Metsä Board Corporation Interim Report 1 January – 30 June 2013 1 August 2013 at 12:00 noon

Metsä Board Corporation's operating result excluding non-recurring items was EUR 56.2 million in the first half of 2013

Result for the first half of 2013

- Sales were EUR 1,037.8 million (Q1–Q2/2012: 1,066.8).
- The operating result excluding non-recurring items was EUR 56.2 million (25.9). The operating result including non-recurring items was EUR 63.7 million (158.4).
- The result before taxes excluding non-recurring items was EUR 22.4 million (8.4). The result before taxes including non-recurring items was EUR 29.8 million (140.9).
- Earnings per share excluding non-recurring items were EUR 0.06 (0.02) and including non-recurring items EUR 0.08 (0.38).

Result for the second quarter of 2013

- Sales were EUR 502.8 million (Q1/2013: 535.0).
- The operating result excluding non-recurring items was EUR 26.0 million (30.2). The operating result including non-recurring items was EUR 28.9 million (34.8).
- The result before taxes excluding non-recurring items was EUR 18.5 million (3.9). The result before taxes including non-recurring items was EUR 21.3 million (8.5).
- Earnings per share excluding non-recurring items were EUR 0.05 (0.01) and including non-recurring items EUR 0.06 (0.02).

Events in the second quarter of 2013

- Delivery volumes of folding boxboard continued to increase slightly and market prices were stable.
- Demand for white-top kraftliner continued to be very strong, and average prices increased a little as a result of the price increase implemented in the spring.
- The delivery volumes of uncoated fine paper and coated papers weakened from the previous quarter, mainly due to seasonal reasons. The price of uncoated fine paper increased slightly, but the decline in the price of coated paper continued.
- Pulp prices increased moderately.
- The production of lightweight fully-bleached kraftliners began in Husum.

"Our profitability in the second quarter was at the previous quarter's level. The positive development of our paperboard operations continued. Deliveries of folding boxboard continued to increase, and deliveries of kraftliners remained at a very good level. The white-top kraftliner price increase was carried out successfully.

Metsä Board is Europe's leading producer of folding boxboard, the world's leading manufacturer of coated white-top 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 in NASDAQ OMX Helsinki. In 2012, the company's sales totalled approximately EUR 2.1 billion. The company has approximately 3,300 employees.

www.metsaboard.com

In order to grow our kraftliner business, the production of lightweight fully-bleached kraftliners began at the Husum mill in Sweden in April. This year, we will move some of the uncoated grade volumes from the Kemi kraftliner mill, operating at full capacity, to Husum. We are also investigating how to further strengthen the competitiveness of our folding boxboard business in the future.

The situation in the paper market in Europe continues to be difficult, particularly in coated papers. The new kraftliner production at Husum will replace the mill's least profitable coated paper production volumes. This, together with the ongoing cost savings programme, is expected to improve the Husum mill's profitability.

The market situation of our main products is estimated to continue to be stable in the third quarter of 2013, although uncertainty in the general economy is continuing. Nevertheless, our result development in the third quarter will be affected negatively by the extensive maintenance shutdowns in accordance with the annual plan at the Husum and Kemi integrated mills."

Mikko Helander, CEO

Adoption of the amended IAS19 standard

Metsä Board adopted the amended IAS 19 Employee Benefits standard retroactively on 1 January 2013. The most significant changes were the following: all actuarial profits and losses are recognised immediately, and the financial cost of retirement plans is determined on the basis of net funding.

The Group's equity decreased by approximately EUR 10.6 million due to the amendment on 31 December 2012. The 2012 operating result improved by EUR 1.4 million and financial expenses increased by EUR 3.2 million.

The impact on the balance sheet and the statement of comprehensive income is discussed in greater detail in the Notes (Note 1).

The amended key figures are presented in the Key Figures table (Key Figures, restate).

KEY FIGURES, restate	**2013 Q2**	**2013 Q1**	**2012 Q2**	**2012 Q1**	**2013 Q1-Q2**	**2012 Q1-Q2**	**2012 Q1-Q4**
Sales, EUR million	502.8	535.0	522.2	544.6	1,037.8	1,066.8	2,107.6
EBITDA, EUR million	52.7	61.4	189.9	25.7	114.1	215.6	321.4
excl. non-recurring items, EUR million	52.1	56.8	47.8	35.2	108.9	83.0	186.0
EBITDA, %	10.5	11.5	36.4	4.7	11.0	20.2	15.3
excl. non-recurring items, %	10.4	10.6	9.2	6.5	10.5	7.8	8.8
Operating result, EUR million	28.9	34.8	162.0	-3.6	63.7	158.4	221.1
excl. non-recurring items, EUR million	26.0	30.2	19.8	6.1	56.2	25.9	74.9
EBIT, %	5.7	6.5	31.0	-0.7	6.1	14.8	10.5
excl. non-recurring items, %	5.2	5.6	3.8	1.1	5.4	2.4	3.6
Result before taxes, EUR million	21.3	8.5	159.4	-18.5	29.8	140.9	173.9
excl. non-recurring items, EUR million	18.5	3.9	17.2	-8.8	22.4	8.4	27.7
Result for the period, EUR million	17.6	8.0	140.6	-15.4	25.6	125.2	171.3
excl. non-recurring items, EUR million	15.3	3.4	14.0	-5.7	18.7	8.3	42.4
Result per share, EUR	0.06	0.02	0.43	-0.05	0.08	0.38	0.52
excl. non-recurring items, EUR	0.05	0.01	0.04	-0.02	0.06	0.02	0.13
Return on equity, %	8.5	3.8	72.8	-8.4	6.1	32.3	21.5
excl. non-recurring items, %	7.4	1.6	7.3	-3.1	4.5	2.1	5.3
Return on capital employed, %	6.7	7.7	35.1	-0.2	7.1	17.5	12.4
excl. non-recurring items, %	6.1	6.8	5.1	1.9	6.3	3.6	4.8
Equity ratio at end of period, %	32.4	33.3	31.1	27.9	32.4	31.1	33.2
Gearing ratio at end of period, %	130	122	138	153	130	138	130
Net gearing ratio at end of period, %	74	69	73	103	74	73	73
Shareholders' equity per share at end of period, EUR	2.48	2.54	2.46	2.22	2.48	2.46	2.59
Interest-bearing net liabilities, EUR million	605.9	577.6	595.4	758.5	605.9	595.4	625.2
Gross investments, EUR million	21.5	9.2	17.5	9.7	30.7	27.2	66.1
Deliveries, 1 000 tonnes							
Paperboard	311	311	289	295	622	584	1,188
Paper	158	186	165	185	344	350	681
Personnel at the end of period	3,401	3,239	3,597	3,818	3,401	3,597	3,279

Deliveries are not comparable due to restructuring.

