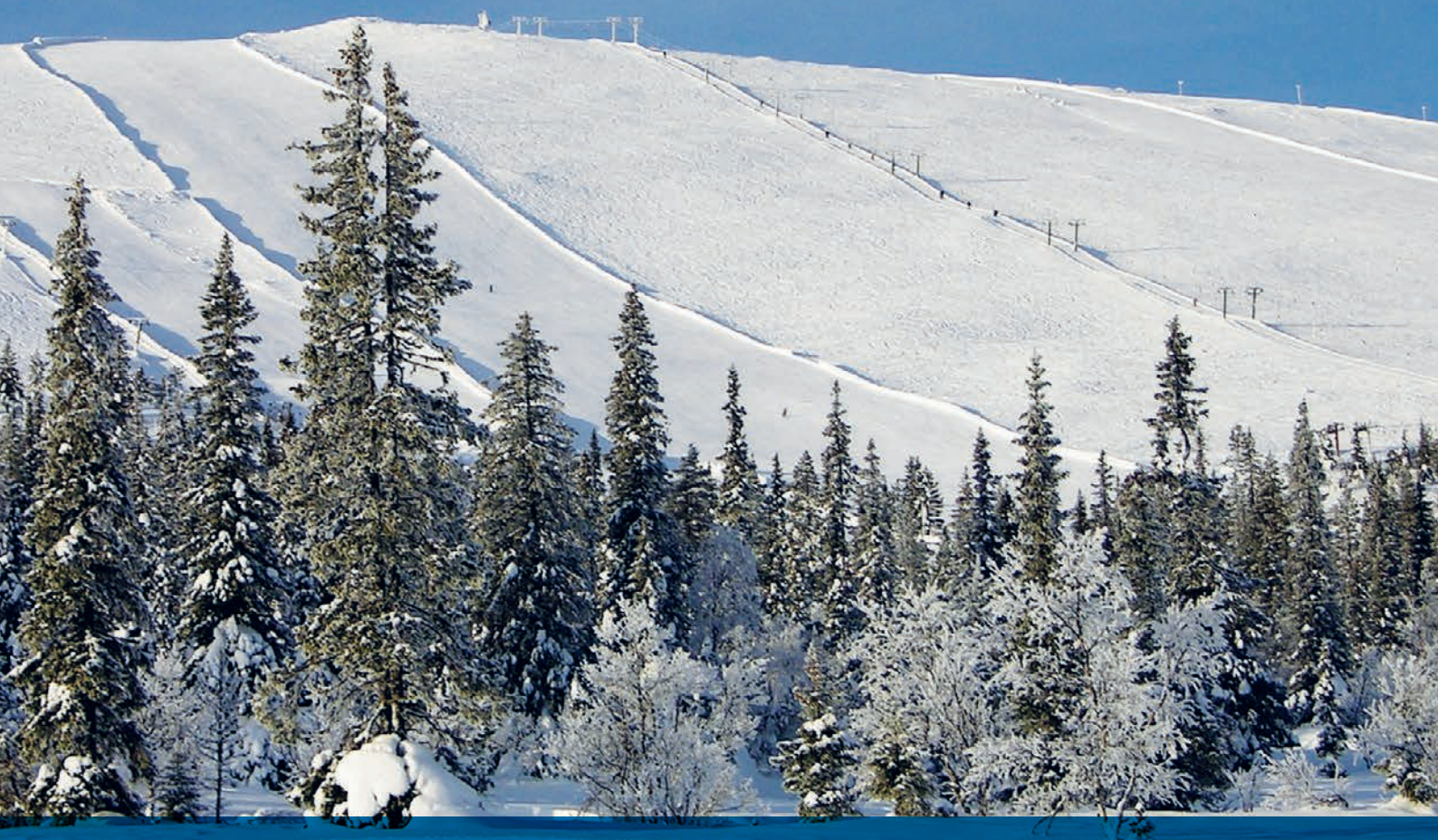
included a stakeholder survey, a corporate survey, a road use survey, 7 visitor surveys and 2 customer surveys

Businesses satisfied with Metsähallitus' contracts

Metsähallitus' forestry entrepreneurs were satisfied with their contracts. Forest machinery businesses gave Metsähallitus a score of 8.3 in a survey conducted by the Trade Association of Finnish Forestry and Earth Moving Contractors. Metsähallitus' score was comfortably above the average (7.3).

Metsähallitus was praised for its timely provision of workload estimates, good instructions, and prompt payments.

Suggested improvements will be implemented in many different ways, such as by revising work instructions and by means of personnel training. The adoption of new ERP systems will improve the dissemination of information about new contracts.



Results through cooperation

Society has a multitude of wishes and expectations relating to the use of state-owned land and water areas. Metsähallitus strives to coordinate these without exceeding the limits of sustainable use. Several regional and local stakeholders and partners contribute to Metsähallitus' planning processes. This cooperation also helps to ensure the preservation of Sámi culture and traditional sources of livelihood.

Natural resource plan for Kainuu

State-owned land and waters have always played a major role in the lives of people in Kainuu. Metsähallitus manages approximately 40% of Kainuu's area, just over one million hectares. Jobs created by Metsähallitus and opportunities for nature-based recreation are especially important for the region.

Metsähallitus drew up a natural resources plan for Kainuu in the summer. The plan lays down Metsähallitus' priorities for state-owned land and water areas in 2015–2020. The plan was drawn up in cooperation with a regional working group, which included representatives from 24 partner and consultancy organisations.

Metsähallitus has revised its principles for natural resources planning, and Kainuu's natural resources plan is the first one based on the new guidelines and priorities. Performance, i.e. the various tangible and intangible assets derived from state-owned land and waters, is measured annually by means of new, versatile indicators.

More about Kainuu's new natural resources plan (in Finnish)



Forestry in Sámi homelands – commonly agreed principles

Tourism is the biggest source of income for the Sámi. Reindeer husbandry is also extremely important, but in some areas, such as in Inari, forestry and the wood processing industry employ almost as many people.

Felling and other forest management operations to be carried out in the Sámi homelands – and in other areas used for reindeer herding – are discussed annually in meetings with reindeer herding cooperatives. The aim of the meetings is to agree on cooperation in areas that are important for reindeer herding. The most important plans affecting the scale and priorities of forestry are also discussed with the Sámi Parliament of Finland and, in Skolt Sámi areas, with Skolt Village Councils.

Metsähallitus also takes the interests of reindeer herders into account in its property business. Metsähallitus generally

only exchanges, sells or leases land in the reindeer herding region where there is a local plan in place. Written statements are requested from reindeer herding cooperatives on any transactions in other areas.

Metsähallitus is the first public authority in the world to have adopted the Akwe: Kõn Guidelines on protecting the heritage of indigenous people.

*The most important reindeer grazing areas
have been declared off limits to the
forest industry for a*
PERIOD OF 20 YEARS



20 years of cooperation with China

Metsähallitus has been cooperating with the Forestry Department of Hunan Province in China for 20 years. The partnership has given China its first nature centre and Hunan Province a regional biodiversity conservation plan.

The latest form of cooperation relates to promoting nature-based tourism. The first project involved Metsähallitus developing services for Chinese tourists in its own national parks.

20 Years of
Biodiversity Conservation



Högbäcka Manor, which was constructed in the 1930s and which now serves as a maintenance building in Nuuksio National Park, was restored with the help of prisoners in 2014–2015.

More meaningful lives through restoration

Metsähallitus has joined forces with the Criminal Sanctions Agency to employ inmates from open penal institutions to help in the management of protected areas. The input of inmates to various maintenance and restoration projects in protected areas amounted to 55 person-years in 2015.

The inmates work in small teams. The natural environment, teamwork, and solving challenges that crop up in the course of the work improve both the inmates' physical fitness and their self-confidence and belief in their own abilities.

"This partnership is extremely important for the rehabilitation of inmates. The work makes them feel that they are doing something tangible that is genuinely needed and that society considers meaningful"
Director Tuula Tarvainen, Laukaa Prison



Voluntary work – good for you and the natural environment

Making a tangible contribution to activities that benefit the natural environment appeals to many people. Metsähallitus' protected areas offered a wide range of opportunities for volunteer work relating to heritage landscapes, threatened species and game and fish populations. Typical volunteer activities included work parties and camps, activity days, surveying and monitoring, and shepherding and sponsorship campaigns. A new form of volunteering was introduced in Syöte and Oulanka, where volunteers can now also work in the local nature centres.

The number of people involved in volunteer work increased from previous year thanks to new volunteering events. Half

of all volunteer activities were based on cooperation with associations and organisations.

IN 2015

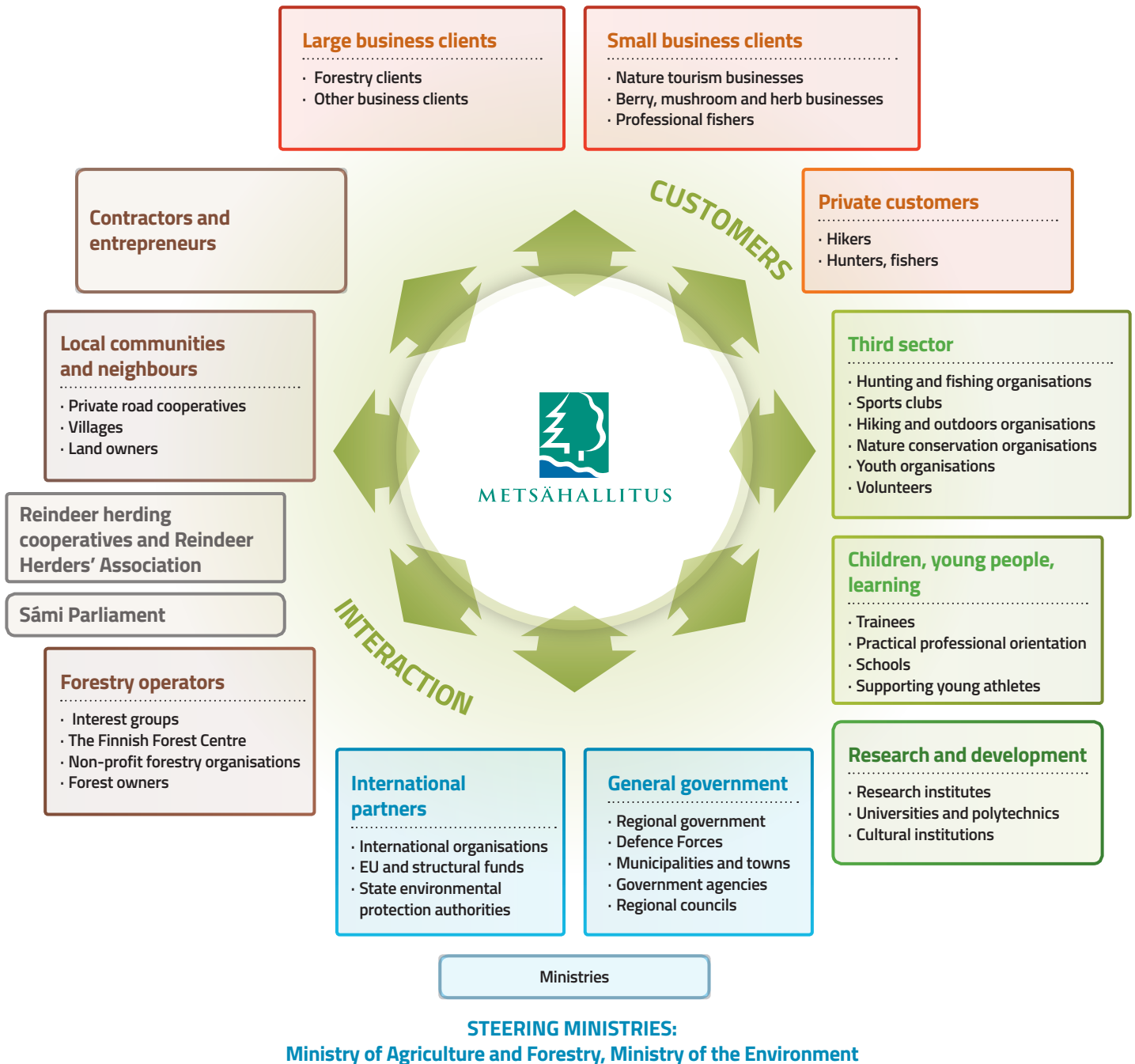
190 different volunteering events

3,358 volunteers

More than 28 person-years of volunteer work

Wide range of stakeholders and partners

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





White Sea Route

The White Sea Route in Kainuu is a network of paths formed over hundreds of years. The route, like many other destinations on state-owned land, is subject to a multitude of expectations and wishes. Metsähallitus' representatives visited Kainuu in August to hear stakeholders' views. Director General Esa Härmälä invited the members of the working group involved in the drawing up of Kainuu's natural resources plan to join him on the historic route. The group visited a number of cultural heritage sites along the route and engaged in a lively debate.

