

Metsäliitto Group's operating result excluding non-recurring items was EUR 311 million

Result for January–September 2011

- Sales amounted to EUR 4,123 million (1–9/2010: EUR 3,986 million).
- Operating result excluding non-recurring items was EUR 311 million (405). Operating result including non-recurring items was EUR 229 million (415).
- Result before taxes and excluding non-recurring items was EUR 217 million (299). Including non-recurring items, the result before taxes was EUR 130 million (293).

Result for July–September 2011

- Sales amounted to EUR 1,317 million (7–9/2010: EUR 1,345 million).
- Operating result excluding non-recurring items was EUR 63 million (155). Operating result including non-recurring items was EUR 44 million (170).
- Result before taxes and excluding non-recurring items was EUR 35 million (114). Including non-recurring items, the result before taxes was EUR 17 million (128).

Events in the third quarter of 2011

- Metsä Tissue's Düren mill was inaugurated on 14 September 2011.
- Metsäliitto Cooperative's shareholding in Metsä Tissue increased from 70.5 per cent to 76.6 per cent.
- The divestment of M-real's Hallein pulp mill was completed on 1 September 2011.

Events after the period

- M-real announced it would start negotiations on closing the Alizay mill and on discontinuing the unprofitable operations at the Gohrsmühle mill.
- M-real announced plans to restructure its coated paper business, including closure of Äänekoski paper mill and increase of Husum mill's production

“The result development in the third quarter was in accordance with the guidance we provided. In addition to the economic uncertainty and weakened situation in the paper and pulp market also the costs for closing down the mills and annual maintenance shutdowns affected our operating result.

If realised, our plans concerning the paper business in Alizay, Gohrsmühle and Äänekoski will further M-real's focus in cartonboard for which the demand outlook is good. The launch of the operations at Metsä Tissue's Düren mill in Germany strengthens our position as a significant European manufacturer of baking and cooking papers.”

Kari Jordan, President & CEO, Metsäliitto Group

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

Metsäliitto Group

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Metsäliitto Group

Income statement (Continuing operations)	2011 1–9	2010 1–9	2011 7–9	2010 7–9	2010 1–12
Sales	4 123	3 986	1 317	1 345	5 377
Other operating income	64	98	14	51	142
Operating expenses	-3 692	-3 461	-1 210	-1 157	-4 686
Depreciation and impairment losses	-265	-207	-76	-70	-336
Operating result	229	415	44	170	497
Share of results in associates	5	-14	2	-1	-15
Exchange gains and losses	2	-6	1	-6	-7
Other net financial items	-106	-103	-31	-35	-129
Result before income tax	130	293	17	128	345
Income taxes	-81	-102	-21	-39	-131
Result from continuing operations	50	191	-4	89	214

Metsäliitto Group

Profitability (Continuing operations)	2011 1–9	2010 1–9	2011 7–9	2010 7–9	2010 1–12
Operating result, EUR mill.	229	415	44	170	497
- " -, excluding non-recurring items	311	405	63	155	547
- " - % of sales	7.6	10.2	4.8	11.5	10.2
Return on capital employed, %	8.0	13.1	4.9	16.6	11.8
- " -, excluding non-recurring items	10.9	13.3	6.7	15.2	13.4
Return on equity, %	3.9	16.9	-0.9	22.4	13.9
- " -, excluding non-recurring items	10.8	17.4	3.4	18.8	18.2

Financial position	2011	2010	2011	2010	2010
	30.9	30.9	30.6	30.6	31.12
Equity ratio, %	31.0	28.1	30.9	27.6	29.7
Net gearing ratio, %	113	123	121	135	116
Interest-bearing net liabilities, EUR mill.	1 895	1 985	2 051	2 109	1 939

Business Areas

Sales and Operating result January–September 2011 (EUR mill.)	Wood Supply	Wood Products Industry	Pulp Industry	Board and Paper Industry	Tissue and Cooking Papers
Sales	1 121	720	1 011	1 961	725
Other operating income	6	4	11	47	7
Operating expenses	-1 107	-687	-732	-1 859	-685
Depreciation & impairment losses	-2	-25	-48	-148	-30
Operating result	18	12	242	1	17
Non-recurring items	-	0	4	80	-
Operating result, excl. non-rec. items	18	12	246	81	17
- % of sales	1.6	1.6	24.4	4.1	2.3

The interim report is unaudited

METSÄLIITTO GROUP

INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2011

Sales and result

Metsäliitto Group's sales for January–September were EUR 4,123 million (1–9/2010: EUR 3,986 million). Operating result excluding non-recurring items was EUR 311 million (405), or 7.6 per cent of the sales (10.2).

Net non-recurring items were EUR -82 million, of which income accounted for EUR 11 million and expenses accounted for EUR 93 million. The non-recurring income was primarily generated by the sale of properties in Finland. In January–June, EUR 49 million of non-recurring expenses was recognised from the divestment of M-real's Hallein pulp mill and EUR 22 million from the write-downs and provisions of the Gohrsmühle and Reflex paper mills.

In the third quarter, non-recurring items totalled EUR -18 million net. Of this amount, EUR 9 million consisted of cost provisions relating to the discontinuation of the carbonless paper refining operations at the Reflex mill and EUR 8 million consisted of the impairment loss from the planned closure of the Alizay paper mill in France.

Sales in the third quarter of the year were EUR 1,317 million (7–9/2010: 1,345). Operating result excluding non-recurring items was EUR 63 million (155), or 4.8 per cent of the sales (11.5). Operating result including non-recurring items was EUR 44 million (170).

The operating result including non-recurring items totalled EUR 229 million (415) in January–September. Financial income was EUR 7 million (4) and financial expenses were EUR 113 million (106). During the first quarter, dividends of approximately EUR 9 million paid on Metsä-Botnia's shares under the obligation to redeem were recognised in financial expenses.

The results from associates were EUR 5 million (-14). The figure includes a non-recurring impairment loss of approximately EUR 4 million (16) associated with the sale of M-real's 35 per cent ownership share and subordinated loan in Myllykoski Paper Oy.

The result for the period before taxes was EUR 130 million (293) and taxes, including changes in deferred tax liability, were EUR 81 million (102). The net result for the period was EUR 50 million (191).

