

Metsäliitto Group's operating result excluding non-recurring items EUR 130 million

Result for the first quarter of 2011

- Sales were EUR 1,403 million (1–3/2010: EUR 1,224 million).
- Operating result excluding non-recurring items totalled EUR 130 million (96). Operating result including non-recurring items totalled EUR 133 million (105).
- Result before taxes and excluding non-recurring items was EUR 86 million (55). Result before taxes including non-recurring items was EUR 89 million (64).

Events in the first quarter

- In February, Metsä-Botnia decided to build a bark gasification plant at the Joutseno pulp mill. Once the plant is completed, the mill will not use fossil fuel at all during normal operation. The total value of the investment is approximately EUR 20 million.
- In February, M-real announced plans to invest approximately EUR 30 million in expanding the folding boxboard capacity at the Äänekoski and Kyröskoski mills by a total of approximately 70,000 tonnes.
- Metsäliitto decided to participate in a 46 per cent ownership share in a project in which Lohjan Biolämpö Oy, a company to be established, will build a bioenergy heating plant at the Metsäliitto Wood Product Industry's Lohja mill. The total cost of the project is approximately EUR 17 million.
- In March, a decision was made to build a biopower plant at the M-real mill area at Hämeenkyrö. The plant is to generate electricity and process heat for the paper and board mills as well as electricity and municipal heat for Leppäkosken Sähkö. The project will be implemented by Hämeenkyrön Voima Oy and its estimated investment cost is approximately EUR 50 million.
- In January, M-real announced it will launch a new profit improvement programme which focuses on improving profitability of the paper business operations as well as on decreasing variable costs. It is estimated that the measures will improve M-real's annual operating result by EUR 70 million.

“Our result continued to be strong in the first quarter of 2011. Our plans to generate profitable growth in boards and wood products and our investments in the production of renewable energy progressed as planned. Now we focus especially on minimising the negative impacts of cost development.”

Kari Jordan, President & CEO, Metsäliitto Group

Metsäliitto is a forest industry group present in about 30 countries and whose products and services combine responsible forest economy and innovative technology. Metsäliitto produces high-quality products from renewable Nordic wood in a sustainable way. The Group's five business areas include Wood Supply, Wood Products Industry, Pulp, Board and Paper, and Tissue and Cooking Papers. Metsäliitto Group's sales totalled EUR 5.4 billion in 2010, and it employs approximately 13,000 people.

Metsäliitto Group

Income statement (Continuing operations)	2011 1–3	2010 1–3	2010 1–12
Sales	1 403	1 224	5 377
Other operating income	29	31	142
Operating expenses	-1 228	-1 073	-4 686
Depreciation and impairment losses	-71	-78	-336
Operating result	133	105	497
Share of results in associates	0	-6	-15
Exchange gains and losses	-1	-2	-7
Other net financial items	-44	-34	-129
Result before income tax	89	64	345
Income taxes	-26	-24	-131
Result from continuing operations	63	40	214

Metsäliitto Group

Profitability (Continuing operations)	2011 1–3	2010 1–3	2010 1–12
Operating result, EUR mill.	133	105	497
- " -, excluding non-recurring items	130	96	547
- " - % of sales	9.3	7.9	10.2
Return on capital employed, %	13.2	10.0	11.8
- " -, excluding non-recurring items	12.8	9.1	13.4
Return on equity, %	14.7	11.0	13.9
- " -, excluding non-recurring items	13.9	8.6	18.2

Financial position	2011	2010	2010
	31.3	31.3	31.12
Equity ratio, %	30.4	27.1	29.7
Net gearing ratio, %	112	151	116
Interest-bearing net liabilities, EUR mill.	1 933	2 241	1 939

Business segments

Sales and Operating result January – March 2011 (EUR mill.)	Wood Supply	Wood Products Industry	Pulp Industry	Board and Paper Industry	Tissue and Cooking Papers
Sales	376	238	340	685	241
Other operating income	2	2	5	22	3
Operating expenses	-370	-226	-232	-630	-228
Depreciation & impairment losses	-1	-8	-17	-31	-10
Operating result	8	5	96	46	7
Non-recurring items	-	-	-	-3	-
Operating result, excl. non-rec. items	8	5	96	43	7
- % of sales	2.0	2.2	28.1	6.3	2.7

The figures are unaudited

METSÄLIITTO GROUP

INTERIM REPORT 1 JANUARY – 31 MARCH 2011

Sales and result

Metsäliitto Group's sales for the first quarter were EUR 1,403 million (1–3/2010: EUR 1,224 million) and operating result was EUR 133 million (105). Operating result excluding non-recurring items totalled EUR 130 million (96). The only non-recurring item, approximately EUR 3 million, was connected to the sale of a land area in Jyväskylä. The non-recurring items of the comparison period were approximately EUR 9 million, of which EUR 10 million related to the dissolution of an IT cost provision, EUR 1 million to the divestment of the blockboard mill in Romania, and EUR -2 million to the closure of the Kyröskoski sawmill.

