Metsä Group’s operating result excluding non-recurring items in January–June was EUR 183 million

Result in the first half of 2013

- Sales amounted to EUR 2,502 million (1–6/2012: EUR 2,531 million).
- Operating result excluding non-recurring items was EUR 183 million (117). Operating result including non-recurring items was EUR 183 million (107).
- Result before taxes excluding non-recurring items was EUR 130 million (71). Result before taxes including non-recurring items was EUR 131 million (61).
- Return on capital employed excluding non-recurring items was 9.8 per cent (6.6).
- Cash flow from operations amounted to EUR 124 million (127).

Result in the second quarter of 2013

- Sales amounted to EUR 1,241 million (4–6/2012: EUR 1,247 million).
- Operating result excluding non-recurring items was EUR 94 million (64). Operating result including non-recurring items was EUR 89 million (62).
- Result before taxes excluding non-recurring items was EUR 73 million (53). Result before taxes including non-recurring items was EUR 69 million (51).
- Return on capital employed excluding non-recurring items was 9.8 per cent (7.4).

Events in the second quarter of 2013

- The price of pulp increased somewhat but sales volumes decreased slightly from the previous quarter.
- Delivery volumes of folding boxboard continued to increase slightly and market prices were stable.
- Demand for coated white-top kraftliner continued to be very strong. The production of light fully-bleached kraftliners began at Husum.
- Delivery volumes of Metsä Board's papers declined from the previous quarter and prices remained at a low level.
- Katrinefors Kraftvärme AB, a joint venture in which Metsä Tissue has a 50 per cent holding, announced that it will build a bioenergy plant in conjunction with the Metsä Tissue mill in Mariestad, Sweden.
- Metsä Wood launched an efficiency programme in order to improve its competitiveness.
- Metsäliitto Cooperative acquired the shares of Metsä Tissue Corporation owned by Varma Mutual Employment Pension Company, a total of 8.38 per cent of the company's share capital.

“The second quarter of the year met our expectations. Due to determined execution of our selected strategy, long-term development and streamlining measures, the Group's operating result excluding non-recurring items has improved steadily from one quarter to another since the end of 2011.

The development of the Group's result in the second quarter was particularly supported by the seasonally strong quarter in the Wood Products Industry, but in the third quarter, seasonal fluctuations typically have an opposite impact. The situation is stable in terms of demand for pulp, paperboard and tissue papers. The market situation for papers continues to be difficult.

The chronic uncertainty in the market environment makes the operations of export companies more difficult and has a negative impact on the demand for products and services. Therefore, it is of utmost importance that no additional burdens are placed on the industry and that burdens already decided on are cancelled.”

Kari Jordan, President & CEO, Metsä Group

Metsä Group

Income statement, EUR million The figures for 2012 are restated	2013 1–6	2012 1–6	2013 4–6	2012 4–6	2012 1–12
Sales	2 501.7	2 530.8	1 240.5	1 246.9	5 001.0
Other operating income	39.5	37.4	23.3	16.3	76.8
Operating expenses	-2 230.9	-2 330.0	-1 117.1	-1 135.8	-4 587.2
Depreciation and impairment losses	-126.9	-131.0	-57.5	-65.1	-249.1
Operating result	183.5	107.3	89.3	62.2	241.5
Share of profit from associates	9.5	3.9	2.8	4.9	4.8
Exchange gains and losses	0.0	-0.3	-0.2	-1.7	2.4
Other net financial items	-61.8	-49.9	-23.0	-14.6	-115.5
Result before income tax	131.2	61.0	69.0	50.9	133.2
Income taxes	-34.7	-25.3	-18.8	-16.8	-31.8
Result for the period	96.5	35.7	50.2	34.1	101.4

Profitability The figures for 2012 are restated	2013 1–6	2012 1–6	2013 4–6	2012 4–6	2012 1–12
Operating result, EUR mill.	183.5	107.3	89.3	62.2	241.5
- " -, excluding non-recurring items	182.7	116.9	93.7	63.9	255.7
- " - % of sales	7.3	4.6	7.6	5.1	5.1
Return on capital employed, %	9.8	6.1	9.3	7.3	6.7
- " -, excluding non-recurring items	9.8	6.6	9.8	7.4	7.1
Return on equity, %	10.4	4.3	10.7	8.2	6.1
- " -, excluding non-recurring items	10.3	5.5	11.7	8.6	6.9

Financial position The figures for 2012 are restated	2013 30.6.	2012 30.6.	2013 31.3	2012 31.3	2012 31.12.
Equity ratio, %	35.0	33.6	35.1	28.3	34.8
Net gearing ratio, %	89	94	89	133	86
Interest-bearing net liabilities, EUR mill.	1 649	1 705	1 676	1 993	1 590

Segments

Sales and Operating result **January–June 2013** (EUR mill.)	Wood Supply & Forest Services	Wood Products Industry	Pulp Industry	Paperboard and Paper Industry	Tissue and Cooking Papers
Sales	815.1	475.7	632.4	1 037.8	493.8
Other operating income	3.0	4.8	8.0	26.5	3.8
Operating expenses	-801.4	-456.5	-513.0	-950.2	-449.9
Depreciation & impairment losses	-1.5	-15.2	-32.6	-50.4	-20.1
Operating result	15.2	8.8	94.8	63.7	27.6
Non-recurring items	-	7.3	-	-7.5	-0.6
Operating result, excl. non-rec. items	15.2	16.1	94.8	56.2	27.0
- % of sales	1.9	3.4	15.0	5.4	5.5

Metsä Group is a responsible forest industry group whose products' main raw material is renewable and sustainably grown Nordic wood. Metsä Group focuses on tissue and cooking papers, consumer packaging paperboards, pulp, wood products, and wood supply and forest services. Its high-quality products combine renewable raw materials, customer-orientation, sustainable development and innovation. Metsä Group's sales totalled EUR 5.0 billion in 2012, and it employs approximately 11,500 people. The Group operates in some 30 countries. Metsäliitto Cooperative is the parent company of Metsä Group and is owned by approximately 125,000 Finnish forest owners.

The Interim Report is unaudited

METSÄ GROUP

INTERIM REPORT 1 JANUARY – 30 JUNE 2013

Sales and result
Metsä Group's sales in January–June totalled EUR 2,501.7 million (1–6/2012: EUR 2,530.8 million). Closed and restructured units decreased the Group's sales by approximately EUR 60 million year-on-year.

The operating result excluding non-recurring items was EUR 182.7 million (116.9), or 7.3 per cent of sales (4.6). The operating result was improved by an increase in folding boxboard and white-top kraftliner delivery volumes as well as an increase in the prices of short-fibre pulp and chemithermomechanical pulp. The operating result of Tissue and Cooking Papers strengthened clearly due to sales volume growth and changes which enabled a lighter cost structure. Furthermore, the decrease of approximately EUR 11 million in the losses of closed and restructured units improved the Group's operating result.

Sales in the second quarter of the year amounted to EUR 1,240.5 million, whereas sales in the corresponding period in the previous year were EUR 1,246.9 million. The operating result was EUR 93.7 million (63.9).

Non-recurring items totalled EUR +0.8 million net in January–June (1–6/2012: -9.6). A net total of EUR -4.4 million was recorded as non-recurring items during the second quarter. Of these, EUR -7.3 million was related to Metsä Wood's efficiency programme and EUR +2.9 million was related mainly to the divestment of Metsä Board's fixed assets. Non-recurring items totalled EUR +5.2 million in the first quarter.