A total of 14 kilometres of the White Sea Route (which is 27 km long in total) lies

ON STATE-OWNED LAND

and 13 kilometres

ON PRIVATE LAND

Metsähallitus has declared just over one kilometre of the route on state-owned land near Vuokki off limits to the forest industry. Measures relating to other sections of the White Sea Route are subject to the approval of the National Board of Antiquities or the Museum of Kainuu, its regional representative. The National Board of Antiquities' most common stipulation is that a buffer zone of approximately 20–30 metres be left on both sides of the route.

Corporate governance

Group structure

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

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

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

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

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

BOARD OF DIRECTORS

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

Management Group

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

Metsähallitus Board of Directors

1 April 2015 to 31 March 2016



ARTO TIITINEN

Chairman of the Board
Managing Director, **Isku Group**
Finland Chamber of Commerce,
Board member & Member of
Medals of Merit Committee
Honkarakenne,
Chairman of the Board
Tana, Board member
TTS Työtehoseura,
Chairman of the Executive Group
Puusepänteollisuus,
Vice Chairman
Työterveys Apila,
Chairman of the Board
Board member since 2008



KAI KAATRA

Vice Chairman of the Board
Head of Natural Resources and
Water Management, **Ministry of
Agriculture and Forestry**
Board member since 2014



JANNE SEURUJÄRVI

Managing Director, **Test World Oy**
Test World Oy, Board member
Test World-Holding Oy,
Board member
Insurance Company Kaleva,
Union Representative
Board member since 2011



TUIJA SOANJÄRVI

M.Sc. (Econ.)
Affecto Plc,
Board member and Chairperson
of the Audit Committee
Basware Oy,
Board member, Chairperson
of the Audit Committee
Nixu Oyj, Board member
Silta Oy, Board member
VR Group Ltd, Board member,
member of the Audit Committee
**The Finnish Orienteering
Federation**, Vice Chairperson
of the Board
Board member since 2011



HELENA SÄTERI

Director General,
Ministry of the Environment
Board member since 2015



ANNE ILOLA

Managing Director, **Sito Oy**
Tapio Oy, Chairperson of the Board
Board member since 2015



PERTTI ITKONEN

Development Manager,
Representative of Metsähallitus'
personnel
**Academic Foresters of
Metsähallitus**
Board member since 2015

Metsähallitus Group Board of Directors' Report for 2015

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

Areas managed by Metsähallitus are used for the purposes of timber production, nature conservation, hiking, hunting, tourism, national defence, and in the north reindeer husbandry.

Metsähallitus creates the preconditions for the diverse use of forests and strikes a balance between the objectives of forest use, management and protection.

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

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

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

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

OPERATIONS IN 2015

In 2015, Metsähallitus paid EUR 110 million in dividends on the profits for the previous financial year to the Finnish State. In addition, the total return on investment that was paid was EUR 15 million.

The demand for services provided by Metsähallitus was affected by the general economic situation. The demand for commercial timber picked up after a weak start to the year and nearly reached the level of the year before. After the additional sales objectives set for the previous year, the sales of property assets returned to a profit level of slightly more than EUR 20 million during the period under review.

The numbers of hikers visiting national parks, hiking and recreation areas increased on the previous year. The number of visitors to Finland's national parks increased by an impressive 15% in 2015.

During the period under review, the role of Metsähallitus as the conservator of water bodies was brought up. The responsibility for the administration of fishing in public waters was transferred to Metsähallitus. Metsähallitus

manages three million hectares of water areas varying from lakes and rivers and the Archipelago Sea that are used for producing an increasing number of services for Finns who spend time outdoors. Metsähallitus manages magnificent marine islands that are developed into versatile recreational destinations with appropriate services. The importance of managing the water scenery was also highlighted.

The fortress island of Öro that is located in the Archipelago National Park was opened to the public in June. Metsähallitus restored a guest harbour, a café, a restaurant and a hotel on the island so that the island could serve visitors as a centre for nature tourism in the Archipelago National Park. The attraction of the island lies in its unique nature, military history and hiking trails. The island was very popular already during the first summer and autumn.

In December, the European Commission granted Finland almost EUR 12 million towards the restoration of lakes, rivers and ponds and for the development of new practices for promoting aquatic biodiversity. The project involves a total of 30 partners from various sectors around Finland, and it is the most extensive LIFE funding project in Finland's EU history in terms of its funding.

Metsähallitus revised its principles for natural resources planning. The medium-term use of state lands by region is defined in the natural resource plan. Kainuu's natural resources plan was the first based on the new guidelines and priorities. According to the new principles, the plan was drawn up in cooperation with a regional working group, which included representatives from 24 partner and consultancy organisations.

Metsähallitus participated in the work of the mire conservation team set by the Government. Initially, the focus of the protection is on state lands where 15,000 hectares are protected on statutory grounds and 15,000 hectares are protected under a decision made by Metsähallitus. In addition, based on a decision made by the Government, about 6,000 hectares of state-owned mires proposed by the conservation team were protected in southern Finland already in the spring. On privately owned land, protection is based on voluntary measures.

During the period under review, the Forestry unit concluded the field surveys of cultural heritage sites implemented in 2010–2015 in state-owned multiple-use forests. All in all, the project inventory covered nearly four million hectares of commercial forest, shrubland and barrens. The total costs of the project were about EUR 4 million, and the Metsähallitus Forestry unit covered the costs. Cultural heritage sites can be used both in developing tourism and education and research.

The inventory surveyed traces of humans in forests dating back from the Stone Age up to the 1960s. The survey produced new information about Finland's history. Over a period of six years, archaeologists documented more than 10,000 cultural heritage sites in forests, including more than 100,000 individual structures. The inventory uncovered

hundreds of new dwelling sites, hunting pits, graves, sacred sites and thousands of tar pits and charcoal pits from the Stone Age. Forgotten crofts, forest ranger's estates, log floating and log cabinets, field barns and farms were also discovered in forests. Besides location information, stories and relics were also collected of the sites. In particular in Lapland and Kainuu, the silent history of the war was documented, and prison camps, graves and the strongholds of partisans were located.

The preparation of the Act on Metsähallitus continued during the year. In December, the Government of Finland made a proposal to Parliament on reforming the legislation concerning Metsähallitus. A new act would be enacted on Metsähallitus as an enterprise that will replace the

currently valid Act on Metsähallitus that is based on the old State Enterprise Act. Metsähallitus would remain a single administrative entity. The state-owned land and water areas would still be administered by Metsähallitus.

The legislation would be reformed to meet EU requirements, and the management procedures will be clarified at the same time. The EU's competitive neutrality requirements could be met by establishing a subsidiary that would have a permanent right to practise forestry in state-owned commercial forests. The new enterprise must comply with statutory social obligations and natural resources plans approved by Metsähallitus.

Group Key Figures

	2015	2014
Multiple-use forests, thousand hectares	4,919	4,927
Annual tree growth, million cubic metres	11	11
Annual volume of felling, million cubic metres	5.8	5.9
Statutory protected areas, thousand hectares	1,747	1,683
Wilderness areas, hiking areas and other protection programmes, thousand hectares	1,525	1,525
Total number of visitors to the above, million visits per year	6.2	5.6
Turnover, EUR million	343.3	360.5
Profit, EUR million	106.0	114.2
Balance sheet, EUR million	3,901.7	3,881.6
Employees, person-years	1,549	1,752

Group turnover totalled EUR 343.3 million (EUR 360.5 million in 2014). Group profit totalled EUR 106.0 million, diminishing year-on-year (114.2).

Turnover for Metsähallitus Business Operations Group was EUR 337.2 million (354.9) totalling EUR 107.9 million (116.9),

Total funding of operations based on public administration duties totalled EUR 59.6 million in the year under review (65.4). The result of public administration duties operations showed a loss of EUR 1.9 million (-2.5).

Business performance

Key figures of the Business Operations Group

	Business Operations Group		Enterprise	
	2015	2014	2015	2014
Turnover (MEUR)	337.0	354.9	329.7	343.2
Operating profit (MEUR)	116.2	125.1	123.8	128.1
% of turnover	34%	35%	38%	37%
Profit/loss for financial period (MEUR)	107.9	116.9	107.9	116.7
% of turnover	32%	33%	33%	34%
Return on investment (%)	4.4%	4.7%	4.7%	4.8%
Investment (% of turnover)	5%	4%	5%	4%
Solvency ratio (%)	98%	98%	98%	98%
Balance sheet total (MEUR)	2,691	2,693	2,684	2,687
Person-years (PY)	999	1,098	901	979

The Business Operations Group's earnings decreased, totalling EUR 107.9 million (116.9). The decrease in the earnings is due to lower sales of assets and a weaker financial performance of the subsidiaries.

The turnover of the Business Operations Group declined by five percent year-on-year. Revenue from the sale of timber decreased by EUR 13.5 million and the turnover of the subsidiaries declined by EUR 4.6 million year on year.

During the financial year, fixed assets were sold for a total sum of EUR 27.4 million (45.0), which generated EUR 20.2 million in profits (31.2). Previous year, Metsähallitus implemented the additional sales objective issued by the state, and an exceptional amount of fixed assets was sold.

The parent enterprise's profit increased regardless of the decrease in turnover. External services totalled EUR 152.7 million (163.7), and they yielded according to the demand. The level of costs declined in certain areas. Most of the savings in fixed assets resulted from employee costs. They declined by nine percent and totalled 42.2 (46.1). The total number of person-years declined by eight percent and was 901 (979). Employee costs include a non-recurring item worth EUR 1.1 million. During the period under review, cooperation negotiations were held at the service centre that resulted in a reduction of 23 person-years.

The Business Operations Group's balance sheet total was EUR 2,691 million (2,693), of which equity accounted for 98 percent (98).

Cash flow from operations increased compared to the previous year's level and was EUR 96.9 million (89.3). Investment costs totalled EUR 17.3 million (15.6). Fixed asset transfer profits increased the cash flow by EUR 28.3 million (45.9). In 2015, the Enterprise paid EUR 110 million in dividends of their retained earnings and in addition, EUR 15 million were paid as a return on investment.

At the end of the year, liquid funds totalled EUR 11.8 million (13.4). The Enterprise has no long-term loan. The Enterprise secured liquidity by signing a EUR 20 million committed loan agreement in the spring of 2015. In addition, Metsähallitus has an EUR 50 million commercial paper programme. The subsidiaries have lines of credit.

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

FORESTRY

Forestry is responsible for the management of state-owned multiple-use forests, timber harvesting, sales and logistics

and most of the general social obligations of Metsähallitus' business. Forestry also builds and maintains the state-owned network of forest roads.

The turnover declined by four percent year-on-year, totalling EUR 319.1 million (333.1). The earnings decreased by nine percent totalling EUR 104.5 million (113.1). The earnings contain the sale of fixed assets worth EUR 7.8 million which was less than in the previous year (12.9). The actual operating profit decreased by EUR 3.5 million, that is seven percent.

During the period under review, the land area used for forestry shrank by 42,000 hectares. This will have a permanent impact on the ability to make a profit in the years to come. As supplementation to mire conservation, 6,000 hectares were protected in southern Finland, of which 5,000 hectares on statutory grounds and 1,000 hectares under a decision made by Metsähallitus. Similarly, the owner decided that for northern Finland, about 30,000 hectares of mires managed by Metsähallitus will be protected, of which half will be protected on statutory grounds and the other half under a decision made by Metsähallitus. A total of 7,000 hectares of productive forest land were sold and 1,000 hectares were purchased for the needs of the Defence Forces and to improve the property structure.

The market of commercial timber was characterised by an excessive supply of coniferous pulpwood, as a result of which harvesting was restricted at initial harvesting sites. The demand for logs was good at the beginning of the year but slowed down towards the end of the year. The sold amount decreased slightly year-on-year and was 5.78 million cubic metres (5.96). The agreed deliveries to customers were completed in terms of quantity and quality. The atmosphere in the forest sector was improved by new investment plans related to forest energy and traditional forestry that required comprehensive preparations also from Metsähallitus.

The demand for energy wood was poor due to a mild winter and uncertainty on electricity markets. Profitability was retained by developing the delivery logistics and restricting the harvesting of energy wood. The deliveries of energy wood were about 560 Gwh, which was four percent more than in 2014.

During the year, timber harvesting costs fell by 3.7 percent and long-distance transport costs by nearly 1.5 percent. The number of employees declined faster than planned, a total of eight percent.

Investments in forest management were down by five percent year-on-year. Fertilisation area was smaller compared to the previous year by 5,000 hectares. Overall, the operation of forest management was more efficient, and the level of

costs remained at the same level as that of the year before.