Financial income amounted to EUR 2 million (2), income from associates was EUR 0 million (-6) and financial expenses totalled EUR 45 million (36). Financial expenses include, among other expenses, approximately EUR 9 million of dividends paid on Metsä-Botnia's shares under a redemption obligation. Net exchange gains recognised in financial items were EUR -1 million (-2).

The result for the period before taxes was EUR 89 million (64), while taxes, including changes in deferred tax liabilities, totalled EUR 26 million (24). The net result for the report period was EUR 63 million (40).

The Group's return on capital employed for continuing operations was 13.2 per cent (10.0), and the return on equity was 14.7 per cent (11.0). Excluding non-recurring items, the return on capital employed was 12.8 per cent (9.1) and return on equity was 13.9 per cent (8.6).

Balance sheet and financing

Metsäliitto Group's total liquidity was EUR 961 million at the end of March (31 December 2010: 1,054). Of this, EUR 447 billion (440) was in liquid assets and investments, and EUR 514 billion (614) was in off-balance-sheet binding credit facilities. In addition, the Group can satisfy short-term financial needs with non-binding commercial paper schemes in Finland and abroad, as well as with credit limits amounting to approximately EUR 0.5 billion.

The Group's equity ratio at the end of March was 30.4 per cent and net gearing was 112 per cent (31 December 2010: 29.7% and 116%, respectively). Interest-bearing net liabilities were EUR 1,933 million (31 December 2010: 1,939).

M-real's Annual General Meeting decided to reduce the share premium account in operating capital, as stated on the parent company's balance sheet on 31 December

2010, by transferring all funds in the account, or approximately EUR 664 million, to the company's non-restricted equity reserve. The reduction of the share premium account will take place without consideration and it will not impact the company's number of shares, the rights conferred by the shares, or the proportionate ownership of the shareholders. The reduction will become effective after the completion of the creditor protection procedure referred to in the Limited Liability Companies Act. With the reduction, the prerequisites for future distribution of profits will be improved.

Standard & Poors raised the outlook of M-real's credit rating B from stable to positive.

The equity ratio of the parent company Metsäliitto Cooperative was 61.5 per cent at the end of March and net gearing ratio was 38 per cent (31 December 2010: 58.6% and 45%, respectively).

During January–March, Metsäliitto's members' capital increased by a total of EUR 9.6 million. The actual members' capital grew by EUR 0.3 million, the additional members' capital A by EUR 5.0 million and the additional members' capital B by EUR 4.3 million.

In March, Metsäliitto Cooperative took out an investment loan totalling EUR 100 million from Finnish insurance companies. The loans were used to finance the EUR 100 million syndicated loan that matured in March.

Personnel

The Group employed an average of 13,087 people (12,978) during the first quarter. At the end of March, the number of personnel in the Group was 13,058 (31 December 2010: 12,820). The parent company Metsäliitto Cooperative employed 2,786 people at the end of March (31 December 2010: 2,495).

In March, Metsäliitto Cooperative had 125,780 members (31 December 2010: 126,382).

Investments

Metsäliitto Group's capital expenditure totalled EUR 35 million (15).

In February, Metsä-Botnia decided to improve energy production at the Joutseno pulp mill by building a bark gasification plant. The total value of the investment is approximately EUR 20 million. The plant will replace the use of natural gas as fuel at the mill, making the mill carbon dioxide neutral in normal operation.

In February, M-real announced plans to invest approximately EUR 30 million in expanding the folding boxboard capacity at the Äänekoski and Kyröskoski mills by a total of approximately 70,000 tonnes. After the planned investments, the annual production capacity would increase to 190,000 tonnes at Kyröskoski and to 240,000

tonnes at Äänekoski. The Kyröskoski investment would be carried out at the end of 2011, and the Äänekoski investment in the spring of 2012.