The operating result including non-recurring items was EUR 183.5 million (107.3). Results from associates were EUR 9.5 million (3.9), financial income was EUR 2.5 million (11.2), net exchange gains in financial items were EUR 0.0 million (-0.3) and financial expenses were EUR 64.3 million (61.2). Financial expenses include additional interest of approximately EUR 8 million, associated with the early repayment of a USD-loan in March. Financial income in the comparison year includes a EUR 7.6 million dividend paid by Pohjolan Voima Oy.

The result before taxes for the period was EUR 131.2 million (61.0) and taxes, including changes in deferred tax liabilities, were EUR 34.7 million (25.3). The net result for the period was EUR 96.5 million (35.7).

Excluding non-recurring items, the Group's return on capital employed was 9.8 per cent (6.6) and the return on equity was 10.3 per cent (5.5). Including non-recurring items, the return on capital employed was 9.8 per cent (6.1) and the return on equity was 10.4 per cent (4.3).

Balance sheet and financing
Metsä Group's liquidity is good. Total liquidity at the end of June was EUR 1,019.7 million (31 December 2012: 1,167.8). This consisted of EUR 448.9 million (518.5) in liquid assets and investments and EUR 570.8 million (649.3) of committed credit facility agreements not included on the balance sheet.

Liquidity reserve of the Group is complemented by uncommitted domestic and foreign commercial paper programmes and credit facilities amounting to EUR 526.0 million (526.5). The Group's equity ratio at the end of June was 35.0 per cent and net gearing was 89 per cent (31 December 2012: 34.8 and 86, respectively). Interest-bearing net liabilities stood at EUR 1,649.1 million (31 December 2012: 1,590.0).

Cash flow from operations amounted to EUR 123.6 million (126.9). During January–June working capital har increased by EUR 150.3 million (27.6).

The change in the fair value of investments available for sale was EUR -47.2 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.

The equity ratio of the parent company Metsäliitto Cooperative was 62.7 per cent at the end of June and net gearing was 20 per cent (31 December 2012: 61.0 and 21, respectively).

During January–June, Metsäliitto Cooperative's members' capital increased by a total of EUR 55.0 million (39.2). The actual members' capital grew by EUR 2.4 million (1.9), the additional members' capital A by EUR 39.4 million (32.2), and the additional members' capital B by EUR 27.6 million (5.1). The additional members' capital B includes EUR 14.4 million transferred from the additional members' capital C. After the period, EUR 17.9 million of the additional members' capital fell due on 1 July 2013 (2 July 2012: 17.7).

At the beginning of April, Metsä Board repaid the remaining portion of EUR 450 million of the EUR 500 million eurobond issue on the due date and drew EUR 500 million of the syndicated credit agreement signed in May 2012. The EUR 100 million revolving credit facility included in the syndicated credit agreement is completely undrawn. EUR 150 million of the loans drawn will fall due on 30 June 2014, and EUR 350 million on 31 March 2016.

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

In April, Metsä Tissue signed a syndicated loan agreement of EUR 200 million. The loan was used to refinance the syndicated loan falling due in September 2013. The period of the new loan is five years.

Personnel
Metsä Group employed an average of 11,400 people in January–June (1–6 2012: 12,255). At the end of June, the number of personnel in the Group was 11,642 (31 December 2012: 11,447), of whom 5,872 (5,414) people worked in Finland and 5,770 (6,033) in other countries. The parent company Metsäliitto Cooperative employed 2,850 people at the end of June (31 December 2012: 2,645).

Members
At the end of the review period, Metsäliitto Cooperative had 123,805 members (31 December 2012: 124,255). During the year, 656 new members joined the Cooperative and 1,106 members resigned.

Investments
Metsä Group's capital expenditure totalled EUR 82.7 million (88.1) in January–June. In addition, Metsä Board committed to subscribing Pohjolan Voima Oy's shares for approximately EUR 6 million. Metsä Fibre's subscription commitment was approximately 2 million.

In June, Metsä Fibre's Joutseno mill adopted a new pulp manufacturing process: polysulphide cooking. At the same time, the production capacity of the Joutseno mill will increase by nearly 10 per cent, i.e. 67,000 tonnes a year, and production efficiency will improve. The investment enabled the company to introduce a new kind of softwood pulp to the market. Its technical properties will improve runnability and cost-effectiveness of customers' processes. The construction began in the autumn of 2012, and the value of the investment was approximately EUR 15 million.

The investment programme at Metsä Tissue's mill in Krapkowice in Poland progressed as planned in the second quarter of the year, and the installation of PM8 progressed on schedule. The new paper machine will be commissioned in the third quarter.

Metsä Tissue opened a new converting and warehousing site in Vorsino, Russia. The converting line doubles the tissue production capacity in Vorsino and enables a larger product range.

Katrinefors Kraftvärme AB (KKAB), a 50/50 joint venture owned by Metsä Tissue and the local municipal energy company VänerEnergi AB, announced a EUR 30 million bioenergy plant investment in Mariestad, Sweden, in conjunction with the Metsä Tissue mill. KKAB will invest in the bioenergy plant producing renewable heat and electricity, and with its commissioning, the oil usage of Metsä Tissue's Mariestad mill will decrease by up to 90 per cent. Construction work began in March 2013, and the power plant is due for completion by the end of 2014.

Metsäliitto Cooperative acquired the shares of Metsä Tissue Corporation owned by Varma Mutual Employment Pension Company, a total of 8.38 per cent of the company's share capital. After the transaction, Metsäliitto Cooperative owns 85 per cent of Metsä Tissue's share capital.

Business areas

Wood Supply and Forest Services
Metsä Forest's sales in January–June were EUR 815.1 million (1–6/2012: 789.0) and operating profit was EUR 15.2 million (11.3). Sales in the second quarter were EUR 392.2 million (4–6/2012: 384.8) and operating profit was EUR 7.7 million (5.3). The operating result does not include non-recurring items.

In Finland, the wood trade was slightly more active at the beginning of the year compared with the previous year. In January–June, the Finnish forest industry's purchase volume from privately owned forests was 20.5 million cubic metres (20.0). Stumpage prices increased for softwood during the spring, but the price of pulpwood remained stable.

Metsä Forest actively bought all timber grades. In the second quarter, demand focused on logging sites harvestable in summer. Demand was greatest for log-dominated regeneration sites, pine pulpwood and energy wood. Sales of forestry services continued to grow at a steady rate.

Problems in the round softwood export licence system in Russia continued, making exports from Russia more difficult. Mills suffered from scarce availability of logs in the Baltic market. The market situation of softwood pulpwood and chips was balanced, but the oversupply of birch pulpwood continued. In Sweden, availability of timber was scarce regionally due to the low supply from private forests.

Wood harvesting and deliveries progressed as planned. In January–June, wood deliveries amounted to 15.5 million cubic metres (16.0).

Taimiturva, a new service for Metsäliitto Cooperative's members, was introduced. The service allows forest owners to purchase a stand which is in good condition and in accordance with the targeted density. The development of the Metsäverkko internet service also continued with implementation of new functions.

Wood Products

Metsä Wood's sales in January–June totalled EUR 475.7 million (1–6/2012: 471.2) and the operating result excluding non-recurring items was EUR 16.1 million (16.3). The operating result including non-recurring items was EUR 8.8 million (16.3).

Sales in the second quarter were EUR 260.2 million (4–6/2012: 249.4) and the operating result excluding non-recurring items was EUR 11.8 million (12.1).

Sales of construction products picked up in the main markets as a result of the season and the positive development of Metsä Wood's market share. The use of Kerto solutions in industry, in particular, was promoted successfully. Demand for construction products continued to be high outside Europe.