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

Result for January–June compared to the previous quarter
Metsä Board's sales were EUR 502.8 million (Q1/2013: 535.0). Comparable sales decreased by 6.0 per cent. The operating result was EUR 28.9 million (34.8), and the operating result excluding non-recurring items was EUR 26.0 million (30.2).

Non-recurring items in the April–June operating result were EUR +2.9 million net, of which the most significant was EUR +2.5 million associated with the sale of the old paper machine in Äänekoski.

The non-recurring items in the previous quarter totalled EUR +4.6 million net.

The operating result excluding non-recurring items was at the level of the previous quarter. The delivery volume of folding boxboard increased slightly, and the delivery volume of white-top kraftliner remained at a good level. The production volume of folding boxboard decreased slightly from the previous quarter mainly due to planned maintenance shutdowns. The delivery volume of papers decreased, partly for seasonal reasons. The average sales prices of liner and uncoated fine paper increased slightly, and the market price of folding boxboard was stable. The average prices of coated papers declined. The price of pulp continued to increase.

The total delivery volume of the Paperboard business area in April–June was 311,000 tonnes (Q1/2013: 311,000). Deliveries in the Paper business amounted to 158,000 tonnes (186,000).

Financial income and expenses in the period totalled EUR -7.6 million (-26.3). The higher financing expenses in the previous quarter were mainly due to approximately EUR 8 million in additional interest caused by the early repayment 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 +0.3 million (-1.9). Net interest and other financial income and expenses amounted to EUR -7.9 million (-24.4). Other financial income and expenses include EUR 3.4 million of valuation gains on interest rate hedges (a valuation gain of 1.2).

The result before taxes for the period under review was EUR 21.3 million (8.5). The result before taxes excluding non-recurring items totalled EUR 18.5 million (3.9). Income taxes amounted to EUR -3.7 million (-0.5).

Earnings per share were EUR 0.06 (0.02). Earnings per share excluding non-recurring items were EUR 0.05 (0.01). The return on equity was 8.5 per cent (3.8), and 7.4 per cent (1.6) excluding non-recurring items. The return on capital employed was 6.7 per cent (7.7); 6.1 per cent (6.8) excluding non-recurring items.

Result for January–June compared to the corresponding period last year
Metsä Board's sales were EUR 1,037.8 million (Q1–Q2/2012: 1,066.8). Comparable sales were down 2.4 per cent. Sales decreased as a result of the closure of unprofitable paper business operations and restructurings. The sales excluding the impact of discontinued and sold units and product groups remained at the same level as in the corresponding period last year.

The operating result was EUR 63.7 million (158.4), and the operating result excluding non-recurring items was EUR 56.2 million (25.9).

The non-recurring items in the operating result were EUR +7.5 million net. The non-recurring items in the corresponding period previous year recognised in the operating result were EUR +132.5 million net.

The operating result excluding non-recurring items compared to the corresponding period last year was improved by the considerable increase in the delivery volumes of folding boxboard and coated white-top kraftliner, reduced losses from units closed and restructured, as well as the increase in the prices of short-fibre pulp and high yield pulp. The operating result was weakened, in particular, by the lower prices of coated papers as well as stronger Swedish krona and weaker British pound.

In January–June, the total delivery volume of the Paperboard business area was 622,000 tonnes (584,000). Deliveries in the Paper business amounted to 344,000 tonnes (350,000). The delivery volumes are not comparable due to the restructuring measures.

Financial income and expenses totalled EUR -33.9 million (-17.8). The higher financing expenses in the previous quarter, compared to the corresponding period last year, were mainly due to approximately EUR 8 million in additional interest caused by the early repayment 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 -1.6 million (2.3). Net interest and other financial income and expenses amounted to EUR -32.3 million (-20.1). Pohjolan Voima Oy paid a dividend of EUR 6 million in the comparison period. Other financial income and expenses included EUR 4.6 million of valuation gains on interest rate hedges (a valuation gain of 10.5).

The result before taxes for the period under review was EUR 29.8 million (140.9). The result before taxes excluding non-recurring items was EUR 22.4 million (8.4). The impact of income taxes was EUR -4.2 million (-15.7).

Earnings per share were EUR 0.08 (0.38). Earnings per share excluding non-recurring items were EUR 0.06 (0.02). The return on equity was 6.1 per cent (32.3), and 4.5 per cent (2.1) excluding non-recurring items. The return on capital employed was 7.1 per cent (17.5); 6.3 per cent (3.6) excluding non-recurring items.

Personnel
The number of personnel was 3,401 at the end of June (30 June 2012: 3,597), of whom 1,701 (1,769) people worked in Finland. In January–June 2013, Metsä Board employed 3,284 (3,743) people on average.

Investments
Gross investments in January–June totalled EUR 30.7 million (Q1–Q2/2012: 27.2), which includes Metsä Board's commitment to purchase Pohjolan Voima Oy's shares for approximately EUR 6 million in the coming years.

Structural changes
In January 2013, Metsä Board divested the Alizay mill site in France, including the equipment and buildings, to Conseil Général de l'Eure, representing the French government, for EUR 22 million.

The market situation in the paper industry is difficult, and new measures have been launched to improve the profitability of the Husum mill. A new programme to seek annual cost savings of EUR 15 million is underway at the mill, and the goal is to find new, more profitable products both in parallel to and as replacements for current products. An example of such products is the new lightweight uncoated kraftliners, production of which started at Husum in April. Husum's kraftliner production is estimated to be approximately 20,000 tonnes in the second half of 2013, and the targeted production in 2014 is 80,000 tonnes at minimum. The positive impact of the above mentioned measures on Husum's annual operating result is estimated to be approximately EUR 25 million compared to the actual performance in the first half of 2013. The result impact is estimated to materialize mostly in 2014 and fully as of 2015.

Pending disputes

In November 2012, UPM-Kymmene Corporation initiated arbitration proceedings against Metsä Board. The claim is the result of a transaction completed in May 2012, in which Metsä Board sold 7.3 percentage points of its holding in Metsä Fibre Oy to the Japanese Itochu Corporation for EUR 138 million.

In the arbitration proceedings, UPM is primarily claiming EUR 58.5 million in damages and secondarily the reimbursement of an alleged unjustified benefit of EUR 58.5 million jointly from Metsäliitto Cooperative and Metsä Board. The claim is based on an alleged breach of the co-sale clause of the Metsä Fibre shareholder agreement signed in 2009.

Metsä Board denies UPM’s claim as unfounded in its entirety and is not making any provisions because of it. The claim has no impact on the transaction with Itochu or cooperation between the parties, and is not associated with commercial agreements entered into with Itochu.

The end result of the dispute initiated by UPM will be communicated later, after the Arbitration Court has issued its resolution on the matter.