Metsäliitto decided to participate in a 46 per cent ownership share in a project in which Lohjan Biolämpö Oy, a company to be established, will build a bioenergy heating plant in Lohja. The other shareholders of the company are Lohjan Energiahuolto Oy Loher (49%) and Ääneseudun Energia (5%). The plant will use primarily by-products of the Kerto mill and supplementing forest chips and other wood-derived fuels. The total cost of the investment is approximately EUR 17 million, and the construction is planned to start in the summer of 2011. The new plant will be commissioned at the end of 2012.

Hämeenkyrön Voima Oy, a subsidiary of Pohjolan Voima Oy, decided to build a biopower plant to M-real's mill site. The plant is to produce electricity and process heat to M-real's Kyro mill as well as electricity and municipal heating for Leppäkosken Sähkö Oy. The expected investment cost is in total EUR 50 million. Investment by M-real is about EUR 11 million. The permissions needed to build the plant were received in February 2011 and the project is expected to be finalized during autumn 2012.

Business areas

Wood Supply

Wood Supply's sales totalled EUR 376 million (333) in January–March, and the operating result amounted to EUR 8 million (7). The operating result does not include non-recurring items. Wood Supply Finland accounted for EUR 263 million (237) of the sales and EUR 5 million (4) of the operating result.

Wood sales started slowly at the beginning of the year. The forest industry purchased a total of three million cubic metres of wood from private forests. General supply was at a low level, and the offering mainly consisted of wood from winter thinning. Purchases by Metsäliitto also fell clearly short of the target in the first quarter. The price level of softwood logs took an upward turn at the end of the period, but the price level of pulpwood remained stable.

Wood harvesting succeeded as planned, but wood deliveries fell slightly short of the planned level due to the difficulties in railway transports in Finland and the challenging ice situation. The lack of subsidy for electricity produced with wood slowed down demand for energy wood. During the period under review, Wood Supply's total delivery volume to production units amounted to 7.7 million cubic metres (7.5).

Measures to sell forest management services were intensified, and the efforts succeeded very well. Metsäliitto was granted Finland's first PEFC group certificate

which comprises forests owned by Group's associate companies. Previously the group certificates have been granted to smaller geographical areas. The possibility to join Metsäliitto's certificate is offered as a new service to members who have signed a forest management agreement, and they may enrol during the spring. In connection with the Cooperative's Representative Council election, more than one hundred events for members were organised in the districts.

Wood Products Industry

The sales of Metsäliitto Wood Products Industry totalled EUR 238 million (192) in January–March, and the operating result excluding non-recurring items totalled EUR 5 million (0).

Wood Products Industry's business operations grew in all customer segments compared to the first quarter of the previous year. Strict cost monitoring and management of capital employed improved the profitability of the operations.

The market balance of sawn timber continued to be weak and the result was unsatisfactory. Demand for value-added products continued to be weak in Europe and partly in Finland as well. However, internal measures improved profitability. The sales of engineered wood products grew, and profitability increased through higher utilisation rates. Profitability of construction products improved even though the long winter complicated sales. Investments in the development of the operations continue.

Wood Products Industry supplied a Finnforest Kerto-Ripa roof system for the Karisma shopping centre being built in Lahti, and the system was installed in record time. In March, Wood Products Industry's product development received a significant recognition when Metropol Parasol, one of the world's largest wood buildings, made with Kerto elements, was inaugurated in Seville, Spain.

Pulp

Metsä-Botnia's sales amounted to EUR 340 million (288), while the operating result was EUR 96 million (57). The operating result does not include non-recurring items. The considerable improvement in sales and operating result was primarily due to the positive development of the prices of pulp. The sales volume of pulp remained at last year's level at 528,952 tonnes (531,300).

Foreign-currency-denominated market prices for both softwood and hardwood pulp were, on average, 12 per cent higher than in the first quarter last year. The price of softwood pulp in Europe was USD 950 per tonne at the beginning of the period and USD 980 at the end of the period. The corresponding figures for hardwood pulp were USD 850 and USD 850. The stock levels of both producers and customers are normal or low, and the demand for pulp has remained good.

Unplanned downtime reduced the utilisation rate of Metsä-Botnia's mills slightly in January–February. In addition, traffic at the ports of the Gulf of Bothnia came to a complete standstill due to the difficult ice situation in February. In the latter half of the review period, the utilisation rate of the mills was good, and a new monthly production record, 47,160 tonnes, was set in Äänekoski.

At the beginning of February, Metsä-Botnia's Board of Directors decided to invest in a gasification plant at the Joutseno mill. The plant will improve the efficiency of renewable energy usage. The investment will replace the fossil fuel used in the lime kiln with bio fuel produced from tree bark. The investment will make the mill a carbon dioxide neutral unit during normal operation. Construction will begin in June 2011, and the new mill will be commissioned at the end of 2012. In the construction phase, the employment impact of the investment is approximately 120 person-years. The total value of the investment is approximately EUR 20 million.