In addition, demand for plywood products increased compared with the corresponding period in the previous year. Sales of birch plywood were supported by the stable development of the transport vehicle industry. The market balance of softwood pulp and corresponding panel products remained reasonable due to demand from outside Europe.

Deliveries of sawn goods continued to be active, and the market balance was reasonable during the seasonal peak in the spring. Demand for processed goods in Europe was characterised by oversupply and shrinking household demand. Sales in the second quarter continued to increase compared to the previous quarter as yard construction and renovation picked up in the spring. Competition continued to be fierce in the markets burdened by oversupply.

On 15 April, Metsä Wood announced it would launch an efficiency programme in order to improve competitiveness. Statutory labour negotiations which were started based on the programme were completed for Finland. As a result, the company will reduce its number of personnel by 73 people.

Metsä Wood divested the shares of Metsä Wood Merk GmbH to the German-based Ed. Züblin AG Group, which is part of the Strabag Group, on 22 April 2013. The transaction did not result in any significant capital gains.

The transportation and logistics company DB Schenker selected Metsä Wood's wooden structures for their new traffic centre in Viinikkala in Vantaa, Finland. The deliveries include the frame, roof and exterior walls of the terminal expansion and their installation. The construction of the approximately 12,000-square-metre expansion began in May 2013, and Metsä Wood will deliver the wooden structures to the client by the end of the year.

Pulp

Metsä Fibre's sales increased slightly in the first half of 2013 compared to the corresponding period last year, amounting to EUR 632.4 million (1–6/2012: 625.9). The operating result excluding non-recurring items increased to EUR 94.8 million (77.0).

Metsä Fibre's sales in the second quarter were EUR 309.3 million (4–6/2012: 300.4) and the operating profit was EUR 47.5 million (34.6).

The sales volume of pulp remained at the last year's level and was 1,100,700 tonnes (1–6/2012: 1,109,000). Foreign currency-denominated market prices of softwood pulp in the first half of the year were at the same level as in the corresponding period last year, but the average price of hardwood pulp increased by approximately 9 per cent. The euro strengthened against the dollar by approximately 1 per cent, which had a negative impact on the operating result.

The market price of softwood pulp in Europe was USD 809 per tonne at the beginning of January and USD 861 at the end of June. The corresponding figures for hardwood pulp were USD 775 and USD 821.

Äänevoima Oy transferred the operative activities of its powerplant and its personnel, with the exception of the managing director, to Metsä Fibre as of 1 May 2013. Upon the handover, the 22 employees of Äänevoima transferred to Metsä Fibre as existing employees. The handover had no impact on Metsä Fibre’s result.

A feasibility study to increase the use and production of renewable sources of energy, underway at the Kemi pulp mill, is progressing and will be completed this autumn. Originally it was estimated that the study would be completed by the end of June. One possible production technology being reviewed is a gasification plant to produce biofuel to replace the fossil fuel used in lime kilns, i.e. oil.

Paperboard and Paper

Metsä Board’s sales in January–June were EUR 1,037.8 million (1–6/2012: 1,066.8) and the operating result excluding non-recurring items was EUR 56.2 million (25.9). Sales decreased as a result of the closure of unprofitable paper business operations and reorganisations.

Sales in the second quarter were EUR 502.8 million (4–6/2012: 522.3) and the operating result excluding non-recurring items was EUR 26.0 million (19.8).

The January–June 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 closed and reorganised units, as well as the increase in the prices of short-fibre pulp and bleached chemithermomechanical pulp. The operating profit was weakened, in particular, by the lower prices of coated papers and the Swedish krona which strengthened against the euro, as well as the pound sterling, which weakened.

Non-recurring items in the operating profit totalled EUR +7.5 million net (+132.5) in January–June. Non-recurring items in the April–June operating profit were EUR +2.9 million net, of which EUR 2.5 million was associated with the sales of the old paper machine in Äänekoski. Non-recurring items recorded in the first quarter amounted to EUR +4.6 million and were associated with the divestment of the Alizay mill area.

The production of lightweight fully bleached liners was launched at the Husum mill in Sweden in April. The production of certain uncoated grades will be transferred from the Kemi liner mill, which operates at full capacity, to Husum during the latter half of the year. The new liner production will substitute for the weakest production volumes of coated papers at the mill. This, together with the cost savings programme under way, is expected to improve Husum's profitability.

Metsä Board's operating result including non-recurring items was EUR 63.7 million in January–June (158.4). Net interest and other financial expenses were EUR 32.3 million (20.0) and exchange gains/losses recognised in financial items were EUR -1.6 million (2.3). Financial expenses, which were higher compared with the comparison period, were mainly caused by the early repayment of a USD-loan. Pohjolan Voima Oy also paid a dividend of EUR 5.5 million in the comparison period.

Excluding non-recurring items, the result before taxes for the period was EUR 22.4 million (8.4), earnings per share were EUR 0.06 (0.02) and the return on capital employed was 6.3 per cent (3.6). Including non-recurring items, the result before taxes was EUR 29.8 million (140.9), earnings per share were EUR 0.08 (0.38) and the return on capital employed was 7.1 per cent (17.5).

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

Metsä Board’s interim report was published on 1 August 2013.

Tissue and Cooking Papers
The January–June sales of Metsä Tissue, producer of tissue and cooking papers, totalled EUR 493.8 million (1–6/2012: 478.9). The increase in sales was mainly due to higher sales volumes.

The operating result excluding non-recurring items was EUR 27.0 million (17.0). The operating result strengthened as a result of changes made by the company to streamline its cost structure, in addition to the growth in sales volumes compared to the corresponding period last year.

Sales in the second quarter were EUR 243.8 million (4–6/2012: 235.4) and the operating profit was EUR 13.9 million (7.0).

The inauguration of Metsä Tissue's new converting and warehousing site was celebrated in May in Vorsino, Russia. In addition, Metsä Tissue launched several new products in the Russian market in the second quarter. Metsä Tissue is seeking growth in the developing tissue paper market in Russia with its Lambi, Mola and Katrin brands. In addition to local production, the company imports and sells Katrin solutions and SAGA products.

The investment programme at the Krapkowice mill in Poland is progressing as planned, and the new paper machine will be commissioned during the third quarter. In addition, a decision was made to modernise the dry end of PM1 at the Raubach mill in Germany. The investment will be carried out during this year.

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, 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 Metsä Group.

The risks related to the Group’s business have been explained more extensively in Metsä Group’s Annual Report for 2012.

Pending disputes
In March 2011, the state enterprise Metsähallitus filed a claim for damages at the District Court of Helsinki, demanding that Metsäliitto Cooperative and two other forest industry companies jointly pay compensation for alleged damage caused by 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 in the raw wood market. In addition, some municipalities, parishes and a group of individuals in Finland have instituted similar proceedings. The total amount of all claims that Metsäliitto Cooperative is aware of and that were directed at Metsäliitto Cooperative and the other aforementioned companies jointly is approximately EUR 215 million, of which approximately EUR 72 million is directed at Metsäliitto Cooperative alone. In addition, the aforementioned proceedings are associated with interest and value added tax claims. Metsä Cooperative’s view is that the claims for damages are unfounded, and the company has not recognised any provisions regarding them.

UPM-Kymmene Corporation launched arbitration proceedings in November 2012, whereby it claims jointly from Metsäliitto Cooperative and Metsä Board primarily EUR 58.5 million in damages, and secondarily the return of a EUR 58.5 million claimed unjust enrichment. The claims are based on an alleged breach of the tag-along clause specified in Metsä Fibre’s shareholders’ agreement signed in 2009. Metsäliitto considers the claim unfounded and has not booked provisions related to the claim.