Financing

Metsä Board’s equity ratio at the end of June was 32.4 per cent (31 December 2012: 33.2) and the gearing ratio was 130 per cent (2012: 130). The net gearing ratio was 74 per cent (2012: 73).

The change in the fair value of investments available for sale during the period under review was approximately EUR -34.2 million, related primarily to the decline in the fair value of Pohjolan Voima Oy's shares due to the change in the market price of electricity.

Net interest-bearing liabilities totalled EUR 605.9 million at the end of June (625.2). Foreign-currency-denominated loans accounted for 1 per cent; 75 per cent were floating-rate, and the rest were fixed-rate. At the end of June, the average interest rate on loans was 3.9 per cent and the average maturity of long-term loans 2.5 years. The interest rate maturity of loans was 11.5 months at the end of June. During the period, the interest rate maturity varied between 10 and 14 months.

Cash flow from operations amounted to EUR 60.5 million (Q1–Q4/2012: 42.4). Working capital increased by EUR 7.8 million (a decrease of 17.9). In the cash flow statement, the net financial expenses for the period include a dividend of EUR 24.9 million (33.4) paid by Metsä Fibre. In the cash flow statement, the April–June net financial expenses are higher than in January–March due to the timing of interest payments and Metsä Fibre's dividend.

At the end of the period under review, an average of 5.2 months of the net foreign currency exposure was hedged. The degree of hedging varied between four and six months during the period. Non-euro-denominated shareholders' equity was not hedged at the end of the review period.

In March, Metsä Board prematurely paid off the remaining USD 121 million of the USD private placement. In April, Metsä Board paid off the remaining portion of EUR 450 million of the EUR 500 eurobond on the due date and drew EUR 500 million of the syndicated credit agreement signed in May 2012. Share pledges, real estate mortgages and a floating charge were used as collateral. The credit agreement includes financial covenants concerning 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, as well as changes in the statutory majority in shareholding. Metsä Board has considerable headrooms in relation to covenants set in the credit facilities. The EUR 100 million revolving credit facility included in the syndicated credit agreement is completely undrawn. Of the loans drawn, EUR 150 million will fall due on 30 June 2014 and EUR 350 million on 31 March 2016.

Metsä Board's liquidity has remained strong. At the end of the period under review, available liquidity was EUR 509.6 million, of which EUR 100.0 million consisted of revolving credit facility, EUR 48.5 million consisted of undrawn pension premium (TyEL) funds and EUR 361.1 million of liquid assets and investments. At the end of June, EUR 320.5 million of the liquid assets and investments are assets deposited by other Metsä Group businesses in Metsä Finance. In addition, Metsä Board had other interest-bearing receivables totalling EUR 93.4 million. The Group's liquidity reserve is complemented by uncommitted domestic and foreign commercial papers and credit facilities worth EUR 524.5 million.

In May, Moody's Investors Service upgraded Metsä Board's credit rating from level B3 to B2. The outlook of the rating is stable. The upgraded credit rating did not have an impact on Metsä Board's current financial expenses.

Shares

In January–June, the highest price for Metsä Board's A share on the NASDAQ OMX Helsinki Ltd. was EUR 2.88, the lowest was EUR 2.20, and the average price was EUR 2.41. At the end of June, the price of the A share was EUR 2.45. At the end of 2012, the price of the A share was EUR 2.21, while the average price in 2012 was EUR 2.34.

In January–June, the highest price of Metsä Board's B share was EUR 2.86, the lowest was EUR 2.18, and the average price was EUR 2.45. At the end of June, the price of the B share was EUR 2.54. At the end of 2012, the price of the B share was EUR 2.22, while the average price in 2012 was EUR 2.00.

The trading volume of the A share was EUR 1 million, or 1 per cent of the share capital. The trading volume of the B share was EUR 70 million, or 10 per cent of the share capital. The market value of the A and B shares totalled EUR 830 million at the end of June.

Metsäliitto Cooperative owned 40 per cent of the shares at the end of June. The voting rights conferred by these shares amounted to 61 per cent. International investors held 11 per cent of the shares.

The company does not hold any treasury shares.

On 19 April 2013, pursuant to section 14 of the Articles of Association, the conversion of 236,123 Metsä Board Corporation A shares into 236,123 B shares was entered into the Trade Register. In addition, the conversion of 50,000 Metsä Board Corporation A shares into 50,000 B shares was entered into the Trade Register on 7 June 2013. The combined number of votes after the conversions was 1,012,230,725. After the conversions, the number of A shares was 36,003,427, which confer 71 per cent of the company's votes, and the number of B shares was 292,162,185, which confer 29 per cent of the company's votes.

Near-term outlook

The delivery volumes of folding boxboard are estimated to be approximately at the previous quarter's level in the third quarter of 2013. Final decision on the possible folding boxboard price increase during the coming months has not yet been taken.

Demand for white-top kraftliner is expected to continue to be very strong, and delivery volumes are estimated to increase slightly in the third quarter of 2013, taking into account also the increasing sales volumes of fully-bleached kraftliner at Husum. The average price level of white-top kraftliner is estimated to be approximately at the previous quarter's level in the third quarter.

Delivery volumes of uncoated fine paper and coated paper are expected to be approximately at the previous quarter's level in the third quarter of 2013. No significant changes in the price of uncoated fine paper or coated paper are in sight.

Delivery volumes of market pulp are estimated to be at the previous quarter's level. The average price of pulp is not estimated to change materially in the third quarter.

Production costs in the third quarter of 2013 are expected to be approximately at the same level as in the previous quarter.

Extensive maintenance shutdowns in accordance with the annual plan will be carried out at the Husum and Kemi integrated mills in the third quarter of 2013.

Metsä Board's operating result, excluding non-recurring items, is in the third quarter of 2013 expected to be weaker than in the second quarter of 2013 primarily due to the maintenance shutdowns at Husum and Kemi mills.

Near-term business risks
A further slowdown in the global economy and the possible steepening of the downward trend in the euro region may weaken the demand for pulp and paper products, in particular, and reduce prices.

Because the forward-looking estimates and statements in these financial statements are based on current plans and estimates, they contain risks and other uncertain factors that may cause the results to differ from these statements. In the short term, Metsä Board's result will be particularly affected by the price of, 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 the British pound. More information on longer-term risk factors can be found on pages 31 and 32 of Metsä Board's 2012 Annual Report.

METSÄ BOARD CORPORATION

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More information will be available starting from 1 p.m. on 1 August 2013. A conference call held in English for investors and analysts starts at 3 p.m. (EET). Conference call participants are requested to dial in and register a few minutes prior to the start of the conference call on the following numbers:

Europe: +44 (0)20 7162 0025

US: +1 334 323 6201

The conference ID is 933422.

