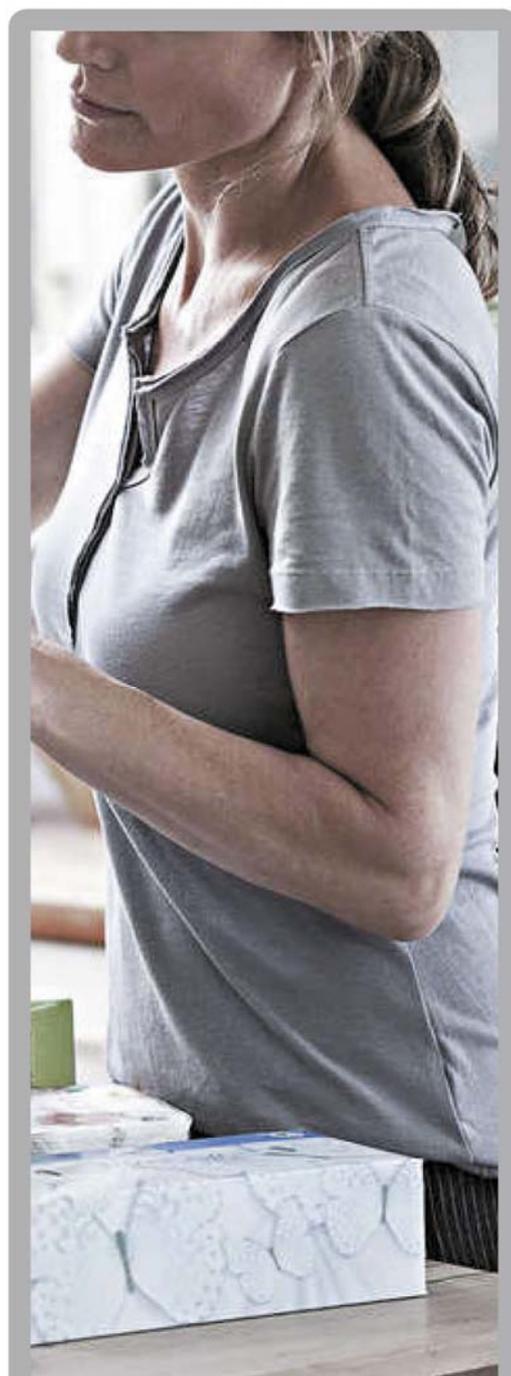




**METSÄ BOARD CORPORATION
INTERIM REPORT**

Q2 2014



METSÄ BOARD CORPORATION'S OPERATING RESULT EXCLUDING NON-RECURRING ITEMS FOR THE FIRST HALF OF 2014 WAS EUR 64.4 MILLION

RESULT FOR THE FIRST HALF OF 2014

- Sales were EUR 995.2 million (Q1–Q2/2013: 1,037.8).
- Operating result excluding non-recurring items was EUR 64.4 million (56.2). Operating result including non-recurring items was EUR 75.7 million (63.7).
- Result before taxes excluding non-recurring items was EUR 40.8 million (22.4). Result before taxes including non-recurring items was EUR 49.9 million (29.8).
- Earnings per share excluding non-recurring items were EUR 0.10 (0.06). Earnings per share including non-recurring items were EUR 0.13 (0.08).

RESULT FOR THE SECOND QUARTER OF 2014

- Sales were EUR 494.0 million (Q1/2014: 501.2).
- Operating result excluding non-recurring items was EUR 28.3 million (36.1). Operating result including non-recurring items was EUR 32.2 million (43.5).
- Result before taxes excluding non-recurring items was EUR 20.0 million (20.8). Result before taxes including non-recurring items was EUR 23.9 million (26.0).
- Earnings per share excluding non-recurring items were EUR 0.04 (0.06). Earnings per share including non-recurring items were EUR 0.05 (0.08).

EVENTS DURING THE SECOND QUARTER OF 2014

- Paperboard delivery volume increased compared to the previous quarter.
- Paper delivery volume decreased.
- Average market price levels for Metsä Board's main products remained unchanged.
- Cash flow improved mainly due to reduced working capital, and net debt decreased considerably.

- Mika Joukio was appointed as the new CEO of Metsä Board as of 1 December 2014 at the latest, when Mikko Helander, the current CEO, will leave Metsä Board.

NEAR-TERM OUTLOOK

- Metsä Board's operating result, excluding non-recurring items is in the third quarter of 2014 expected to improve slightly from the second quarter of 2014.

"Our paperboard deliveries continued to grow as planned in the second quarter, increasing by 7 per cent compared to the corresponding period last year. In line with our goals, North America recorded the highest growth rate. The sales volumes of our fresh forest fibre linerboard have increased steadily in North America, and our lightweight folding boxboards have been very well received.

In the second quarter, the result was burdened by scheduled maintenance shutdowns at the Husum integrated paper and pulp mill and Metsä Fibre's Joutseno and Äänekoski mills, which were implemented successfully. Overall profitability in the second quarter was in line with our expectations, and our net debt decreased to EUR 540 million at the end of the second quarter thanks to our strong cash flow.

We successfully launched several new products: Carta Dedicata, a lightweight board developed for food service and cup stock; Carta Allura for luxury packaging; and Modo Northern Light Coated, the newest linerboard product from Husum. These new products are excellent complements to Metsä Board's existing product range.

Our paperboard order inflows have continued to strengthen recently, and we believe our paperboard deliveries will continue to increase in the third quarter."

Mikko Helander, CEO

Metsä Board is Europe's leading producer of folding boxboard, the world's leading manufacturer of coated white-top fresh forest fibre kraftliners and a major paper supplier. It offers premium solutions for consumer and retail packaging, graphics and office end-uses. The company's sales network serves brand owners, carton printers, corrugated packaging manufacturers, printers, merchants and office suppliers. Metsä Board is part of Metsä Group and its shares are listed on the NASDAQ OMX Helsinki. In 2013, the company's sales totalled approximately EUR 2.0 billion. The company has approximately 3,100 employees.

KEY FIGURES

	2014	2014	2013	2013	2014	2013	2013
	Q2	Q1	Q2	Q1	Q1-Q2	Q1-Q2	Q1-Q4
Sales, EUR million	494.0	501.2	502.8	535.0	995.2	1,037.8	2,019.3
EBITDA, EUR million	55.9	69.2	52.7	61.4	125.1	114.1	214.8
excl. non-recurring items, EUR million	52.0	61.8	52.1	56.8	113.8	108.9	208.0
EBITDA, %	11.3	13.8	10.5	11.5	12.6	11.0	10.6
excl. non-recurring items, %	10.5	12.3	10.4	10.6	11.4	10.5	10.3
Operating result, EUR million	32.2	43.5	28.9	34.8	75.7	63.7	113.6
excl. non-recurring items, EUR million	28.3	36.1	26.0	30.2	64.4	56.2	104.4
EBIT, %	6.5	8.7	5.7	6.5	7.6	6.1	5.6
excl. non-recurring items, %	5.7	7.2	5.2	5.6	6.5	5.4	5.2
Result before taxes, EUR million	23.9	26.0	21.3	8.5	49.9	29.8	57.8
excl. non-recurring items, EUR million	20.0	20.8	18.5	3.9	40.8	22.4	48.6
Result for the period, EUR million	16.8	24.8	17.6	8.0	41.6	25.6	64.1
excl. non-recurring items, EUR million	12.9	20.6	15.3	3.4	33.5	18.7	55.4
Result per share, EUR	0.05	0.08	0.06	0.02	0.13	0.08	0.19
excl. non-recurring items, EUR	0.04	0.06	0.05	0.01	0.10	0.06	0.17
Return on equity, %	8.0	11.6	8.5	3.8	9.9	6.1	7.5
excl. non-recurring items, %	6.1	9.6	7.4	1.6	8.0	4.5	6.5
Return on capital employed, %	8.5	11.2	6.7	7.7	10.0	7.1	7.0
excl. non-recurring items, %	7.5	9.9	6.1	6.8	8.8	6.3	6.4
Equity ratio at end of period, %	39.8	41.0	32.4	33.3	39.8	32.4	40.7
Gearing ratio at end of period, %	84	84	130	122	84	130	83
Net gearing ratio at end of period, %	65	69	74	69	65	74	70
Shareholders' equity per share at end of period, EUR	2.54	2.62	2.48	2.54	2.54	2.48	2.59
Interest-bearing net liabilities, EUR million	540.1	592.6	605.9	577.6	540.1	605.9	597.2
Gross investments, EUR million	14.0	4.7	21.5	9.2	18.7	30.7	66.9
Deliveries, 1 000 tonnes							
Cartonboard	226	219	220	217	445	437	872
Linerboard and Paper	250	265	250	279	515	529	1,027
Personnel at the end of period	3,370	3,145	3,401	3,239	3,370	3,401	3,116

EBITDA = Earnings before interest, taxes, depreciation and impairment charges

The divestment of the holding in Metsä Group Treasury Oy in September 2013 improved Metsä Board's equity ratio by approximately 5 percentage points and return on capital employed by almost 1 percentage point and

reduced the company's gross debt by more than EUR 300 million, compared to the actual figures for the second quarter of 2013.

