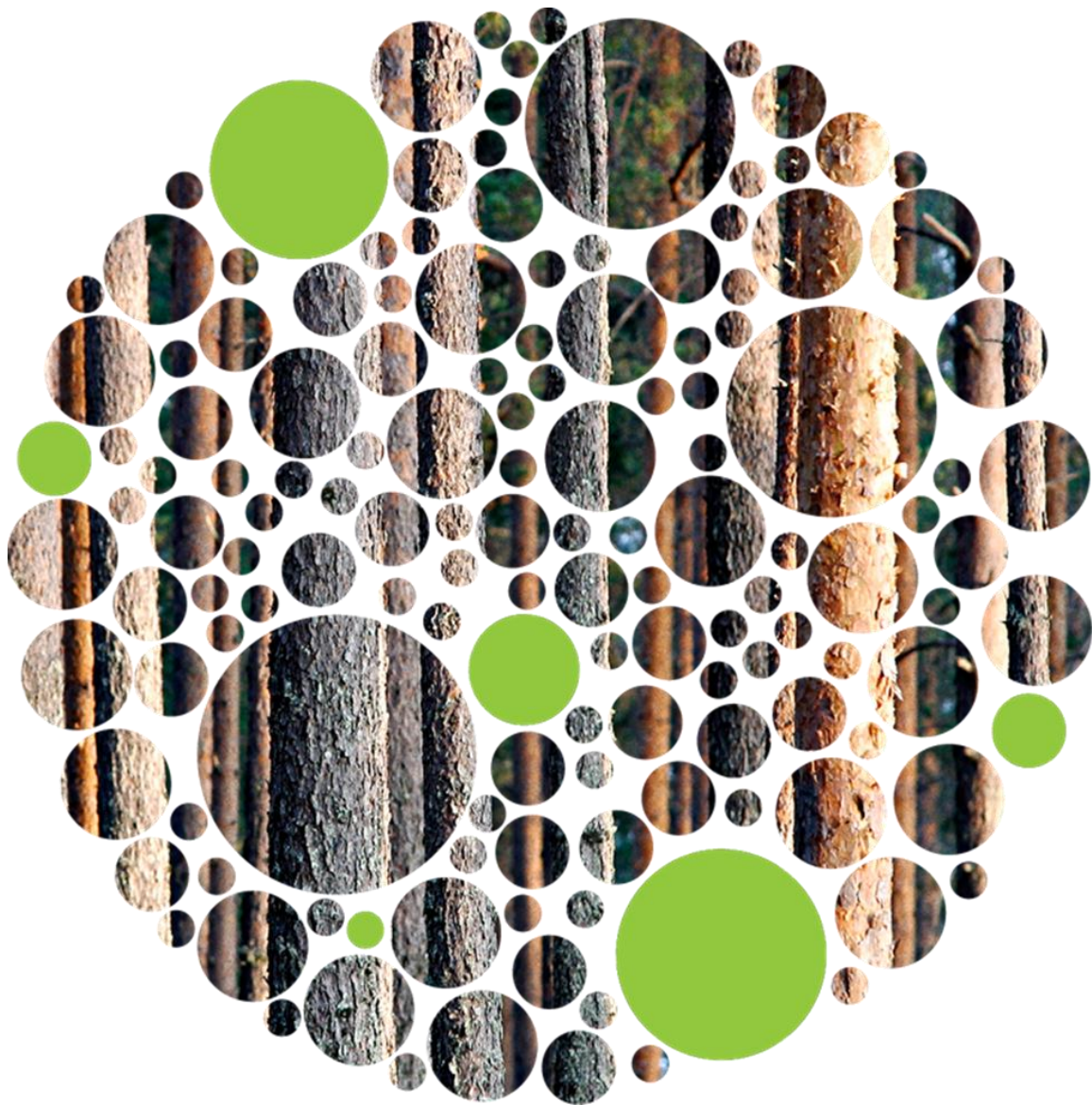




**METSÄ GROUP
INTERIM REPORT**

JANUARY–JUNE 2015



METSÄ GROUP'S OPERATING RESULT FOR JANUARY–JUNE 2015 EXCLUDING NON-RECURRING ITEMS WAS EUR 266 MILLION

RESULT FOR JANUARY–JUNE

- Sales were EUR 2,585 million (1–6/2014: EUR 2,519 million).
- Operating result excluding non-recurring items was EUR 266 million (197). Operating result including non-recurring items was EUR 272 million (230).
- Result before taxes excluding non-recurring items was EUR 230 million (157). Result before taxes including non-recurring items was EUR 234 million (189).
- Return on capital employed excluding non-recurring items was 13.8 per cent (11.3).
- Cash flow from operations was EUR 333 million (193).

RESULT FOR APRIL–JUNE

- Sales were EUR 1,330 million (4–6/2014: EUR 1,265 million).
- Operating result excluding non-recurring items was EUR 137 million (92). Operating result including non-recurring items was EUR 154 million (160).
- Result before taxes excluding non-recurring items was EUR 114 million (77). Result before taxes including non-recurring items was EUR 128 million (146).
- Return on capital employed excluding non-recurring items was 14.1 per cent (10.3).
- Cash flow from operations was EUR 266 million (226).

EVENTS DURING THE SECOND QUARTER

- Metsä Group made the decision to build a bioproduct mill in Äänekoski.
- Sales volume in the pulp industry increased by 15 per cent compared to the first quarter.
- Paperboard deliveries continued to grow, and the price levels were stable.
- Metsä Group sold 30.13 per cent of Finsilva Oyj's shares to a fund managed by Dasos Capital Oy. After the transaction, Metsä Group's holding in Finsilva is 19.8 per cent.
- Metsä Board divested the Gohrsmühle mill to the German mutares AG's wholly owned holding company and its partner company.

- Metsäliitto Cooperative reached an understanding with mutares AG on the divestment of the entire share capital of Metsä Wood France SAS. The arrangement is estimated to be completed by the end of October 2015 at the latest.
- Moody's Investors Service raised Metsä Board Corporation's credit rating by two notches from B1 to Ba2. The outlook of the rating is stable.

NEAR-TERM OUTLOOK