Board and Paper

The sales of Board and Paper totalled EUR 685 million (602), and the operating result excluding non-recurring items was EUR 43 million (39). A gain of EUR 3 million was recognised in the operating result as a non-recurring item from the sale of a plot in Jyväskylä. The non-recurring item of EUR 10 million in the comparison period is from dissolved IT cost provisions.

Operating result excluding non-recurring items compared to the corresponding period last year was improved by the higher average selling prices of board and papers. The result was weakened by the increase in raw material prices. In particular, the cost of wood, chemicals and energy was at a higher level than in the previous year. In addition, the clear strengthening of the Swedish krona weakened the result.

Operating result including non-recurring items totalled EUR 46 million (49). Net interest and other financial expenses totalled EUR 17 million (16), income from associates was EUR 0 million (-2) and net exchange gains and losses booked as financial items were EUR 2 million (-6).

The result for the review period before taxes was EUR 31 million (25), earnings per share were EUR 0.08 (0.06) and return on capital employed was 8.4 per cent (9.1). Excluding non-recurring items, the result before taxes was EUR 28 million (15), earnings per share were EUR 0.07 (0.03) and the return on capital employed was 7.8 per cent (7.3).

At the end of March, M-real's equity ratio was 33.6 per cent and net gearing was 78 per cent (31 December 2010: 32.1% and 83%, respectively). Some of M-real's loan agreements set a 120 per cent limit on the company's net gearing and a 30 per cent limit on the equity ratio. At the end of March, net gearing calculated as defined in the

loan agreements was approximately 60 per cent and the equity ratio about 39 per cent.

Tissue and Cooking Papers

The first-quarter sales of Metsä Tissue, producer of tissue and cooking papers, totalled EUR 241 million (225). The increase in sales was primarily due to the selling prices and structure of sales as well as favourable exchange rate fluctuations. The sales of own brands increased by 13 per cent compared to the previous year.

Operating result was EUR 7 million (19). The result remained low due to the continued increases in the prices of pulp, recycled fibre, other raw materials and energy. Compared to the first quarter of last year, the average price of pulp was 15 per cent higher and the price of recycled pulp 30 per cent higher. Increased transportation costs also weakened the result. The exceptionally harsh winter and the resulting floods in Germany caused challenges in product deliveries and generated additional expenses for the company.

The rebuilt paper machine 5 at the Düren mill in Germany was launched at the end of March. The installation of upgrading lines started during the first quarter. The goal is to have the entire upgrading capacity of the Düren unit in operation by the end of June.

In Slovakia, the company switched to electricity generated with hydropower. In the future, approximately 70 per cent of the mill's electricity will be generated with hydropower, which supports the company's sustainable development objectives. The hydropower project is one the subprojects being implemented under the Tissue 20 project. The objective of the subprojects is to improve energy efficiency so that it equals 20 per cent of the company's current energy consumption by 2012.

The company's Serla brand reached its 50th anniversary. The jubilee year opened with sales, marketing and communication measures. Finnish consumers recognised Serla's strong position as a responsible brand by ranking it the second most popular product that has the Nordic Swan ecolabel. A Swedish consumer survey ranked the most loved brands in Sweden, and Lambi was number 15 among nearly one thousand brands. In Denmark, a consumer panel selected Lambi as their favourite product based on its product characteristics.

Events after the period

At the beginning of April, M-real signed a letter of intent on the sale of the Premium Paper operations at the Reflex mill to an affiliate of German Papierwerke Lenk AG. The agreement would cover the Premium Paper operations and related properties as well as approximately 100 M-real employees.

If the arrangement proceeds as planned, M-real will recognise a EUR 12 million negative non-recurring item. The cash impact would be approximately EUR 1 million negative. The divestment will not have any material impact on M-real's operating result excluding non-recurring items. It is estimated that the arrangement will become final during the second quarter of 2011.

In April, Metsä Tissue announced an extensive investment programme in Poland. The three-year programme includes, among other things, the construction of two new paper machines and an upgrading line at the Metsä Tissue Krapkowice mill, rebuild of one paper machine, and infrastructure development. The total value of the investment programme is approximately EUR 55 million, and it will enable Metsä Tissue to increase its annual production capacity in Poland by 35,000 tonnes.