INTERIM REPORT 1 JANUARY – 30 JUNE 2014

SALES AND RESULT

RESULT FOR APRIL–JUNE COMPARED TO THE PREVIOUS QUARTER

Metsä Board's sales amounted to EUR 494.0 million (Q1/2014: 501.2). Sales were down 1.4 per cent. The operating result was EUR 32.2 million (43.5), and the operating result excluding non-recurring items was EUR 28.3 million (36.1).

A net total of EUR +3.8 million (+7.4) was recognised as non-recurring items in April–June. The most significant non-recurring item was the sales gain of EUR 4.0 million from Metsä Fibre's sale of its Pohjolan Voima shares.

As expected, the operating result excluding non-recurring items decreased compared to the previous quarter because of annual maintenance shutdowns at the Husum integrated paper and pulp mill and the associated company Metsä Fibre's Joutseno and Äänekoski pulp mills. The delivery volumes of folding boxboard increased, but deliveries of white-top fresh forest fibre linerboard decreased slightly. The delivery volume of market pulp increased, while the delivery volumes of uncoated fine paper and coated papers decreased. The prices of Metsä Board's main products remained at the levels of the previous quarter.

Cash flow from operating activities amounted to EUR 102.3 million in the second quarter (-26.6). The main factor behind the increase was the reduction in working capital as a result of efficiency measures related to accounts payables.

The total delivery volume of the Cartonboard business area in April–June was 226,000 tonnes (Q1/2014: 219,000). The total delivery volume of the Linerboard and Paper business area was 250,000 tonnes (265,000). The combined delivery volume of Metsä Board's folding boxboard and fresh forest fibre linerboard in April–June was 305,000 tonnes (301,000), representing an increase of 1 per cent.

Financial income and expenses in the review period totalled EUR -8.5 million (-17.5). Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging were EUR -0.5 million (-0.1). Net interest and other financial income and expenses amounted to EUR -8.0 million (-17.4). Net interest in the corresponding period increased by approximately EUR 5.8 million due to the early repayment of a EUR 350 million loan and EUR 100 million standby credit facility, as well as refinancing. Other financial income and expenses include EUR 0.0 million of valuation gains on interest rate hedges (a valuation gain of 0.0).

The result before taxes for the review period was EUR 23.9 million (26.0). The result before taxes exclud-

ing non-recurring items was EUR 20.0 million (20.8). Income taxes amounted to EUR 7.1 million (1.2).

Earnings per share were EUR 0.05 (0.08). Earnings per share excluding non-recurring items were EUR 0.04 (0.06). The return on equity was 8.0 per cent (11.6), and return on equity excluding non-recurring items was 6.1 per cent (9.6). The return on capital employed was 8.5 per cent (11.2), and the return on capital employed excluding non-recurring items was 7.5 per cent (9.9).

RESULT FOR JANUARY–JUNE COMPARED TO THE CORRESPONDING PERIOD LAST YEAR

Metsä Board's sales amounted to EUR 995.2 million (Q1–Q2/2013: 1,037.8). Sales were down 4.1 per cent. Operating result was EUR 75.7 million (63.7), and operating result excluding non-recurring items was EUR 64.4 million (56.2).

A net total of EUR +11.2 million (+7.5) was recognised as non-recurring items in the operating result.

Compared to the corresponding period last year, lower production costs and higher delivery volumes of folding boxboard and white-top fresh forest fibre linerboard, as well as the weaker rate of the Swedish krona against the euro, had a positive effect on the operating result. Lower average prices for folding boxboard, and coated and uncoated papers in particular, had a negative effect on the operating result. The delivery volumes of papers decreased markedly as well.

The total delivery volume of the Cartonboard business area in January–June was 445,000 tonnes (437,000). The total delivery volume of the Linerboard and Paper business area was 515,000 tonnes (529,000). The combined delivery volume of Metsä Board's folding boxboard and fresh forest fibre linerboard was 606,000 tonnes (569,000), representing an increase of 6 per cent.

Financial income and expenses totalled EUR -26.0 million (-33.9). The increase in financing expenses was mainly due to approximately EUR 8 million in additional interest caused by the prepayment of the USD-denominated private note issue.

Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging were EUR -0.6 million (-1.6). Net interest and other financial income and expenses amounted to EUR -25.4 million (-32.3). Net interest was increased by EUR 5.8 million due to the prepayment and refinancing of a loan of EUR 350 million and a standby credit facility of EUR 100 million. Other financial income and expenses included EUR 0.0 million in valuation gains on interest rate derivatives (4.6). A non-recurring item of EUR -2.2 million was recognised in

financial expenses related to the penalty interest on the damages paid to UPM-Kymmene.

The result before taxes for the review period was EUR 49.9 million (29.8). The result before taxes excluding non-recurring items was EUR 40.8 million (22.4). Income taxes amounted to EUR 8.3 million (4.2).

Earnings per share were EUR 0.13 (0.08). Earnings per share excluding non-recurring items were EUR 0.10 (0.06). The return on equity was 9.9 per cent (6.1), and return on equity excluding non-recurring items was 8.0 per cent (4.5). Return on capital employed was 10.0 per cent (7.1), and the return on capital employed excluding non-recurring items was 8.8 per cent (6.3).

PERSONNEL

At the end of June, the number of personnel was 3,370 people (30 June 2013: 3,401), of whom 1,707 worked in Finland (1,701). In January–June, Metsä Board had an average of 3,209 employees (3,284).

INVESTMENTS

Gross investments in January–June totalled EUR 18.7 million (Q1–Q2/2013: 30.7).

BUSINESS DEVELOPMENT

Market situation in the paper industry is difficult, and a programme aiming at annual cost savings of approximately EUR 15 million is underway to improve profitability at the Husum mill. The company is seeking new, more profitable products to complement and even replace the mill's current products. Examples of such products include the new lightweight uncoated fresh forest fibre linerboards that have been produced at Husum since April 2013. In December, a new coated paper delivery agreement was signed with Sappi. Through the new agreement, Metsä Board is able to increase its fresh forest fibre linerboard production, as the agreement also makes the production of coated grades possible. At the beginning of 2014, the production of coated lightweight fresh forest fibre linerboard started at the Husum mill in order to complement the linerboard product range of the Kemi and Husum mills. In all, Husum's fresh forest fibre linerboard production will amount to a minimum of 100,000 tonnes in 2014. The total positive impact of the above measures on Husum's annual operating result is estimated to be over EUR 25 million, compared to the actual figures of 2013. It is estimated that most of the improvement will take effect in 2014 and in full as of 2015.

Metsä Board divested its property in Lielähti in Tampere to the City of Tampere for EUR 26 million in a transaction concluded on 28 March 2014. A sales gain of EUR 24.8 million was recognised for the transaction. The transaction involved approximately 90 hectares of

land with buildings and approximately 1,071 hectares of water area on Lake Näsijärvi. Metsä Board shut down high-yield pulp production in Lielähti in 2008 and has not had production operations in the area since that.

Metsä Board's associated company Metsä Fibre is planning to build a bioproduct mill valued at approximately EUR 1.1 billion to replace the current pulp mill in Äänekoski, Finland. The planned pulp capacity of the mill is 1.3 million tonnes. The company intends to make the final investment decision in early 2015 and operations at the mill will commence during 2017.

Metsä Board's strategy is still to be self-sufficient in high-quality pulp, thereby ensuring the profitable growth of paperboard production in the future as well. Metsä Board's role in the possible new bioproduct mill in Äänekoski will be announced at the latest when the final decision on the implementation of the project is made.

DISPUTES

In May, Metsä Board requested that the District Court of Helsinki revoke the judgment issued by the arbitral tribunal on 11 February 2014 that ordered Metsä Board to pay EUR 19.7 million in damages to UPM-Kymmene Corporation.

FINANCING

Metsä Board's equity ratio at the end of June was 39.8 per cent (31 December 2013: 40.7), and gearing ratio was 84 per cent (83). Net gearing ratio was 65 per cent (70).

The change in the fair value of investments available for sale during the review period was approximately EUR -10.2 million, mainly due to a decrease in the fair value of Pohjolan Voima shares as a result of a change in the market price of electricity.