Near-term outlook
In Finland, demand for logging sites harvestable in the summer continues to be good in all timber types. There is also demand for wood from delivery contracts.

Sales in the wood products industry are expected to shrink in the third quarter due to seasonal fluctuations in demand and the summer production downtime. Sales of processed sawn goods are also expected to be lower than in the corresponding period last year due to the difficult market situation.

Utilisation rates at Metsä Fibre's pulp mills are expected to remain good in the third quarter. Demand and supply are in balance, and average pulp prices are expected to be at the same level as during the second quarter.

Delivery volumes of folding boxboard are estimated to be approximately at the second quarter level in the third quarter. It is believed that demand for white-top kraftliner will continue to be very strong and delivery volumes are expected to increase slightly. The average price is estimated to be approximately at the previous quarter level.

The market situation of papers continues to be difficult. Delivery volumes of uncoated fine paper and coated paper are expected to be approximately at the previous quarter level in the third quarter. No significant price changes are in sight.

In the third quarter, extensive maintenance shutdowns in accordance with the annual plan will be carried out at the Husum and Kemi integrated mills. Mainly due to these shutdowns, Paperboard and Paper's third quarter operating result excluding non-recurring items is expected to be weaker than in the second quarter of 2013.

In the tissue paper market, demand is expected to continue to be steady in all market areas, and particularly to grow in Russia.

Metsä Group's operating result excluding non-recurring items in the third quarter of 2013 is expected to be weaker than in the second quarter of the year due to seasonal variation, especially in Wood Products Industry, and to the general economic situation.

Espoo, Finland, 1 August 2013

Board of Directors

For further information, please contact:
Vesa-Pekka Takala, CFO, Metsä Group, tel. +358 (0)10 465 4260
Reeta Kaukiainen, SVP, Communications, Metsä Group, tel. +358 (0)10 465 4541,
+358 (0)50 522 0924

SEGMENTS
The figures for 2012 are restated

Wood Supply and Forest Services	1–6/13	1–6/12	4–6/13	4–6/12	1–12/12
Sales	815.1	789.0	392.2	384.8	1 515.4
EBITDA	16.7	12.6	8.5	6.0	22.9
- ” -, excl. non-recurring items	16.7	12.6	8.5	6.0	22.9
Depreciation and impairment	-1.5	-1.3	-0.7	-0.6	-2.7
Operating result	15.2	11.3	7.7	5.3	20.2
- ” -, excl. non-recurring items	15.2	11.3	7.7	5.3	20.2
- ” -, % of sales	1.9	1.4	2.0	1.4	1.3
ROCE excl. non-rec. items, %	28.1	16.1	26.6	16.5	17.1
Capital expenditure	2.5	2.8	1.3	1.1	5.9
Personnel at end of period	1 011	1 028	1 011	1 028	1 007

Wood Products Industry	1–6/13	1–6/12	4–6/13	4–6/12	1–12/12
Sales	475.7	471.2	260.2	249.4	904.2
EBITDA	23.9	31.7	12.0	19.7	47.5
- ” -, excl. non-recurring items	31.3	31.7	19.4	19.7	49.7
Depreciation and impairment	-15.2	-15.3	-7.5	-7.6	-31.1
Operating result	8.8	16.3	4.5	12.1	16.3
- ” -, excl. non-recurring items	16.1	16.3	11.8	12.1	18.6
- ” -, % of sales	3.4	3.5	4.5	4.9	2.1
ROCE excl. non-rec. items, %	9.3	9.3	13.2	13.5	5.5
Capital expenditure	21.0	6.6	13.9	3.7	26.8
Personnel at end of period	2 774	2 965	2 774	2 965	2 749

Pulp Industry	1–6/13	1–6/12	4–6/13	4–6/12	1–12/12
Sales	632.4	625.9	309.3	300.4	1 273.9
EBITDA	127.4	106.5	59.3	49.5	207.5
- ” -, excl. non-recurring items	127.4	106.5	59.3	49.5	207.5
Depreciation and impairment	-32.6	-27.1	-11.8	-14.9	-57.0
Operating result	94.8	79.4	47.5	34.6	150.5
- ” -, excl. non-recurring items	94.8	77.0	47.5	34.6	148.1
- ” -, % of sales	15.0	12.3	15.3	11.5	11.6
ROCE excl. non-rec. items, %	27.2	22.6	25.3	20.6	22.5
Capital expenditure	13.4	19.9	7.1	4.8	35.3
Personnel at end of period	946	972	946	972	876

Paperboard and Paper Industry	1–6/13	1–6/12	4–6/13	4–6/12	1–12/12
Sales	1 037.8	1 066.8	502.8	522.2	2 107.6
EBITDA	114.1	215.6	52.7	189.9	321.4
- ” -, excl. non-recurring items	108.9	83.0	52.1	47.8	186.0
Depreciation and impairment	-50.4	-57.3	-23.7	-28.0	-100.3
Operating result	63.7	158.4	28.9	162.0	221.1
- ” -, excl. non-recurring items	56.2	25.9	26.0	19.8	74.9
- ” -, % of sales	5.4	2.4	5.2	3.8	3.6
ROCE excl. non-rec. items, %	6.3	3.6	6.1	5.1	4.8
Capital expenditure	30.7	27.2	21.5	17.5	66.1
Personnel at end of period	3 401	3 597	3 401	3 597	3 279

Tissue and Cooking Papers	1–6/13	1–6/12	4–6/13	4–6/12	1–12/12
Sales	493.8	478.9	243.8	235.4	981.5
EBITDA	47.6	39.0	24.0	17.0	77.8
- ” -, excl. non-recurring items	47.0	39.0	24.0	17.0	84.6
Depreciation and impairment	-20.1	-22.0	-10.2	-10.0	-42.7
Operating result	27.6	17.0	13.9	7.0	35.1
- ” -, excl. non-recurring items	27.0	17.0	13.9	7.0	41.9
- ” -, % of sales	5.5	3.5	5.7	3.0	4.3
ROCE excl. non-rec. items, %	8.4	5.7	8.3	4.7	6.8
Capital expenditure	12.0	25.5	5.4	17.1	64.3
Personnel at end of period	2 984	3 262	2 984	3 262	3 035

Other operations	1–6/13	1–6/12	4–6/13	4–6/12	1–12/12
Sales	2.1	1.7	1.1	0.8	3.3
EBITDA	-2.5	77.8	-2.0	79.1	72.7
- ” -, excl. non-recurring items	-2.5	-3.1	-2.0	-1.8	-0.9
Depreciation and impairment	-1.0	-0.8	-0.5	-0.4	-5.0
Operating result	-3.4	77.0	-2.5	78.7	67.7
- ” -, excl. non-recurring items	-3.4	-3.9	-2.5	-2.2	-5.9
Capital expenditure	9.2	8.5	4.8	2.1	17.0
Personnel at end of period	526	434	526	434	501

Other operations include among others Metsä Group’s service and holding functions as well as a 48.98% share of Metsätapiola’s real estate operations.