BUSINESS AREAS AND MARKET TRENDS

Paperboard business area

Paperboard	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2013 Q1-Q2	2012 Q1-Q2	2012 Q1-Q4
Sales, EUR million	289.1	293.3	279.2	289.1	273.6	582.4	554.3	1,122.6
EBITDA, EUR million	36.8	43.9	47.0	40.7	35.9	80.7	76.5	164.2
excl. non-recurring items	36.2	43.9	40.4	41.0	36.7	80.1	77.4	158.8
Operating result, EUR million	27.9	32.3	34.0	28.6	23.3	60.2	50.2	112.8
excl. non-recurring items	24.8	32.3	27.4	28.8	24.1	57.1	51.3	107.5
excl. non-recurring items, %	8.6	11.0	9.8	10.0	8.8	9.8	9.3	9.6
Return on capital employed, %	17.0	20.1	21.2	17.8	14.4	18.5	15.3	17.2
excl. non-recurring items, %	15.1	20.1	17.1	18.0	14.9	17.5	15.6	16.4
Deliveries, 1,000 tonnes	311	311	298	306	289	622	584	1,188
Production, 1,000 tonnes	318	335	325	308	286	653	568	1,201
Personnel at the end of period	1,862	1,715	1,722	1,806	2,028	1,862	2,028	1,722

Delivery and production amounts are not completely comparable due to structural change.

<u>April–June result compared with the previous quarter</u>
Paperboard's operating result excluding non-recurring items weakened from the previous quarter and was EUR 24.8 million (Q1/2013: 32.3). Folding boxboard deliveries increased slightly, and there were no significant changes in the market price. The result compared to the the previous quarter was weakened mainly by the production volume of folding boxboard, which was reduced primarily due to the planned maintenance shutdowns as well as to the average sales price of folding boxboard, which decreased slightly as a result of changes in the product and market mix. Demand for white-top kraftliner continued to be strong and the average sales price increased slightly.

The result included EUR +3.1 million of non-recurring items, of which the most significant was EUR +2.5 million associated with the sale of the old paper machine in Äänekoski. The result for the previous quarter did not include non-recurring items.

The deliveries of European folding boxboard producers increased by approximately 2 per cent compared to the previous quarter. The deliveries of folding boxboard in the Paperboard business area increased by 2 per cent.

<u>January–June result compared with the corresponding period in the previous year</u>
Paperboard's operating result excluding non-recurring items improved compared to the corresponding period in the previous year and was EUR 57.1 million (Q1–Q2/2012: 51.3). The result was improved by the considerable increase in the delivery volumes of folding boxboard and coated white-top kraftliner, as well as reduced losses in the units closed and restructured. The average sales price of folding boxboard was slightly lower than in the previous year, but the price of kraftliner was slightly higher.

The result included non-recurring items of EUR +3.1 million net. The result for the corresponding period in the previous year included a non-recurring item of EUR -1.0 million.

The deliveries of European folding boxboard producers increased by 8 per cent compared to the level of the corresponding period in the previous year. The deliveries of folding boxboard in the Paperboard business area increased by 10 per cent.

Paper and Pulp business area

Paper and Pulp	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2013 Q1-Q2	2012 Q1-Q2	2012 Q1-Q4
Sales, EUR million	198.4	216.5	209.5	223.3	228.9	414.8	474.1	907.0
EBITDA, EUR million	17.7	16.7	8.6	14.7	18.6	34.4	17.1	40.4
excl. non-recurring items	17.7	12.1	11.4	16.8	18.6	29.8	20.3	48.4
Operating result, EUR million	3.8	2.6	8.2	-0.3	4.6	6.4	-11.1	-3.3
excl. non-recurring items	3.8	-2.0	0.3	1.7	4.6	1.8	-7.8	-5.8
excl. non-recurring items, %	1.9	-0.9	0.1	0.8	2.0	0.4	-1.6	-0.6
Return on capital employed, %	2.4	1.6	5	-0.2	3.0	2.0	-3.6	-0.5
excl. non-recurring items, %	2.4	-1.2	0.2	1.1	3.0	0.6	-2.5	-0.9
Deliveries, Paper 1,000 tonnes	158	186	162	169	165	344	350	681
Deliveries, Pulp 1,000 tonnes	155	171	184	192	210	326	428	804
Production, Paper 1,000 tonnes	169	174	171	164	169	343	350	685
Production, Metsä Board Pulp 1,000 tonnes	308	314	332	292	297	622	610	1,234
Personnel at the end of period	979	956	982	989	986	979	986	982

Delivery and production amounts are not completely comparable due to structural change.

April–June result compared with the previous quarter
Paper and Pulp's operating result excluding non-recurring items improved from the previous quarter and was EUR 3.8 million (Q1/2013: -2.0). The result was improved by the increase in the average selling price of pulp. The delivery volume of papers decreased, partly for seasonal reasons. The price of uncoated fine paper increased slightly and the price of coated papers decreased slightly.

The result does not include non-recurring items. The result for the previous quarter included non-recurring items of EUR +4.6 million net.

Total deliveries by European uncoated fine paper producers were down by 3 per cent. Paper and Pulp's delivery volume of uncoated fine paper decreased by 18 per cent.

January–June result compared with the corresponding period in the previous year
Paper and Pulp's operating result excluding non-recurring items improved compared to the corresponding period in the previous year and was EUR +1.8 million (Q1–Q2/2012: -7,8). The result was improved by the considerable reduction in the losses of the units closed and restructured, as well as increased prices of short-fibre pulp and high yield pulp. By contrast, the result was weakened by, in particular, the lower prices of coated papers as well as the stronger Swedish krona.

The result includes a total of EUR +4.6 million in non-recurring items. The result for the corresponding period last year included non-recurring items of a total of EUR -3.3 million.

Total deliveries by European uncoated fine paper producers were down by 4 per cent compared to the previous year. Paper and Pulp's delivery volume of uncoated fine paper decreased by 11 per cent.