Defined benefit pension obligations increased by approximately EUR 10.5, and EUR -7.5 million after taxes was recognised in other comprehensive income items. The increase in pension obligations resulted from the continued decrease in the discount rate.

At the end of June, net interest-bearing liabilities totalled EUR 540.1 million (597.2). Foreign-currency-denominated loans accounted for 0.4 per cent and floating-rate loans for 24 per cent, with the rest being fixed-rate loans. At the end of June, the average interest rate on loans was 4.2 per cent (4.8), and the average maturity of long-term loans was 3.8 years (2.7). The interest rate maturity of loans was 32.9 months at the end of June (18.3). During the period, the interest rate maturity has varied between 17 and 34 months.

Cash flow from operating activities amounted to EUR 75.7 million (Q1–Q4/2013: 127.1). Working capital decreased by EUR 6.5 million (10.8 million increase). In the cash flow statement, the net financial expenses for

the period include a dividend of EUR 24.9 million (24.9) paid by Metsä Fibre.

At the end of the review period, an average of 5.7 months of the net foreign currency exposure was hedged. The degree of hedging varied between 5 and 7 months during the period.

In March, Metsä Board issued an unsecured bond of EUR 225 million. The bond will mature on 13 March 2019, and it carries a fixed coupon interest rate of 4.0 per cent per annum. In March, Metsä Board signed an agreement on a new unsecured syndicated credit facility. The new facility consists of a EUR 150 million loan and a revolving credit facility of EUR 100 million, which will both mature in 2018. Most of the funds from the financing arrangement were used for the early repayment of a secured loan of EUR 350 million that would have matured in 2016. The new credit facility replaced the undrawn credit facility of EUR 100 million, which would have matured in 2015.

The financing agreement includes financial covenants related to the Group's financial performance and capital structure. Other covenants related to the loan are regular conditions which, among other things, limit the issue of collateral, relinquishment and sale of property, subsidiaries' level of debt, material changes in the business operations and changes in the statutory majority in shareholding. Metsä Board has considerable headroom in relation to the covenants set in the credit agreements.

Metsä Board's liquidity has remained strong. At the end of the review period, its available liquidity was EUR 266.1 million (2013: 208.6), of which EUR 100.0 million consisted of revolving credit, EUR 14.4 million consisted of undrawn pension premium (TyEL) funds and EUR 151.7 million consisted of liquid assets and investments. Of the liquid funds, EUR 15.6 million consisted of cash funds and investments, and EUR 136.1 million were interest-bearing receivables comparable to cash funds and available immediately from Metsä Group's internal bank Metsä Group Treasury Oy. In addition, Metsä Board had other interest-bearing receivables totalling EUR 7.1 million. Metsä Board's liquidity reserve is complemented by Metsä Group's internal undrawn short-term credit facility of EUR 150.0 million.

SHARES

In January–June, the highest price for Metsä Board's A share on the NASDAQ OMX Helsinki was EUR 3.90, the lowest price was EUR 2.95 and the average price was EUR 3.34. At the end of June, the price of the A share was EUR 3.73. At the end of 2013, the price of the A share was EUR 3.08. Average price in 2013 was EUR 2.59.

In January–June, the highest price for Metsä Board's B share was EUR 3.83, the lowest price was EUR 2.92 and the average price was EUR 3.29. At the end of

June, the price of the B share was EUR 3.54. At the end of 2013, the price of the B share was EUR 3.15. Average price in 2013 was EUR 2.58.

The trading volume of the A share was EUR 2.0 million, or 2 per cent of the share capital. The trading volume of the B share was EUR 108 million, or 11 per cent of the share capital. The market value of the A and B shares totalled EUR 1,169 million at the end of June.

At the end of June, Metsäliitto Cooperative owned 40 per cent of the shares, with 61 per cent of the voting rights. International investors held 14 per cent of the shares.

The company does not hold any treasury shares.

CHANGES IN THE MANAGEMENT

Metsä Board Corporation's Board of Directors has appointed Mika Joukio, 50, M.Sc. (Tech.), MBA, as the company's new CEO. Joukio will start in the position on 1 December 2014 at the latest.

Joukio joins Metsä Board from Metsä Tissue Corporation, part of Metsä Group, where he has been the CEO since the beginning of 2012. Prior to Metsä Tissue, Joukio worked as the head of Metsä Board's paper-board business from 2006 to 2011. He has held various management positions in the company and its predecessors Metsä-Serla Corporation and M-real Corporation since 1990.

Metsä Board's current CEO Mikko Helander will join Kesko Corporation on 1 December 2014 at the latest.

DIVIDEND

On 2 April 2014, Metsä Board's Annual General Meeting adopted the company's financial statements for the financial year 2013 and decided to distribute a dividend of EUR 0.09 per share. The dividend was paid to shareholders registered in Metsä Board's shareholder register held by Euroclear Finland Oy on the dividend payment record date of 7 April 2014. The dividend payment date was 15 April 2014.

BOARD OF DIRECTORS AND AUDITORS

On 2 April 2014, Metsä Board's Annual General Meeting confirmed the number of the members of the Board of Directors as nine and re-elected the following people as members of the Board of Directors: Mikael Aminoff, M.Sc. (Forestry); Martti Asunta, metsäneuvos (Finnish honorary title); Kari Jordan, vuorineuvos (Finnish honorary title); Kirsi Komi, LL.M.; Kai Korhonen, M.Sc. (Eng.); Liisa Leino, teollisuusneuvos (Finnish honorary title); Juha Niemelä, vuorineuvos (Finnish honorary title); Veli Sundbäck, Ambassador; and Erkki Varis, M.Sc. (Eng.). The term of office of the Board members expires at the end of the next Annual General Meeting.

At its constitutive meeting, the Board of Directors elected Kari Jordan as its Chairman and Martti Asunta as its Vice Chairman. The Board further resolved to organise the Board committees as follows: the members of the Auditing Committee are Kirsi Komi, Kai Korhonen, Veli Sundbäck and Erkki Varis, and the members of the Nomination and Compensation Committee are Mikael Aminoff, Martti Asunta, Kari Jordan, Liisa Leino and Juha Niemelä.

Authorised Public Accountants KPMG Oy Ab was elected as the company's auditor, with APA Raija-Leena Hankonen as the principal auditor. The term of office of the auditor expires at the end of the next Annual General Meeting. The Annual General Meeting resolved that the fee of the auditor be paid according to a reasonable invoice as approved by the company.

BUSINESS ENVIRONMENT AND NEAR-TERM OUTLOOK

Compared to the second quarter, the delivery volumes of folding boxboard and white-top fresh forest fibre linerboard are estimated to increase slightly in the third quarter of 2014. No material price changes are in sight at the moment.

The delivery volumes of uncoated fine paper, coated papers and market pulp in the third quarter of 2014 are expected to remain at approximately the same level as in the previous quarter. No material changes in the price of paper are in sight. The average price of Metsä Board's market pulp deliveries is also expected to be stable over the next few months.

The annual maintenance shutdown at the Kemi integrated mill will have some negative impact in the third quarter of 2014.

Production costs in the third quarter of 2014 are expected to be approximately at the same level as in the previous quarter.

METSÄ BOARD CORPORATION

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Metsä Board's operating result, excluding non-recurring items is in the third quarter of 2014 expected to improve slightly from the second quarter of 2014.

NEAR-TERM BUSINESS RISKS

The global economy and eurozone economy continue to have considerable uncertainties, which may result in weakened demand, particularly for pulp and paper products, and reduced prices.

If the political situation in Crimea escalates, it may lead to sanctions affecting international trade and financing. Depending on the form and extent of the sanctions, they may have a negative effect on the scope of Metsä Board's operations and performance. Furthermore, the political situation may have a negative effect on consumer demand, even without specific sanctions.

The forward-looking estimates and statements of this interim report are based on current plans and estimates. For this reason, they contain risks and other uncertainties that may cause the results to differ from the statements concerning them. In the short term, Metsä Board's result will be particularly affected by the price and demand for finished products, raw material costs, the price of energy, and the exchange rate development of the euro in relation to the Swedish krona, US dollar and British pound.

More information on longer-term risk factors can be found on pages 27–28 of Metsä Board's 2013 Annual Report.

More information will be available from 1 p.m. on 31 July 2014. A conference call for investors and analysts will be held in English at 3 p.m. (EET). Conference call participants are requested to dial in and register a few minutes earlier on the following numbers:

Europe: +44 (0)20 7162 0025

USA: +1 334 323 6201

The conference ID is 945666.