The forestry planning and enterprise management systems were renewed. The planning system Silvia was taken into production use in April, and the enterprise management system Ohjas was taken into pilot use in August. The programming and developing of application and data transfer services intended for entrepreneurs (LogForce, WoodForce) and integrating them into other systems continued together with major clients.

During the period under review, Europe's largest, a 104-tonne vehicle combination was granted a testing licence for transporting timber.

The natural resource planning project in Kainuu was completed in June. The road user charges of external heavy vehicle traffic on forest roads were standardised at the beginning of October.

All of the appeals related to flying squirrel harvesting stands that were handled in various court instances or subjected to police investigation were resolved positively from Metsähallitus' point of view.

The five-year project on field surveys at cultural heritage sites was completed in November. During the project, a total of 3.67 million hectares of state-owned multiple-use forests were surveyed. During the last year of the project, a final seminar was organised raising great interest, and several trips for journalists and interest groups were arranged in the areas being surveyed.

The revision training of forestry culminated in an event for all of Forestry unit's managerial staff. As a continuation to the implementation of the revision training, a forestry playbook (Pelikirja) was launched.

LAATUMAA

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

The turnover of Laatumaa is comprised of rental income. The rental income was EUR 6.5 million (6.2) and the increase mainly resulted from renewal leasing. Profits from processed properties remained below the level of the previous year when there were additional sales obligations. Profits totalled EUR 12.5 million (18.3). This reduced the operating profit, and it was EUR 15.6 million (16.5). The profits for 2015 include a

non-recurring compensation related to water energy worth EUR 3.6 million.

During the period under review, Laatumaa prepared their projects related to the wind energy business. Project sales were held back by official procedures and appeal procedures related to tariff quota decisions. In the wind power business, the project base developed positively: It has an increasing impact on the Group's result.

SUBSIDIARIES

Fin Forelia Oy a Metsähallitus subsidiary, produces forest tree saplings. The market view of the sector is still poor. Excess production burdens the profitability of the sector. In the year under review, the production capacity of the company was cut and the company focused on cost control measures. The company centralised their operation on three nurseries.

The company's turnover decreased, totalling EUR 6.9 million (8.8). The profit was reduced by non-recurring items related to the shutdown of closed farms and storage valuation. The result after the non-recurring items showed a loss of EUR 5.5 million (-1.5).

Siemen Forelia Oy, a Metsähallitus subsidiary, specialises in the production and sales of cultivated forest tree seeds, plus diverse services related to the harvesting and processing of seeds.

The company's operational volume remained at the previous year's level, with turnover at EUR 2.2 million (2.2) and profit for the financial year at EUR 0.3 million (0.3).

MH Kivi Oy a Metsähallitus subsidiary engaged in the rock material business, generated EUR 1.4 million in turnover (4.1). The company sold a part of their earth material business in 2013. The civil action between the trade parties was handled by arbitration where the claims made by MH-Kivi were approved. The adverse party has taken legal action to overrule the decision made by arbitration. The processing of the matter continues.

The company nearly achieved a positive result in 2015. In January, the other party of the civil action, that is the largest customer of the company, entered into reorganisation and MH-Kivi Oy recorded all receivables from them as credit loss. As a result, the company made a loss of EUR 2.4 million (-1.7).

In the balance of the Enterprise, the value of the subsidiaries was reduced by a total of EUR 7.8 million.

INVESTMENTS AND SALE OF ASSETS

Metsähallitus Group Board of Directors' Report

Investments totalling EUR 17.2 million (14.9) were covered by cash-flow financing. The largest investment targets were forest roads, the establishment costs of wind farms, and the acquisition of land areas. Each year, Metsähallitus purchases forest land for the use of the Defence Forces and for the purpose of improving the structure of its land parcels. In

2015, a total of EUR 6.3 million (4.1) was allocated to forest purchases mainly for the use of the Defence Forces.

The transfer price from the sale of fixed assets totalled EUR 27.4 million (45) and EUR 20.3 million (31.2) in profits were recorded for sales.

Business operations (EUR 1,000)	No.	Book value	Transfer price	Profits	Losses
Exchanges	4	CHANGE IN BASIC CAPITAL		57	
Sales - land and water areas	658	7,041	26,819	19,862	83
Sales - buildings	8	217	440	311	88
Other - land areas	16	32	32	0	0
Total	686	7,435	27,494	20,230	171

In addition, within the Group, the business transferred fixed assets to Parks & Wildlife Finland, i.e. for use in public

administration duties, for a book value of EUR 3.0 million, in accordance with Government decisions, as follows.

Business operations (EUR 1,000)	No.	Book value	Transfer price	Profits	Losses
Sales to public administration	5	9	37	28	0
Change in land use for public administration	51	3,006	3,006	0	0
Total	56	3,015	3,043	28	0

IMPLEMENTATION OF PARLIAMENT DECISIONS

Goals set by Parliament for Metsähallitus business in 2015 and their implementation

The basic capital used by business operations was reduced by EUR 14.2 million following a Government decision due to administrative transfers, government inheritances, changes in land use and returns on investment. In addition, the basic capital was reduced by EUR 1.8 million in the additional budget for the same reason.

Related to the reduction of the basic capital, Metsähallitus paid EUR 15 million as return on investment to the state in May 2015.

In addition, real estate property was transferred from basic capital to the public administration balance under the class of other own capital for a book value of EUR 1.0 million.

The aggregate impact of these changes resulted in an EUR 16.0 million decrease in Metsähallitus' basic capital. At the end of the financial period, the value of basic capital totalled EUR 2,509.7 million.

KEY SERVICE TARGETS OF BUSINESS OPERATIONS AND OTHER OPERATIONAL GOALS

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

The turnover of Metsähallitus' business was EUR 329.8 million (343.2). Other operating income that includes asset transfer profits also declined compared to the year before when additional sales objectives had been set for Metsähallitus. Other income totalled 28.2 (34.9). The

turnover and other income reduced by EUR 29.9 million compared to the year before. Despite of this, the operating profit only fell by EUR 4.3 million and was EUR 123.8 million (128.1).

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

INVESTMENTS AND NUMBER OF INVESTMENT COMMITMENTS

Realised investments totalled EUR 17.2 million, falling below the maximum sum of EUR 20 million defined by Parliament. Investment commitments given totalled EUR 9 million of the maximum sum of EUR 25 million defined by Parliament.

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

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

Metsähallitus has issued EUR 3.5 million in guarantees for subsidiaries' loans. The authorisation of guarantees granted by Parliament totalled EUR 20 million.

Metsähallitus provided EUR 0.6 million in collateral for its earth material business operations. The authorisation granted by Parliament was EUR 2.5 million.

IMPLEMENTATION OF MINISTRY OF AGRICULTURE AND FORESTRY DECISIONS

Profit and dividend payment goals set for Metsähallitus' business operations

and Forestry defined the following objectives for Metsähallitus.

The profit target for Metsähallitus set by the Ministry was EUR 121 million, which corresponds to a 4.8% return on investment. The preliminary target for dividend paid to the state on the basis of 2015 profit was EUR 120 million, to be paid in 2016. When adopting the financial statements, the Government will make the final decision on the sum to be paid to the State on the basis of profit made in 2015.

Metsähallitus' operating profit did not quite reach the target and totalled EUR 107.9 million. Real estate property was sold for a total sum of EUR 27.4 million. The target set for return on investment was not achieved. The target was set at 4.9 percent and the realised return on investment was 4.7 percent. The operating profit for the financial period EUR 107.9 and the retained earnings EUR 9.1 million do not fully cover the preliminary state dividend target of EUR 120 million. In addition, the dividend payment is burdened by a deficit of public administration duties, a total of EUR 10.6 million, which reduces the Business Unit's retained earnings. The Board of Directors of Metsähallitus proposes that a total of EUR 106 million is paid as dividends to the state.

SERVICE TARGETS AND OTHER OPERATIONAL GOALS

Metsähallitus' compliance with its general social obligations resulted in an estimated EUR 55.6 million decrease in operating profit (calculated) (2011: EUR 54.9 million and 2010: EUR 2014 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 541,000 (15.5%) hectares of forested land with a yield requirement (2013: 544,000 hectares and 15.1%). A total of 264,000 hectares were fully excluded from commercial use (7.4%) and 263,000 hectares (7.4 %) were in limited use.

These factors reduced Metsähallitus' calculated operating profit by EUR 49 million. In addition, other factors related to the promotion of reindeer husbandry and Saami culture, the promotion of employment, and an increase in planning costs decreased the operating profit by EUR 6 million. The sums were the same in 2014.

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

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

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

The cultural heritage inventory was completed according to the National Forest Programme. The results were compiled into a publication called Metsiin kadonneet (Lost in forests).

Metsähallitus' business operations were responsible for road maintenance costs as a whole, including road use by customers holding hunting and fishing permits.

Metsähallitus sold the state's land property for a total balance value of EUR 7.0 million. The sales objective set by the Ministry was a maximum balance value of EUR 15 million. Land was acquired for a total sum of EUR 6.3 million. This exceeded the original target of EUR 5 million set by the Ministry. The target was revised as the acquisition of land for the use of the Defence Forces was exceeded as a result of a single major project. Land was acquired for the use of the Defence Forces for a total sum of EUR 4.8 million. Metsähallitus purchased forest land for their own use to improve the structure of their land parcels for a total of EUR 1.5 million.

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

Metsähallitus releases a follow-up report, General social obligations, as part of their financial statements. The report includes a more detailed account of the content, measuring and monitoring of obligations set for Metsähallitus' forestry operations.

Public Administration Duties

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

MEETING THE OBJECTIVES SET FOR METSÄHALLITUS' PUBLIC ADMINISTRATION DUTIES

Based on the goals set by Parliament, Parks & Wildlife Finland's six effectiveness targets are recorded in the

strategic performance agreement. The effectiveness targets are complemented and set out in more detail within the operational goals set by ministries.

In 2015, the Parks & Wildlife Finland almost entirely achieved the goals set by Parliament and ministries.

The effectiveness targets include the following:

1. Improving the conservation status of species and habitats.
2. The status of Natura 2000 and nature conservation area network is improving.
3. The value of real property considered valuable in terms of cultural history will be maintained and its status will be improved.
4. Game and fish populations will remain vital and hunting and fishing will be ethical and responsible.
5. Wilderness recreation services are provided on a comprehensive, ecologically and socially sustainable basis in order to generate well-being.
6. Recreation in a natural setting creates well-being and the value accorded to nature, supported through active communication measures.

IMPLEMENTATION OF EFFECTIVENESS TARGETS IN 2013–2015

Effectiveness target/indicator	Realisation 2013	Realisation 2014	Target 2015	Realisation 2015
1. Improving the conservation status of species and habitats				
The conservation status of Nature Directive and Birds Directive and in particular, of the species to be protected as "traffic lights"	-	Method completed for the Habitats Directive	-	Index value: 52.5% of components on a favourable level
The representativeness and natural state of Natura habitat types as "traffic lights"	-	Method completed for habitat types. Index value 3.88	-	Index value : 3.89
2. The status of Natura 2000 and nature conservation area network is improving				
The coverage of the planning for the management and use, % of the target	-	Target can be set for 2016	-	Indicator can be set for 2016
3. The value of real property considered valuable in terms of cultural history will be maintained and its status will be improved				
The status of real property considered valuable in terms of cultural history as "traffic lights"	-	Method completed	-	71.4% of sites in good or average condition
4. Game and fish populations will remain vital, and hunting and fishing will be ethical and responsible				
The relation of the number of offences to hunting supervision events, %	6.2	10.1	7.5	11.3
5. Wilderness recreation services are provided on a comprehensive, ecologically and socially sustainable basis in order to generate well-being				
Number of wilderness recreation days of hunting and fishing customers	-	Target can be set for 2016	-	350,000
6. Recreation in a natural setting enhances well-being and the value accorded to nature, supported through active communication measures				
Local economy impacts on visitor spending in nature conservation and hiking areas, EUR million	130.1	140.5	141	153.7

Please note that the figures do not contain the local economy impacts of the management of game and fisheries

Implementation of the objectives set by Parliament

Parliament sets the service and operation objectives for the public administration duties of Metsähallitus in the Budget. Parliament has set a total of nine operational objectives for Parks & Wildlife Finland in the Budget for 2015. The Budget also includes preliminary profit targets set by the ministries

that have been revised and complemented in an attachment to the performance agreement signed by Metsähallitus and steering ministries.

Parliament set the following quantitative objectives for 2015. Their realisation is shown in the following table.