Sales and result by segment

EUR million	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2013 Q1-Q2	2012 Q1-Q2	2012 Q1-Q4
Paperboard	289.1	293.3	279.2	289.1	273.6	582.4	554.3	1,122.6
Paper and Pulp	198.4	216.5	209.5	223.3	228.9	414.8	474.2	907.0
Other operations	76.2	76.2	93.8	90.7	90.8	152.3	179.4	363.6
Internal sales	-60.9	-50.9	-74.0	-70.9	-71.0	-111.8	-141.0	-285.6
Sales	**502.8**	**535.0**	**508.5**	**532.2**	**522.3**	**1,037.8**	**1,066.8**	**2,107.5**
Paperboard	36.8	43.9	47.0	40.7	35.9	80.7	76.5	164.2
Paper and Pulp	17.7	16.7	8.6	14.7	18.6	34.4	17.1	40.4
Other operations	-1.8	0.8	-1.8	-3.4	135.4	-1.0	122.0	116.8
EBITDA	**52.7**	**61.4**	**53.8**	**52.0**	**189.9**	**114.1**	**215.6**	**321.4**
% of sales	10.5	11.5	10.6	9.8	36.4	11.0	20.2	15.3
Paperboard	27.9	32.3	34.0	28.6	23.3	60.2	50.2	112.8
Paper and Pulp	3.8	2.6	8.2	-0.3	4.6	6.4	-11.1	-3.3
Other operations	-2.7	-0.1	-2.4	-4.9	134.1	-2.9	119.3	111.6
Operating result	**28.9**	**34.8**	**39.8**	**23.4**	**162.0**	**63.7**	**158.4**	**221.1**
% of sales	5.8	6.5	7.8	4.4	31.0	6.2	14.8	10.5
Non-recurring items in operating result								
Paperboard	3.1	0.0	6.6	-0.2	-0.8	3.1	-1.1	5.3
Paper and Pulp	0.0	4.6	7.9	-2.0	0.0	4.6	-3.3	2.6
Other operations	-0.2	0.0	1.7	0.1	143.0	-0.2	136.9	138.7
Group	**2.9**	**4.6**	**16.2**	**-2.1**	**142.2**	**7.5**	**132.5**	**146.6**
Paperboard	36.2	43.9	40.4	41.0	36.7	80.1	77.4	158.8
Paper and Pulp	17.7	12.1	11.4	16.8	18.6	29.8	20.3	48.6
Other operations	-1.8	0.8	-2.8	-3.8	-7.5	-1.0	-14.7	-21.3
EBITDA, excl. non-recurring items	**52.1**	**56.8**	**49.0**	**54.0**	**47.8**	**108.9**	**83.0**	**186.0**
% of sales	10.4	10.6	9.6	10.1	9.2	10.5	7.8	8.8
Paperboard	24.8	32.3	27.4	28.8	24.1	57.1	51.3	107.5
Paper and Pulp	3.8	-2.0	0.3	1.7	4.6	1.8	-7.8	-5.8
Other operations	-2.6	-0.2	-4.1	-5.0	-8.9	-2.7	-17.6	-26.7
Operating result, excl. non-recurring items	**26.0**	**30.2**	**23.6**	**25.5**	**19.8**	**56.2**	**25.9**	**74.9**
% of sales	5.2	5.6	4.6	4.8	3.8	5.4	2.4	3.6
Operating result, excl. non-recurring items, % of sales								
Paperboard	8.6	11.0	9.8	10.0	8.8	9.8	9.3	9.6
Paper and Pulp	1.9	-0.9	0.1	0.8	2.0	0.4	-1.6	-0.6
Group	**5.2**	**5.6**	**4.6**	**4.8**	**3.8**	**5.4**	**2.4**	**3.6**

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Return on capital employed %								
Paperboard	17.0	20.1	21.2	17.8	14.4	12.3	15.3	17.2
Paper and Pulp	2.4	1.6	5.0	-0.2	3.0	-14.3	-3.6	-0.5
Group	**6.7**	**7.7**	**8.7**	**5.4**	**35.9**	**-1.5**	**17.8**	**12.4**
Capital employed, EUR million								
Paperboard	663	650	639	647	638	663	638	639
Paper and Pulp	639	641	654	643	613	639	613	654
Unallocated and eliminations	577	573	674	685	679	577	679	674
Group	**1,878**	**1,864**	**1,966**	**1,975**	**1,930**	**1,878**	**1,930**	**1,966**

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 **1,000 tonnes**	**2013** **Q2**	**2013** **Q1**	**2012** **Q4**	**2012** **Q3**	**2012** **Q2**	**2013** **Q1-Q2**	**2012** **Q1-Q2**	**2012** **Q1-Q4**
Paperboard	311	311	298	306	289	622	584	1,188
Paper	158	186	162	169	165	344	350	681
Market Pulp	155	171	184	192	210	326	428	804

Production **1,000 tonnes**	**2,013** **Q2**	**2,013** **Q1**	**2,012** **Q4**	**2,012** **Q3**	**2,012** **Q2**	**2,013** **Q1-Q2**	**2,012** **Q1-Q2**	**2,012** **Q1-Q4**
Paperboard	318	335	325	308	286	653	568	1,201
Paper	169	174	171	164	169	343	350	685
Metsä Fibre pulp [1)]	141	143	140	144	145	284	326	610
Metsä Board pulp	308	314	332	292	297	622	610	1,234

Delivery and production amounts are not completely comparable due to structural changes.
[1)] Corresponds to Metsä Board's ownership share of 32.0% in Metsä Fibre until 30 April 2012 and starting 1 May 2012 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)

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Unaudited interim condensed consolidated statement of comprehensive income

EUR million	Note	Three months ended June 30 2013	Three months ended June 30 restate 2012	Six months ended June 30 2013	Six months ended June 30 restate 2012	Year ended December 31 restate 2012
Sales	2,6	**502.8**	**522.2**	**1,037.8**	**1,066.8**	**2,107.6**
Change in stocks of finished goods and work in progress		12.6	-2.0	5.6	-23.5	-5.1
Other operating income	2,6	14.8	155.4	26.4	167.8	194.4
Material and services	6	-379.8	-380.8	-766.5	-772.3	-1560.9
Employee costs	1	-62.6	-63.5	-122.0	-129.0	-249.0
Share of profits from associated companies	6	8.2	6.6	16.7	17.1	29.2
Depreciation, amortization and impairment losses	2	-23.8	-28.0	-50.4	-57.3	-100.3
Other operating expenses		-43.3	-47.9	-83.9	-111.2	-194.8
Operating result	2	**28.9**	**162.0**	**63.7**	**158.4**	**221.1**
Share of profits from associated companies		0.0	0.0	0.0	0.3	0.0
Net exchange gains and losses		0.3	0.3	-1.6	2.3	5.0
Other net financial items	1,2,6	-7.9	-2.9	-32.3	-20.1	-52.2
Result before income tax		**21.3**	**159.4**	**29.8**	**140.9**	**173.9**
Income taxes	1,3	-3.7	-18.8	-4.2	-15.7	-2.6
Result for the period		**17.6**	**140.6**	**25.6**	**125.2**	**171.3**