BUSINESS AREAS AND MARKET TRENDS
CARTONBOARD BUSINESS AREA

	2014	2014	2013	2013	2013	2014	2013	2013
	Q2	Q1	Q4	Q3	Q2	Q1-Q2	Q1-Q2	Q1-Q4
Sales, EUR million	219.4	213.7	207.6	220.0	218.4	433.1	439.9	867.5
EBITDA, EUR million	31.3	27.6	22.4	24.8	22.9	58.9	52.8	99.9
excl. non-recurring items	29.8	27.6	20.7	24.8	22.3	57.4	52.2	97.6
Operating result, EUR million	21.4	17.6	11.9	14.6	15.4	39.0	35.3	61.7
excl. non-recurring items	19.8	17.6	10.1	14.6	12.3	37.5	32.2	56.9
excl. non-recurring items, %	9.0	8.3	4.9	6.6	5.7	8.6	7.3	6.6
Return on capital employed, %	15.8	13.1	8.8	10.8	11.8	14.7	13.5	11.8
excl. non-recurring items, %	14.7	13.1	7.5	10.8	9.4	14.1	12.4	10.9
Deliveries, 1,000 tonnes	226	219	209	225	220	445	437	872
Production, 1,000 tonnes	238	234	219	239	217	472	458	916
Personnel at the end of period	1,712	1,546	1,544	1,587	1,749	1,712	1,749	1,544

RESULT FOR APRIL–JUNE COMPARED TO THE PREVIOUS QUARTER

The operating result excluding non-recurring items for the Cartonboard business area improved from the previous quarter, being EUR 19.8 million (Q1/2014: 17.6). The increase was mainly due to the higher delivery volume of folding boxboard. The price of folding boxboard remained stable. The annual maintenance shut-downs at the associated company Metsä Fibre's Joutseno and Äänekoski pulp mills had a negative effect on the result.

The result included EUR +1.5 million in non-recurring items related to Metsä Fibre's sales gain from Pohjolan Voima shares. The result for the previous quarter did not include non-recurring items.

The deliveries of European folding boxboard producers were at the previous quarter's level. Metsä Board's folding boxboard deliveries increased by 3 per cent.

RESULT FOR JANUARY–JUNE COMPARED TO THE CORRESPONDING PERIOD LAST YEAR

The operating result excluding non-recurring items for the Cartonboard business area improved from the previous year and was EUR 37.5 million (Q1–Q2/2013: 32.2). Lower production costs and the slightly higher delivery volumes of folding boxboard had a positive effect on the result. The average sales price of folding boxboard was slightly lower than in the previous year.

The result included EUR +1.5 million in non-recurring items. The result of the corresponding period last year included EUR +3.1 million in non-recurring items.

The deliveries of European folding boxboard producers were at the same level than in the corresponding period last year. Metsä Board's folding boxboard deliveries increased by 2 per cent.

LINERBOARD AND PAPER BUSINESS AREA

	2014	2014	2013	2013	2013	2014	2013	2013
	Q2	Q1	Q4	Q3	Q2	Q1-Q2	Q1-Q2	Q1-Q4
Sales, EUR million	261.8	270.6	250.3	267.4	269.1	532.4	557.4	1,075.0
EBITDA, EUR million	30.2	35.1	29.6	20.9	31.6	65.3	62.3	112.8
excl. non-recurring items	27.7	35.1	35.4	20.9	31.6	62.8	57.8	114.0
Operating result, EUR million	17.2	20.1	14.6	7.2	16.2	37.3	31.4	53.1
excl. non-recurring items	14.7	20.1	20.3	7.2	16.2	34.7	26.8	54.3
excl. non-recurring items, %	5.6	7.4	8.1	2.7	6.0	6.5	4.8	5.1
Return on capital employed, %	9.6	10.9	7.7	3.7	8.4	10.4	8.1	7.0
excl. non-recurring items, %	8.2	10.9	10.7	3.7	8.4	9.7	6.9	7.2
Deliveries, Linerboard and Paper 1,000 tonnes	250	265	250	247	250	515	529	1027
Deliveries, Pulp 1,000 tonnes	158	152	146	163	155	310	327	635
Production, Linerboard and Paper 1,000 tonnes	256	272	266	244	269	528	538	1048
Production, Metsä Board Pulp 1,000 tonnes	299	337	331	296	308	636	622	1,249
Personnel at the end of period	1,071	1,041	1,047	1,061	1,092	1,071	1,092	1,047

RESULT FOR APRIL–JUNE COMPARED TO THE PREVIOUS QUARTER

Operating result excluding non-recurring items for the Linerboard and Paper business area weakened compared to the previous quarter and was EUR 14.7 million (Q1/2014: 20.1). The weaker result was mainly due to the annual maintenance shutdowns at the Husum integrated paper and pulp mill and the associated company Metsä Fibre's Joutseno and Äänekoski pulp mills. The delivery volume of white-top fresh forest fibre linerboard decreased slightly, and its price was at the level of the previous quarter. The delivery volumes of uncoated fine paper and coated papers decreased, with their average prices being at the previous quarter's level. The delivery volume of market pulp increased, and its average sales price remained at the same level as in the previous quarter.

The result included EUR +2.5 million in non-recurring items related to Metsä Fibre's sales gain from Pohjolan Voima shares. Result for the previous quarter did not include non-recurring items.

Total deliveries of European uncoated fine paper producers decreased by 4 per cent. Metsä Board's delivery volume of uncoated fine paper decreased by 8 per cent.

RESULT FOR JANUARY–JUNE COMPARED TO THE CORRESPONDING PERIOD LAST YEAR

Operating result excluding non-recurring items for the Linerboard and Paper business area improved compared to the corresponding period last year and was EUR 34.7 million (Q1–Q2/2013: 26.8). An increase in the delivery volume of white-top fresh forest fibre linerboards, lower production costs and the weakening of the Swedish krona against the euro had a positive effect on the result. A decrease in the sales price and delivery volume of papers and the maintenance shutdown at the Husum integrated paper and pulp mill in the second quarter of 2014 had a negative effect on the result.

The result included EUR +2.5 million in non-recurring items. Result for the corresponding period last year included EUR +4.6 million in non-recurring items.

Total deliveries by European uncoated fine paper producers increased by 2 per cent compared to the previous year. Metsä Board's delivery volume of uncoated fine paper decreased by 9 per cent.

SALES AND RESULT BY SEGMENT

EUR million	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2014 Q1-Q2	2013 Q1-Q2	2013 Q1-Q4
Cartonboard	219.4	213.7	207.6	220.0	218.4	433.1	439.9	867.5
Linerboard and Paper	261.8	270.6	250.3	267.4	269.1	532.4	557.4	1,075.0
Other operations	71.4	70.7	76.2	72.3	76.2	142.2	152.4	300.8
Internal sales	-58.7	-53.8	-54.8	-57.5	-60.9	-112.5	-111.8	-224.1
Sales	494.0	501.2	479.2	502.3	502.8	995.2	1,037.8	2,019.3
Cartonboard	31.3	27.6	22.4	24.8	22.9	58.9	52.8	99.9
Linerboard and Paper	30.2	35.1	29.6	20.9	31.6	65.3	62.3	112.8
Other operations	-5.6	6.5	4.7	-1.7	-1.8	0.9	-1.0	2.1
EBITDA	55.9	69.2	56.7	44.0	52.7	125.1	114.1	214.8
% of sales	11.3	13.8	11.8	8.8	10.5	12.6	11.0	10.6
Cartonboard	21.4	17.6	11.9	14.6	15.4	39.0	35.3	61.7
Linerboard and Paper	17.2	20.1	14.6	7.2	16.2	37.3	31.4	53.1
Other operations	-6.4	5.8	4.1	-2.5	-2.7	-0.6	-2.9	-1.2
Operating result	32.2	43.5	30.6	19.3	28.9	75.7	63.7	113.6
% of sales	6.5	8.7	6.4	3.8	5.7	7.6	6.1	5.6
Non-recurring items in operating result								
Cartonboard	1.5	0.0	1.7	0.0	3.1	1.5	3.1	4.8
Linerboard and Paper	2.5	0.0	-5.8	0.0	0.0	2.5	4.6	-1.2
Other operations	-0.2	7.4	5.3	0.5	-0.2	7.2	-0.2	5.5
Group	3.8	7.4	1.2	0.5	2.9	11.2	7.5	9.2
Cartonboard	29.8	27.6	20.7	24.8	22.3	57.4	52.2	97.6
Linerboard and Paper	27.7	35.1	35.4	20.9	31.6	62.8	57.8	114.0
Other operations	-5.4	-0.9	-0.6	-2.1	-1.8	-6.3	-1.0	-3.6
EBITDA, excl. non-recurring items	52.0	61.8	55.5	43.6	52.1	113.8	108.9	208.0
% of sales	10.5	12.3	11.6	8.7	10.4	11.4	10.5	10.3
Cartonboard	19.8	17.6	10.1	14.6	12.3	37.5	32.2	56.9
Linerboard and Paper	14.7	20.1	20.3	7.2	16.2	34.7	26.8	54.3
Other operations	-6.1	-1.6	-1.2	-2.9	-2.5	-7.8	-2.7	-6.8
Operating result, excl. non-recurring items	28.3	36.1	29.3	18.9	26.0	64.4	56.2	104.4
% of sales	5.7	7.2	6.1	3.8	5.2	6.5	5.4	5.2