Excluding non-recurring items, the Group's return on capital employed was 10.9 per cent (13.3) and return on equity was 10.8 per cent (17.4). Including non-recurring items, the return on capital employed was 8.0 per cent (13.1) and return on equity was 3.9 per cent (16.9).

Balance sheet and financing

Metsäliitto Group's total liquidity was EUR 909 million at the end of September (31 December 2010: 1,054). This consisted of EUR 367 million (440) of liquid assets and investments and EUR 542 million (614) of binding credit facility agreements not included on the balance sheet. In addition, the Group can satisfy short-term financial needs with non-binding commercial paper schemes in Finland and abroad, as well as credit lines amounting to approximately EUR 0.5 billion.

The Group's equity ratio at the end of September was 31.0 per cent and net gearing was 113 per cent (31 December 2010: 29.7% and 116%, respectively). Interest-bearing net liabilities stood at EUR 1,895 million (31 December 2010: 1,939).

The equity ratio of the parent company Metsäliitto Cooperative was 62.2 per cent at the end of September and net gearing was 37 per cent (31 December 2010: 58.6 % and 45 %, respectively).

During January–September, Metsäliitto's members' capital increased by a total of EUR 35.2 million. The actual members' capital grew by EUR 3.1 million, the additional members' capital A by EUR 19.7 million and the additional members' capital B by EUR 12.4 million. EUR 14.0 million of the additional members' capital matured on 1 July 2011 (1 July 2010: EUR 35.6 million).

During the period under review, the change in the fair value of investments available for sale was approximately EUR 25 million, mainly due to the increase in the fair value of Pohjolan Voima Oy's shares.

M-real's Annual General Meeting in March decided to reduce the share premium reserve in operating capital, as stated on the parent company's balance sheet on 31 December 2010, by transferring all funds in the account, or approximately EUR 664 million, to the company's non-restricted equity reserve. None of the company's creditors announced their opposition to the procedure by the deadline of 17 August 2011 set by the register authorities, and hence the processing of the matter in the Trade Register has completed. M-real Corporation recognised the reduction of the share premium reserve in accordance with the decision by the Annual General Meeting.

Personnel

The Group had an average of 13,198 employees in January–September (1–9/2010: 13,165). At the end of September, the number of personnel in the Group was 12,678 (31 December 2010: 12,820). The parent company, Metsäliitto Cooperative, had a headcount of 2,762 at the end of September (31 December 2010: 2,495).

Members

At the end of the review period, the Metsäliitto Cooperative had 125,494 members (31 December 2010: 126,382). Since the beginning of the year, 1,457 new members have joined the Cooperative and 2,345 members have resigned.

Investments

Metsäliitto Group's capital expenditure totalled EUR 146 million (89).

Metsä-Botnia's ongoing investments are proceeding on schedule. At the Kemi mill, the new causticisation station was commissioned during the review period and the water station will be completed during the last quarter.

The new gasification plant at the Joutseno pulp mill will become operational by the end of 2012. Parallel to the ongoing project, Metsä-Botnia is carrying out a preliminary survey on the construction of a biogas-generating biorefinery in Joutseno in cooperation with Gasum and Helsingin Energia. If the refinery were built, it would use renewable wood raw material to generate bio-gas which would be transferred via the natural gas network to usage sites such as the Helsinki Energia power plant in Vuosaari.

M-real's most essential investments in 2011 are associated with the improvement of cartonboard production at the Simpele, Kemi and Kyrö mills. The expansion investment at the Simpele folding boxboard mill was completed during the second quarter. The investment increased the plant's annual capacity by 80,000 tonnes. In addition, M-real announced investments of approximately EUR 30 million in expanding the annual folding boxboard capacity at the Äänekoski and Kyröskoski mills by a total of approximately 70,000 tonnes. The Kyröskoski investment will be carried out at the end of 2011, and the Äänekoski investment in the spring of 2012.

Metsä Tissue's investment project in Düren, Germany, was completed and the mill was inaugurated in September. The three-year investment programme is proceeding according to plan at the Krapkowice mill in Poland. The programme includes, among other things, the construction of two new soft tissue machines and an upgrading line, the replacement of one paper machine, and infrastructure development.

New ownership shares in Metsä Tissue Corporation

Metsäliitto Cooperative increased its shareholding in Metsä Tissue in a share transaction completed on 30 September 2011 by purchasing the Metsä Tissue Corporation shares owned by Mandatum Life Insurance Company, a total of 6.1 per cent. After the transaction, Metsäliitto Cooperative owns a total of 76.6 per cent of Metsä Tissue's shares. The other shareholders of the company are Jozef Antošík (15.0%) and Varma Mutual Employment Pension Company (8.4%).

Structural changes

In September, M-real completed the sale of the entire share capital of M-real Hallein GmbH to Schweighofer Group. The agreement covered the Hallein pulp mill, the bio power plant, the paper mill closed in 2009 and the surrounding land area. The debt-free value of the transaction was approximately EUR 34 million and its positive cash impact was approximately EUR 24 million.

In September, M-real completed the sale of its 35 per cent holding in Myllykoski Paper and the capital loan that it had granted to Myllykoski Paper, to UPM-Kymmene Corporation. The transaction had a positive cash impact of EUR 10.5 million.

In October, M-real announced measures to be taken at the Alizay paper mill in France and the Reflex and Gohrsmühle mills in Germany. The measures are described in greater detail in the section "Events after the review period".

In November, M-real announced plans to restructure its coated paper business, including closure of Äänekoski paper mill and increase of Husum mill's production. Also these measures are described in greater detail in the chapter "Events after the review period" of this report.

Business areas

Wood Supply

Wood Supply sales for January–September were EUR 1,121 million (1-9/2010: 988) and operating profit was EUR 18 million (17). The operating result does not include non-recurring items. Wood Supply in Finland accounted for EUR 751 million (676) of sales and EUR 9 million (8) of the operating result.

Sales in the third quarter were EUR 352 million (7–9/2010: 318) and operating profit excluding non-recurring items was EUR 3 million (3).

The weekly purchase volumes of the Finnish forest industry from privately owned forests increased to a level of 0.5–1.0 million cubic metres. During the third quarter, log prices took a downward turn and the price development of pulpwood stabilised. The market situation in the Baltic area also calmed down and the prices of wood started to decline in all countries.