Other comprehensive income						
Items that will not be reclassified to profit or loss	1					
Actuarial gains/losses on defined pension plans		-5.2	0.0	-5.2	0.0	-14.9
Income tax relating to items that will not be reclassified		1.6	0.0	1.6	0.0	4.5
Total		**-3.6**	**0.0**	**-3.6**	**0.0**	**-10.4**
Items that may be reclassified to profit or loss						
Cash flow hedges		-10.1	-4.6	-6.3	-1.1	3.2
Available for sale financial assets	8	-15.4	-75.9	-34.2	-70.5	-72.3
Translation differences		-13.9	2.3	-6.4	4.4	10.1
Share of profits from associated companies		-2.1	-2.9	-3.1	-1.5	-1.1
Income tax relating to components of other comprehensive income		6.3	19.8	9.9	17.6	17.0
Total		**-35.2**	**-61.3**	**-40.1**	**-51.1**	**-43.1**
Other comprehensive income, net of tax		**-38.8**	**-61.3**	**-43.7**	**-51.1**	**-53.5**
Total comprehensive income for the period		**-21.2**	**79.3**	**-18.1**	**74.1**	**117.8**
Result for the period attributable to						
Shareholders of parent company		17.6	140.6	25.6	125.4	171.1
Non-controlling interests		0.0	0.0	0.0	-0.2	0.2
Total comprehensive income for the period attributable to						
Shareholders of parent company		-21.2	79.3	-18.1	74.3	117.6
Non-controlling interests		0.0	0.0	0.0	-0.2	0.2
Total		-21.2	79.3	-18.1	74.1	117.8
Earnings per share for result attributable to shareholders of parent company (EUR/share)		0.06	0.43	0.08	0.38	0.52

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

Unaudited condensed consolidated balance sheet		As of June 30		As of December 31	January 1
			restate	restate	restate
EUR million	Note	**2013**	**2012**	**2012**	**2012**
ASSETS					
Non-current assets					
Goodwill		12.7	12.7	12.7	12.7
Other intangible assets		17.0	12.8	13.9	14.3
Tangible assets	4	858.4	916.0	894.4	941.1
Investments in associated companies		189.0	188.1	200.3	261.7
Available for sale investments	8	241.2	266.1	269.6	341.3
Other non-current financial assets	1,6,8	25.0	26.1	30.5	22.3
Deferred tax receivables	1	10.8	5.6	9.2	3.5
		1,354.1	**1,427.4**	**1,430.6**	**1,596.9**
Current assets					
Inventories		317.4	294.0	303.3	334.7
Accounts receivables and other receivables	6	498.9	471.5	398.2	444.2
Cash and cash equivalents		361.1	419.0	428.5	305.0
		1,177.4	**1,184.5**	**1,130.0**	**1,083.9**
Assets classified as held for sale	4		2.4	20.6	6.8
Total assets		**2,531.5**	**2,614.3**	**2,581.2**	**2,687.6**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Equity attributable to shareholders of parent company		813.0	807.7	850.7	733.2
Non-controlling interests		5.0	4.8	5.5	5.1
Total equity	1	**818.0**	**812.5**	**856.2**	**738.3**
Non-current liabilities					
Deferred tax liabilities	1	106.6	134.9	117.0	154.0
Post-employment benefit obligations	1	92.7	74.2	88.2	78.4
Provisions	5	16.4	27.3	20.2	31.5
Borrowings		536.9	325.6	302.3	857.9
Other liabilities	8	23.7	24.1	29.1	27.8
		776.3	**586.1**	**556.8**	**1,149.6**
Current liabilities					
Provisions	5	23.3	77.4	45.2	139.5
Current borrowings	6	523.6	792.0	807.7	278.8
Accounts payable and other liabilities	6,8	390.3	346.3	315.3	381.4
		937.2	**1,215.7**	**1,168.2**	**799.7**
Total liabilities		**1,713.5**	**1,801.8**	**1,725.0**	**1,949.3**
Total shareholders' equity and liabilities		**2,531.5**	**2,614.3**	**2,581.2**	**2,687.6**

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	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 1 January 2012		557.9	25.4	227.7	284.8	-364.1	731.7	5.1	736.8
Effect of IAS 19						1.5	1.5		1.5
Shareholders' equity, 1 January 2012, restate		557.9	25.4	227.7	284.8	-362.6	733.2	5.1	738.3
Comprehensive income for the period									
Result for the period						125.4	125.4	-0.2	125.2
Other comprehensive income net of tax total			4.7	-55.8		0.0	-51.1	0.0	-51.1
Comprehensive income total			**4.7**	**-55.8**		**125.4**	**74.3**	**-0.2**	**74.1**
Share based payments						0.1	0.1		0.1
Related party transactions									
Dividends paid									0
Shareholders' equity, 30 June 2012		**557.9**	**30.1**	**171.9**	**284.8**	**-237.2**	**807.6**	**4.9**	**812.5**

EUR million	Note	Equity attributable to shareholders of parent company: Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 1 January 2013		557.9	35.9	174.0	284.8	-191.3	861.3	5.5	866.8
Effect of IAS 19									
Shareholders' equity, 1 January 2013, restate		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		-3.6	-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**	**-199.6**	**813.0**	**5.0**	**818.0**

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

Unaudited condensed consolidated cash flow statement

		Six months ended		Year ended	Three months ended
		June 30		December 31	June 30
EUR million	Note	**2013**	**2012**	**2012**	**2013**
Result for the period		25.6	125.2	171.3	17.6
Total adjustments	7	42.7	-149.2	-146.8	13.8
Change in working capital		-7.8	31.0	17.9	-7.2
Cash flow from operations		**60.5**	**7.0**	**42.4**	**24.2**
Net financial items	7	-20.4	-7.2	-42.1	-27.3
Income taxes paid		0.4	-4.0	-1.8	-0.6
Net cash flow from operating activities		**40.5**	**-4.2**	**-1.5**	**-3.7**
Acquisition of other shares				-5.4	-1.5
Investments in intangible and tangible assets		-22.3	-27.3	-58.2	-13.1
Disposals and other items	7	26.2	212.9	223.3	2.3
Net cash flow from investing activities		**3.9**	**185.6**	**159.7**	**-12.3**
Other changes in equity				-0.2	0.0
Changes in non-current loans and in other financial items		-90.0	-67.6	-34.6	56.6
Dividends paid		-20.2	0.0	0.0	-19.7
Net cash flow from financing activities		**-110.2**	**-67.6**	**-34.8**	**36.9**
Changes in cash and cash equivalents		**-65.8**	**113.8**	**123.4**	**20.9**
Cash and cash equivalents at beginning of period		428.5	305.0	305.0	340.3
Translation difference in cash and cash equivalents		-0.1	0.2	0.1	-0.1
Changes in cash and cash equivalents		-67.3	113.8	123.4	20.9
Cash and cash equivalents at end of period		**361.1**	**419.0**	**428.5**	**361.1**

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 2012 IFRS financial statements. The same accounting policies have been applied as in the 2012 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 2013:

Amendments to IAS 1 Presentation of Financial Statements (effective for financial years beginning on or after 1 July 2012): The major change is the requirement to group items of other comprehensive income as to whether or not they will be reclassified subsequently to profit or loss when specific conditions are met. The amendments only have an impact on the presentation of Group's other comprehensive income.