M-real announced today its plan to divest the entire Gohrsmühle mill in Germany or parts of the mill separately based on a Paper Park concept. At the same time, M-real initiates a process to discontinue production of uncoated fine paper and unprofitable speciality papers at the Gohrsmühle mill in case the sales options will not materialize. If the closures will be realised, M-real would focus on cast-coated label and packaging materials (Chromolux). In addition, M-real is planning to discontinue the remaining operation, carbonless paper converting, at Reflex mill in Germany.

During the past years, M-real has had several unsuccessful attempts with a number of candidates divest the Alizay paper mill in France. Sales options are sought further. M-real invites credible candidates to a public process which aims at a divestment of the Alizay paper mill by the end of September 2011. Should M-real fail to find a credible buyer for the mill in the process within the given time frame, M-real would be forced to consider closing of the Alizay paper mill.

If the planned measures will be implemented, Metsäliitto Group's annual sales is expected to reduce by about EUR 390 million and the operating result to improve by about EUR 60 million based on 2010 actual performances. Most of the annual financial impact is expected to be realised in 2012, and in full impact from 2013 onwards. As a result from the planned measures M-real's annual paper production capacity would reduce by about 500,000 tonnes of which about 430,000 tonnes would be uncoated fine paper and 70,000 tonnes coated specialty papers. Implementations of the planned measures are subject to finalisation of the statutory labour negotiations processes with the employees based on the local legislations. As part of the statutory labour negotiations, also other future alternatives for the closed units will be investigated. These negotiations will be started at Gohrsmühle and Reflex as soon as possible. In regard with Alizay, the statutory labour negotiations relating to possible closure will be initiated in case the divestment process is unsuccessful. M-real strives with its own actions to mitigate the negative impacts the the possible measures inflict on the employees.

All in all, the planned measures at Alizay, Gohrsmühle and Reflex are estimated to result in approximately EUR 170 million non-recurring impact on result. The cash costs are estimated be EUR 50 million. In connection with the planned measures, Board and Paper Industry's result in The positive impact from the release of working capital is expected to be EUR 80 million the second quarter 2011 is estimated to include EUR 20 million non-recurring impairments and cost provisions. Above estimates of the non-recurring financial impacts are preliminary and they will be further determined when the final decisions for the planned measures are taken.

Risks and uncertainties

The estimates and statements in this Interim Report are based on current plans and estimates. They involve risks and uncertainties that may cause the results to differ from those expressed in such statements. In the short term, especially the price of and demand for end products, raw material costs, energy prices and the exchange rate development of the euro have an effect on the results of Metsäliitto Group.

In March, the state enterprise Metsähallitus filed a claim for damages at the District Court of Helsinki, demanding that Metsäliitto, UPM-Kymmene and Stora Enso jointly pay a maximum of EUR 340 million in compensation due to prohibited cooperation with regard to prices in the raw wood market. The claim is related to the 3 December 2009 decision by the Market Court which states that the aforementioned companies have violated the act on competition restrictions. Metsäliitto's view is that the claim for damages is unfounded, and the company has not recognised any provisions regarding it.

The risks related to the Group's business have been explained more extensively in Metsäliitto Group's Annual Report for 2010.

Near-term outlook

The use of wood at the Group's production units will continue at the normal level. Metsäliitto will actively purchase stands marked for felling that can be harvested in the summer and all timber grades.

After the quiet first quarter in Wood Products Industry, the operating result is expected to strengthen during the second quarter. Demand forecasts for both heavy and light transportation equipment industry have improved significantly. Construction is also expected to recover.

In the second quarter, demand for pulp is expected to continue at a good level and the market situation is expected to be stable. New capacity will enter the market in short fibre pulp, in particular, during the spring.

The demand for tissue and cooking papers is estimated to remain stable. The continued increases in production and transportation costs and the impact of new

indirect taxes will be transferred to the prices of Metsä Tissue's all product categories.

Demand for board is also expected to remain good during the next few months. M-real successfully increased the prices of liner in April. The production downtime relating to the expansion investment of the Simpele folding boxboard machine, to be carried out in May, will have a negative impact on the result in the second quarter. Demand for and price level of uncoated fine paper and special paper seems to continue unchanged.

Metsäliitto Group's operating result excluding non-recurring items in the second quarter of the year is expected to be approximately at the same level as in the previous quarter.

Proposal for interest on members' capital

Metsäliitto Cooperative's Board of Directors has proposed to the Supervisory Board that interest of 5.5 per cent (5.5 for 2009) be paid on the statutory capital invested by the members for 2010. Interest of 5.0 per cent (5.0) is proposed for additional members' capital A, and interest of 4.5 per cent (4.5) for additional members' capital B and C.