	Tot 2013	Tot 2014	Target 2015	Tot 2015
Ministry of the Environment				
Restoration and management, ha	6,647	6,250	5,560	5,670
Occurrence inspections for species that require protection quickly, special protection and species protected under a Directive		141	250	936
The number of NATA assessed Natura sites/year	37	30	40	42
The number of visitors: national parks, state-owned hiking areas, nature centres	3,642,000	3,649,300	3,745,000	3,942,700
Customer satisfaction of nature centres, field services and licence customers	4.04	4.04	4.05	4.09
Ministry of Agriculture and Forestry				
The number of visitors: national parks, state-owned hiking areas, nature centres	3,642,000	3,649,300	3,745,000	3,942,700
Customer satisfaction of nature centres, field services and licence customers	4.04	4.04	4.05	4.09
Hunting permits (number)	56,389	50,100	50,000	56,489
Fishing permits (number)	71,267	70,151	70,000	68,695
Number of hunting supervision events (number or persons)	8,094	10,611	9,500	10,287

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

METSÄHALLITUS EMPLOYEES

Group key figures

	2015	2014
Employees, p-y	1,549	1,752
Share of women %	36.8	39.3
Average age, office employees, years	48.8	46.9
Average age, loggers, years	55.9	55.4
Training days, total in days	3,146	5,259
Training days, days/p-y	2.17	3.22
Sick leave, p-y	54.5	52.3
Sick leave, % of p-y	3.8	3.2
Occupational accidents		
number of incidents	63	87
absence due to incidents in days	547	622
Salaries paid, EUR million	57.9	65.2
Share of total costs, %	19	20

The number of realised person-years in the Group fell year-on-year, totalling 1,549 (1,752). In business operations, the number of person-years fell by 8 percent. Total number of person-years was 900 (979). The change is mainly due to forest work gradually being outsourced to local forestry contractors. The number of officials also reduced.

The number of person-years reduced in Parks & Wildlife Finland by 17 percent, totalling 520 person-years (624). The number of permanent employees reduced by ten. The reduced number of fixed-term employees was due to a reduction in separate appropriations allocated for the employment of the youth, reduction in project operations at the turn of EU funding periods, and a stricter recruitment policy for the duties in basic financing.

During the period under review, 54 person-years (51) were input in addition in Parks & Wildlife Finland by open prison inmates and 28 person-years (22.6) were input by 3,358 volunteers.

Wages and salaries paid by the Group totalled EUR 57.9 million (65.2). The parent enterprise's share of this was EUR 54.6 million (61.2). 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 percent of the total payroll. In the year under review, meeting the goals defined in the bonus indicator accrued an average bonus of 3 percent.

Human resource development measures focussed on well-being at work and the lengthening of careers. During the period under review, the share of training days reduced compared to the year before. The difference is due to the safety training organised in 2014 that applied to the whole personnel of forestry.

The number of occupational accidents declined year-on-year and was 63 (87). Similarly, the number of working days lost due to occupational accidents declined and was 547 working days (622).

The well-being of the personnel is surveyed with an annual employee survey. The personnel evaluates Metsähallitus on a scale of 1–10. In 2015, the grade received was 8.1, which is almost the same as the year before when the grade was 8.2.

ADMINISTRATION AND MANAGEMENT

The Board of Metsähallitus Enterprise was appointed on 26 March 2015. Arto Tiitinen continues as the Chairman of the Board and Kai Kaatra as the Vice Chairman. Janne Seurujärvi and Tuuja Soanjärvi continue as Board members. Helena Säteri and Anne Ilola were appointed as new members, and Pertti Itkonen as employee representative.

The auditor of the Enterprise is Authorised Public Accountants KMPG, and responsible auditor is Jorma Nurkkala (Authorised Public Accountant, Chartered Public Finance Auditor).

Metsähallitus' Director General is Esa Härmälä.

Metsähallitus' Management Group members include the following Directors: Jussi Kumpula (Forestry), Rauno Väisänen (Parks & Wildlife Finland), Tuomas Hallenberg (Laatumaa), Kirsti Lehtovaara (Finance and Service Centre), Juha Mäkinen (Communications), Susanna Oikarinen (General Counsel) and Tapio Pouta (Human Resources and Development).

Wages and salaries paid to the Board and Managing Director totalled EUR 365,995 (528,337).

In January, Metsähallitus sold its 30.1 percent holding of AS Eesti Metsataim shares. Otherwise, there were no changes in the Group structure.

In June, Mikko Pulkkinen was appointed Managing Director of Siemen Forelia Oy and in September, Timo Salminen started as Managing Director of Fin Forelia Oy.

CORPORATE GOVERNANCE

Metsähallitus has posted a description of its corporate governance

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

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

RESPONSIBILITY

Metsähallitus draws up a separate responsibility report, which is included in the Annual Report

RISK MANAGEMENT AND KEY RISKS

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

Metsähallitus' Board of Directors approves the risk management policy and assesses the need to amend the policy on an annual basis. Each year, the government receives a progress report on Metsähallitus' risks and their management. The audit committee assists the government in monitoring risk management. The Managing Director has full responsibility for risk management. Risks are managed where they are created. Managers of profit units and subsidiaries are in charge of risk management within their unit/company. The chief financial officer is in charge of the risk management process and control of risk management. The head of risk management at Metsähallitus is in charge of the coordination, development, guidance and reporting models associated with risk management, as well as supporting risk management within the organisation.

Key risks in terms of achieving Metsähallitus' goals include the development of wood and real estate prices and sales; the quantity and value of land areas in commercial forestry remaining at the level required by the goals set, and the balance of tasks and funding of Parks & Wildlife Finland. The time required for wind power projects permit procedures may retard the progress of such projects. The effectiveness of developing new products and services and maintaining a good reputation influence the

attainment of objectives. General appreciation of Metsähallitus' activities has an impact on the operating conditions for recreational activities, conservation and forestry. Further risks that may affect operational activities include natural conditions and uncertainties in the operation of information systems. The success of development projects in progress has an effect on the attainment of objectives.

KEY EVENTS AFTER THE FINANCIAL PERIOD

In January, Minister Kimmo Tiilikainen proposed that the Hossa Hiking Area will be changed into a national park as part of the centenary of Finland's independence. It was announced at the same time that a Nature Reserve will be established in Porkkala.

The handling of the Act on Metsähallitus was started by Parliament after the commencement of the Spring Session.

The first supplementary budget of the state for 2016 included the authorisations related to the implementation of the new Act on Metsähallitus.

Metsähallitus has made structural arrangements according to the new Act of which the most important is the incorporation of the forestry business.

OUTLOOK AND GOALS SET BY THE OWNER FOR 2016

The national economic outlook influences the operations of Metsähallitus Group in various ways. The owner has set profit targets for the operating profit of Metsähallitus in 2016 in two parts.

The profit target for the period of 1 January–14 April 2016 is EUR 10 million. The first financial year of the new enterprise begins on 15 April and ends on 31 December 2016. For this financial year, the owner has set a profit target of EUR 86.2 million of which the target for dividend is EUR 86 million. Non-recurring costs related to the incorporation of the forestry business and the impact of taxation have been taken into account in the result of the first financial year.

Financial performance is largely dependent on the development of timber demand and prices. Metsähallitus' other key business area, the real estate business, faces a challenging outlook on the demand side due to the general economic situation.

In 2016, Parks & Wildlife Finland's financing is expected to fall slightly below the 2015 level. However, quite a lot of project applications have been submitted for the new EU funding period so it is likely that the amount of project funding will start to increase again in the course of the year.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF RETAINED EARNINGS

Metsähallitus' Business Unit's retained earnings total EUR 106,569,037.01 of which the profit for the financial year is EUR 105,949,596.00.

The Board proposes that EUR 106,000,000 be paid in dividends and the remaining EUR 569,037.01 be entered under retained earnings.

PROFIT AND LOSS ACCOUNT | Metsähallitus Group and Metsähallitus Enterprise

PROFIT AND LOSS ACCOUNT (EUR)	Metsähallitus Group		Metsähallitus	
	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
TURNOVER	343,347,564.36	360,536,773.88	335,979,959.05	348,927,085.02
Variation in inventories of finished products and change to work in progress	-2,344,143.12	-623,354.56	0.00	0.00
Other operating income	27,493,958.15	36,754,990.74	27,223,290.64	36,612,961.60
Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	10,161,264.98	11,211,790.86	10,486,353.85	11,466,219.53
Variation in inventories	2,567,627.06	3,159,312.00	1,772,166.72	-199,139.92
External services	160,048,079.15	170,228,444.63	157,910,867.09	167,908,657.18
Staff expenses				
Wages and salaries	57,912,530.01	65,182,737.91	54,647,856.40	61,384,489.11
Social security expenses				
Pension expenses	11,630,555.56	13,689,532.60	11,039,231.84	12,942,117.14
Other social security expenses	2,654,502.47	3,012,314.25	2,505,165.68	2,961,332.04
Depreciation, amortisation and impairment				
Depreciation according to plan	6,738,170.53	7,191,562.76	4,573,381.91	4,996,670.89
Impairment of non-current assets	0.00	3,486,026.44	0.00	1,779,311.41
Other operating costs	47,833,662.79	44,987,242.33	43,347,393.30	44,408,983.52
Share of profit/loss of associated undertakings	0.00	67,677.17	0.00	0.00
OPERATING PROFIT	68,950,986.84	74,587,123.45	76,920,832.90	77,891,405.72
Financial income and expenses				
Income from other investments under non-current assets	89,289.32	101,583.09	254,035.32	397,847.68
Other interest and financial income	507,166.20	308,103.96	493,712.99	246,727.66
Interest and other financial expenses	105,740.95	250,413.59	26,695.63	158,024.38
Reductions in value of investments held as non-current assets	6,241.46	28,198.93	8,203,548.58	3,550,007.20
	484,473.11	131,074.53	-7,482,495.90	-3,063,456.24
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	69,435,459.95	74,718,197.98	69,438,337.00	74,827,949.48
Financing for other operations from the Budget	45,295,307.16	47,701,560.88	45,295,307.16	47,701,560.88
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES	114,730,767.11	122,419,758.86	114,733,644.16	122,529,510.36
Income taxes	8,792,264.39	8,292,775.19	8,784,048.16	8,282,484.63
Minority share	95,543.93	99,392.40	0.00	0.00
PROFIT DURING THE FINANCIAL YEAR	106,034,046.65	114,226,376.07	105,949,596.00	114,247,025.73

BALANCE SHEET (EUR)	Metsähallitus Group		Metsähallitus	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	841,134.50	322,385.47	707,516.61	322,385.47
Other capitalised long-term expenses	404,003.03	560,900.35	372,066.52	515,990.04
	1,245,137.53	883,285.82	1,079,583.13	838,375.51
Tangible assets				
Land and water areas	3,710,294,077.02	3,686,915,537.55	3,707,977,901.93	3,684,414,225.05
Roads	26,366,696.50	24,758,391.50	26,361,755.17	24,752,925.53
Buildings and structures	51,784,728.49	55,903,220.72	34,381,375.74	37,519,163.96
Machinery and equipment	3,718,879.58	4,831,797.78	313,161.29	548,485.51
Other tangible assets	754,078.55	854,848.48	10,599.04	10,599.04
Advance payments and work in progress	16,049,751.23	12,766,155.06	16,049,751.23	12,590,569.80
	3,808,968,211.37	3,786,029,951.09	3,785,094,544.40	3,759,835,968.89
Investments				
Shares in Group's subsidiaries	0.00	0.00	21 341 111.43	29 538 941.62
Holdings in associated undertakings	0.00	967,879.12	0.00	950,000.00
Other shares and holdings	2,452,278.53	2,407,689.63	2,885,560.06	2,840,448.09
Other receivables	24,100.00	24,100.00	1,800.00	1,800.00
	2,476,378.53	3 399,668.75	24,228,471.49	33,331,189.71
NON-CURRENT ASSETS IN TOTAL	3,812,689,727.43	3,790,312,905.66	3,810,402,599.02	3,794,005,534.11
CURRENT ASSETS				
Inventories				
Finished products	20,534,204.82	25,415,950.03	12,999,517.44	14,771,684.16
Work in progress	1,592,427.83	1,622,452.80	0.00	0.006
	22,126,632.65	27,038,402.83	12,999,517.44	14,771,684.16
Receivables				
Non-current				
Other receivables	75,015.72	75,015.72	0.00	0.00
Current				
Accounts receivable	36,917,204.80	38,178,795.56	36,070,196.64	35,213,323.34
Receivables from Group's subsidiaries	0.00	0.00	466,410.45	161,996.99
Other receivables	947,638.37	522,863.81	176,255.39	421,004.46
Prepayments and accrued income	2,628,485.14	5,200,333.11	2,501,179.96	5,052,037.196
	40,493,328.31	43,901,992.48	39,214,042.44	40,848,361.98
Cash in hand and at banks	26,273,445.07	20,317,679.13	26,152,915.99	20,278,280.19
CURRENT ASSETS IN TOTAL	88,968,421.75	91,333,090.16	78,366,475.87	75,898,326.33
ASSETS IN TOTAL	3,901,658,149.18	3,881,645,995.82	3,888,769,074.89	3,869,903,860.44