Amendment to IAS 19 Employee Benefits: The major changes are as follows: in future all actuarial gains and losses are immediately recognized in other comprehensive income, i.e. the corridor approach is eliminated, and finance costs are calculated on a net funding basis. The comparative data has been restated due to amendment.

IFRS 13 Fair Value Measurement: IFRS 13 establishes a single source for all fair value measurements and disclosure requirements for use across IFRSs. The new standard also provides a precise definition of fair value. IFRS 13 does not extend the use of fair value accounting, but it provides guidance on how to measure fair value under IFRSs when fair value is required or permitted. IFRS 13 will expand the disclosures to be provided for non-financial assets measured at fair value.

Annual Improvements to IFRSs 2009-2011 (May 2012): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total five standards.

Amendments to IFRS 7 Financial Instruments: Disclosures: The amendments clarify disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements. The disclosures required by those amendments are to be provided retrospectively.

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 1 August 2013.

The impacts of amendment to IAS 19 Employee Benefits on the comparative data of balance sheet and the statement of comprehensive income presented in this interim report are as follows:

EUR million	Old accounting principle	New accounting principle	Effect of change in accounting principle
As of June 30, 2012			
Non-current assets			
Other non-current financial assets	14.5	13.7	-0.8
Deferred tax receivables	5.7	5.6	-0.1
Non-current liabilities			
Deferred tax liabilities	135.0	134.9	-0.1
Post-employment benefit obligations	76.4	74.2	-2.2
Total equity	811.1	812.5	1.4
Income statement January-June 2012			
Employee costs	130.6	129.0	-1.6
Other net financial items	18.4	20.1	1.7
Income taxes	15.7	15.7	0.0
Other comprehensive income January-June 2012			
Items that will not be reclassified to profit or loss			
Actuarial gains/losses on defined pension plans		0.0	0.0
Income tax relating to items that will not be reclassified		0.0	0.0

The impacts of amendment to IAS 19 Employee Benefits on the comparative data of balance sheet and the statement of comprehensive income as of January 1, 2012 and as of December 31, 2012 have been presented in Metsä Board Interim Report 1 January – 31 March 2013.

Note 2 – Segment information

The Corporate Management Team is the chief operational decision-maker, which monitors the business operations based on the operating segments. The company operates through two business areas that are also the company's reporting segments: Paperboard and Paper and Pulp.

The Paperboard business area includes the Kemi, Kyro, Simpele, Tako and Äänekoski board mills, Kyro wallpaper base machine and Joutseno BCTMP mill located in Finland as well as the Gohrsmühle mill in Germany. The Paper and Pulp business area includes Husum paper and pulp mill in Sweden, Alizay mill in France and Kaskinen BCTMP mill located in Finland. Production at Alizay mill ended in October 2011 and Alizay mill was disposed in January 2013.

The associated company result of Metsä Fibre has been allocated to business segments based on their respective pulp consumption and is reported in EBITDA. Approximately 80 per cent of the result impact of Metsä Fibre ownership is included in the Paperboard business area and the rest in the Paper and Pulp business area.

The sales of the reporting segments are mainly generated by sales of board and paper, but the sales of the Paper and Pulp 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, 2013			Six months ended June 30, 2012		
	External	Internal	Total	External	Internal	Total
Paperboard	582.5	0.0	582.5	544.2	0.1	544.3
Paper and Pulp	409.8	5.0	414.8	474.1	0.0	474.1
Other operations	45.5	106.8	152.3	38.5	140.9	179.4
Elimination of intersegment sales		-111.8	-111.8		-141.0	-141.0
Total sales	1,037.8	0.0	1,037.8	1,066.8	0.0	1,066.8

EUR million	Year ended December 31, 2012		
	External	Internal	Total
Paperboard	1,122.5	0.1	1,122.6
Paper and Pulp	907.0	0.0	907.0
Other operations	78.1	285.5	363.6
Elimination of intersegment sales		-285.6	-285.6
Total sales	2,107.6	0.0	2,107.6

Operating result by operating segments

	Six months ended June 30,		Year ended December 31
EUR million	2013	2012	2012
Paperboard	60.2	50.2	112.8
Paper and Pulp	6.4	-11.1	-3.3
Other operations	-2.9	119.3	111.6
Operating result total	63.7	158.4	221.1
Share of profit from associated companies	0.0	0.3	0.0
Finance costs, net	-33.9	-17.8	-47.2
Income taxes	-4.2	-15.7	-2.6
Result for the period	25.6	125.2	171.3

The non-recurring items of the operating result for six months ended 30 June 2013 stood at EUR +7.5 million. Paper and Pulp business area included EUR +4.6 million non-recurring items related to the disposal of Alizay mill site. Paperboard business area included EUR +3.1 million non-recurring items, the most significant of them being a reverse of impairment charge 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 related 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.

Assets by operating segments

EUR million	Six months ended June 30, 2013	2012	Year ended December 31 2012
Paperboard	965.7	895.1	919.8
Paper and Pulp	797.8	814.2	803.5
Other operations	358.6	447.1	446.4
Elimination	-57.6	-85.8	-93.3
Unallocated	467.0	543.7	504.8
Total	2,531.5	2,614.3	2,581.2

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).

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 2013 and 2012 and for the year ended 31 December 2012 are as follows:

	Six months ended June 30		Year ended December 31
EUR million	2013	2012	2012
Taxes for the current period	3.0	20.9	27.7
Taxes for the prior periods	0.1	0.0	0.0
Change in deferred taxes	1.1	-5.2	-25.1
Total income taxes	**4.2**	**15.7**	**2.6**

Note 4 – Changes in property, plant and equipment

The following shows the components of changes in property, plant and equipment for the three months ended 30 June 2013 and 2012 and for the year ended 31 December 2012:

	Six months ended June 30		Year ended December 31
EUR million	**2013**	**2012**	**2012**
Carrying value at beginning of period	894.4	941.1	941.1
Capital expenditure	22.6	27.0	61.0
Decreases	-3.1	-1.9	-2.3
Asset classified as held for sale	0.0	0.0	-21.2
Depreciation, amortization and impairment losses	-49.0	-55.2	-96.3
Translation difference	-6.5	5.0	12.1
Carrying value at end of period	**858.4**	**916.0**	**894.4**

Depreciation, amortization and impairment losses include in Paperboard business area a reverse of impairment charges of EUR 2.5 million due to sale of an old impaired paper machine at Äänekoski mill. In addition Other operations includes an impairment charge of EUR 0.2 million related 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 2013.