Operating result, excl. non-recurring items, % of sales									
Cartonboard	9.0	8.3	4.9	6.6	5.7	8.6	7.3	6.6	
Linerboard and Paper	5.6	7.4	8.1	2.7	6.0	6.5	4.8	5.1	
Group	5.7	7.2	6.1	3.8	5.2	6.5	5.4	5.2	
Return on capital employed %									
Cartonboard	15.8	13.1	8.8	10.8	11.8	14.7	13.5	11.8	
Linerboard and Paper	9.6	10.9	7.7	3.7	8.4	10.4	8.1	7.0	
Group	8.5	11.2	8.2	5.1	6.7	10.0	7.1	7.0	
Return on capital employed excl. non-recurring items, %									
Cartonboard	14.7	13.1	7.5	10.8	9.4	14.1	12.4	10.9	
Linerboard and Paper	8.2	10.9	10.7	3.7	8.4	9.7	6.9	7.2	
Group	7.5	9.9	7.9	4.9	6.1	8.8	6.3	6.4	
Capital employed, EUR million									
Cartonboard	531.3	549.5	530.0	552.6	527.7	531.3	527.7	530.0	
Linerboard and Paper	689.8	735.9	739.8	776.5	774.2	689.8	774.2	739.8	
Unallocated and eliminations	310.3	296.1	281.1	243.6	576.5	310.3	576.5	281.1	
Group	1,531.4	1,581.5	1,550.9	1,572.6	1,878.5	1,531.4	1,878.5	1,550.9	

The capital employed for a segment includes its assets: goodwill, other intangible assets, tangible assets, biological assets, investments in associates, inventories, accounts receivables, prepayments and accrued income (excluding interest and taxes), less the segment's liabilities (accounts payable, advance payments, accruals and deferred income (excluding interest and taxes)).

DELIVERIES

	2014	2014	2013	2013	2013	2014	2013	2013
1,000 tonnes	Q2	Q1	Q4	Q3	Q2	Q1-Q2	Q1-Q2	Q1-Q4
Cartonboard	226	219	209	225	220	445	437	872
Linerboard and Paper	250	265	250	247	250	515	529	1,027
Market Pulp	158	152	146	163	155	310	327	635

PRODUCTION

	2014	2014	2013	2013	2013	2014	2013	2013
1,000 tonnes	Q2	Q1	Q4	Q3	Q2	Q1-Q2	Q1-Q2	Q1-Q4
Cartonboard	238	234	219	239	217	472	458	916
Linerboard and Paper	256	272	266	244	269	528	538	1,048
Metsä Fibre pulp ¹⁾	132	147	146	141	141	279	284	572
Metsä Board pulp	299	337	331	296	308	636	622	1,249

¹⁾ Corresponds to Metsä Board's ownership share of 24.9% in Metsä Fibre.

CALCULATION OF KEY RATIOS

Return on equity (%)	=	(Result before tax - direct taxes) per (Shareholders' equity (average))
Return on capital employed (%)	=	(Result before tax + interest expenses, net exchange gains/losses and other financial expenses) per (Shareholders' equity + interest-bearing borrowings (average))
Equity ratio (%)	=	(Shareholders' equity) per (Total assets - advance payments received)
Gearing ratio (%)	=	(Interest-bearing borrowings) per (Shareholders' equity)
Net gearing ratio (%)	=	(Interest-bearing borrowings - liquid funds - interest-bearing receivables) per (Shareholders' equity)
Earnings per share	=	(Profit attributable to shareholders of parent company) per (Adjusted number of shares (average))
Shareholders' equity per share	=	(Equity attributable to shareholders of parent company) per (Adjusted number of shares at the end of period)

FINANCIAL STATEMENTS
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	Three months ended		Six months ended		Year ended
		June 30	June 30	June 30	June 30	December 31
		2014	2013	2014	2013	2013
Sales	2,6	494.0	502.8	995.2	1,037.8	2,019.3
Change in stocks of finished goods and work in progress		-1.4	12.6	10.3	5.6	31.9
Other operating income	2,6	6.6	14.8	39.4	26.4	53.0
Material and services	6	-351.6	-379.8	-720.9	-766.5	-1,513.6
Employee costs		-63.2	-62.6	-122.2	-122.0	-241.0
Share of results of associated companies and joint ventures	6	11.3	8.2	22.0	16.7	37.1
Depreciation, amortization and impairment losses		-23.7	-23.8	-49.4	-50.4	-101.3
Other operating expenses		-39.8	-43.3	-98.7	-83.9	-171.8
Operating result	2	32.2	28.9	75.7	63.7	113.6
Share of results of associated companies and joint ventures		0.2	0.0	0.2	0.0	0.1
Net exchange gains and losses		-0.5	0.3	-0.6	-1.6	-1.1
Other net financial items	2,6	-8.0	-7.9	-25.4	-32.3	-54.8
Result before income tax		23.9	21.3	49.9	29.8	57.8
Income taxes	3	-7.1	-3.7	-8.3	-4.2	6.3
Result for the period		16.8	17.6	41.6	25.6	64.1

EUR million	Note	Three months ended		Six months ended		Year ended
		June 30		June 30		December 31
		2014	2013	2014	2013	2013
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains/losses on defined pension plans		-9.3	-5.2	-10.5	-5.2	-4.8
Income tax relating to items that will not be reclassified		2.7	1.6	3.0	1.6	1.5
Total		-6.6	-3.6	-7.5	-3.6	-3.3
Items that may be reclassified to profit or loss						
Cash flow hedges		0.8	-10.1	-4.3	-6.3	-7.6
Available for sale financial assets	8	-4.7	-15.4	-10.2	-34.2	-41.5
Translation differences		-6.0	-13.9	-8.9	-6.4	-9.0
Share of results of equity accounted investments		-0.2	-2.1	-1.3	-3.1	-3.8
Income tax relating to components of other comprehensive income		0.8	6.3	2.9	9.9	19.9
Total		-9.3	-35.2	-21.8	-40.1	-42.0
Other comprehensive income, net of tax		-15.9	-38.8	-29.3	-43.7	-45.3
Total comprehensive income for the period		0.9	-21.2	12.3	-18.1	18.8
Result for the period attributable to						
Shareholders of parent company		16.8	17.6	41.6	25.6	63.9
Non-controlling interests		0.0	0.0	0.0	0.0	0.2
Total comprehensive income for the period attributable to						
Shareholders of parent company		0.9	-21.2	12.3	-18.1	18.6
Non-controlling interests		0.0	0.0	0.0	0.0	0.2
Total		0.9	-21.2	12.3	-18.1	18.8
Earnings per share for result attributable to shareholders of parent company (EUR/share)						
		0.05	0.06	0.13	0.08	0.19

The accompanying notes are an integral part of these unaudited interim condensed financial statements.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	Note	As of June 30		As of December 31
		2014	2013	2013
ASSETS				
Non-current assets				
Goodwill		12.7	12.7	12.7
Other intangible assets		22.7	17.0	22.6
Tangible assets	4	791.9	858.4	833.8
Investments in associated companies and joint ventures		204.5	189.0	208.7
Available for sale investments	8	223.7	241.2	233.8
Other non-current financial assets	6,8	10.3	25.0	15.3
Deferred tax receivables		13.1	10.8	10.5
		1,278.9	1,354.1	1,337.4
Current assets				
Inventories		343.4	317.4	332.9
Accounts receivables and other receivables	6,8	461.4	498.9	413.8
Cash and cash equivalents	8	15.6	361.1	12.9
		820.4	1,177.4	759.6
				0.0
Total assets		2,099.3	2,531.5	2,097.0
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Equity attributable to shareholders of parent company		832.4	813.0	849.6
Non-controlling interests		0.0	5.0	0.0
Total equity		832.4	818.0	849.6
Non-current liabilities				
Deferred tax liabilities		79.7	106.6	84.5
Post-employment benefit obligations		100.1	92.7	92.6
Provisions	5	18.2	16.4	8.6
Borrowings	8	659.6	536.9	647.9
Other liabilities	8	11.0	23.7	11.0
		868.6	776.3	844.6
Current liabilities				
Provisions	5	13.6	23.3	28.4
Current borrowings	6,8	39.4	523.6	53.4
Accounts payable and other liabilities	6,8	345.3	390.3	321.0
		398.3	937.2	402.8
Total liabilities		1,266.9	1,713.5	1,247.4
Total shareholders' equity and liabilities		2,099.3	2,531.5	2,097.0