BALANCE SHEET | Metsähallitus Group and Metsähallitus Enterprise

BALANCE SHEET (EUR)	Metsähallitus Group		Metsähallitus	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
EQUITY AND LIABILITIES				
EQUITY				
Basic equity	2,509,674,701.59	2,525,707,748.44	2,509,674,701.59	2,525,707,748.44
Other equity	1,197,874,890.09	1,175,224,045.11	1,197,874,890.09	1,175,224,045.11
Retained earnings	461,570.29	-3,764,805.78	619,441.01	-3,627,584.72
Profit for the financial year	106,034,046.65	114,226,376.07	105,949,596.00	114,247,025.73
EQUITY IN TOTAL	3,814,045,208.62	3,811,393,363.84	3,814,118,628.69	3,811,551,234.56
MINORITY SHARE	5,776,175.67	5,871,719.60	0.00	0.00
PROVISIONS				
Other provisions	778,675.00	1,464,241.00	0.00	0.00
LIABILITIES				
Non-current				
Loans from financial institutions	7,202,553.49	6,411,065.75	0.00	0.00
Other liabilities	907,682.60	1,412,391.60	820,050.00	1,220,150.00
Current				
Loans from financial institutions	15,112,198.51	120,000.00	14,992,198.51	0.00
Advances received	11,590,213.67	9,608,672.18	11,550,607.09	9,557,542.18
Accounts payable	10,956,411.77	10,016,747.22	10,533,348.06	9,616,283.85
Debts to Group's subsidiaries	0.00	0.00	3,653,139.25	3,925,530.57
Other liabilities (incl. interest-bearing)	15,368,078.39	16,220,293.43	15,039,198.60	15,829,528.63
Accruals and deferred income	19,889,873.34	19,104,639.31	18,061,904.69	18,203,590.65
Deferred tax liabilities	31,078.12	22,861.89	0.00	0.00
LIABILITIES IN TOTAL	81,058,089.89	62,916,671.38	74,650,446.20	58,352,625.88
EQUITY AND LIABILITIES IN TOTAL	3,901,658,149.18	3,881,645,995.82	3,888,769,074.89	3,869,903,860.44

CASH FLOW STATEMENT (EUR)	Metsähallitus Group		Metsähallitus	
	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
CASH FLOW FROM BUSINESS OPERATIONS				
Payments from sales	347,318,969.21	357,064,896.28	337,752,831.14	343,890,385.92
Payments from other operating income	7,391,070.07	5,991,056.95	7,189,512.22	5,811,888.60
Payments from operating charges	-288,241,380.24	-313,250,524.05	-277,873,871.63	-302,590,998.24
Cash flow from business operations, before financial items and taxes	66,468,659.04	49,805,429.18	67,068,471.73	47,111,276.28
Interest and other financial expenses	-105,740.95	-250,413.59	-26,695.63	-158,024.38
Interest income from business operations	507,166.20	308,103.96	493,712.99	246,727.66
Dividends received	89,289.32	101,583.09	89,035.32	397,847.68
Direct taxes	-8,792,264.39	-8,630,211.43	-8,784,048.16	-8,619,920.87
Cash flow before the State's budget funding	58,167,109.22	41,334,491.21	58,840,476.25	38,977,906.37
State's budget funding for other operations	46,303,743.15	49,293,109.85	46,303,743.15	49,293,109.85
Cash flows from operating activities	104,470,852.37	90,627,601.06	105,144,219.40	88,271,016.22
INVESTMENTS				
Purchase of environmental protection areas, shares	-1,402,380.10	-835,945.27	-1,402,380.10	-835,945.27
Purchase of fixed assets, funding by Ministry	-388,752.26	-1,042,493.13	-388,752.26	-1,042,493.13
Purchase of fixed assets, funding by the EU	-168,628.71	-212,999.07	-168,628.71	-212,999.07
Purchase of fixed assets, other funding	-105,645.21	-31,730.94	-105,645.21	-31,730.94
Investments in tangible and intangible assets	-17,772,852.09	-16,870,648.61	-17,486,129.35	-16,158,145.64
Sale of tangible and intangible assets	28,870,813.62	47,243,553.59	28,516,472.45	47,277,324.00
Shareholder investment in/return on environmental protection areas and shares	1,402,380.10	835,945.27	1,402,380.10	835,945.27
Funding received for the construction of nature centres etc.	771,000.97	1,264,811.31	771,000.97	1,264,811.31
Cash flows from investing activities	11,205,936.32	30,350,493.15	11,138,317.89	31,096,766.53
FINANCING				
Change in non-current loans from financial institutions	791,487.74	634,096.02	0.00	0.00
Change in other non-current, interest-bearing loans	-504,709.00	-104,859.00	0.00	0.00
Change in other non-current, non-interest-bearing loans	0.00	1,092,441.00	0.00	1,197,300.00
Change in current loans from financial institutions	0.00	-4,998,355.82	-400,100.00	-4,998,355.82
Change in other current, interest-bearing loans	14,992,198.51	0.00	14,992,198.51	0.00
Change in Group loans to subsidiaries	0.00	0.00	0.00	2,076,884.39
Return of capital to minority shareholders	0.00	0.00	0.00	0.00
Contribution to State revenue	-125,000,000.00	-130,000,000.00	-125,000,000.00	-130,000,000.00
Cash flows from financing activities	-109,721,022.75	-133,376,677.80	-110,407,901.49	-131,724,171.43
CHANGE IN LIQUID FUNDS	5,955,765.94	-12,398,583.59	5,874,635.80	-12,356,388.68
Liquid funds on 1 Jan	20,317,679.13	32,716,262.72	20,278,280.19	32,634,668.87
Liquid funds on 31 Dec	26,273,445.07	20,317,679.13	26,152,915.99	20,278,280.19
Net change in cash and cash equivalents	5,955,765.94	-12,398,583.59	5,874,635.80	-12,356,388.68

NOTES TO THE FINANCIAL STATEMENTS 2015

The 2015 financial statements have been prepared in accordance with the State Enterprise Act (1185/2002) and Government decrees 160/2004, 1402/2004 and 1403/2004.

Financing for public administration duties from the budget

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

Valuation and allocation principles

VALUATION OF FIXED ASSETS

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

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

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

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

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

During the financial year, the enterprise wrote down EUR 8.2 million of the share acquisition cost of three subsidiaries, based on the companies' realised profit performance and the deterioration in the companies' profit performance outlook.

VALUATION OF CURRENT ASSETS

Inventories

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

Financial assets

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

Comparability with the previous year

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

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

COMPARABILITY OF THE DATA FOR THE PREVIOUS FINANCIAL YEAR

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

STRUCTURAL CHANGES IN THE ORGANISATION

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

Items in foreign currency in the financial statements

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

Notes to the consolidated financial statements 2015

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

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

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

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

NOTES TO PROFIT AND LOSS ACCOUNT

Metsähallitus Group and Metsähallitus Enterprise

(mill. EUR)	Metsähallitus Group		Metsähallitus	
	2015	2014	2015	2014
Turnover by business unit				
Forestry and related services	318.7	331.7	318.8	332.2
Seed and seedling production	6.5	8.2	0.0	0.0
Land and plot sales	6.4	6.2	6.5	6.2
Sale of soil resources, rock-crushing business	1.4	4.1	0.0	0.0
Other	10.3	10.3	10.7	10.6
Total	343.3	360.5	336.0	348.9
Other operating income				
Gains on the sale of fixed assets	20.9	31.7	20.8	31.7
Other income	6.6	5.1	6.4	5.0
Total	27.5	36.8	27.2	36.6
Depreciation according to plan				
Intangible assets	0.4	0.2	0.3	0.2
Depreciation for decrease of substance	0.1	-0.1	0.0	0.0
Roads	1.2	1.2	1.2	1.0
Buildings and structures	3.8	4.5	2.8	3.4
Machinery and equipment, other tangible assets	1.3	1.4	0.3	0.4
Total	6.7	7.2	4.6	5.0
Impairment of non-current assets				
Impairment of land and water areas	0.0	3.5	0.0	1.8

Depreciation according to plan, depreciation periods:

Intangible rights, other long-term expenditures	4–5 years
Gravel areas	depreciation for decrease of substance
Roads	primarily 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.

	Metsähallitus Group		Metsähallitus	
	2015	2014	2015	2014
Other interest and financial income				
Dividend income from external sources	0.1	0.1	0.1	0.1
Dividend income from subsidiaries	0.0	0.0	0.2	0.3
Interest income	0.5	0.3	0.5	0.2
Total	0.6	0.4	0.7	0.6
Interest and other financial expenses				
Interest expenses	0.1	0.3	0.0	0.1
Other financial expenses	0.0	0.0	0.0	0.0
Reduction in value of shares in associated undertaking	0.0	0.0	0.0	0.3
Reduction in value of subsidiaries' shares	0.0	0.0	8.2	3.3
Reduction in value of other investments under non-current assets	0.0	0.0	0.0	0.0
Total	0.1	0.3	8.2	3.7
Financial income and expenses in total	0.5	0.1	-7.5	-3.1

NON-CURRENT ASSETS (mill. EUR)

Metsähallitus Group	Intangible assets	Group Goodwill	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangibles	In progress projects	Shares and holdings other receivables	Total
Acquisition cost on 1 Jan	5.3	2.4	3,695.6	91.5	112.9	30.9	12.8	4.4	3,955.8
Reduction in value on 1 Jan	0.0	0.0	-4.0	0.0	0.0	0.0	0.0	-1.0	-5.0
Increases	1.2	0.0	34.0	2.8	0.5	0.2	3.3	0.4	42.5
Decreases	0.7	0.0	10.5	0.0	1.4	0.2	0.0	1.3	14.2
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	5.9	2.4	3,715.1	94.3	111.9	30.8	16.0	2.5	3,979.0
Accumulated depreciation and impairment losses on 1 Jan	4.5	2.4	4.7	66.8	57.0	25.2	0.0	0.0	160.4
Accumulated depreciation relating to decreases and transfers	-0.2	0.0	0.0	0.0	-0.6	-0.1	0.0	0.0	-0.9
Depreciation during the financial year	0.4	0.0	0.1	1.2	3.7	1.3	0.0	0.0	6.7
Accumulated depreciation on 31 Dec	4.6	2.4	4.8	67.9	60.2	26.4	0.0	0.0	166.3
Book value on 1 Jan	0.9	0.0	3,686.9	24.8	55.9	5.7	12.8	3.4	3,790.3
Book value on 31 Dec	1.2	0.0	3,710.3	26.4	51.8	4.5	16.0	2.5	3,812.7
Production machinery and equipment, book value						1.5			

Metsähallitus	Intangible assets	Group Goodwill	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangibles	In progress projects	Shares and holdings other receivables	Total
Acquisition cost on 1 Jan	4.2	0.0	3,687.9	91.1	87.8	16.9	12.6	55.4	3,955.9
Reduction in value on 1 Jan	0.0	0.0	-1.8	0.0	0.0	0.0	0.0	-22.1	-23.8
Increases	1.1	0.0	34.0	2.8	0.5	0.0	3.5	0.4	42.3
Decreases	0.7	0.0	10.5	0.0	1.4	0.1	0.0	1.6	14.2
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-8.0	-8.0
Acquisition cost on 31 Dec	4.6	0.0	3,709.7	93.9	86.8	16.8	16.0	24.2	3,952.1
Accumulated depreciation on 1 Jan	3.4	0.0	1.7	66.4	50.2	16.3	0.0	0.0	138.0
Accumulated depreciation relating to decreases and transfers	-0.2	0.0	0.0	0.0	-0.6	-0.1	0.0	0.0	-0.9
Depreciation during the financial year	0.3	0.0	0.0	1.2	2.8	0.3	0.0	0.0	4.6
Accumulated depreciation on 31 Dec	3.5	0.0	1.8	67.6	52.4	16.5	0.0	0.0	141.7
Book value on 1 Jan	0.8	0.0	3,684.4	24.8	37.5	0.6	12.6	33.3	3,794.0
Book value on 31 Dec	1.1	0.0	3,708.0	26.4	34.4	0.3	16.0	24.2	3,810.4
Production machinery and equipment, book value on 31 Dec						0.0			