EUR million	Restructuring	Environmental obligations	Other provisions	Total
At 1 January 2013	**33.8**	**18.2**	**13.4**	**65.4**
Translation differences	-0.1	0.0	-0.1	-0.2
Increases	0.0	0.0	0.4	0.4
Utilized during the year	-22.1	-0.2	-1.2	-23.5
Unused amounts reversed	-1.0	-1.0	-0.4	-2.4
At 30 June, 2013	**10.6**	**17.0**	**12.1**	**39.7**

In Paper and Pulp there was a EUR 2.4 million reversal of provision related to disposal of Alizay mill site.

The non-current portion of provisions was some EUR 16.4 million and the current portion some EUR 23.3 million, total provisions being EUR 39.7 million. The non-current portion is estimated to be paid by the end of the year 2014.

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 2013 and 2012 and for the year ended 31 December 2012 are as follows:

Transactions and balances with parent and sister companies

	Six months ended June 30		Year ended December 31
EUR million	**2013**	**2012**	**2012**
Sales	37.3	29.8	60.9
Other operating income	2.3	61.0	66.2
Purchases	359.2	340.1	698.0
Share of profit from associated companies	16.7	17.1	29.2
Interest income	2.9	1.0	5.7
Interest expenses	0.6	0.5	1.1
Non-current receivables	3.8	4.7	3.8
Current receivables	119.3	126.6	81.9
Non-current liabilities	0.0	0.0	0.0
Current liabilities	406.1	288.7	343.2

Metsä Fibre's net result is included within operating result line item "Share of profits 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 2013.

Transaction with joint ventures

Joint ventures have been consolidated using line-by-line method proportionate to the Metsä Board Group´s holding. Metsä Board´s joint ventures are Äänevoima Oy (56.25%) and Ääneverkko Oy (56.25%). Group's consolidated Income statement and Balance sheet included assets, liabilities, income and costs as follows:

	Six months ended June 30		Year ended December 31
EUR million	**2013**	**2012**	**2012**
Sales	7.0	6.5	12.2
Expenses	7.3	6.7	12.3
Non-current assets	15.8	18.2	17.1
Current assets	4.5	4.5	4.3
Non-current liabilities	20.1	22.7	21.2
Current liabilities	3.4	3.2	3.2

Transactions with associated companies

	Six months ended June 30		Year ended December 31
EUR million	**2013**	**2012**	**2012**
Sales	0.0	0.0	0.1
Purchases	3.8	2.8	6.4
Non-current receivables	0.3	0.0	0.3
Current receivables	0.2	0.1	0.4
Current liabilities	2.8	2.3	2.1

Note 7 – Notes to condensed consolidated cash flow statement

Adjustments to the result for the period

	Six months ended June 30		Year ended December 31	Three months ended June 30
EUR million	2013	2012	2012	2013
Taxes	4.2	15.7	2.6	3.7
Depreciation, amortization and impairment charges	50.4	57.3	100.3	23.8
Share of results from associated companies	-16.8	-17.3	-29.2	-8.3
Gains and losses on sale of fixed assets	-2.9	-152.0	-158.4	-0.5
Finance costs, net	33.9	17.7	47.2	7.6
Provisions	-26.2	-70.6	-109.3	-12.6
Total	42.7	-149.2	-146.8	13.8

Net financial items

Net financial items in consolidated cash flow statement for six months ended 30 June 2013 include a dividend of EUR 24.9 million paid by Metsä Fibre.

Disposals and other items

Six months ended 30 June 2013 Disposals and other items, EUR 26.2 million, include EUR 26.2 million disposals. The most significant disposal were the sale of property, plant and equipment in Alizay mill site in January, EUR 22.4 million, and the disposal of the old papermachine in Äänekoski, EUR 2.5 million.

Note 8 – Financial instruments

Financial assets 30.06.2013

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	0.0	0.0	1,124.8	1,124.8

Financial liabilities 30.06.2013

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

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

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss, non-current				0.0
Available for sale financial assets	0.3		240.6	240.9
Financial assets at fair value through profit or loss, current	10.0			10.0
Derivative financial assets		14.0		14.0
Financial liabilities at fair value through profit or loss, current				0.0
Derivative financial liabilities	8.5	24.6		33.1

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

Eur million	Six months ended June 30 2013
Opening balance	269.3
Total gains and losses in profit or loss	0.0
Total gains and losses in other comprehensive income	-34.1
Purchases	5.7
Settlements	0.0
Closing balance	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 valuation techniques are described in more detail in the Annual report 2012.

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 2013 was 3.75 percentage. The acquisition cost of shares in Pohjolan Voima Oy is EUR 39.1 million and the fair value EUR 236.7 million.

The carrying amount of available-for-sale financial assets would be estimated to be EUR 2.4 million lower or EUR 2.5 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 31.5 million higher or EUR 31.5 million lower should, if energy prices used for calculating the fair value differ by 10% from prices estimated by the management.

Derivatives 30.6.2013

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	1,327.1	12.0	15.3	-3.3	2.2	-5.4	
Interest rate derivatives	1,327.1	12.0	15.3	-3.3	2.2	-5.4	
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			0.0
Currency swap agreements	46.4		1.1	-1.1			-1.1
Currency derivatives	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	98.5		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 contingencies

Securities and guarantees

The following shows securities and guarantees for the six months ended 30 June 2013 and 2012 and for the year ended 31 December 2012:

Securities and guarantees

	Six months ended June 30		Year ended December 31
EUR million	**2013**	**2012**	**2012**
Liabilities secured by pledges, real mortgages and Chattels mortgage	671.2	205.9	188.5
Pledges granted	590.7	168.1	178.6
Floating charge	603.0	3.0	3.0
Real estate mortgages	752.8	152.8	152.8
Total pledges and mortgages	1,946.5	323.9	334.4
As security for other own commitments	40.8	29.9	28.3
On behalf of associated companies	0.3	0.0	0.1
On behalf of others	0.2	1.5	3.2
Total	1,987.8	355.3	366.0

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

The increase of commitments is related to EUR 600 million syndicated credit agreement signed in May 2012, of which EUR 500 million was drawn in April 2013. Share pledges, real estate mortgages and an EUR 600 million floating charge were used as collateral.

Open derivative contracts

	Six months ended June 30		Year ended December 31
EUR million	**2013**	**2012**	**2012**
Interest rate derivatives	1,327.1	1,975.4	1,866,0
Currency derivatives	1,350.8	1,482.3	1,310,1
Other derivatives	98.8	116.4	79,3
Total	2,776.4	3,574.1	3,255.4

The fair value of open derivative contracts calculated at market value at the end of the review period was EUR -19.1 million (EUR -19.0 million 31 December 2012 and EUR -29.4 million 30 June 2012).