The accompanying notes are an integral part of these unaudited interim condensed financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Equity attributable to shareholders of parent company									
EUR million	Note	Share capital	Trans-lation differ-ences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-control-ling inter-ests	Total
Shareholders' equity, 1 January 2013		557.9	35.9	174.0	284.8	-201.9	850.7	5.5	856.2
Comprehensive income for the period									
Result for the period						25.6	25.6	0.0	25.6
Other comprehensive income net of tax total			-7.0	-33.1			-43.7		-43.7
Comprehensive income total			-7.0	-33.1		22.0	-18.1	0.0	-18.1
Share based payments						0.1	0.1		0.1
Related party transactions									
Dividends paid						-19.7	-19.7	-0.5	-20.2
Shareholders' equity, 30 June 2013		557.9	28.9	140.9	284.8	-199.5	813.0	5.0	818.0

Equity attributable to shareholders of parent company									
EUR million	Note	Share capital	Trans-lation differ-ences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-control-ling inter-ests	Total
Shareholders' equity, 1 January 2014		557.9	25.9	142.0	284.8	-161.0	849.6	0.0	849.6
Comprehensive income for the period									
Result for the period						41.6	41.6	0.0	41.6
Other comprehensive income net of tax total			-9.1	-12.7		-7.5	-29.3		-29.3
Comprehensive income total			-9.1	-12.7		34.1	12.3	0.0	12.3
Share based payments						0.1	0.1		0.1
Related party transactions									
Dividends paid						-29.5	-29.5		-29.5
Shareholders' equity, 30 June 2014		557.9	16.8	129.3	284.8	-156.3	832.4	0.0	832.4

The accompanying notes are an integral part of these unaudited condensed financial statements.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	Six months ended		Year ended	Three months ended
		June 30	June 30	December 31	June 30
		2014	2013	2013	2014
Result for the period		41.6	25.6	64.1	16.8
Total adjustments	7	27.6	42.7	73.8	23.2
Change in working capital		6.5	-7.8	-10.8	62.3
Cash flow from operations		75.7	60.5	127.1	102.3
Net financial items	7	-1.5	-20.4	-45.6	-10.0
Income taxes paid		-1.6	0.4	0.7	-0.8
Net cash flow from operating activities		72.6	40.5	82.2	91.5
Acquisition of other shares			-1.5	-1.5	0.0
Investments in intangible and tangible assets		-18.3	-22.3	-60.5	-13.7
Disposals and other items	7	34.4	26.2	-333.5	5.0
Net cash flow from investing activities		16.1	2.4	-395.5	-8.7
Aquisition of interest in a subsidiary from non-controlling interest				-0.1	
Changes in non-current loans and in other financial items		-56.4	-90.0	-81.7	-54.1
Dividends paid		-29.5	-20.2	-20.2	-29.5
Net cash flow from financing activities		-85.9	-110.2	-102.0	-83.6
Changes in cash and cash equivalents		2.7	-67.3	-415.3	-0.8
Cash and cash equivalents at beginning of period		12.9	428.5	428.5	16.3
Translation difference in cash and cash equivalents		0.0	-0.1	-0.3	0.1
Changes in cash and cash equivalents		2.7	-67.3	-415.3	-0.8
Cash and cash equivalents at end of period		15.6	361.1	12.9	15.6

The accompanying notes are an integral part of these unaudited condensed financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

NOTE 1 – BACKGROUND AND BASIS OF PREPARATION

Metsä Board Corporation and its subsidiaries comprise a forest industry group whose main product areas are fresh forest fiber cartonboards, office papers and special papers. Metsä Board Corporation, the parent company, is domiciled in Helsinki and the registered address of the company is Revontulenpuisto 2, 02100 Espoo, Finland. Metsä Board's ultimate parent company is Metsäliitto Cooperative.

This unaudited interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2013 IFRS financial statements. The same accounting policies have been applied as in the 2013 IFRS financial statements with the following exception:

Depreciation of machinery and equipment during the financial year has been specified further between the quarters where applicable in order to correspond with the allocation of the use of the economic benefit of the asset.

The Group has adopted the following new standards, amendments to existing standards and interpretations on 1 January 2014:

IFRS 10 Consolidated Financial Statements and subsequent amendments: IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard did not have any impact on consolidated financial statements.

IFRS 11 Joint Arrangements and subsequent amendments: In the accounting of joint arrangements IFRS 11 focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. In future jointly controlled entities are to be accounted for using only one method, equity method, and the other alternative, proportional consolidation is no longer allowed. The new standard did not have any impact on consolidated financial statements.

IFRS 12 Disclosures of Interests in Other Entities and subsequent amendments: IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including associates, joint arrangements, structured entities and other off-balance sheet vehicles. The new standard will expand the notes the Group provides for its interests in other entities.

IAS 28 Investments in Associates and Joint Ventures (revised 2011): Following the issue of IFRS 11 the revised IAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted.

Amendments to IAS 32 Financial Instruments: Presentation: The amendments provide clarifications on the application of presentation requirements for offsetting financial assets and financial liabilities on the statement of financial position and give more related application guidance.

Amendments to IAS 36 Impairment of Assets: The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement: The amendments made to IAS 39 provide an exception to the requirement to discontinue hedge accounting in certain circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

All amounts are presented in millions of euros, unless otherwise stated.

This interim report was authorized for issue by the Board of Directors of Metsä Board on 31 July 2014.

NOTE 2 – SEGMENT INFORMATION

The Corporate Management Team is the chief operational decision-maker, which monitors the business operations based on the operating segments.

Metsä Board Corporation renewed its management and reporting structure as of 1 January 2014 to better reflect the company's strategy and to create a better platform for growth in the folding boxboard and kraftliner businesses. The company operates through two business areas which will also be the company's reporting segments from 1Q 2014 reporting onwards: Cartonboard and Linerboard and Paper.

Cartonboard business area includes Kyro, Simpele, Tako and Äänekoski folding boxboard mills, Kyro wall-paper machine and Joutseno BCTMP mill located in Finland as well as Gohrsmühle mill in Germany. Linerboard and Paper business area includes Husum mill in Sweden as well as Kemi kraftliner and Kaskinen BCTMP mills in Finland.

Accounting for the 24.9 per cent ownership in Metsä Fibre Oy will remain unchanged. The associated company result of Metsä Fibre will continue to be allocated to business segments based on their respective pulp consumption. About 60 per cent of the result impact of Metsä Fibre ownership is expected to be booked in Linerboard and Paper business area and the rest in the Cartonboard business area.

The sales of the reportable operating segments are mainly generated by sales of board and paper, but Linerboard and Paper operating segment includes sales of pulp to external customers.

The accounting principles for the segment information are equal to those of the Group and all inter-segment sales are based on market prices.

Segment sales

EUR million	Six months ended June 30 2014			Six months ended June 30 2013		
	External	Internal	Total	External	Internal	Total
Cartonboard	432.6	0.5	433.1	439.8	0.0	439.8
Linerboard and Paper	527.6	4.8	532.4	552.4	5.0	557.4
Other operations	35.0	107.2	142.2	45.6	106.8	152.4
Elimination of inter-segment sales		-112.5	-112.5		-111.8	-111.8
Total sales	995.2	0.0	995.2	1,037.8	0.0	1,037.8

EUR million	Year ended December 31 2013		
	External	Internal	Total
Cartonboard	867.4	0.1	867.5
Linerboard and Paper	1,065.6	9.4	1,075.0
Other operations	86.3	214.6	300.9
Elimination of inter-segment sales		-224.1	-224.1
Total sales	2,019.3	0.0	2,019.3

Operating result by operating segments

EUR million	Six months ended		Year ended
	June 30		December 31
	2014	2013	2013
Cartonboard	39.0	35.2	61.7
Linerboard and Paper	37.3	31.4	53.1
Other operations	-0.6	-2.9	-1.2
Operating result total	75.7	63.7	113.6
Share of profit from associated companies	0.2	0.0	0.1
Finance costs, net	-26.0	-33.9	-55.9
Income taxes	-8.3	-4.2	6.3
Result for the period	41.6	25.6	64.1

Non-recurring items totaled EUR +9.0 million, EUR +11.2 million in operating result and EUR -2.2 in financial items.

Metsä Board's share of profit on sale of Pohjolan Voima shares disposed by Metsä Fibre was EUR 4.0 million of which EUR 1.5 million included in Cartonboard business area and EUR 2.5 million Linerboard and Paper business area.