	Metsähallitus Group		Metsähallitus	
	2015	2014	2015	2014
Shares and holdings, book value (MEUR)				
Shares in subsidiaries	0.0	0.0	21.3	29.5
Shares in associated undertakings	0.0	1.0	0.0	1.0
Other shares and receivables	2.5	2.4	2.9	2.8
	2.5	3.4	24.2	33.3
			Carrying amount in the parent company (EUR)	
Shares in subsidiaries	Holding %			
Metsähallitus				
Fin Forelia Oy, Kuopio	100		1,000,000.00	
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		165,111.43	
Nuuksiokeskus Oy, Espoo	68.1		12,200,000.00	
Total			21,341,111.43	
Holdings company shares				
Metsähallitus				
Oy Estar Studios LTD, Rovaniemi	19.98		0.00	
Receivables from Group's subsidiaries (MEUR)				
Total	0.5		0.2	

	Metsähallitus Group		Metsähallitus	
	2015	2014	2015	2014
Current prepayments and accrued income (MEUR)				
Life projects, accrued income	0.0	0.6	0.0	0.6
EU Structural Fund projects, accrued income	0.4	2.5	0.4	2.5
Employment programme projects, accrued income	0.6	0.7	0.6	0.7
Project receivables, other accrued income	0.8	0.7	0.8	0.6
Other prepaid expenses, purchase invoices	0.8	0.6	0.7	0.6
Total	2.6	5.2	2.5	5.1
Other receivables, non-current and current				
Other receivables, non-current, guarantee	0.1	0.1	0.0	0.0
Other prepayments, prepaid expenses, current	0.2	0.4	0.1	0.4
Deferred VAT and tax assets	0.8	0.1	0.0	0.0
Current total	1.0	0.6	0.2	0.4

NOTES TO BALANCE SHEET | Metsähallitus Group and Metsähallitus Enterprise

	Metsähallitus Group		Metsähallitus	
	2015	2014	2015	2015
Equity (MEUR)				
Basic equity on 1 Jan	2,525.7	2,536.5	2,525.7	2,536.5
Transfers of possession, inheritance by the State	1.5	0.6	1.5	0.6
Changes in land use	-2.6	-11.4	-2.6	-11.4
Other changes, including basic equity return	-15.0	0.0	-15.0	0.0
Basic equity on 31 Dec	2,509.7	2,525.7	2,509.7	2,525.7
Other equity on 1 Jan	1,175.2	1,152.7	1,175.2	1,152.7
Transfers of possession, inheritance by the State	18.3	10.2	18.3	10.2
Changes in land use, other	3.0	11.5	3.0	11.5
Shareholder investment in purchase of environmental conservation areas	1.4	0.8	1.4	0.8
Other equity on 31 Dec	1,197.9	1,175.2	1,197.9	1,175.2
Retained earnings on 1 Jan	110.5	126.2	110.6	126.4
Contribution to State revenue	-110.0	-130.0	-110.0	-130.0
Retirement of own shares	0.1	0.1	0.0	0.0
Profit for the financial year without deferred depreciation	106.0	114.2	106.0	114.2
Results for previous financial year and current financial year on 31 Dec	106.5	110.5	106.6	110.6
Equity in total on 31 Dec	3,814.1	3,811.4	3,814.1	3,811.6
Other provisions (MEUR)				
Other provisions (MEUR)	0.8	1.5	0.0	0.0
Total	0.8	1.5	0.0	0.0
Total of long-term loans due in a period exceeding 5 years	7.2	6.3		
Amount of debt not paid to the State (MEUR)	7.2	6.3		
Debt to the State, withholding tax liabilities, social security, contribution liabilities, pension contributions, VaEL, TyEL	2.3	2.5	2.2	2.4
			Metsähallitus	
			2015	2014
Debts to Group's subsidiaries (MEUR)				
Accounts payable			0.1	0.2
Other liabilities, accruals and deferred income			0.0	0.0
Accruals and deferred income			0.1	0.0
Consolidated liabilities			3.5	3.7
Total			3.7	3.9
Other liabilities (MEUR)				
VAT liabilities	13.2	12.9	13.2	12.8
Withholding taxes and social security contributions and other debts related to statutory personnel expenses (payment of salaries)	1.2	1.3	1.1	1.2
Equity reviews	0.0	1.4	0.0	1.4
Other	0.9	0.7	0.8	0.5
	15.3	16.2	15.0	15.9
Accruals and deferred income (MEUR)				
Differentiated statutory personnel expenses	1.1	1.2	1.1	1.2
Holiday pay liabilities, including social security expenses	13.8	15.0	13.6	14.8
Tax averaging	0.6	0.1	0.6	0.1
Other	4.4	2.8	2.8	2.1
Total	19.9	19.1	18.1	18.2

Contingent liabilities (MEUR)	Metsähallitus Group		Metsähallitus	
	2015	2014	2015	2014
Leasing liabilities				
paid during the financial year	2.4	2.6	2.4	2.4
to be paid during the year following	2.4	2.6	2.4	2.6
to be paid at a later date	2.9	3.8	2.9	3.8
Business mortgages	0.9	0.9	0.0	0.0
Bank guarantee liabilities	2.3	2.6	0.6	0.4
Other banking liabilities	0.8	0.7	0.7	0.7
Deposited securities, guarantee deposits	0.8	0.9	0.0	0.0
Guarantee for subsidiary's liabilities, limits	0.0	0.0	3.5	3.5
Investment commitments	9.5	4.2	9.5	4.2

The leasing contracts include a redemption clause after the residual value reaches the agreed level. The contracts can be terminated with a 3-month notice period. The Group also has contracts without a redemption clause, mainly for five-year periods. An inspection responsibility of value added tax is related to the Group's property investments for 10 years as of 2013.

Number of employees, person-years	Metsähallitus Group		Metsähallitus	
	2015	2014	2015	2014
Employees	480	555	414	468
Supervisors	1,069	1,198	1,037	1,166
Total	1,549	1,752	1,451	1,634

Calculated deferred tax assets and liabilities	Metsähallitus Group		Metsähallitus	
	2015	2014		
Calculated deferred tax assets				
from postponed depreciations	0.7	0.7		
from subsidiary losses	4.0	2.6		
from provisions	0.2	0.3		
Total	4.9	3.6		

Auditors' fees (1,000 EUR)	Metsähallitus Group		Metsähallitus	
	2015	2014	2015	2014
KPMG Audit				
audit, financial year	35.0	40.2	31.6	35.1
audit, previous financial year	36.4	0.0	22.1	0.0
tax consulting	3.3	0.0	3.3	0.0
other services	107.1	41.7	105.7	41.7
Total	181.8	81.9	162.7	76.8
Deloitte & Touche Oy				
audit, financial year	8.4	9.7	0.0	0.0
audit, previous financial year	17.2	32.9	0.0	13.6
tax consulting, other services	2.2	58.4	0.0	19.4
Total	27.8	101.0	0.0	33.0

PROFIT AND LOSS ACCOUNT | Business Operations

PROFIT AND LOSS ACCOUNT (EUR)

	Business Operations Group		Business	
	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
TURNOVER	337,246,150.31	354,987,926.20	329,777,943.20	343,239,464.98
Variation in inventories of finished products and change to work in progress	-2,344,143.12	-623,354.56	0.00	0.00
Other operating income	28,458,179.00	35,051,800.42	28,187,511.49	34,906,537.95
Raw materials and services				
Raw materials and consumables				
Purchases during the financial year	6,851,274.23	8,292,330.81	7,148,214.22	8,475,506.06
Variation in inventories	2,409,381.98	2,831,444.63	1,613,921.64	-527,007.29
External services	154,822,016.96	166,040,786.13	152,685,399.14	163,729,555.10
Staff expenses				
Wages and salaries	36,529,576.34	40,292,542.72	33,274,508.13	36,510,221.22
Social security expenses				
Pension expenses	7,916,005.72	8,427,770.30	7,324,682.00	7,680,446.84
Other social security expenses	1,763,929.59	1,967,339.76	1,614,592.80	1,916,360.90
Depreciation, amortisation and impairment				
Depreciation according to plan	3,900,259.27	4,283,328.05	2,273,961.98	2,615,677.10
Impairment of non-current assets	0.00	3,486,026.44	0.00	1,779,311.41
Other operating costs	32,988,399.31	28,726,015.04	28,216,869.55	27,872,969.28
Share of profit/loss of associated undertakings	0.00	67,677.17	0.00	0.00
OPERATING PROFIT	116,179,342.79	125,136,465.35	123,813,305.23	128,092,962.31
Financial income and expenses				
Income from other investments under non-current assets	89,155.12	98,447.80	253,901.12	394,712.39
Other interest and financial income	496,490.10	273,982.05	483,045.64	212,774.34
Interest and other financial expenses	102,144.29	251,861.94	24,951.85	161,415.44
Reductions in value of investments held as non-current assets	6,241.46	28,198.93	7,803,548.58	3,550,007.20
	477,259.47	92,368.98	-7,091,553.67	-3,103,935.91
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	116,656,602.26	125,228,834.33	116,721,751.56	124,989,026.40
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES	116,656,602.26	125,228,834.33	116,721,751.56	124,989,026.40
Income taxes	8,792,264.39	8,292,775.19	8,784,048.16	8,282,484.63
PROFIT DURING THE FINANCIAL YEAR	107,864,337.87	116,936,059.14	107,937,703.40	116,706,541.77

BALANCE SHEET (EUR)

	Business Operations Group		Business	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	329,329.55	151,975.23	196,767.03	151,975.23
Other capitalised long-term expenses	372,066.52	515,990.04	372,066.52	515,990.04
	701,396.07	667,965.27	568,833.55	667,965.27
Tangible assets				
Land and water areas	2,558,953,264.69	2,558,151,107.39	2,557,366,984.36	2,556,379,689.65
Roads	26,107,687.46	24,442,876.34	26,102,746.13	24,437,410.37
Buildings and structures	14,763,665.98	16,200,659.94	12,369,439.41	13,069,274.68
Machinery and equipment	1,490,606.91	2,166,257.56	4,339.23	5,609.18
Other tangible assets	426,468.48	504,105.05	10,599.04	10,599.04
Advance payments and work in progress	16,018,716.77	12,764,180.06	16,018,716.77	12,588,594.80
	2,617,760,410.29	2,614,229,186.34	2,611,872,824.94	2,606,491,177.72
Investments				
Shares in Group's subsidiaries	0.00	0.00	8,976,000.00	16,773,830.19
Holdings in associated undertakings	0.00	967,879.12	0.00	950,000.00
Other shares and holdings	1,714,573.85	1,669,984.95	2,147,855.38	2,102,743.41
Other receivables	22,300.00	22,300.00	0.00	0.00
	1,736,873.85	2,660,164.07	11,123,855.38	19,826,573.60
NON-CURRENT ASSETS IN TOTAL	2,620,198,680.21	2,617,557,315.68	2,623,565,513.87	2,626,985,716.59
CURRENT ASSETS				
Inventories				
Finished products	18,588,436.40	23,311,936.53	11,053,749.02	12,667,670.66
Work in progress	1,592,427.83	1,622,452.80	0.00	0.00
	20,180,864.23	24,934,389.33	11,053,749.02	12,667,670.66
Receivables				
Non-current				
Other receivables	75,015.72	75,015.72	0.00	0.00
Current				
Accounts receivable	35,713,173.85	36,306,629.67	34,866,595.97	33,348,362.29
Receivables from public administration duties	2,046,892.63	741,281.18	2,011,754.92	730,369.89
Receivables from Group's subsidiaries	0.00	4,788.05	466,187.89	153,851.07
Receivables from associated undertakings				
Other receivables	792,805.45	148,513.41	21,897.26	50,000.00
Prepayments and accrued income	194,262.56	167,700.34	67,197.91	19,374.42
	38,747,134.49	37,368,912.65	37,433,633.95	34,301,957.67
Cash in hand and at banks	11,865,114.92	13,401,134.03	11,857,265.79	13,396,437.55
CURRENT ASSETS IN TOTAL	70,868,129.36	75,779,451.73	60,344,648.76	60,366,065.88
ASSETS IN TOTAL	2,691,066,809.57	2,693,336,767.41	2,683,910,162.63	2,687,351,782.47

BALANCE SHEET | Business Operations

BALANCE SHEET (EUR)