Internal sales and eliminations	1–6/13	1–6/12	4–6/13	4–6/12	1–12/12
Sales	-955.2	-902.7	-468.8	-446.2	-1 784.8
EBITDA	-17.0	-244.9	-7.6	-233.9	-259.2
- ” -, excl. non-recurring items	-17.0	-19.7	-7.6	-9.2	-31.9
Depreciation and impairment	-6.2	-7.2	-3.1	-3.6	-10.2
Operating result	-23.2	-252.0	-10.7	-237.4	-269.4
- ” -, excl. non-recurring items	-23.2	-26.8	-10.7	-12.8	-42.1

Metsä Group	1–6/13	1–6/12	4–6/13	4–6/12	1–12/12
Sales	2 501.7	2 530.8	1 240.5	1 246.9	5 001.0
EBITDA	310.4	238.3	146.8	127.3	490.6
- ” -, excl. non-recurring items	311.9	250.0	153.6	128.9	517.9
Depreciation and impairment	-126.9	-131.0	-57.5	-65.1	-249.1
Operating result	183.5	107.3	89.3	62.2	241.5
- ” -, excl. non-recurring items	182.7	116.9	93.7	63.9	255.7
- ” -, % of sales	7.3	4.6	7.6	5.1	5.1
ROCE excl. non-rec. items, %	9.8	6.6	9.8	7.4	7.1
Capital expenditure	82.7	88.1	47.9	46.5	204.5
Personnel at end of period	11 642	12 258	11 642	12 258	11 447

EBITDA = Operating result before depreciation and impairment losses.
ROCE = Return on capital employed

Quarterly data	2013 4–6	2013 1–3	2012 10–12	2012 7–9	2012 4–6	2012 1–3
Sales						
Wood Supply and Forest Services	392.2	422.8	375.6	350.8	384.8	404.1
Wood Products Industry	260.2	215.5	216.0	217.0	249.4	221.8
Pulp Industry	309.3	323.1	321.4	326.6	300.4	325.5
Paperboard and Paper Industry	502.8	535.0	508.5	532.3	522.2	544.6
Tissue and Cooking Papers	243.8	250.1	254.1	248.5	235.4	243.5
Other operations	1.1	1.0	0.6	1.0	0.8	0.9
Internal sales	-468.8	-486.4	-448.1	-434.0	-446.2	-456.5
Sales total	1 240.5	1 261.1	1 228.0	1 242.2	1 246.9	1 283.9
Operating result						
Wood Supply and Forest Services	7.7	7.4	7.0	1.9	5.3	6.0
Wood Products Industry	4.5	4.3	0.7	-0.8	12.1	4.2
Pulp Industry	47.5	47.3	30.8	40.3	34.6	44.8
Paperboard and Paper Industry	28.9	34.8	39.3	23.4	162.0	-3.6
Tissue and Cooking Papers	13.9	13.7	6.7	11.4	7.0	10.0
Other operations	-2.5	-0.9	-4.1	-5.2	78.7	-1.7
Eliminations	-10.7	-12.5	-3.3	-14.0	-237.4	-14.6
Operating result total	89.3	94.2	77.2	57.0	62.2	45.1
- % of sales	7.2	7.5	6.3	4.6	5.0	3.5
Share of results from associated companies	2.8	6.7	-0.3	1.1	4.9	-1.0
Exchange gains and losses	-0.2	0.2	1.0	1.7	-1.7	1.3
Other net financial items	-23.0	-38.8	-30.2	-35.2	-14.5	-35.3
Result before income tax	69.0	62.3	47.7	24.6	50.9	10.1
Income tax	-18.8	-16.0	2.0	-8.6	-16.8	-8.5
Result for the period	50.2	46.3	49.7	16.0	34.1	1.6

Operating result excl. non-rec. items	2013 4–6	2013 1–3	2012 10–12	2012 7–9	2012 4–6	2012 1–3
Wood Supply and Forest Services	7.7	7.4	7.0	1.9	5.3	6.0
Wood Products Industry	11.8	4.3	1.8	0.5	12.1	4.2
Pulp Industry	47.5	47.3	30.8	40.3	34.6	42.5
Paperboard and Paper Industry	26.0	30.2	23.5	25.5	19.8	6.1
Tissue and Cooking Papers	13.9	13.1	13.5	11.5	7.0	10.0
Other operations & eliminations	-13.2	-13.3	-5.7	-11.9	-14.9	-15.8
Operating result total	93.7	89.0	71.0	67.8	63.9	53.0
- % of sales	7.6	7.1	5.8	5.5	5.1	4.1

Calculation of key ratios

Return on capital employed (%) ROCE	=	(Result before tax + interest expenses, net exchange gains/losses and other financial expenses) per (Balance total - non-interest-bearing liabilities (average))
Return on equity (%) ROE	=	(Result 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)

FINANCIAL STATEMENTS

Unaudited
The figures for 2012 are restated

METSÄ GROUP

Condensed consolidated statement of comprehensive income, EUR million	Note	2013 1–6	2012 1–6	Change	2013 4–6	2012 4–6	2012 1–12
Sales	2	**2 501.7**	**2 530.8**	**-29.1**	**1 240.5**	**1 246.9**	**5 001.0**
Change in stocks of finished goods and work in progress		32.3	-22.6	54.9	20.8	4.6	-13.4
Other operating income		39.5	37.4	2.1	23.3	16.3	76.8
Material and services		-1729.9	-1735.3	5.4	-863.8	-860.0	-3 462.4
Employee costs		-353.5	-359.3	5.8	-183.4	-180.8	-705.5
Depreciation, amortization and impairment losses		-126.9	-131.0	4.1	-57.5	-65.1	-249.1
Other operating expenses		-179.8	-212.7	32.9	-90.7	-99.6	-406.0
Operating result	2	**183.5**	**107.3**	**76.2**	**89.3**	**62.2**	**241.5**
Share of results from associated companies		9.5	3.9	5.6	2.8	4.9	4.8
Exchange gains and losses		0.0	-0.3	0.3	-0.2	-1.7	2.4
Other net financial items	2	-61.8	-49.9	-11.9	-23.0	-14.6	-115.5
Result before income tax		**131.2**	**61.0**	**70.2**	**69.0**	**50.9**	**133.2**
Income taxes	3	-34.7	-25.3	-9.4	-18.8	-16.8	-31.8
Result for the period		**96.5**	**35.7**	**60.8**	**50.2**	**34.1**	**101.4**
Other comprehensive income							
Items that will not be reclassified to profit and loss							
Items relating to adjustments of defined benefit plans		-7.6	0.0	-7.6	-7.6	0.0	-25.3
Income tax relating to items that will not be reclassified		2.3	0.0	2.3	2.3	0.0	7.1
Total		-5.4	0.0	-5.4	-5.3	0.0	-18.1
Items that may be reclassified subsequently to profit and loss							
Cash flow hedges		-3.7	-2.4	1.2	-12.7	-7.0	-0.5
Available for sale financial assets		-47.2	-21.7	-25.5	-22.6	-28.0	-17.3
Currency translation differences		-15.0	5.5	-20.5	-29.3	0.8	15.2
Other items		0.0	0.0	0.0	0.1	-2.4	0.1
Income tax relating to items that may be reclassified		11.4	10.8	0.6	8.2	13.8	5.3
Total		-54.5	-7.8	-46.7	-56.2	-22.8	2.8
Other comprehensive income, net of tax		**-59.9**	**-7.8**	**-52.1**	**-61.6**	**-22.8**	**-15.3**
Total comprehensive income for the period		**36.6**	**27.9**	**8.7**	**-11.4**	**11.3**	**86.1**

Result attributable to:

Members of parent company	63.8	29.6	34.2	31.6	42.1	59.2
Non-controlling interests	32.7	6.1	26.6	18.6	-8.0	42.1
	96.5	35.7	60.8	50.2	34.1	101.4

Total comprehensive income attributable to:

Members of parent company	32.6	26.2	6.4	-2.9	29.8	49.6
Non-controlling interests	4.0	1.7	2.3	-8.5	-18.5	36.5
	36.6	27.9	8.7	-11.4	11.3	86.1