Wood deliveries to the Metsäliitto Group production plants also worked as planned. Harvesting was carried out as budgeted, and both the wood inventory and reserves were good. In January–September, Metsäliitto Wood Supply's delivery volume to production plants was 22.3 million cubic metres (1–9/2010: 21.5).

Several events were organised for Metsäliitto members, including the Metsäpäivä (Forest Day) event in the Tampere region in Finland. In addition, a training round was organised around the country for the new Representative Council and district committees, with more than 200 representatives from the administration participating.

Wood Products Industry

Metsäliitto Wood Products Industry's sales in January–September were EUR 720 million (1–9/2010: 678) and operating profit excluding non-recurring items was EUR 12 million (16). Operating result including non-recurring items was EUR 12 million (21).

Sales in the third quarter were EUR 218 million (7–9/2010: 231) and operating profit excluding non-recurring items was EUR -1 million (5). Growth of the business operations stabilised after the first half of the year. In spite of cost management, the operating result showed a loss as the volume of operations in both Finland and the most important export markets was seasonally low.

Profitability of Engineered Wood Products continued to be reasonable, and the company was able to increase the deliveries of Kerto products. Demand in the industrial customer segments also continued to be good. In further processed products, the economic uncertainty in Europe and consumers cutting back on their spending taxed demand.

Due to the weakened market stability of sawn timber, Wood Products Industry announced at the beginning of October that it would commence statutory labour negotiations in all sawmills it operates in Finland. The negotiations will cover the plan to limit the operations of individual sawmills through temporary layoffs, if necessary, for some weeks by the end of March 2012. The negotiations will affect approximately 450 people at six sawmills.

Pulp

Metsä-Botnia's sales for January–September were EUR 1,011 million (1–9/2010: 1,000). The pulp sales volume remained at the same level as in the corresponding period last year.

Operating result excluding non-recurring items was EUR 246 million (281). Including non-recurring items, the operating result was EUR 242 million (283). The result was particularly affected by the weakening of the US dollar against the euro and the increase in production costs.

Foreign-currency-denominated market prices for softwood pulp were, on average, 6 per cent higher compared with the corresponding period last year. The average prices of hardwood pulp remained at the last year's level. On the other hand, the US dollar weakened by nearly 7 per cent.

Metsä-Botnia's sales in the third quarter were EUR 332 million (7–9/2010: 344) and operating profit excluding non-recurring items was EUR 62 million (114). Pulp prices took a downward turn in the third quarter. At the beginning of July, softwood pulp was selling at USD 1,010 per tonne and, at the end of September, at USD 950 per tonne. The corresponding figures for hardwood pulp were USD 830 and USD 760. In

addition, the result was weakened by the maintenance shutdown of two mills falling in the third quarter.

Board and Paper

Board and Paper's sales in January–September were EUR 1,961 million (1–9/2010: 1,940) and operating result excluding non-recurring items was EUR 81 million (136).

Operating result excluding non-recurring items compared with the corresponding period in the previous year was weakened by cost inflation in the cost of wood, chemicals and energy, in particular. Furthermore, the lower delivery volumes of coated papers, specialty papers and cartonboard as well as the strengthening of the Swedish krona and the weakening of the US dollar against the euro weakened the result. The operating result was improved by the average selling prices being clearly higher than in the previous year.

Net non-recurring items were EUR -80 million in January–September, of which income accounted for EUR 10 million and expenses accounted for EUR 90 million. The non-recurring income was related to the sale of properties in Finland. In the second quarter, EUR 49 million of the non-recurring expenses were associated with the divestment of M-real's Hallein pulp mill and EUR 22 million were associated with the write-downs and provisions of the Gohrsmühle and Reflex paper mills. In the third quarter, EUR 9 million were recognised as cost provisions relating to the upcoming measures at the Reflex mill and EUR 8 million of impairment loss was recognised from the planned closure of the Alizay paper mill.

Sales in the third quarter were EUR 616 million (7–9/2010: 662) and operating profit excluding non-recurring items was EUR 6 million (54).

The operating result including non-recurring items totalled EUR 1 million in January–September (150). Net interest and other financial expenses were EUR 51 million (52) and the exchange gains/losses recognised in financial items were EUR 3 million (-7).

The results from associates were EUR -4 million (-21). The figure includes a non-recurring impairment loss of approximately EUR 4 million (16) associated with the sale of M-real's 35 per cent ownership share and subordinated loan in Myllykoski Paper Oy.

Excluding non-recurring items, the result before taxes for the period was EUR 33 million (72), earnings per share were EUR 0.06 (0.16) and the return on capital employed was 5.4 per cent (8.0). Including non-recurring items, the result before taxes was EUR -51 million (70), earnings per share were EUR -0.20 (0.15) and the return on capital employed 0.4 per cent (7.8).

At the end of September, M-real's equity ratio was 32.7 per cent and net gearing amounted to 83 per cent (31 December 2010: 32.1 % and 83%, respectively). Some

of M-real's loan agreements set a 120 per cent limit on the company's net gearing and a 30 per cent limit on the equity ratio. At the end of September, net gearing calculated in the manner defined in the borrowing agreements was approximately 63 per cent, and the equity ratio approximately 39 per cent.

M-real Corporation's own interim report was published on 2 November 2011 at 12:00 noon EET.

Tissue and Cooking Papers

The January–September sales of Metsä Tissue, producer of tissue and cooking papers, totalled EUR 725 million (692). The sales of its own brands increased by 8 per cent compared to the previous year thanks to Lambi, Katrin and Serla, in particular.

Operating result excluding non-recurring items was EUR 17 million (45). Including non-recurring items, the operating result was EUR 17 million (36).

Sales in the third quarter were EUR 247 million (7–9/2010: 236) and operating profit excluding non-recurring items was EUR 7 million (14). Price increases that had characterised the pulp and recycled paper segment for the past two years, stabilised. Nevertheless, the strengthening of the US dollar against the euro kept the euro-denominated costs still high. The prices of packaging and chemicals continued to rise in the third quarter. Launching production at the Düren mill in Germany also generated additional costs.