	Business Operations Group		Business	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
EQUITY AND LIABILITIES				
EQUITY				
Basic equity	2,509,674,701.59	2,525,707,748.44	2,509,674,701.59	2,525,707,748.44
Retained earnings	9,205,152.86	2,269,093.72	9,164,955.51	2,458,413.74
Profit for the financial year	107,864,337.87	116,936,059.14	107,937,703.40	116,706,541.77
EQUITY IN TOTAL	2,626,744,192.32	2,644,912,901.30	2,626,777,360.50	2,644,872,703.95
PROVISIONS				
Other provisions	778,675.00	1,464,241.00	0.00	0.00
LIABILITIES				
Non-current				
Loans from financial institutions	7,202,553.49	6,334,508.70	0.00	0.00
Other liabilities (incl. interest-bearing)	902,932.60	1,407,141.60	815,300.00	1,214,900.00
Current				
Loans from financial institutions	15,112,198.51	120,000.00	14,992,198.51	0.00
Advances received	2,105,269.66	1,729,665.51	2,065,563.08	1,678,535.51
Accounts payable	9,459,935.01	8,634,042.68	9,048,957.23	8,237,359.07
Payables to public administration duties	948,775.17	236,685.80	948,775.17	236,655.80
Debts to Group's subsidiaries	919.49	0.00	3,618,001.54	3,914,619.28
Other liabilities (incl. interest-bearing)	14,463,229.28	15,545,597.11	14,150,171.50	15,158,958.56
Accruals and deferred income	13,317,050.92	12,929,121.82	11,493,835.10	12,038,050.30
Deferred tax liabilities	31,078.12	22,861.89	0.00	0.00
LIABILITIES IN TOTAL	63,543,942.25	46,959,625.11	57,132,802.13	42,479,078.52
EQUITY AND LIABILITIES IN TOTAL	2,691,066,809.57	2,693,336,767.41	2,683,910,162.63	2,687,351,782.47

CASH FLOW STATEMENT (EUR)

	Business Operations Group		Business	
	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
CASH FLOW FROM BUSINESS OPERATIONS				
Payments from sales	336,887,824.66	352,241,770.84	327,170,191.75	338,946,910.64
Payments from other operating income	8,129,022.65	3,956,369.83	7,927,464.80	3,773,968.15
Payments from operating charges	-239,740,776.70	-258,360,152.90	-228,993,330.72	-247,670,435.59
Cash flow from business operations, before financial items and taxes	105,276,070.61	97,837,987.77	106,104,325.83	95,050,443.20
Interest and other financial expenses	-102,144.29	-251,861.94	-24,951.85	-161,415.44
Interest income from business operations	496,490.10	273,982.05	483,045.64	212,774.34
Dividends received	89,155.12	98,447.80	88,901.12	394,712.39
Direct taxes	-8,792,264.39	-8,630,211.43	-8,784,048.16	-8,619,920.87
Cash flows from operating activities	96,967,307.15	89,328,344.25	97,867,272.58	86,876,593.62
INVESTMENTS				
Investments in tangible and intangible assets	-17,254,932.37	-15,585,633.65	-17,230,321.83	-14,872,404.46
Sale of tangible and intangible assets	28,395,571.81	45,883,269.02	28,231,278.98	45,894,345.39
Cash flows from investing activities	11,140,639.44	30,297,635.37	11,000,957.15	31,021,940.93
FINANCING				
Change in non-current loans from financial institutions	868,044.79	557,102.85	0.00	0.00
Change in other non-current, interest-bearing loans	-504,209.00	-104,859.00	0.00	0.00
Change in other non-current, non-interest-bearing loans	0.00	1,092,691.00	-399,600.00	1,197,550.00
Change in current loans from financial institutions	14,992,198.51	-4,998,355.82	14,992,198.51	-4,998,355.82
Change in other current, interest-bearing loans	0.00	0.00	0.00	0.00
Change in Group loans to subsidiaries	0.00	0.00	0.00	2,076,884.39
Contribution to State revenue	-125,000,000.00	-130,000,000.00	-125,000,000.00	-130,000,000.00
Cash flows from financing activities	-109,643,965.70	-133,453,420.97	-110,407,401.49	-131,723,921.43
CHANGE IN LIQUID FUNDS				
Liquid funds on 1 Jan	13,401,134.03	27,228,575.38	13,396,437.55	27,221,824.43
Liquid funds on 31 Dec	11,865,114.92	13,401,134.03	11,857,265.79	13,396,437.55
Change	-1,536,019.11	-13,827,441.35	-1,539,171.76	-13,825,386.88

NOTES TO PROFIT AND LOSS ACCOUNT | Business Operations

Notes to profit and loss account (EUR)

	Business Operations Group		Business	
	2015	2014	2015	2014
Turnover by business unit				
Forestry and related services	319,326,604.75	332,391,700.37	319,391,815.84	332,859,063.80
Seed and seedling production	6,569,425.37	8,316,972.53	0.00	0.00
Land and plot sales	6,423,751.34	6,209,611.14	6,541,577.31	6,231,171.14
Sale of soil resources, rock-crushing business	1,378,219.14	4,095,785.12	0.00	0.00
Other	3,548,149.71	3,973,857.04	3,844,550.05	4,149,230.04
Total	337,246,150.31	354,987,926.20	329,777,943.20	343,239,464.98
of which turnover for public administration duties and its subsidiaries	4,227,354.61 5,325.41	4,557,435.64 15,220.00	4,126,035.29 5,325.41	4,336,833.4 15,220.0
Other operating income				
Gains on the sale of fixed assets	20,329,156.35	31,254,952.95	20,260,046.69	31,254,952.95
Income from services to public administration duties	3,495,386.56	3,189,274.45	3,495,386.56	3,189,274.45
Income from services to subsidiaries	0.00	3,233.33	300,110.56	151,740.01
Other income	4,633,636.09	604,339.69	4,131,967.68	310,570.54
Total	28,458,179.00	35,051,800.42	28,187,511.49	34,906,537.95
Depreciation according to plan				
Intangible assets	243,208.59	198,045.49	216,696.11	150,610.32
Depreciation for decrease of substance	119,138.88	-142,067.19	24,260.87	9,987.96
Roads	1,133,330.31	1,129,377.58	1,132,805.67	949,183.82
Buildings and structures	1,622,886.14	2,267,837.40	898,929.37	1,478,458.74
Machinery and equipment, other tangible assets	781,695.35	830,134.77	1,269.96	27,436.26
Total	3,900,259.27	4,283,328.05	2,273,961.98	2,615,677.10
Impairment of non-current assets				
Impairment of land and water areas	0.00	3,486,026.44	0.00	1,779,311.41

Depreciation according to plan, depreciation periods:

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

Depreciation according to plan has been calculated by fixed asset

	Business Operations Group		Business	
	2015	2014	2015	2014
Other interest and financial income				
Dividend income from external sources	89,155.12	98,447.80	88,901.12	98,109.80
Dividend income from subsidiaries	0.00	0.00	165,000.00	242,843.55
Dividend income from associated undertakings	0.00	0.00	0.00	53,759.04
Interest income	496,490.10	273,982.05	483,045.64	212,774.34
Total	585,645.22	372,429.85	736,946.76	607,486.73
Interest and other financial expenses (EUR)				
Interest expenses	102,144.29	251,861.94	24,951.85	159,001.54
Interest expenses to subsidiaries	0.00	0.00	0.00	2,413.90
Reduction in value of shares of associated undertakings	0.00	0.00	0.00	250,007.20
Reduction in value of subsidiaries' shares	0.00	0.00	7,797,830.19	3,300,000.00
Reduction in value of other investments under non-current assets	6,241.46	28,198.93	5,718.39	0.00
	108,385.75	280,060.87	7,828,500.43	3,711,422.64
Financial income and expenses in total	477,259.47	92,368.98	-7,091,553.67	-3,103,935.91

NON-CURRENT ASSETS (mill. EUR)

Business Operation Group	Intangible assets	Group Goodwill	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangibles	In progress projects	Shares and holdings other receivables	Total
Acquisition cost on 1 Jan	4.7	2.4	2 566.8	89.6	48.3	20.8	12.8	3.7	2 749.1
Reduction in value on 1 Jan	0.0	0.0	-4.0	0.0	0.0	0.0	0.0	-1.0	-5.0
Increases	0.8	0.0	11.2	2.8	0.5	0.0	3.3	0.4	19.0
Decreases	0.7	0.0	10.3	0.0	0.6	0.0	0.0	1.3	12.9
Reduction in value	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Acquisition cost on 31 Dec	4.8	2.4	2 563.7	92.4	48.2	20.8	16.0	1.7	2 750.2
Accumulated depreciation and impairment losses on 1 Jan	4.1	2.4	4.7	65.2	32.1	18.1	0.0	0.0	126.5
Accumulated depreciation relating to decreases and transfers	-0.2	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	-0.5
Depreciation during the financial year	0.2	0.0	0.1	1.1	1.6	0.8	0.0	0.0	3.9
Accumulated depreciation on 31 Dec	4.1	2.4	4.8	66.3	33.4	18.9	0.0	0.0	130.0
Book value on 1 Jan	0.7	0.0	2 558.2	24.4	16.2	2.7	12.8	2.7	2 617.6
Book value on 31 Dec	0.7	0.0	2 559.0	26.1	14.8	1.9	16.0	1.7	2 620.2
Production machinery and equipment							1.5		
Business									
Acquisition cost on 1 Jan	3.6	0.0	2 559.9	89.3	38.8	9.7	12.6	41.9	2 755.8
Reduction in value on 1 Jan	0.0	0.0	-1.8	0.0	0.0	0.0	0.0	-22.1	-23.9
Increases	0.6	0.0	11.2	2.8	0.4	0.0	3.4	0.4	19.0
Decreases	0.7	0.0	10.2	0.0	0.5	0.0	0.0	1.6	13.0
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-7.6	-7.6
Acquisition cost on 31 Dec	3.6	0.0	2 559.1	92.1	38.7	9.7	16.0	11.1	2 730.3
Accumulated depreciation on 1 Jan	3.0	0.0	1.7	64.8	25.7	9.7	0.0	0.0	105.0
Accumulated depreciation relating to decreases and transfers	-0.2	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	-0.5
Depreciation during the financial year	0.2	0.0	0.0	1.1	0.9	0.0	0.0	0.0	2.3
Accumulated depreciation on 31 Dec	3.0	0.0	1.8	66.0	26.3	9.7	0.0	0.0	106.8
Book value on 1 Jan	0.7	0.0	2 556.4	24.4	13.1	0.0	12.6	19.8	2 627.0
Book value on 31 Dec	0.6	0.0	2 557.4	26.1	12.4	0.0	16.0	11.1	2 623.6
Production machinery and equipment, book value on 31 Dec						0.0			

NOTES TO BALANCE SHEET | Business Operations

	Business Operations Group		Business	
	2015	2014	2015	2014
Shares and holding, book value (EUR)				
Shares in subsidiaries	0.00	0.00	8,976,000.00	16,773,830.19
Shares in associated undertakings	0.00	967,879.12	0.00	950,000.00
Holdings company shares	0.00	0.00	0.00	0.00
Other shares and holdings	729,171.41	755,987.68	1,162,452.94	1,188,747.14
Joint forest holdings	985,402.44	913,997.27	985,402.44	913,996.27
Total	1,714,573.85	2,637,864.07	11,123,855.38	19,826,573.60
Subscription fee receivables	22,300.00	22,300.00	0.00	0.00
Shares in subsidiaries			Holding	Book value in
Fin Forelia Oy, Kuopio			share %	parent co. (EUR)
MH-Kivi Oy, Oulu			100	1,000,000.00
Siemen Forelia Oy, Jyväskylä			100	5,500,000.00
Total				2,476,000.00
Holdings company shares			share %	Book value
Oy Estar Studios Ltd, Rovaniemi			19.98	0.00

	Business Operations Group		Business	
	2015	2014	2015	2014
Receivables from enterprise's public administration duties, EUR				
Accounts receivable	70,566.30	740,650.18	676,828.53	729,738.89
Prepayments and accrued income	1,341,326.33	632.00	1,334,926.39	632.00
Total	2,046,892.63	741,282.18	2,011,754.92	730,370.89
Receivables from subsidiaries (EUR)				
Accounts receivable	0.00	4,788.05	78,737.37	153,851.07
Other receivables	0.00	0.00	165,000.00	0.00
Prepayments and accrued income	0.00	0.00	222,450.52	0.00
Total	0.00	4,788.05	466,187.89	153,851.07
Other receivables. current (EUR)				
Other prepayments. prepaid expenses	24,293.29	52,908.47	21,897.26	50,000.00
VAT receivables	768,512.16	95,604.94	0.00	0.00
Deferred tax assets	0.00	0.00	0.00	0.00
Other receivables	0.00	0.00	0.00	0.00
Total	792,805.45	148,513.41	21,897.26	50,000.00
Current external prepayments and accrued income (EUR)				
Accrued interest	0.00	2,142.16	0.00	381.30
Deferred tax assets	32,479.86	0.00	0.00	0.00
Other prepaid expenses/purchase invoices	161,782.70	161,183.25	67,197.91	16,017.12
Other accrued income	0.00	4,374.93	0.00	2,976.00
Total	194,262.56	167,700.34	67,197.91	19,374.42