- Metsä Group's operating result excluding non-recurring items is in the third quarter of 2015 expected to be approximately on the same level compared to the second quarter of 2015.

"The development of Metsä Group's business operations was solid also in the second quarter of 2015. The operating result excluding non-recurring items was slightly better than in the previous quarter and considerably better than in the corresponding period last year. The most significant profitability improvements compared to last year were achieved in our pulp and paperboard businesses.

Our growth investments are proceeding as planned. The construction of the bioproduct mill to be completed in the third quarter of 2017 has started well in Äänekoski. The transformation of the Husum mill, which was formerly focused on printing papers, into a paperboard mill is also progressing in according to our targets.

Over the past ten years, we have eliminated several non-core businesses. In May, this work continued with the divestment of the Gohrsmühle speciality paper mill in Germany. In June, we also reached an understanding on the divestment of the mechanical wood product upgrading operations in France.

The challenging overall economic situation seems to continue in Finland and in our main markets in Europe. The plans announced by the new Finnish government are restoring faith in the recovery of the national economy and the future improvement of the business environment for the export industry."

Kari Jordan, President & CEO

KEY FIGURES

Income statement, EUR million	2015	2014	2015	2014	2014
	1–6	1–6	4–6	4–6	1–12
Sales	2 585.3	2 519.2	1 330.2	1 264.9	4 970.3
Other operating income	68.2	124.3	52.9	88.2	170.3
Operating expenses	-2 245.1	-2 287.8	-1 161.9	-1 135.3	-4 447.5
Depreciation and impairment losses	-136.5	-125.8	-67.1	-57.7	-276.2
Operating result	271.9	229.8	154.0	160.2	416.9
Share of results from associated companies and joint ventures	9.3	15.3	3.2	7.9	16.4
Exchange gains and losses	-3.2	-1.2	-6.7	0.9	2.7
Other net financial items	-43.7	-61.1	-22.4	-23.3	-106.1
Result before income tax	234.3	182.9	128.2	145.7	329.9
Income tax	-53.0	-41.2	-35.5	-35.8	-69.7
Result for the period	181.3	141.7	92.7	109.9	260.3