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

Unaudited

The figures for 2012 are restated

Condensed consolidated balance sheet EUR million	Note	2013 30.6.	2012 30.6.	2012 31.12.	2012 1.1.
ASSETS					
Non-current assets					
Goodwill		530.1	530.7	533.8	528.5
Other intangible assets		242.8	234.5	238.9	232.2
Tangible assets	4	2 004.0	2 092.1	2 073.3	2 129.0
Biological assets		11.5	8.8	8.4	8.5
Investments in associated companies		72.7	65.0	66.6	69.6
Available for sale investments		316.4	352.5	356.2	367.9
Non-current financial assets		13.4	12.1	13.9	11.5
Deferred tax receivables		62.8	65.0	70.4	65.4
		3 253.0	**3 360.7**	**3 361.4**	**3 412.5**
Current assets					
Inventories		790.6	769.8	724.8	781.3
Accounts receivables and other receivables		825.0	768.5	710.7	735.4
Tax receivables based on the taxable income for the period		1.5	22.4	8.4	34.0
Cash and cash equivalents		448.9	469.1	518.5	330.4
		2 070.3	**2.029.8**	**1 962.4**	**1 881.1**
Assets classified as held for sale		-	4.7	20.6	6.8
Total assets		**5 323.3**	**5 395.3**	**5 344.4**	**5 300.4**
MEMBERS´ FUNDS AND LIABILITIES					
Members' funds					
Members' funds		1 423.8	1 355.8	1 366.7	1 126.1
Non-controlling interests		433.5	465.2	491.2	358.9
		1 857.3	**1 811.9**	**1 857.9**	**1 485.0**
Non-current liabilities					
Deferred tax liabilities		295.8	339.0	319.4	362.2
Post-employment benefit obligations		160.2	131.4	154.0	135.5
Provisions	5	28.9	41.6	34.6	44.7
Borrowings		1 408.5	1 295.0	1 161.2	1 854.2
Other liabilities		32.3	29.5	34.9	32.7
		1 925.6	**1.836.5**	**1 704.2**	**2 429.4**
Current liabilities					
Provisions	5	30.6	81.7	53.8	144.8
Current borrowings		706.7	888.9	958.2	438.5
Accounts payable and other liabilities		796.2	772.9	765.8	790.6
Tax liabilities based on the taxable income for the period		6.8	3.3	4.5	12.2
		1 540.4	**1 746.8**	**1 782.4**	**1 386.1**
Liabilities classified as held for sale		-	-	-	-
Total liabilities		**3 466.0**	**3 583.3**	**3 486.5**	**3 815.5**
Total members' funds and liabilities		**5 323.3**	**5 395.3**	**5 344.4**	**5 300.4**

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

Unaudited

Equity attributable to members of parent company

Change in members' funds

EUR million	Members' capital	Trans-lation differ-ences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total
Members' funds 1.1.2012	572.6	28.9	240.2	293.5	1 135.2	359.9	1 495.2
IAS 19 restatement Note 1				-9.1	-9.1	-1.1	-10.2
Adjusted members' funds 1.1.2012	**572.6**	**28.9**	**240.2**	**284.4**	**1 126.1**	**358.9**	**1 485.0**
Result for the period				29.6	29.6	6.1	35.7
Other comprehensive income, net after tax		3.4	-6.8	0.0	-3.4	-4.4	-7.8
Total comprehensive income		**3.4**	**-6.8**	**29.6**	**26.2**	**1.7**	**27.9**
Transactions with owners							
Dividends paid				-34.8	-34.8	-12.8	-47.6
Change in members' capital	39.2				39.2		39.2
Transfer from unrestricted to restricted			3.2	-3.2	0.0		0.0
Acquired shares from non-controlling interests, which did not change the controlling right				199.1	199.1	108.4	307.5
Members' funds 30.6.2012	**611.8**	**32.3**	**236.6**	**475.1**	**1 355.8**	**456.2**	**1 811.9**
Members' funds 1.1.2013	594.5	38.2	236.1	519.0	1 387.8	500.0	1 887.8
IAS 19 restatement Note 1		-0.3	0.0	-20.9	-21.1	-8.8	-29.9
Adjusted members' funds 1.1.2013	**594.5**	**37.9**	**236.1**	**498.2**	**1 366.7**	**491.2**	**1 857.9**
Result for the period				63.8	63.8	32.7	96.5
Other comprehensive income, net after tax		-10.9	-17.1	-3.2	-31.2	-28.7	-59.9
Total comprehensive income		**-10.9**	**-17.1**	**60.6**	**32.6**	**4.0**	**36.6**
Transactions with owners							
Dividends paid				-36.2	-36.2	-36.8	-72.9
Change in members' capital	55.0			-0.9	54.0		54.0
Transfer from unrestricted to restricted			5.7	-5.7	0.0		0.0
Acquired shares from non-controlling interests, which did not change the controlling right				6.7	6.7	-25.0	-18.3
Members' funds 30.6.2013	**649.5**	**27.0**	**224.7**	**522.7**	**1 423.8**	**433.5**	**1 857.3**

Unaudited

Condensed consolidated cash flow statement		2013	2012	2012
EUR million	Note	1–6	1–6	1–12
Result for the period		96.5	35.7	101.4
Total adjustments	7	177.4	118.8	260.1
Change in working capital		-150.3	-27.6	82.1
Cash flow arising from operations		**123.6**	**126.9**	**443.5**
Net financial items		-62.6	-67.1	-130.3
Income taxes paid		-26.8	-42.9	-56.2
Net cash flow arising from operating activities		**34.2**	**16.9**	**257.1**
Acquisitions		-2.1	-0.5	-6.6
Investments in tangible and intangible assets		-80.1	-88.1	-201.7
Disposals and other items	7	34.3	18.4	33.4
Net cash flow arising from investing activities		**-47.9**	**-70.2**	**-174.9**
Change in members' funds		54.0	39.2	45.4
Change in shares of non-controlling interests		-18.3	306.9	306.7
Change in long-term loans and other financial items		-13.2	-102.5	-194.6
Dividends paid		-78.1	-52.3	-52.3
Net cash flow arising from financing activities		**-55.6**	**191.3**	**105.2**
Change in cash and cash equivalents		**-69.3**	**138.0**	**187.3**
Cash and cash equivalents at beginning of period		518.5	330.4	330.4
Translation difference		-0.3	0.8	0.9
Change in cash and cash equivalents		-69.3	138.0	187.3
Cash and cash equivalents in assets classified as held for sale		0.0	0.0	0.0
Cash and cash equivalents at end of period		**448.9**	**469.1**	**518.5**

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

Note 1 – Background and accounting policies

Metsäliitto Cooperative and its subsidiaries comprise a forest industry group ("Metsä Group" or "Group"), which operations are organized into five business segments: Wood Supply and Forest Services, Wood Products Industry, Pulp Industry, Paperboard and Paper Industry and Tissue and Cooking Papers. Metsä Group's parent company is Metsäliitto Cooperative. The parent company is domiciled in Helsinki and the registered address is Revontulenpuisto 2, 02100 Espoo, Finland.

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.

From the beginning of 2013 Metsä Group has adopted the following new and amended standards and interpretations:

- *Amendments to IAS 1 Presentation of Financial Statements*. 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.

- *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 figures have been adjusted to IAS 19.

- *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 expands 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.

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

This interim report was authorised for issue by the Board of Directors of Metsäliitto Cooperative on 1 August 2013.