The proposal was discussed in March by Metsäliitto Cooperative's Supervisory Board, which, in turn, made a proposal on the interest on members' capital to the Representative Council meeting convening on 4 May 2011.

Espoo, 4 May 2011

Metsäliitto Group
Board of Directors

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Unaudited

METSÄLIITTO GROUP

Condensed consolidated statement of comprehensive income, EUR mill.	2011 1–3	2010 1–3	Change	2010 1–12
Continuing operations				
Sales	1 403	1 224	179	5 377
Other operating income	29	31	-2	142
Operating expenses	-1 228	-1 073	-155	-4 686
Depreciation and impairment losses	-71	-78	7	-336
Operating result	133	105	29	497
Share of results in associated companies	0	-6	6	-15
Exchange gains and losses	-1	-2	1	-7
Other net financial items	-44	-34	-10	-129
Result before income tax	89	64	26	345
Income taxes	-26	-24	-3	-131
Result for the period from continuing operations	63	40	23	214
Discontinued operations				
Result from discontinued operations	0	0	0	0
Result for the period	63	40	22	214
Other comprehensive income				
Cash flow hedges	-2	1	-3	19
Available for sale financial assets	0	18	-18	30
Currency translation differences	3	13	-10	25
Other items	2	2	0	0
Income tax relating to components of other comprehensive income	0	-3	2	-7
Other comprehensive income, net of tax	3	32	-30	67
Total comprehensive income for the period	66	73	-7	281

Result attributable to:

Members of parent company	13	21	-8	170
Non-controlling interests	49	19	31	44
	63	40	22	214

Total comprehensive income attributable to:

Members of parent company	16	42	-26	204
Non-controlling interests	49	31	19	77
	66	73	-7	281

Unaudited

	2011 31.3.	2010 31.3.	2010 31.12.
Condensed consolidated balance sheet			
ASSETS			
Non-current			
Goodwill	504	499	503
Other intangible assets	260	262	242
Tangible assets	2 248	2 385	2 281
Biological assets	8	7	8
Investments in associated companies	77	92	80
Available for sale investments	338	372	338
Non-current financial assets	15	12	18
Deferred tax receivables	60	63	63
	3 510	3 692	3 534
Current			
Inventories	827	747	798
Accounts receivables and other receivables	934	876	892
Cash and cash equivalents	447	193	440
	2 208	1 816	2 131
Assets classified as held for sale	8	-	8
Total assets	5 726	5 508	5 672
MEMBERS' FUNDS AND LIABILITIES			
Members' funds			
Members' funds	1 179	989	1 154
Non-controlling interests	553	499	524
	1 732	1 488	1 678
Non-current liabilities			
Deferred tax liabilities	400	393	409
Post-employment benefit obligations	114	120	115
Provisions	36	64	48
Borrowings	2 016	1 896	1 927
Other liabilities	33	139	36
	2 600	2 612	2 534
Current liabilities			
Provisions	25	38	19
Current borrowings	381	554	471
Accounts payable and other liabilities	987	817	969
	1 393	1 408	1 460
Liabilities classified as held for sale	-	-	-
Total liabilities	3 994	4 021	3 994
Total members' funds and liabilities	5 726	5 508	5 672

Unaudited

Equity attributable to members of parent company

Change in members' funds	Members' capital	Share premium account	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interests	Total
EUR million								
Members' funds 1.1.2010	484	30	9	221	184	927	471	1 399
Result for the period					21	21	19	40
Other comprehensive income								
Cash flow hedges				3		3	-2	1
Available for sale financial assets				8		8	11	18
Currency translation differences			9			9	4	13
Other items					2	2	0	2
Income tax relating to components of other comprehensive income			1	-3		-2	0	-3
Other comprehensive income total			10	8	2	20	12	32
Total comprehensive income			10	8	24	42	31	73
Transactions with owners								
Dividends paid					-1	-1	-4	-5
Change in members' capital	21					21		21
Change in share premium account								
Transfer from unrestricted to restricted equity								
Business arrangements							0	0
Members' funds 31.3.2010	505	30	19	229	207	989	499	1 488
Members' funds 1.1.2011	539	31	25	247	312	1 154	524	1 678
Result for the period					13	13	49	63
Other comprehensive income								
Cash flow hedges				-1		-1	-1	-2
Available for sale financial assets				0		0	1	0
Currency translation differences			2			2	1	3
Other items					2	2	0	2
Income tax relating to components of other comprehensive income			-1	0		0	0	0
Other comprehensive income total			1	-1	2	3	0	3
Total comprehensive income			1	-1	15	16	49	66
Transactions with owners								
Dividends paid					-1	-1	-20	-21
Change in members' capital	10					10		10
Change in share premium account								
Transfer from unrestricted to restricted equity								
Business arrangements			0			0		0
Acquisitions of non-controlling interests							0	0
Members' funds 31.3.2011	549	31	27	246	326	1 179	553	1 732