In accordance with the licence agreement between Metsä Tissue and Georgia-Pacific, which took effect in September, Metsä Tissue launched the manufacture, marketing and sales of Lotus soft tissue papers directed at consumers in Russia.

During the third quarter, Metsä Tissue introduced new products such as SAGA One-Up and Serla ISO. The One-Up package utilises the pop-up concept used in facial tissue boxes, and the Serla ISO toilet and household papers contain 35–50 per cent more paper than the previous package sizes.

Events after the period

Alizay and Gohrsmühle

M-real announced in October that it would start negotiations on closing the Alizay mill in France and on discontinuing the unprofitable operations in the Gohrsmühle mill in Germany. Concurrently, M-real announced it would continue the Chromolux business operations in Gohrsmühle and survey opportunities to launch a folding boxboard customer service and logistics centre and a sheeting plant in Gohrsmühle. Furthermore, M-real announced it is conducting negotiations in order to sell the Premium Papers business operations of the Reflex mill. Negotiations on the

discontinuation of the carbonless paper refining operations at the Reflex mill are under way.

M-real has been trying to make the operations scheduled for discontinuation at the Alizay and Gohrsmühle mills profitable for a long time, and in several different stages has tried to find a buyer that could continue the operations in a profitable manner. The company received several offers for both companies and conducted negotiations based on them. Nevertheless, none of the buyer candidates has been able to meet the requirements M-real has set for the completion of the transaction. These requirements focus on the buyer candidate's financial position, credibility of its business plan and its implementation, ability to bear the responsibility for employees and business risks as well as the economic impact of the transaction.

If the planned measures are implemented, M-real's annual sales are estimated to decrease by nearly EUR 400 million and its operating result to improve by about EUR 80 million, based on the actual figures for January–September 2011. The majority of the sales and profit impact is expected to be seen in 2012 and the full impact from 2013 onwards. Implementation of the measures is contingent on the completion of the statutory labour negotiations required by local legislation.

If implemented in full, the planned measures are estimated to have a non-recurring negative impact on the result amounting to a total of approximately EUR 180 million. Of this, a total of EUR 22 million of impairment loss and cost provisions were recognised as non-recurring items in the result in the second quarter result, and a total of approximately EUR 17 million in the result in the third quarter. The remainder of the non-recurring items will be recognised in the last quarter of 2011 and the first quarter of 2012. The estimated net cash costs of the planned measures, taking into consideration the change in the net working capital from the beginning of May 2011, total approximately EUR 50 million.

Äänekoski and Husum

M-real announced in November plans to restructure its coated paper business to achieve an approximately EUR 20 million improvement in annual operating result.

Paper production at the Husum mill in Sweden is planned to be restructured. The annual coated paper capacity on the mill will be increased from 285 000 tonnes to approximately 340 000 tonnes without material investments. The reel production of Äänekoski paper machine is planned to be transferred to Husum.

Äänekoski mill's coated fine paper machine is planned to be closed and the sheeting capacity converted fully to folding boxboard sheeting. Statutory negotiations related to the possible closure of the paper production and the development of the sheeting capacity covering the whole of Äänekoski paper and board mills' personnel of approximately 370 people will be commenced on 9 November 2011. Amount of personnel at the Äänekoski mills is expected to reduce by 180 at the maximum.

Currently there is one machine at Äänekoski paper mill with an annual capacity of approximately 200 000 tonnes of coated fine paper. After the planned closure of paper production the paper and board sheeting operations at the site are planned to be combined. This would increase the folding boxboard capacity and reduce the need for external folding boxboard sheeting and would thus improve M-real's profitability.

Based on the planned measures M-real's annual coated paper capacity would reduce by approximately 145 000 tonnes. M-real's annual sales would reduce by approximately EUR 60 million and operating result would increase by approximately EUR 20 million based on the actual performance of the coated paper production in January–September 2011. The full annual financial impact of the planned measures is expected to be seen from 2012 onwards.

M-real's operating result in the last quarter of 2011 is expected to include approximately EUR 25 million non-recurring impairments and cost provisions related to the planned actions at Äänekoski mill.

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 Metsäliitto Group.

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

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

Near-term outlook

The rainy autumn season has slowed down harvesting and made deliveries difficult. Nevertheless, the supply of wood to Metsäliitto Group's production plants has been successful. All timber types are still being purchased from privately owned forests, with the focus being on stands marked and suitable for summer felling until the freezing weather.

Pressures on prices of sawn timber, in particular, will have a negative impact on the result outlook of Wood Products Industry in the last quarter of the year. Adapting sawmill operations in order to safeguard financially sustainable development will be necessary.

In the last quarter of the year, Metsä-Botnia's utilisation rate will be slightly lower than normal due to the upcoming annual maintenance shutdowns. The annual maintenance shutdowns in Joutseno, Kemi and Äänekoski took place in August–October, and the shutdown at the Rauma mill will take place in November.

No signs of weakness have been observed in the end demand for cartonboard. Delivery volumes were at a record high level at the end of last year and at the beginning of this year. Nevertheless, inventory levels have been clearly reduced in recent months in different parts of the supply chain as the general economic situation has become more uncertain and producers' ability to supply materials has improved. The long-term demand and profitability outlook for cartonboard will continue to be strong, and the inventory levels are estimated to normalize during the next few months.

Improving the operating result and increasing the sales of own brands will be Metsä Tissue's goals for the remainder of the year. Furthermore, the company's investments into successful completion of strategic development projects will continue.

The economic uncertainty has weakened the situation in the paper and pulp market and in the sawmill industry in all main markets in recent months. Order books are currently below the normal level and production curtailments will be carried out at most mills during the remainder of the year.

Metsäliitto Group's operating result excluding non-recurring items in the last quarter of 2011 is estimated to be slightly lower than in the third quarter.