Other operations included non-recurring items total EUR +5.0 million, EUR +7.2 million in operating result

and EUR -2.2 in financial items. Metsä Board recognized EUR 24.8 million profit on sale related to divestment of property in Lielähti, Tampere to the City of Tampere for EUR 26 million. The Court of Arbitration had its judgment on 11 February 2014 related to the arbitration proceedings raised by UPM-Kymmene on 2 November 2012. Other operations include EUR 17.4 million expenses in operating result and EUR -2.2 million in financial items related to the judgment.

Assets by operating segments

EUR million	Six months ended		Year ended
	June 30		December 31
	2014	2013	2013
Cartonboard	754.1	762.0	752.0
Linerboard and Paper	921.3	1,001.8	930.2
Other operations	315.1	359.0	366.1
Elimination	-63.3	-58.3	-66.7
Unallocated	172.1	467.0	115.4
Total	2,099.3	2,531.5	2,097.0

Segment assets include goodwill, other intangible assets, tangible assets, investments in associated companies, inventories, accounts receivables and prepayments and accrued income (excl. interest and income tax items).

Due to the disposal of the holding in Metsä Group Treasury Oy to Metsäliitto Cooperative in September 2013 have Other operations' and unallocated assets decreased significantly.

NOTE 3 – INCOME TAXES

Tax expense in the interim condensed combined income statement is comprised of the current tax and deferred taxes. Income taxes for the six months ended 30 June 2014 and 2013 and for the year ended 31 December 2013 are as follows. The change in the Finn-

ish corporate tax rate from 24.5 per cent to 20 per cent in December 2013 reduced deferred tax liabilities by EUR 0.8 million. In addition, approximately EUR 7.1 million was recognised as deferred tax receivables in the last quarter of 2013 for tax losses and provisions.

EUR million	Six months ended		Year ended
	June 30		December 31
	2014	2013	2013
Taxes for the current period	7.2	3.0	5.3
Taxes for the prior periods	0.0	0.1	-2.1
Change in deferred taxes	1.1	1.1	-9.5
Total income taxes	8.3	4.2	-6.3

NOTE 4 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT

30 June 2014 and 2013 and for the year ended 31 December 2013:

The following shows the components of changes in property, plant and equipment for the six months ended

EUR million	Six months ended		Year ended
	June 30		December 31
	2014	2013	2013
Carrying value at beginning of period	833.8	894.4	894.4
Capital expenditure	17.1	22.9	52.9
Decreases	-1.4	-3.1	-5.9
Depreciation, amortization and impairment losses	-47.9	-49.0	-98.4
Translation difference	-9.7	6.5	-9.2
Carrying value at end of period	791.9	858.4	833.8

Depreciation, amortization and impairment losses for six months ended 30 June 2013 included in Cartonboard business area a reverse of impairment charges of EUR 2.5 million due to sale of old impaired paper machine at Äänekoski mill. In addition Other operations included an impairment charge of EUR 0.2 million relat-

ed to canceled disposal of old paper machine in Simpele mill in Finland. The paper machine was classified in December 2012 as asset held for sale according to IFRS5, Non-current assets as held for sale and discontinued operations.

NOTE 5 – PROVISIONS

The following is a summary of changes Metsä Board's provisions during the six months ended 30 June 2014.

EUR million	Restructuring	Environmental	Other	Total
		obligations	provisions	
At 1 January 2014	6.7	20.0	10.3	37.0
Translation differences	-0.2	-0.2	-0.2	-0.6
Increases	0.1	0.0	0.1	0.2
Utilized during the year	-2.2	-1.4	-1.2	-4.8
Unused amounts reversed	0.0	0.0	0.0	0.0
At 30 June, 2014	4.4	18.4	9.0	31.8

The non-current portion of provisions was some EUR 18.2 million and the current portion some EUR 13.6

million, total provisions being EUR 31.8 million. The non-current portion is estimated to be paid mainly by the end of the year 2017.

NOTE 6 – RELATED PARTY TRANSACTIONS

Metsä Board's Board of Directors, the Corporate Management Team, Metsäliitto Cooperative and its subsidiaries and Metsä Board's associated companies are

considered related parties. Metsä Board enters into a significant number of transactions with related parties for the purchases of inventory, sale of goods, corporate services as well as financial transactions. Product and service transfers and interest between Metsä Board and the related parties have been made at arm's length prices.

Transactions between Metsä Board and related parties for the six months ended 30 June 2014 and 2013 and for the year ended 31 December 2013 are as follows:

Transactions and balances with parent and sister companies

EUR million	Six months ended		Year ended
	June 30		December 31
	2014	2013	2013
Sales	32.2	37.3	76.2
Other operating income	2.6	2.3	5.6
Purchases	342.9	359.2	714.3
Share of result from associated companies	22.0	16.7	37.1
Interest income	0.8	2.9	4.7
Interest expenses	0.8	0.6	1.8
Non-current receivables	0.0	3.8	3.8
Current receivables	149.0	119.3	101.3
Non-current liabilities	0.0	0.0	0.0
Current liabilities	63.6	406.1	81.2

Metsä Fibre's net result is included within operating result line item "Share of result from associated companies" and transactions with Metsä Fibre are included in transactions with sister companies.

Metsä Fibre paid a dividend of EUR 24.9 million to Metsä Board during the six months ended 30 June 2014.

Due to the disposal of the holding in Metsä Group Treasury Oy to Metsäliitto Cooperative in September

2013 current receivables and liabilities have decreased. The disposal of the holding in Metsä Group Treasury Oy decreased also the level of non-controlling interests by some EUR 5.2 million.

Current receivables include EUR 136.1 million interest-bearing receivables comparable to cash funds from Metsä Group's internal bank Metsä Group Treasury Oy for the six months ended 30 June 2014.

Transactions with associated companies and joint ventures

EUR million	Six months ended		Year ended
	June 30		December 31
	2014	2013	2013
Sales	0.0	0.0	0.2
Purchases	3.7	3.8	7.0
Non-current receivables	0.3	0.3	0.3
Current receivables	0.1	0.2	0.2
Current liabilities	1.0	2.8	0.9

NOTE 7 – NOTES TO CONSOLIDATED CASH FLOW STATEMENT
Adjustments to the result for the period

EUR million	Six months ended	Year ended		Three months ended
	June 30	2013	December 31	June 30
	2014	2013	2013	2014
Taxes	8.3	4.2	-6.3	7.1
Depreciation, amortization and impairment charges	49.4	50.4	101.3	23.7
Share of result from associated companies and joint ventures	-22.2	-16.8	-37.2	-11.4
Gains and losses on sale of fixed assets	-27.8	-2.9	-10.6	-1.2
Finance costs, net	26.0	33.9	55.9	8.5
Provisions	-6.1	-26.2	-29.3	-3.3
Total	27.6	42.7	73.8	23.2

Net financial items

Net financial items in consolidated cash flow statement for six months ended 30 June 2014 include a dividend of EUR 24.9 million paid by Metsä Fibre.

Disposals and other items

Six months ended 30 June 2014 Disposals and other items, EUR 34.4 million, include EUR 30.8 million disposals. The most significant disposals were disposals

of property in Finland EUR 26.8 million and disposal of emission rights and electricity certificates EUR 4.0 million.

NOTE 8 – FINANCIAL INSTRUMENTS

Financial assets and liabilities classified according to IAS 39 for the six months ended 30 June 2014:

Financial assets 30 June 2014

EUR million	Fair value through profit&loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Available for sale financial assets		223.7				223.7	223.7
Other non-current financial assets			10.4			10.4	10.4
Accounts receivables and other receivables			461.0			461.0	461.0
Cash and cash equivalent			15.6			15.6	15.6
Derivative financial instruments	0.0			0.0		0.0	0.0
Total financial assets	0.0	223.7	487.0	0.0		710.7	710.7

Financial liabilities 30 June 2014

EUR million	Fair value through profit&loss	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Non-current interest-bearing financial liabilities			659.6	659.6	679.7
Other non-current financial liabilities			2.9	2.9	2.9
Current interest-bearing financial liabilities			39.4	39.4	41.1
Accounts payable and other financial liabilities			296.1	296.1	296.1
Derivative financial instruments	1.5	17.2		18.7	18.7
Total financial liabilities	1.5	17.2	998.0	1,016.7	1,038.5

Financial assets and liabilities classified according to IAS 39 for the three months ended 30 June 2013:

Financial assets 30 June 2013

EUR million	Fair value through profit&loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Available for sale financial assets		241.2				241.2	241.2
Other non-current financial assets			13.8			13.8	13.8
Accounts receivables and other receivables			494.7			494.7	494.7
Cash and cash equivalent	10.0		351.1			361.1	361.1
Derivative financial instruments	14.0					14.0	14.0
Total financial assets	24.0	241.2	859.6			1,124.8	1,124.8

Financial liabilities 30 June 2013

EUR million	Fair value through profit&loss	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Non-current interest-bearing financial liabilities			536.9	536.9	547.2
Other non-current financial liabilities			4.4	4.4	4.4
Current interest-bearing financial liabilities			523.6	523.6	525.6
Accounts payable and other financial liabilities			338.0	338.0	338.0
Derivative financial instruments	20.0	13.1		33.1	33.1
Total financial liabilities	20.0	13.1	1,402.9	1,436.0	1,448.3

Accounts receivables and other receivables do not include advance payments, deferred tax receivable and periodizations of employee costs.