Unaudited

	2011 1–3	2010 1–3	2010 1–12
Condensed consolidated cash flow statement			
Result for the period	63	40	214
Total adjustments	131	91	495
Change in working capital	-83	-164	-136
Cash flow arising from operations	110	-33	573
Net financial items	-41	-26	-163
Income taxes paid	-18	-8	-100
Net cash flow arising from operating activities	52	-67	310
Acquisitions	0	0	-21
Investments in tangible and intangible assets	-35	-15	-138
Divestments of assets and other	10	12	89
Net cash flow arising from investing activities	-25	-4	-70
Change in members' funds	10	21	52
Change in other equity	0	0	4
Change in long-term loans and other financial items	-3	-316	-376
Dividends paid	-25	0	-40
Net cash flow arising from financing activities	-19	-295	-360
Changes in cash and cash equivalents	7	-365	-120
Cash and cash equivalents at beginning of period	440	558	558
Translation difference	0	1	3
Changes in cash and cash equivalents	7	-365	-120
Cash and cash equivalents in assets classified as held for sale	0	-	0
Cash and cash equivalents at end of period	447	193	440

BUSINESS SEGMENTS

Wood Supply	QI/11	QI/10	QI-IV/10
Sales	376	333	1 353
EBITDA	8	8	25
- " -, excl. non-recurring items	8	8	25
Depreciation and impairment	-1	-1	-4
Operating result	8	7	21
- " -, excl. non-recurring items	8	7	21
- " -, % of sales	2,0	2,0	1,6
Capital expenditure	1	0	3
Personnel at end of period	1 058	1 024	1 078

Wood Products Industry	QI/11	QI/10	QI-IV/10
Sales	238	192	902
EBITDA	14	8	67
- " -, excl. non-recurring items	14	9	63
Depreciation and impairment	-8	-9	-45
Operating result	5	-2	23
- " -, excl. non-recurring items	5	0	28
- " -, % of sales	2,2	-0,1	3,1
Capital expenditure	2	3	16
Personnel at end of period	2 977	2 673	2 703

Pulp Industry	QI/11	QI/10	QI-IV/10
Sales	340	288	1 365
EBITDA	113	78	444
- " -, excl. non-recurring items	113	78	453
Depreciation and impairment	-17	-21	-63
Operating result	96	57	381
- " -, excl. non-recurring items	96	57	379
- " -, % of sales	28,1	19,7	27,8
Capital expenditure	10	1	14
Personnel at end of period	883	903	881

Board and Paper Industry	QI/11	QI/10	QI-IV/10
Sales	685	602	2 605
EBITDA	77	82	312
- " -, excl. non-recurring items	74	72	305
Depreciation and impairment	-31	-33	-166
Operating result	46	49	146
- " -, excl. non-recurring items	43	39	173
- " -, % of sales	6,3	6,5	6,6
Capital expenditure	12	7	66
Personnel at end of period	4 515	4 796	4 538

Tissue and Cooking Papers	QI/11	QI/10	QI-IV/10
Sales	241	225	938
EBITDA	16	29	94
- " -, excl. non-recurring items	16	29	99
Depreciation and impairment	-10	-10	-44
Operating result	7	19	50
- " -, excl. non-recurring items	7	19	59
- " -, % of sales	2,7	8,5	6,3
Capital expenditure	9	4	49
Personnel at end of period	3 211	3 162	3 198

Other operations	QI/11	QI/10	QI-IV/10
Sales	1	0	3
EBITDA	-1	-2	-7
- " -, excl. non-recurring items	-1	-2	-6
Depreciation and impairment	0	0	-2
Operating result	-2	-2	-9
- " -, excl. non-recurring items	-2	-2	-7
Capital expenditure	1	0	23
Personnel at end of period	443	369	422

Other operations include among others Metsäliitto's service and holding functions.