Espoo, 2 November 2011

Metsäliitto Group
Board of Directors

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BUSINESS AREAS

Wood Supply	1–9/11	1–9/10	7–9/11	7–9/10	1–12/10
Sales	1 121	988	352	318	1 353
EBITDA	20	20	4	4	25
- " -, excl. non-recurring items	20	20	4	4	25
Depreciation and impairment	-2	-3	-1	-1	-4
Operating result	18	17	3	3	21
- " -, excl. non-recurring items	18	17	3	3	21
- " -, % of sales	1.6	1.8	0.9	0.9	1.6
Capital expenditure	3	2	1	2	3
Personnel at end of period	1 060	1 071	1 060	1 071	1 078

Wood Products Industry	1–9/11	1–9/10	7–9/11	7–9/10	1–12/10
Sales	720	678	218	231	902
EBITDA	37	48	7	20	67
- " -, excl. non-recurring items	36	42	7	13	63
Depreciation and impairment	-24	-27	-8	-9	-45
Operating result	12	21	-1	11	23
- " -, excl. non-recurring items	12	16	-1	5	28
- " -, % of sales	1.6	2.3	-0.7	2.0	3.1
Capital expenditure	9	12	4	6	16
Personnel at end of period	2 937	2 784	2 937	2 784	2 703

Pulp Industry	1–9/11	1–9/10	7–9/11	7–9/10	1–12/10
Sales	1 011	1 000	332	344	1 365
EBITDA	291	328	78	131	444
- " -, excl. non-recurring items	295	337	78	131	453
Depreciation and impairment	-48	-45	-16	-17	-63
Operating result	242	283	62	114	381
- " -, excl. non-recurring items	246	281	62	114	379
- " -, % of sales	24.4	28.1	18.6	33.2	27.8
Capital expenditure	26	8	10	4	14
Personnel at end of period	881	9369	881	936	881

Board and Paper Industry	1–9/11	1–9/10	7–9/11	7–9/10	1–12/10
Sales	1 961	1 940	616	662	2 605
EBITDA	149	238	24	95	312
- " -, excl. non-recurring items	172	234	36	85	305
Depreciation and impairment	-148	-88	-37	-29	-166
Operating result	1	150	-13	66	146
- " -, excl. non-recurring items	81	136	6	54	173
- " -, % of sales	4.1	7.0	1.0	8.2	6.6
Capital expenditure	60	48	17	31	66
Personnel at end of period	4 163	4 682	4 163	4 682	4 538

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Tissue and Cooking Papers	1–9/11	1–9/10	7–9/11	7–9/10	1–12/10
Sales	725	692	247	236	938
EBITDA	46	70	17	21	94
- " -, excl. non-recurring items	46	75	17	23	99
Depreciation and impairment	-30	-34	-10	-10	-44
Operating result	17	36	7	11	50
- " -, excl. non-recurring items	17	45	7	14	59
- " -, % of sales	2.3	6.5	2.7	5.7	6.3
Capital expenditure	40	18	22	7	49
Personnel at end of period	3 225	3 105	3 286	3 105	3 198

Other operations	1–9/11	1–9/10	7–9/11	7–9/10	1–12/10
Sales	3	3	1	1	3
EBITDA	-1	-6	2	-2	-7
- " -, excl. non-recurring items	-1	-5	2	-1	-6
Depreciation and impairment	-1	-1	0	0	-2
Operating result	-2	-7	2	-3	-9
- " -, excl. non-recurring items	-2	-6	2	-1	-7
Capital expenditure	8	2	4	0	2
Personnel at end of period	412	450	412	450	422

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

Internal sales and eliminations	1–9/11	1–9/10	7–9/11	7–9/10	1–12/10
Sales	-1 417	-1 314	-449	-446	-1 790
EBITDA	-48	-75	-12	-29	-101
- " -, excl. non-recurring items	-49	-74	-12	-30	-94
Depreciation and impairment	-11	-9	-4	-3	-13
Operating result	-59	-84	-16	-32	-114
- " -, excl. non-recurring items	-60	-83	-16	-32	-107

Metsäliitto Group	1–9/11	1–9/10	7–9/11	7–9/10	1–12/10
Sales	4 123	3 986	1 317	1 345	5 377
EBITDA	495	623	121	239	833
- " -, excl. non-recurring items	520	630	131	227	846
Depreciation and impairment	-265	-207	-76	-70	-336
Operating result	229	415	44	170	497
- " -, excl. non-recurring items	311	405	63	155	547
- " -, % of sales	7.6	10.2	4.8	11.5	10.2
Capital expenditure	146	89	45	49	138
Personnel at end of period	12 678	13 028	12 678	13 028	12 820

EBITDA = Operating result before depreciation and impairment losses

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Quarterly data	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Sales							
Wood Supply	352	394	376	365	318	337	333
Wood Products Industry	218	264	238	224	231	256	192
Pulp Industry	332	339	340	365	344	368	288
Board and Paper Industry	616	660	685	665	662	676	602
Tissue and Cooking Papers	247	237	241	246	236	231	225
Other operations	1	1	1	1	1	2	0
Internal sales	-449	-492	-478	-475	-446	-454	-415
Sales total	1 317	1 403	1 403	1 391	1 345	1 416	1 224
Operating result							
Wood Supply	3	7	8	4	3	8	7
Wood Products Industry	-1	8	5	2	11	11	-2
Pulp Industry	62	85	96	98	114	112	57
Board and Paper Industry	-13	-32	46	-4	66	35	49
Tissue and Cooking Papers	7	3	7	14	11	5	19
Other operations	2	-2	-2	-1	-3	-2	-2
Eliminations	-16	-17	-26	-30	-32	-29	-23
Operating result total	44	51	133	82	170	141	105
- % of sales	3.4	3.7	9.5	5.9	12.6	10.0	8.6
Share of results in associated companies	2	3	0	-1	-1	-7	-6
Exchange gains and losses	1	1	-1	-1	-6	2	-2
Other net financial items	-31	-31	-44	-27	-35	-34	-34
Result before income tax	17	24	89	52	128	102	64
Income tax	-21	-33	-26	-29	-39	-40	-24
Result from continuing operations	-4	-9	63	23	89	62	40
Result from discontinued operations	0	0	0	0	0	0	0
Result for the period	-4	-9	63	23	89	62	40
Operating result excl. non-rec. items	Q3/11	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10	Q1/10
Wood Supply	3	7	8	4	3	8	7
Wood Products Industry	-1	8	5	12	5	11	0
Pulp Industry	62	89	96	99	114	110	57
Board and Paper Industry	6	32	43	37	54	43	39
Tissue and Cooking Papers	7	3	7	14	14	12	19
Other operations & eliminations	-14	-20	-28	-24	-34	-31	-25
Operating result total	63	119	130	142	155	154	96
- % of sales	4.8	8.5	9.3	10.2	11.5	10.9	7.9