Accounts payable and other financial liabilities do not include advance payments, deferred tax liability and periodizations of employee costs.

In Metsä Board all interest-bearing liabilities are valued in the balance sheet at amortised cost based on effective interest method. Interest bearing receivables are classified according to the IAS standards. Fair values in the table are based on present value of cash flow of each liability or assets calculated by market rate. The discount rates applied are between 0.8– 4.1 per cent (30 June2013: 0.2–5.4).

Fair value hierarchy of financial assets and liabilities six months ended 30 June 2014

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Financial assets at fair value through profit or loss, non-current				0.0
Available for sale financial assets	0.4		223.3	223.7
Financial assets at fair value through profit or loss, current				0.0
Derivative financial assets				0.0
Financial liabilities measured at fair value				
Derivative financial liabilities	8.7	10.0		18.7
Financial assets not measured at fair value				
Cash and cash equivalent		15.6		15.6
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		679.7		679.7
Current interest-bearing financial liabilities		41.1		41.1

Fair value hierarchy of financial assets and liabilities six months ended 30 June 2013

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Financial assets at fair value through profit or loss, non-current				0.0
Available for sale financial assets	0.3		240.9	241.2
Financial assets at fair value through profit or loss, current	10.0			10.0
Derivative financial assets		14.0		14.0
Financial liabilities measured at fair value				
Derivative financial liabilities	8.5	24.6		33.1
Financial assets not measured at fair value				
Cash and cash equivalent		351.1		351.1
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		547.2		547.2
Current interest-bearing financial liabilities		525.6		525.6

Financial assets and liabilities measured at fair value based on Level 3

EUR million	Six months ended June 30	
	2014	2013
Opening balance	233.5	269.3
Total gains and losses in profit or loss	0.0	0.0
Total gains and losses in other comprehensive income	-10.2	-34.1
Purchases	0.0	5.7
Settlements	0.0	0.0
Closing balance	223.3	240.9

Financial assets and liabilities measured at fair value have been categorized according to IFRS 7

Level 1 Fair value is based on quoted prices in active markets

Level 2 Fair value is determined by using valuation techniques that use observable price information from market

Level 3 Fair value are not based on observable market data, but company's own assumptions

The fair values of electricity and natural gas derivatives are determined by using public price quotations in an active market (Level 1).

The fair values of currency forwards and options are determined by using the market prices of the closing date of the reporting period. The fair values of interest rate swaps are determined by using the present value of expected payments, discounted using a risk adjusted discount rate, supported by market interest rates and

other market data of the closing date of the reporting period (Level 2).

For financial instruments not traded on an open market, the fair value is determined by valuation techniques. Consideration is used when choosing the different techniques and making assumptions, which are mainly based on circumstances prevailing in the markets on each closing date of the reporting period (Level 3).

The valuation techniques are described in more detail in the Annual report.

The greatest item at fair value not traded on an open market is the investment in Pohjolan Voima shares, reported under available-for-sale financial assets. The valuation techniques are described in more detail in the Annual report. The WACC used on 30 June 2014 was 3.30 percentage points (30.6.2013: 3.75) and 6.30 percentage points (6.75) for the Olkiluoto 3 under construction. The acquisition cost of shares in Pohjolan Voima Oy is EUR 39.1 million (39.1) and the fair value EUR 219.1 million (236.7).

The carrying amount of available-for-sale financial assets would be estimated to be EUR 0.7 million lower or EUR 0.6 million higher should the rate used for discounting the cash flows differ by 10% from the rate estimated by the management. The carrying amount of

available-for-sale financial assets would be estimated to be EUR 27.9 million higher or EUR 27.2 million lower should, if energy prices used for calculating the fair value differ by 10% from prices estimated by the management.

Derivatives 30 June 2014

EUR million	Nominal value	Fair value			Fair value		
		Assets	Liabilities	Total	Fair value hedges	Cash flow hedges	Derivatives/hedge accounting not applied
Interest forward agreements							
Interest rate options							
Interest rate swaps	271.3		4.2	-4.2	2.9	-7.1	
Interest rate derivatives	271.3		4.2	-4.2	2.9	-7.1	
Currency forward agreements	465.8		5.8	-5.8		-4.3	-1.5
Currency option agreements	109.8		0.0	0.0			0.0
Currency swap agreements							
Currency derivatives	575.6		5.8	-5.8		-4.3	-1.5
Electricity derivatives	65.6		8.6	-8.6		-8.6	
Pulp derivatives							
Other commodity derivatives	0.3		0.1	-0.1			-0.1
Commodity derivatives	65.9		8.7	-8.7		-8.6	-0.1
Derivatives total	912.8		18.7	-18.7	2.9	-20.0	-1.6

Derivatives 30 June 2013

EUR million	Nominal value	Fair value			Fair value			
		Assets	Liabilities	Total	Fair value hedges	Cash flow hedges	Equity hedges	Derivatives/hedge accounting not applied
Interest forward agreements								
Interest rate options								
Interest rate swaps	1,327.1	12.0	15.3	-3.3	2.2	-5.4		0.0
Interest rate derivatives total	1,327.1	12.0	15.3	-3.3	2.2	-5.4		0.0
Currency forward agreements	1,227.9	2.0	2.9	-0.9		-1.3		0.4
Currency option agreements	76.5			0.0				0.0
Currency swap agreements	46.4		1.1	-1.1				-1.1
Currency derivatives total	1,350.8	2.0	4.0	2.0		-1.3		-0.7
Electricity derivatives	98.0		13.7	-13.7		-8.5		-5.2
Pulp derivatives								
Other commodity derivatives	0.5		0.1	-0.1				-0.1
Commodity derivatives total	98.5	0.0	13.8	-13.8		-8.5		-5.3
Derivatives total	2,776.4	14.0	33.1	-19.1	2.2	-15.2		-6.0

NOTE 9 – COMMITMENTS AND GUARANTEES

The following shows securities and guarantees for the six months ended 30 June 2014 and 2013 and for the year ended 31 December 2013:

EUR million	Six months ended		Year ended
	June 30 2014	2013	December 31 2013
Liabilities secured by pledges, real estate mortgages and floating charges	192.5	671.2	582.3
Pledges granted	72.2	590.7	535.3
Floating charges	3.0	603.0	603.0
Real estate mortgages	232.8	752.8	832.8
Total pledges and mortgages	308.0	1,946.5	1,971.1
As security for other own commitments	31.0	40.8	31.3
On behalf of associated companies and joint ventures	0.3	0.3	0.3
On behalf of others	0.1	0.2	0.1
Total	339.4	1,987.8	2,002.8

Securities and guarantees include pledges, real estate mortgages, floating charges and guarantee liabilities. Metsä Board holds operating leases for certain vehicles and equipment. Leasing liabilities are part of the table above.

The decrease of commitments is related to the fact, that Metsä Board Corporation issued in March 2014 a EUR 225 million senior unsecured bond. The bond matures on 13 March 2019,

Metsä Board has also signed an agreement on a new unsecured syndicated credit facility in March 2014. The

new facility consists of a EUR 150 million term loan facility and a EUR 100 million revolving credit facility, both maturing in March 2018.

The proceeds of the new loan arrangements were mainly used to prepay the existing EUR 350 million

Open derivative contracts

secured term loan maturing in March 2016. The new revolving credit facility replaced the undrawn EUR 100 million secured revolving credit facility maturing in May 2015.

EUR million	Six months ended		Year ended
	June 30		December 31
	2014	2013	2013
Interest rate derivatives	271.3	1,327.1	277.2
Currency derivatives	575.6	1,350.8	508.0
Other derivatives	65.9	98.5	76.5
Total	912.8	2,776.4	861.7

The fair value of open derivative contracts calculated at market value at the end of the review period was EUR -18.7 million (EUR -14.9 million 31 December 2013 and EUR -19.1 million 30 June 2013). The disposal of the

holding in Metsä Group Treasury Oy in September 2013 also decreased substantially the amount of derivative contracts.