Internal sales and eliminations	QI/11	QI/10	QI-IV/10
Sales	-478	-415	-1 790
EBITDA	-22	-19	-101
- " -, excl. non-recurring items	-22	-19	-94
Depreciation and impairment	-4	-3	-13
Operating result	-26	-23	-114
- " -, excl. non-recurring items	-26	-23	-107

Metsäliitto Group	QI/11	QI/10	QI-IV/10
Sales	1 403	1 224	5 377
EBITDA	204	183	833
- " -, excl. non-recurring items	201	174	846
Depreciation and impairment	-71	-78	-336
Operating result	133	105	497
- " -, excl. non-recurring items	130	96	547
- " -, % of sales	9,3	7,9	10,2
Capital expenditure	35	15	159
Personnel at end of period	13 087	12 927	12 820

EBITDA = Operating result before depreciation and impairment losses

Quarterly data	2011 QI	2010 QIV	2010 QIII	2010 QII	2010 QI
Sales					
Wood Supply	376	365	318	337	333
Wood Products Industry	238	224	231	256	192
Pulp Industry	340	365	344	368	288
Board and Paper Industry	685	665	662	676	602
Tissue and Cooking Papers	241	246	236	231	225
Other operations	1	1	1	2	0
Internal sales	-478	-475	-446	-454	-415
Sales total	1 403	1 391	1 345	1 416	1 224
Operating result					
Wood Supply	8	4	3	8	7
Wood Products Industry	5	2	11	11	-2
Pulp Industry	96	98	114	112	57
Board and Paper Industry	46	-4	66	35	49
Tissue and Cooking Papers	7	14	11	5	19
Other operations	-2	-1	-3	-2	-2
Eliminations	-26	-30	-32	-29	-23
Operating result total	133	82	170	141	105
- % of sales	9.5	5.9	12.6	10.0	8.6
Share of results in associated companies	0	-1	-1	-7	-6
Exchange gains and losses	-1	-1	-6	2	-2
Other net financial items	-44	-27	-35	-34	-34
Result before income tax	89	52	128	102	64
Income tax	-26	-29	-39	-40	-24
Result from continuing operations	63	23	89	62	40
Result from discontinued operations	0	0	0	0	0
Result for the period	63	23	89	62	40

Operating result excl. non-rec. items	QI/11	QIV/10	QIII/10	QII/10	QI/10
Wood Supply	8	4	3	8	7
Wood Products Industry	5	12	5	11	0
Pulp Industry	96	99	114	110	57
Board and Paper Industry	43	37	54	43	39
Tissue and Cooking Papers	7	14	13	12	19
Other operations & eliminations	-28	-24	-34	-31	-25
Operating result total	130	142	155	154	96
- % of sales	9.3	10.2	11.5	10.9	7.9

Change in tangible assets	QI/11	QI/10	QI-IV/10
Book value at beginning of period	2 281	2 428	2 428
Business acquisitions	-	-	5
Investments	34	14	135
Decrease	-3	-12	-23
Assets classified as held for sale	-	-	-6
Depreciation and impairment charges	-67	-74	-314
Translation differences and other changes	4	29	56
Book value at end of period	2 248	2 385	2 281

In December 2010, assets classified as held for sale include part of the old equipment of the Metsä-Botnia's Kaskinen pulp mill shut down in 2009.

Commitments	QI/11	QI/10	QIV/10
On own behalf (incl. leasing liabilities)	717	464	717
On behalf of associated companies	4	6	4
On behalf of others	6	3	4
Total	727	474	724

Open derivative contracts	QI/11	QI/10	QIV/10
Interest rate derivatives	1 020	829	1 003
Currency derivatives	1 474	1 775	1 660
Other derivatives	118	234	127
Total	2 612	2 838	2 790

The market value of open derivative contracts at the end of the review period was EUR 8 million (QIV/10: EUR -20 million). Open derivative contracts also include closed contracts to a total amount of EUR 555 million (QIV/10: EUR 522 million).

Accounting policies

This Interim Report was prepared in accordance with the IAS 34 standard Interim Financial Reporting and the accounting policies presented in Metsäliitto Group's Annual Report 2010.

Calculation of key ratios

Return on capital employed (%)	= (Result from continuing operations before tax + interest expenses, net exchange gains/losses and other financial expenses) per (Balance total - non-interest-bearing liabilities (average))
Return on equity (%)	= (Result from continuing operations before tax - income taxes) per (Members' funds (average))
Equity ratio (%)	= (Members' funds) per (Balance total - advance payments received)
Net gearing ratio (%)	= (Interest bearing borrowings - liquid funds - interest-bearing receivables) per (Members' funds)