Calculation of key ratios

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

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Condensed consolidated statement of comprehensive income, EUR mill.	Note	2011 1–9	2010 1–9	Change	2011 7–9	2010 7–9	2010 1–12
Continuing operations							
Sales	2	4 123	3 986	137	1 317	1 345	5 377
Change in stocks of finished goods and work in progress		63	26	37	23	21	38
Other operating income		64	98	-34	14	51	142
Material and services		-2 864	-2 575	-288	-950	-888	-3 599
Employee costs		-580	-571	-8	-191	-177	-745
Depreciation, amortization and impairment losses		-265	-207	-58	-76	-70	-336
Other operating expenses		-312	-340	28	-92	-113	-379
Operating result	2	229	415	-186	44	170	497
Share of results in associated companies		5	-14	19	2	-1	-15
Exchange gains and losses		2	-6	8	1	-6	-7
Other net financial items	2	-106	-103	-4	-31	-35	-129
Result before income tax		130	293	-163	17	128	345
Income taxes	3	-81	-102	22	-21	-39	-131
Result for the period from continuing operations		50	191	-141	-4	89	214
Discontinued operations							
Result from discontinued operations		0	0	0	0	0	0
Result for the period		50	191	-141	-4	89	214
Other comprehensive income							
Cash flow hedges		-31	6	-38	-19	7	19
Available for sale financial assets		25	37	-12	17	13	30
Currency translation differences		-13	17	-30	-5	-1	25
Other items		0	0	0	0	0	0
Income tax relating to components of other comprehensive income		2	-6	8	2	-5	-7
Other comprehensive income, net of tax		-18	54	-72	-5	14	67
Total comprehensive income for the period		32	245	-213	-9	103	281

Result attributable to:

Members of parent company	44	139	-95	11	61	170
Non-controlling interests	6	52	-46	-15	28	44
	50	191	-141	-4	89	214

Total comprehensive income attributable to:

Members of parent company	32	167	-135	7	64	204
Non-controlling interests	0	79	-78	-16	39	77
	32	245	-213	-9	103	281

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

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Condensed consolidated balance sheet	Note	2011 30.9.	2010 30.9.	2010 31.12.
ASSETS				
Non-current				
Goodwill		530	506	503
Other intangible assets		246	244	242
Tangible assets	4	2 116	2 346	2 281
Biological assets		9	8	8
Investments in associated companies		77	81	80
Available for sale investments		363	346	338
Non-current financial assets		14	17	18
Deferred tax receivables		63	63	63
		3 417	3 611	3 534
Current				
Inventories		817	772	798
Accounts receivables and other receivables		833	893	892
Cash and cash equivalents		367	473	440
		2 018	2 138	2 131
Assets classified as held for sale		-	13	8
Total assets		5 435	5 762	5 672
MEMBERS' FUNDS AND LIABILITIES				
Members' funds				
Members' funds		1 211	1 089	1 154
Non-controlling interests		472	524	524
		1 683	1 614	1 678
Non-current liabilities				
Deferred tax liabilities		407	403	409
Post-employment benefit obligations		122	113	115
Provisions	5	28	72	48
Borrowings		1 837	1 650	1 927
Other liabilities		29	39	36
		2 424	2 278	2 534
Current liabilities				
Provisions	5	38	25	19
Current borrowings		434	827	471
Accounts payable and other liabilities		856	1 018	969
		1 328	1 870	1 460
Liabilities classified as held for sale		-	-	-
Total liabilities		3 752	4 148	3 994
Total members' funds and liabilities		5 435	5 762	5 672

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

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Equity attributable to members of parent company

EUR million	Members' capital	Share premium account	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interests	Total
Changes in members' funds								
Members' funds 1.1.2010	484	30	9	221	184	927	471	1 399
Result for the period					139	139	52	191
Other comprehensive income								
Cash flow hedges				5		5	1	6
Available for sale financial assets				15		15	22	37
Currency translation differences			11			11	6	17
Other items					0	0	0	0
Income tax relating to components of other comprehensive income			1	-5		-4	-2	-6
Other comprehensive income total			12	15	0	27	27	54
Total comprehensive income			12	15	139	167	79	245
Transactions with owners								
Dividends paid					-29	-29	-4	-33
Change in members' capital	29					29		29
Change in share premium account		1				1		1
Transfer from unrestricted to restricted equity				9	-9	0		0
Change in shares of non-controlling interests					-6	-6	-22	-28
Members' funds 30.9.2010	514	31	21	245	279	1 089	524	1 614
Members' funds 1.1.2011	539	31	25	247	312	1 154	524	1 678
Result for the period					44	44	6	50
Other comprehensive income								
Cash flow hedges				-18		-18	-14	-31
Available for sale financial assets				11		11	14	25
Currency translation differences			-7			-7	-6	-13
Other items					0	0	0	0
Income tax relating to components of other comprehensive income			0	2		2	0	2
Other comprehensive income total			-7	-5	0	-12	-6	-18
Total comprehensive income			-7	-5	44	32	0	32
Transactions with owners								
Dividends paid					-30	-30	-20	-50
Change in members' capital	35					35		35
Transfer from unrestricted to restricted equity				1	-1	0		0
Business arrangements			0			0		0
Change in shares of non-controlling interests					19	19	-31	-13
Members' funds 30.9.2011	574	31	19	243	344	1 211	472	1 683

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Condensed consolidated cash flow statement	Note	2011 1–9	2010 1–9	2010 1–12
Result for the period		50	191	214
Total adjustments	7	421	348	495
Change in working capital		-12	-150	-136
Cash flow arising from operations		458	388	573
Net financial items		-86	-110	-163
Income taxes paid		-75	-24	-100
Net cash flow arising from operating activities		298	255	310
Acquisitions		-103	-1	0
Investments in tangible and intangible assets		-146	-89	-138
Disposals and other items	7	52	69	89
Net cash flow arising from investing activities		-196	-21	-49
Change in members' funds		35	29	52
Change in shares of non-controlling interests		-41	-17	-17
Change in long-term loans and other financial items		-102	-293	-376
Dividends paid		-66	-40	-40
Net cash flow arising from financing activities		-175	-320	-381
Changes in cash and cash equivalents		-73	-87	-120
Cash and cash equivalents at beginning of period		440	558	558
Translation difference		0	2	3
Changes in cash and cash equivalents		-73	-87	-120
Cash and cash equivalents in assets classified as held for sale		0	0	0
Cash and cash equivalents at end of period		367	473	440

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

Note 1 – Background and basis of presentation

Metsäliitto Cooperative and its subsidiaries comprise a forest industry group, which operations are organized into five business segments: Wood Supply, Wood Products Industry, Pulp Industry, Board and Paper Industry and Tissue and Cooking Papers. The Metsäliitto Group's parent company is Metsäliitto Cooperative. The parent company is domiciled in Helsinki and the registered address is Revontulentie 6, 02100 Espoo Finland.