IAS 19, Employee Benefits. The new standard had an impact on Metsä Group's income statement and balance sheet 30.6.2012 as follows:

EUR million	Old accounting policy	New accounting policy	Impact
Balance sheet 30.6.2012			
Non-current assets			
Other non-current financial assets	13.2	12.1	-1.1
Deferred tax receivables	61.3	65.0	3.7
Non-current liabilities			
Deferred tax liabilities	339.2	339.0	-0.2
Post employment benefit obligations	118.3	131.4	13.1
Total members' funds	1 822.3	1 811.9	-10.4
Income statement 1–6/2012			
Employee costs	361.8	359.3	-2.5
Other financial income and expenses	47.4	49.9	2.5
Income taxes	25.3	25.3	0.0
Other comprehensive income 1–6/2012			
Items that will not be reclassified to profit and loss			
Items relating to adjustments of defined benefit plans		0.0	0.0
Income tax relating to items that will not be reclassified		0.0	0.0

IAS 19, Employee Benefits. The new standard's impact on Metsä Group's income statement and balance sheet 1.1.2012 and 31.12.2012 was presented in Q1/2013 interim report.

Note 2 – Segment information

The Group's operating segments are comprised of the Group's business areas. The business areas produce different products and services, and they are managed as separate units. The operating segments are reported uniformly with internal reporting submitted to the chief operational decision-maker. The President and CEO has been appointed as the chief operational decision-maker in charge of allocating resources to the operating segments and evaluating their performance.

The same accounting policies are applied in segment reporting as for the Group as a whole. Transactions between segments are based on market prices.

The figures for 2012 are restated.

Sales Eur million	1–6/2013 External	1–6/2013 Internal	1–6/2013 Total	1–6/2012 External	1–6/2012 Internal	1–6/2012 Total
Wood Supply and Forest Services	190.6	624.5	815.1	185.7	603.2	789.0
Wood Products Industry	443.8	31.9	475.7	442.0	29.2	471.2
Pulp Industry	372.9	259.5	632.4	387.0	238.9	625.9
Paperboard and Paper Industry	1 000.6	37.3	1 037.8	1 037.0	29.8	1 066.8
Tissue and Cooking Papers	493.7	0.1	493.8	478.9	0.0	478.9
Other operations	0.2	1.9	2.1	0.2	1.5	1.7
Elimination of internal sales		-955.2	-955.2		-902.7	-902.7
Total sales	2 501.7	0.0	2 501.7	2 530.8	0.0	2 530.8

Sales EUR million	2012 External	2012 Internal	2012 Total
Wood Supply and Forest Services	349.4	1 166.0	1 515.4
Wood Products Industry	850.2	54.0	904.2
Pulp Industry	772.9	501.0	1 273.9
Paperboard and Paper Industry	2 046.7	60.9	2 107.6
Tissue and Cooking Papers	981.5	0.0	981.5
Other operations	0.3	3.0	3.3
Elimination of internal sales		-1 784.8	-1 784.8
Total sales	5 001.0	0.0	5 001.0

Operating result EUR million	2013 1–6	2012 1–6	2012 1–12
Wood Supply and Forest Services	15.2	11.3	20.2
Wood Products Industry	8.8	16.4	16.3
Pulp Industry	94.8	79.4	150.5
Paperboard and Paper Industry	63.7	158.4	221.1
Tissue and Cooking Papers	27.6	17.0	35.1
Other operations	-3.4	77.0	67.7
Eliminations	-23.2	-252.0	-269.4
Operating result total	183.5	107.3	241.5
Share of results from associates	9.5	3.9	4.8
Financial costs, net	-61.7	-50.2	-113.1
Income taxes	-34.7	-25.3	-31.8
Result for the period	96.5	35.7	101.4

Metsä Groups operating result 1–6/2013 includes non-recurring items net of EUR 0.8 million (-9.6). Of these EUR 4.6 million relates to the sale of Metsä Board’s Alizay factory, EUR 2.5 million to the sale of Metsä Board’s old paper machine in Äänekoski and EUR 0.4 million to other items, EUR 0.6 million to reversed provisions from Metsä Tissue’s efficiency program and EUR -7.3 million to Metsä Wood’s efficieny program.

Assets EUR million	2013 30.6.	2012 30.6.	2012 31.12.
Wood Supply and Forest Services	310.3	313.4	267.5
Wood Products Industry	438.2	433.4	390.4
Pulp Industry	935.3	909.8	877.9
Paperboard and Paper Industry	2 063.9	2 070.0	2 075.8
Tissue and Cooking Papers	888.4	895.9	905.4
Other operations	165.9	122.7	144.0
Elimination	-338.6	-254.9	-251.1
Unallocated assets	859.9	905.0	934.5
Total	5 323.3	5 395.3	5 344.4

Assets = intangible and tangible assets, inventories, accounts receivables and other non-interest-bearing receivables (excl. interest and tax items).

Liabilities EUR million	2013 30.6.	2012 30.6.	2012 31.12.
Wood Supply and Forest Services	222.9	193.8	193.1
Wood Products Industry	139.1	124.2	113.4
Pulp Industry	163.2	149.1	158.5
Paperboard and Paper Industry	538.5	537.9	486.5
Tissue and Cooking Papers	257.0	252.1	272.9
Other operations	36.9	20.6	32.3
Elimination	-338.6	-254.9	-251.1
Unallocated liabilities	2 447.0	2 560.5	2 480.9
Total	3 466.0	3 583.3	3 486.5

Liabilities = accounts payable, advance payments and other non-interest-bearing liabilities (excl. interest and tax items).

Note 3 – Income taxes

Tax expense in the income statement is comprised of the current tax and deferred taxes.

EUR million	2013 1–6	2012 1–6	2012 1–12
Taxes for the period	32.2	47.2	75.6
Taxes for the prior periods	-0.6	-0.2	0.1
Change in deferred taxes	3.1	-21.7	-43.9
Total income taxes	34.7	25.3	31.8

Note 4 – Change in property, plant and equipment

EUR million	2013 1–6	2012 1–6	2012 1–12
Book value at beginning of period	2 073.3	2 129.0	2 129.0
Investments	71.9	81.6	188.3
Decreases	-3.9	-0.9	-2.2
Assets classified as held for sale	-2.1	0.0	-20.6
Depreciation, amortization and impairment losses	-119.7	-124.0	-234.8
Translation differences and other changes	-15.4	6.4	13.5
Book value at end of period	2 004.0	2 092.1	2 073.3

The buildings and machinery of EUR 2.1 million in Metsä Wood GmbH, Germany, was classified as assets held for sale on 31 March, 2013. The sale was closed in April 2013. Depreciation, amortization and impairment losses include reversed impairments of EUR 2.5 million relating to the old paper machine of Metsä Board Äänekoski Paper.

Note 5 – Provisions

EUR million	Restructuring	Environmental obligations	Other provisions	Total
At 1 January, 2013	45.0	26.6	16.9	88.4
Translation differences	-0.2	0.0	-0.2	-0.4
Increases	3.3	0.5	0.9	4.8
Utilized during the year	-28.4	-0.7	1.3	-30.5
Unused amounts reversed	-1.3	-1.0	-0.4	-2.8
At 30 June, 2013	18.4	25.3	15.9	59.5

Metsä Wood's restructuring provision of EUR 3.3 million relates to plans of closing down the Casteljaloux sawmill, further processing and distribution unit in France.

Related to the sale of Alizay, Metsä Board reversed provisions of EUR 2.4 million.

Of the total provisions of EUR 59.5 million, the non-current portion was EUR 28.9 million and the current portion EUR 30.6 million. The non-current portion will mostly be paid during 2014.