Business Operations | NOTES TO BALANCE SHEET

	Business Operations Group		Business	
	2015	2014	2015	2014
Equity (EUR)				
Basic equity on 1 Jan	2,525,707,748.44	2,536,538,416.29	2,525,707,748.44	2,536,538,416.29
Reduction in equity during the financial year				
Transfers of possession	311,583.15	424,691.28	311,583.15	424,691.28
Inheritance by the State	1,237,297.00	185,175.00	1,237,297.00	185,175.00
Changes in land use	-2,580,205.00	-11,436,495.13	-2,580,205.00	-11,436,495.13
Other	-15,001,722.00	-4,039.00	-15,001,722.00	-4,039.00
Basic equity on 31 Dec	2,509,674,701.59	2,525,707,748.44	2,509,674,701.59	2,525,707,748.44
Retained earnings on 1 Jan	119,205,152.86	132,269,093.72	119,164,955.51	132,458,413.74
Contribution to State revenue	-110,000,000.00	-130,000,000.00	-110,000,000.00	-130,000,000.00
Retirement of own shares	0.00	0.00	0.00	0.00
Profit for the financial year	107,864,337.87	116,936,059.14	107,937,703.40	116,706,541.77
Results for the previous financial year and current financial year on 31 Dec	117,069,490.73	119,205,152.86	117,102,658.91	119,164,955.51
Equity in total on 31 Dec	2,626,744,192.32	2,644,912,901.30	2,626,777,360.50	2,644,872,703.95
Other provisions (EUR)	778,675.00	1,464,241.00	0.00	0.00

	Business Operations Group		Business	
	2015	2014	2015	2014
Total of long-term loans due in a period exceeding five years (EUR)	7,202,553.49	6,291,065.75		
Amount of debt not paid to the State (EUR)				
Debt to the State, withholding tax liabilities, social security contribution liabilities, VaEL, TyEL	1,379,557.56	1,419,293.67	1,321,717.59	1,362,867.62
Payables to public administration duties (EUR)				
Accounts payable	35,543.25	28,520.26	35,543.25	28,520.26
Accruals and deferred income	913,231.92	208,165.54	913,231.92	208,135.54
Total	948,775.17	236,685.80	948,775.17	236,655.80
Payables to subsidiaries (EUR)				
Accounts payable	0.00	0.00	0.00	215,909.69
Other liabilities	0.00	0.00	0.00	0.00
Accruals and deferred income	919.49	0.00	71,012.13	2,916.53
Consolidated liabilities	0.00	0.00	3,546,989.41	3,695,793.06
Total	919.49	0.00	3,618,001.54	3,914,619.28
Other external liabilities (EUR)				
VAT liabilities	12,967,094.25	12,740,951.32	12,967,094.25	12,669,307.57
Withholding taxes, social security contributions and other debts related to statutory personnel expenses (payment of salaries)	752,476.48	741,757.28	688,790.47	688,263.96
Equity reviews	7,003.40	1,404,212.55	7,003.40	1,404,212.55
Other	736,655.15	658,675.96	487,283.38	397,174.48
Total	14,463,229.28	15,545,597.11	14,150,171.50	15,158,958.56
External accruals (EUR)				
Differentiated statutory personnel expenses	627,081.08	677,536.39	632,927.12	674,603.66
Holiday pay liabilities, including social security expenses	9,030,203.85	9,842,092.98	8,837,306.23	9,628,441.95
Tax averaging	587,278.69	93,228.20	587,278.69	93,228.20
Other	3,072,487.30	2,316,264.25	1,436,323.06	1,641,776.49
Total	13,317,050.92	12,929,121.82	11,493,835.10	12,038,050.30

OTHER NOTES | Business Operations

Other notes (MEUR)	Business Operations Group		Business	
	2015	2014	2015	2014
Contingent liabilities				
Leasing liabilities				
paid during the financial year	1.5	1.7	1.5	1.6
to be paid during the following year	2.4	2.6	2.4	2.6
to be paid at a later date	2.9	3.8	2.9	3.8
Business mortgages	0.9	0.9	0.0	0.0
Bank guarantee liabilities	2.3	2.6	0.6	0.4
Other banking liabilities	0.8	0.7	0.7	0.7
Deposited securities, guarantee deposits	0.0	0.1	0.0	0.0
Guarantee for subsidiary's liabilities, limits	0.0	0.0	3.5	3.5
Investment commitments	9.5	4.2	9.5	4.2

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

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

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

Calculated deferred tax assets and liabilities	Business Operations Group	
	2015	2014
Calculated deferred tax assets		
from postponed depreciations	0.7	0.7
from subsidiary losses	3.7	2.4
from provisions	0.2	0.3
Total	4.6	3.4

	Business operations group		Business	
	2015 Investments planned	2015 Realised	2015 Investments planned	2015 Realised
Self-financed investments				
Land, water and gravel areas	5.4	6.3	5.4	6.3
Roads, plot processing works	6.3	6.1	6.3	6.1
Machinery and equipment, wind power projects	3.6	2.6	3.6	2.5
Buildings and structures	0.2	0.1	0.2	0.1
Other	2.8	2.2	2.8	2.2
Total	18.2	17.3	18.2	17.2

PROFIT AND LOSS ACCOUNT (EUR)	Parks & Wildlife Finland	
	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
TURNOVER	10,722,082.26	10,462,859.07
Other operating income	2,540,884.67	4,954,242.83
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	3,721,187.51	3,431,267.84
Variation in inventories	158,245.08	327,867.37
External services	5,762,895.01	4,655,906.08
Staff expenses		
Wages and salaries	21,372,991.65	24,881,637.06
Social security expenses		
Pension expenses	3,714,549.84	5,261,670.30
Other social security expenses	890,572.88	1,043,811.14
Depreciation, amortisation and impairment		
Depreciation according to plan	2,299,419.93	2,380,993.79
Other operating costs	22,235,577.36	23,635,504.91
OPERATING PROFIT	-46,892,472.33	-50,201,556.59
Financial income and expenses		
Income from other investments under non-current assets	134.20	3,135.29
Other interest and financial income	10,667.35	39,990.93
Interest and other financial expenses	1,743.78	2,646.55
Reductions in value of investments held as non-current assets	400,000.00	0.00
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	-390,942.23	40,479.67
Financing for other operations from the Budget	-47,283,414.56	-50,161,076.92
Minority share	45,295,307.16	47,701,560.88
Minority share	0.00	0.00
PROFIT/LOSS FOR FINANCIAL PERIOD	-1,988,107.40	-2,459,516.04

BALANCE SHEET | Public Administrative Duties

BALANCE SHEET (EUR)

Parks & Wildlife Finland

	31.12.2015	31.12.2014
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	510,749.58	170,410.24
	510,749.58	170,410.24
Tangible assets		
Land and water areas	1,150,610,917.57	1,128,034,535.40
Roads	259,009.04	315,515.16
Buildings and structures	22,011,936.33	24,449,889.28
Machinery and equipment	308,822.06	542,876.33
Advance payments and work in progress	31,034.46	1,975.00
	1,173,221,719.46	1,153,344,791.17
Investments		
Shares in Group's subsidiaries	12,365,111.43	12,765,111.43
Other shares and holdings	737,704.68	737,704.68
Other receivables	1,800.00	1,800.00
	13,104,616.11	13,504,616.11
NON-CURRENT ASSETS IN TOTAL	1,186,837,085.15	1,167,019,817.52
CURRENT ASSETS		
Inventories		
Finished products	1,945,768.42	2,104,013.50
	1,945,768.42	2,104,013.50
Receivables		
Current		
Accounts receivable	1,203,600.67	1,871,324.97
Receivables from enterprise's business operations	952,317.52	236,655.80
Receivables from Group's subsidiaries	222.56	0.00
Other receivables	154,358.13	371,004.46
Prepayments and accrued income	2,433,982.05	5,032,662.77
	4,744,480.93	7,511,648.00
Cash in hand and at banks	14,295,650.20	6,881,842.64
CURRENT ASSETS IN TOTAL	20,985,899.55	16,497,504.14
ASSETS IN TOTAL	1,207,822,984.70	1,183,517,321.66

BALANCE SHEET (EUR)

	Parks & Wildlife Finland	
	31.12.2015	31.12.2014
EQUITY AND LIABILITIES		
EQUITY		
Other equity	1,197,874,890.09	1,175,224,045.11
Retained earnings	-8,545,514.50	-6,085,998.46
Profit/loss for financial period	-1,988,107.40	-2,459,516.04
EQUITY IN TOTAL	1,187,341,268.19	1,166,678,530.61
LIABILITIES		
Non-current		
Other liabilities, non-interest-bearing	4,750.00	5,250.00
Current		
Advances received	9,485,044.01	7,879,006.67
Accounts payable	1,484,390.83	1,376,784.38
Debts to enterprise's business operations	2,015,297.27	730,369.89
Debts to Group's subsidiaries	35,137.71	10,911.29
Other liabilities (incl. interest-bearing)	889,027.10	670,570.07
Accruals and deferred income	6,568,069.59	6,165,898.75
LIABILITIES IN TOTAL	20,481,716.51	16,838,791.05
EQUITY AND LIABILITIES IN TOTAL	1,207,822,984.70	1,183,517,321.66

CASH FLOW STATEMENT | Public Administrative Duties

CASH FLOW STATEMENT (EUR)

Parks & Wildlife Finland

	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
CASH FLOW FROM BUSINESS OPERATIONS		
Payments from sales	13,103,877.05	10,084,224.96
Payments from other operating income	2,767,152.94	6,866,670.09
Payments from operating charges	-54,906,884.09	-63,309,131.01
Cash flow from business operations, before financial items and taxes	-39,035,854.10	-46,358,235.96
Interest and other financial expenses	-1,743.78	-2,646.55
Interest income from business operations	10,667.35	39,990.93
Dividends received	134.20	3,135.29
State's budget funding for other operations	46,303,743.15	49,293,109.85
Cash flow from operations	7,276,946.82	2,975,353.56
INVESTMENTS		
Purchase of environmental protection areas, shares	-1,402,380.10	-835,945.27
Purchase of fixed assets, funding by Ministry	-388,752.26	-1,042,493.13
Purchase of fixed assets, funding by the EU	-168,628.71	-212,999.07
Purchase of fixed assets, other funding	-105,645.21	-31,730.94
Investments in tangible and intangible assets	-484,137.98	-1,515,122.67
Sale of tangible and intangible assets	513,523.93	31,429.14
Shareholder investment in purchase of environmental protection areas and shares	1,402,380.10	835,945.27
Funding received for the construction of nature centres etc.	771,000.97	1,264,811.31
Cash flows from investing activities	137,360.74	-1,506,105.36
FINANCING		
Change in other non-current, non-interest-bearing loans	-500.00	-250.00
Cash flows from financing activities	-500.00	-250.00
CHANGE IN LIQUID FUNDS		
Liquid funds on 1 Jan	6,881,842.64	5,412,844.44
Liquid funds on 31 Dec	14,295,650.20	6,881,842.64
Change	7,413,807.56	1,468,998.20

AUDITORS' REPORT

To the Government

We have audited the accounting records, financial statements, reports of the Board of Directors, and administration of Metsähallitus for the financial year 1 January to 31/12/2015. The Board of Directors and the Managing Director have prepared the annual report and financial statements for the business operations, including the Group's, parent enterprise's, Business Operations' and Business Operations Group's balance sheets, profit and loss accounts, cash flow statements and notes to the financial statements. In addition, the Board of Directors and the Director of Parks & Wildlife Finland have prepared the annual report and financial statements on public administration duties, including the balance sheet, profit and loss account, cash flow statement and notes to the financial statements.

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

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

AUDITOR'S RESPONSIBILITY

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



Jorma Nurkkala, APA, CPFA

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

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

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

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

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

Helsinki, 01 April 2016



Leif-Erik Forsberg, APA, CPFA

Signatures of Metsähallitus Financial Statements

Vantaa, 16TH of April 2016



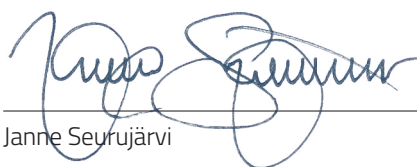
Anne Ilola



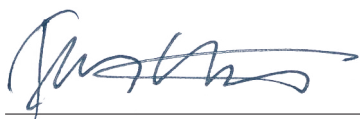
Pertti Itkonen



Kai Kaatra
Vice-Chairman



Janne Seurujärvi



Tuija Soanjärvi



Helena Säteri



Arto Tiitinen
Chairman



Esa Härmälä
Director General

Our auditor's report has been issued today.

1ST of April 2016



Jorma Nuikkala,
Authorised Public Accountant, Chartered Public Finance Auditor



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



METSÄHALLITUS

Metsähallitus

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