These unaudited interim condensed financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and the same accounting policies have been applied as in the 2010 annual consolidated financial statements. This interim report is unaudited.

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

This interim report was authorized for issue by the Board of Directors of Metsäliitto Cooperative on 2 November, 2011.

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.

Sales by segments

EUR million	1–9/2011 External	1–9/2011 Internal	1–9/2011 Total	1–9/2010 External	1–9/2010 Internal	1–9/2010 Total
Wood Supply	241	880	1 121	203	785	988
Wood Products Industry	678	42	720	640	38	678
Pulp Industry	565	446	1 011	539	461	1 000
Board and Paper Industry	1 914	47	1 961	1 912	28	1 940
Tissue and Cooking Papers	725	0	725	692	0	692
Other operations	0	2	3	0	2	3
Elimination of internal sales		-1 417	-1 417		-1 314	-1 314
Total sales	4 123	0	4 123	3 986	0	3 986

EUR million	1–12/2010 External	1–12/2010 Internal	1–12/2010 Total
Wood Supply	279	1 075	1 353
Wood Products Industry	851	51	902
Pulp Industry	743	622	1 365
Board and Paper Industry	2 566	39	2 605
Tissue and Cooking Papers	938	0	938
Other operations	0	3	3
Elimination of internal sales		-1 789	-1 789
Total sales	5 377	0	5 377

Operating result by segments

EUR million	1–9 2011	1–9 2010	1–12 2010
Wood Supply	18	17	21
Wood Products Industry	12	21	23
Pulp Industry	242	283	381
Board and Paper Industry	1	150	146
Tissue and Cooking Papers	17	36	50
Other operations	-2	-7	-9
Eliminations	-59	-84	-114
Operating result total	229	415	497
Share of results in associated companies	5	-14	-15
Finance costs, net	-104	-109	-136
Income taxes	-81	-102	-131
Result for the period	50	191	214

In January–September, 2011 the operating result of the Board and Paper Industry includes EUR 49 million loss related to the divestment of the M-real Hallein pulp mill, EUR 31 million impairment charges and cost provision related to the reorganization plans in Gohrsmühle and Reflex and EUR 8 million impairment loss related to decision to close the Alizay paper mill in France. The operating result of the Board and Paper Industry also includes gains of EUR 10 million related to sales properties in Finland.

Finance costs include dividends of approximately EUR 9 million paid on Metsä-Botnia's shares under the obligation to redeem.

Assets by segments

EUR million	30.9. 2011	30.9. 2010	31.12. 2010
Wood Supply	281	263	267
Wood Products Industry	436	478	452
Pulp Industry	828	854	861
Board and Paper Industry	2 421	2 639	2 589
Tissue and Cooking Papers	871	824	842
Other operations	95	149	138
Elimination	-219	-287	-263
Unallocated assets	722	842	786
Total	5 435	5 762	5 672

Segment assets include intangible and tangible assets, investments in associated companies, inventories, accounts receivables and other non-interest-bearing receivables (excl. interest and tax items)

Note 3 – Income taxes

Tax expense in the income statement is comprised of the current tax and deferred taxes. Income taxes for the nine months ended September 30, 2011 and 2010 and for the whole year ended December 31, 2010 are as follows:

EUR million	1–9 2011	1–9 2010	1–12 2010
Taxes for the current period	79	97	123
Taxes for the prior periods	-5	0	0
Change in deferred taxes	7	5	8
Total income taxes	81	102	131

Note 4 – Change in property, plant and equipment

The following table shows the components of changes in property, plant and equipment for the nine months ended September 30, 2011 and 2010 and for the whole year ended December 31, 2010:

EUR million	1–9 2011	1–9 2010	1–12 2010
Book value at beginning of period	2 281	2 428	2 428
Business acquisitions	-	0	5
Investments	133	88	135
Decreases	-6	-14	-23
Assets classified as held for sale	-30	-11	-6
Depreciation, amortization and impairment losses	-253	-195	-314
Translation differences and other changes	-8	50	56
Book value at end of period	2 116	2 346	2 281

Assets classified as held for sale include in September, 2011 M-real Hallein's assets. M-real Hallein was classified in June, 2011 as held for sale and sold in September.

Depreciation, amortization and impairment losses for the period, EUR 253 million, include impairments of EUR 57 million as follows: M-real Alizay EUR 8 million, M-real Zanders EUR 13 million and M-real Hallein EUR 36 million.

Note 5 – Provisions

The following table is a summary of Metsäliitto Group's provisions made for the nine months ended September 30, 2011 and for the whole year ended December 31, 2010:

EUR million	Restructuring	Environmental obligations	Other provisions	Total
At 1 January, 2011	37	11	19	67
Translation differences	0	0	0	0
Increases	13	1	5	19
Utilized during the year	-14	-1	-3	-18
Unused amounts reversed	0	0	0	0
At 30 September, 2011	35	11	21	67
At 1 January 2010	97	9	22	128
Translation differences	2	0	1	3
Increases	37	2	1	40
Utilized during the year	-79	0	-5	-85
Unused amounts reversed	-20	0	0	-20
Effect of discounting	1	0	0	1
At 31 December, 2010	37	11	19	67

The most significant increase in provisions for the nine months ended September 30, 2011 was M-real's 13 million redundancy cost provision related to the reorganization plans at Gohrsmühle.