Note 6 – Related party transactions

The sales of Metsäliitto Cooperative's wood deliveries to the Group subsidiaries totalled EUR 382.5 million in January–June 2013 (365.7). Sales of wood deliveries to joint ventures and associated companies were EUR 11.0 million (7.0).

Metsä Group's forest holdings are centralised in Finsilva Corporation, which is an associated company of Metsäliitto Cooperative (49.9%). Finsilva sells wood to Metsäliitto Cooperative. The value of wood deliveries in January–June 2013 was EUR 9.0 million (8.6).

Transactions with joint ventures
Joint ventures have been consolidated using line-by-line method proportionate to the Group's holding. Significant joint ventures are Äänevoima Oy (56.25%) and Metsätapiola real estates (48.98%).

The Group's consolidated income statement and balance sheet include assets, liabilities, income and costs as follows:

EUR million	2013 1–6	2012 1–6	2012 1–12
Sales	7.0	6.5	12.2
Purchases	6.0	6.7	14.0
Non-current assets	53.2	49.0	47.9
Current assets	5.5	6.2	4.8
Non-current liabilities	44.1	42.0	40.8
Current liabilities	8.3	4.7	5.1

Transactions with associated companies

EUR million	2013 1–6	2012 1–6	2012 1–12
Sales	8.2	6.1	16.1
Purchases	54.9	45.0	94.1
Non-current receivables	1.5	0.5	1.5
Current receivables	2.1	2.2	1.9
Non-current liabilities	0.0	0.0	0.0
Current liabilities	14.4	4.9	6.0

Note 7 – Notes to condensed consolidated cash flow statement

Adjustments to the result for the period

EUR million	2013 1–6	2012 1–6	2012 1–12
Taxes	34.7	25.3	31,8
Depreciation, amortization and impairment charges	126.9	131.0	249,1
Biological assets	-3.2	-0,3	0,2
Share of results from associated companies	-9.5	-3.9	-4,8
Gains and losses on sale of non-current financial assets	-5.3	-12.4	-20,1
Finance costs, net	61.7	50.2	113,0
Pension liabilities and provisions	-28.0	-71.1	-109,3
Total	177.4	118.8	260,1

Disposals and other items

Disposals and other items include EUR 5.4 million from the sale of Metsä Wood's subsidiary Metsä Wood Merk GmbH, EUR 27.9 million from sales of non-current assets and EUR 1.0 million from other items. The most significant items were the sale of Metsä Board Alizay's non-current assets of EUR 22.4 million and the EUR 2.5 million sale of Metsä Board's old paper machine in Äänekoski.

Note 8 – Financial instruments

Financial assets and liabilities classified according to IAS 39 and fair value

EUR million	Fair value through p&l	Available for sale financial assets	Loans and other recei-vables	Deriva-tives at hedge accoun-ting	Amor-tised cost	Book value	Fair value
Financial assets 30.6.2013							
Available for sale investments		316.4				316.4	316.4
Other non-current financial assets			13.4			13.4	13.4
Accounts receivables and others			822.1			822.1	822.1
Cash and cash equivalet	10.1		438.9			448.9	448.9
Derivate financial instruments	2.2			-0.7		1.5	1.5
Total	12.2	316.4	1 274.3	-0.7	0.0	1 602.2	1 602.2
Financial liabilities 30.6.2013							
Non-current int.-bearing liabilities					1 408.5	1 408.5	1 435.6
Other non-current liabilities					7.6	7.6	7.6
Current interest-bearing liabilities					706.7	706.7	724.7
Accounts payable and others					684.8	684.8	684.8
Derivative financial instruments	9.7			24.4		34.2	34.2
Total	9.7	0.0	0.0	24.4	2 807.6	2 841.8	2 886.9

Fair value hierarchy of financial assets and liabilities

EUR million

30.6.2013	Level 1	Level 2	Level 3	Total
Available for sale financial assets	0.3		316.1	316.4
Current financial assets througt profit and loss at fair value	10.1			10.1
Derivative financial assets		1.5		1.5
Derivative financial liabilities	12.0	22.1		34.2

Financial assets measured at fair value based on level 3

EUR million	2013
Opening balance	355.8
Gains and losses in income statement	0.2
Gains and losses in other comprehensive income	-47.1
Purchases	7.8
Settlements	-0.5
Assets classified as held for sale	0.0
Closing balance	316.1

Assets have been categorised according to IFRS 7 paragraph 27 A and 27 B.

Level 1	Fair value is based on quoted prices in active markets
Level 2	Fair value is based on inputs observable for the asset either directly or indirectly
Level 3	Fair value is based on company estimates and not on market data

The valuation methods are described in more detail in the 2012 Annual Report.

The most significant item at fair value not traded on an open market is the investment in Pohjolan Voima Oy shares, reported under available-for-sale financial assets. The valuation method is described in the 2012 Annual Report. The average weighed capital cost applied in the calculation was 3.75 per cent on 30 June 2013. The acquisition cost of the Pohjolan Voima Oy shares is EUR 47.8 million and their fair value is EUR 296.6 million.

The carrying amount of available-for-sale financial assets would be estimated to be EUR 3.8 million lower or EUR 4.2 million higher should the rate used for discounting the cash flows differ by 10 per cent from the rate estimated by the management. The carrying amount of available-for-sale financial assets would be estimated to be EUR 41.1 million higher or EUR 41.1 million lower should the energy prices applied in the fair value calculation differ by 10 per cent from the rate estimated by the management.

Derivatives 30.6.2013

EUR million	Nominal value	Assets	Liabi-lities	Fair value total	Fair value hedges	Cash flow hedges	Equity hedges	Hedge accou-ting not applied
Interest rate swaps	805.1		15.3	-15.3	2.2	-14.6		-2.8
Total	805.1	0.0	15.3	-15.3	2.2	-14.6	0.0	-2.8
Currency forwards	884.3	1.5	0.4	1.0		-0.9	0.2	1.7
Currency options	76.5	0.0		0.0				0.0
Currency swaps	46.4		1.1	-1.1				-1.1
Total	1 007.3	1.5	1.6	-0.1	0.0	-0.9	0.2	0.6
Electricity derivatives	210.9		17.1	-17.1		-11.8		-5.2
Commodity derivatives	6.5		0.3	-0.3		-0.2		-0,1
Total	217.3	0.0	17.3	-17.3	0.0	-12.0	0.0	-5.3
Derivatives total	2 029.7	1.5	34.2	-32.7	2.2	-27.5	0.2	-7.6

Note 9 – Commitments and contingencies

EUR million	2013 30.6.	2012 30.6.	2012 31.12.
Own liabilities, for which commitments granted	1 071.4	619.8	591.4
Pledges granted	876.4	441.4	470.1
Floating charges	603.0	3.0	3.0
Real estate mortgages	879.6	287.8	282.2
Chattels mortgage	4.6	1.6	4.6
Commitments for own liabilities, total	2 363.6	733.8	760.0
Other commitments on own behalf	96.1	87.2	83.5
On behalf of associated companies	2.2	3.7	3.5
On behalf of others	7.1	9.0	10.4
Total	2 469.0	833.7	857.4

Securities and guarantees include pledges, floating charges, real estate mortgages, chattels mortgage and guarantee liabilities.

The increase in securities and guarantees is related to the syndicated credit agreement of a total of EUR 600 million signed by Metsä Board in May 2012, of which EUR 500 million was drawn in April 2013. Shares, real estate mortgages and a floating charge of EUR 600 million were pledged as collateral for the loan.

The future costs for non-cancellable operating lease contracts were EUR 35.5 million at the end of June (31.12.2012: 39.7).