Of the total provisions of EUR 67 million, the non-current portion was EUR 28 million and the current portion EUR 39 million. The non-current portion is estimated to be paid by the end of year 2013.

Note 6 – Related party transactions

The sales of Metsäliitto Cooperative's wood deliveries to the Group subsidiaries totalled EUR 550 million in January – September 2011 (494).

Metsäliitto 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 – September 2011 was EUR 13 million (12).

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 Kiinteistö Oy Metsätapiola (48.98%).

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

EUR million	1–9 2011	1–9 2010	1–12 2010
Sales	10	11	15
Purchases	10	12	16
Non-current assets	42	36	35
Current assets	5	4	7
Non-current liabilities	32	27	28
Current liabilities	4	4	4

Transactions with associated companies

EUR million	1–9 2011	1–9 2010	1–12 2010
Sales	6	9	12
Purchases	53	57	73
Non-current receivables	1	1	1
Current receivables	4	13	8
Non-current liabilities	0	0	0
Current liabilities	8	6	7

Note 7 – Notes to condensed consolidated cash flow statement

Adjustments to the result for the period

EUR million	1–9 2011	1–9 2010	1–12 2010
Taxes	81	102	131
Infringement fine imposed by the Market Court	0	-21	-21
Depreciation, amortization and impairment charges	265	207	336
Biological assets	-1	0	0
Share of results in associated companies	-5	14	15
Gains and losses on sale of non-current financial assets	-21	-28	-39
Finance costs, net	104	108	137
Pension liabilities and provisions	-2	-35	-63
Total	421	348	495

Disposals and other items

Nine months ended September, 2011 include EUR 24 million related to disposal of M-real Hallein, EUR 7 million disposal of Myllykoski Paper shares, some EUR 11 million property sales in Finland, some EUR 6 million sales of equipment from Metsä-Botnia's Kaskinen pulp mill and EUR 4 million other disposals.

Note 8 – Commitments and contingencies

The following table shows the securities and guarantees for the nine months ended September 30, 2011 and 2010 and for the whole year ended December 31, 2010:

Securities and guarantees	30.9 2011	30.9 2010	31.12 2010
EUR million	2011	2010	2010
On own behalf	711	589	719
On behalf of associated companies	4	4	4
On behalf of others	42	3	4
Total	756	597	727

Securities and guarantees include pledges, real estate mortgages, chattel mortgages, guarantee liabilities and leasing liabilities.

Metsäliitto Group holds operating leases for certain machinery and equipment. The commitment for the next 12 months was EUR 15 million at September 30, 2011 and EUR 30 million for the subsequent years. The corresponding figures for September 30, 2010 were EUR 15 million and EUR 34 million. The commitment is included in the table above.

Open derivative contracts	30.9 2011	30.9 2010	31.12 2010
EUR million	2011	2010	2010
Interest rate derivatives	1 093	988	1 003
Currency derivatives	1 280	1 640	1 660
Other derivatives	148	217	127
Total	2 521	2 844	2 790

The market value of open derivative contracts at the end of the review period was EUR -34 million (12/10: EUR -20 million). Open derivative contracts also include closed contracts to a total amount of EUR 375 million (12V/10: EUR 522 million).

Note 9 – Subsequent events

Alizay and Gohrsmühle

M-real announced in October that it would start negotiations on closing the Alizay mill in France and on discontinuing the unprofitable paper business operations at the Gohrsmühle mill in Germany. Concurrently, M-real announced it would continue the Chromolux business operations in Gohrsmühle and investigate opportunities to launch a folding boxboard customer service and logistics centre and a sheeting plant in Gohrsmühle. Furthermore, M-real announced it is conducting negotiations in order to sell the Premium Papers business operations of the Reflex mill. Negotiations on the discontinuation of the carbonless paper refining operations at the Reflex mill are under way.

With the implementation of the planned measures, M-real's annual sales are estimated to decrease by nearly EUR 400 million and its operating result to improve by nearly EUR 80 million, based on the actual figures for January–September 2011. The majority of the sales and profit impact is expected to be seen in 2012 and full impact from 2013 onwards. Execution of the planned measures is contingent on the completion of the statutory labour negotiations required by local legislation.

When implemented in full, the planned measures are estimated to have a negative non-recurring result impact amounting to approximately EUR 180 million. Of this, a total of EUR 22 million of impairment losses and cost provisions was recognised as non-recurring items in the result of the second quarter of 2011 and EUR 17 million in the result of the third quarter. The rest of the estimated write-downs and cost provisions will be recognised in the last quarter of 2011 and in the first quarter of 2012. The estimated net cash costs of the planned measures, taking into consideration the change in the net working capital as of the beginning of May 2011, total approximately EUR 50 million in all.

Äänekoski and Husum

M-real announced in November plans to restructure its coated paper business to achieve an approximately EUR 20 million improvement in annual operating result.

Paper production at the Husum mill in Sweden is planned to be restructured. The annual coated paper capacity on the mill will be increased from 285 000 tonnes to approximately 340 000 tonnes without material investments. The reel production of Äänekoski paper machine is planned to be transferred to Husum.

Äänekoski mill's coated fine paper machine is planned to be closed and the sheeting capacity converted fully to folding boxboard sheeting. Statutory negotiations related to the possible closure of the paper production and the development of the sheeting capacity covering the whole of Äänekoski paper and board mills' personnel of approximately 370 people will be commenced on 9 November 2011. Amount of personnel at the Äänekoski mills is expected to reduce by 180 at the maximum.

Currently there is one machine at Äänekoski paper mill with an annual capacity of approximately 200 000 tonnes of coated fine paper. After the planned closure of paper production the paper and board sheeting operations at the site are planned to be combined. This would increase the folding boxboard capacity and reduce the need for external folding boxboard sheeting and would thus improve M-real's profitability.

Based on the planned measures M-real's annual coated paper capacity would reduce by approximately 145 000 tonnes. M-real's annual sales would reduce by approximately EUR 60 million and operating result would increase by approximately EUR 20 million based on the actual performance of the coated paper production in January–September 2011. The full annual financial impact of the planned measures is expected to be seen from 2012 onwards. M-real's operating result in the last quarter of 2011 is expected to include approximately EUR 25 million non-recurring impairments and cost provisions related to the planned actions at Äänekoski mill.