Profitability	2015	2014	2015	2014	2014
	1–6	1–6	4–6	4–6	1–12
Operating result, EUR million	271.9	229.8	154.0	160.2	416.9
- " -, excluding non-recurring items	265.8	196.6	137.1	91.5	418.1
- " -, % of sales	10.3	7.8	10.3	7.2	8.4
Return on capital employed, %	14.0	12.6	15.5	17.2	11.1
- " -, excluding non-recurring items	13.8	11.3	14.1	10.3	11.4
Return on equity, %	16.6	14.4	16.5	22.4	13.0
- " -, excluding non-recurring items	16.3	11.8	13.9	8.4	13.4

Financial position	2015	2014	2015	2014	2014
	30.6.	30.6.	31.3.	31.3.	31.12.
Equity ratio, %	41.9	37.9	39.0	37.2	37.9
Net gearing ratio, %	34	70	41	83	46
Interest-bearing net liabilities, EUR million	779	1 389	887	1 614	938

SEGMENTS

Sales and Operating result	Wood Supply	Wood	Pulp	Paperboard	Tissue and
1–6/2015, EUR million	and Forest	Products	Industry	Industry	Cooking
	Services	Industry			Papers
Sales	805.2	452.2	721.5	1 047.7	502.7
Other operating income	4.5	2.2	10.3	31.8	2.3
Operating expenses	-792.3	-441.8	-525.1	-916.9	-472.4
Depreciation and impairment losses	-1.8	-16.9	-35.5	-52.3	-21.4
Operating result	15.6	-4.3	171.1	110.3	11.2
Non-recurring items	-	22.3	-	-20.1	12.1
Operating result excluding non-recurring items	15.6	18.0	171.1	90.2	23.4
- " -, % of sales	1.9	4.0	23.7	8.6	4.6

Metsä Group is a responsible forest industry group whose products' main raw material is renewable wood from sustainably managed northern forests. Metsä Group focuses on tissue and cooking papers, fresh forest fibre 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 billion in 2014, and it employs approximately 10,500 people. The Group operates in some 30 countries. Metsäliitto Cooperative is the parent company of Metsä Group, and it is owned by approximately 122,000 Finnish forest owners.

THE INTERIM REPORT IS UNAUDITED**INTERIM REPORT 1 JANUARY–30 JUNE 2015****SALES AND RESULT**

Metsä Group's sales in January–June 2015 totalled EUR 2,585.3 million (1–6/2014: EUR 2,519.2 million).

Operating result excluding non-recurring items was EUR 265.8 million (196.6), or 10.3 per cent of sales (7.8). The operating result improved compared to the previous year due to the weakening of the euro against the main export currencies, in particular the US dollar. Currency hedges decreased the positive impact of exchange rates.

Sales for the second quarter of the year totalled EUR 1,330.2 million, whereas the sales for the corresponding period last year were EUR 1,264.9 million. Operating result excluding non-recurring items was EUR 137.1 million (4–6/2014: 91.5).

Non-recurring items included in Metsä Group's operating result were EUR +6.1 million net in January–June (1–6/2014: 33.2). The largest positive items were the sales gain of EUR 20.8 million from Finsilva Oyj's shares and the sales gain of EUR 17.5 million from the Gohrsmühle mill. A non-recurring expense of EUR 21.8 million was recognised on the reached understanding concerning the divestment of Metsä Wood France SAS's share capital. Cost provisions and write-offs on Metsä Tissue's operations in Russia amounted to EUR 10.3 million.

Operating result including non-recurring items was EUR 271.9 million (229.8). The share of the results of associated companies and joint ventures was EUR 9.3 million (15.3), financial income stood at EUR 3.1 million (3.9), exchange gains on financial items totalled EUR -3.2 million (-1.2) and financial expenses amounted to EUR 46.8 million (65.0).

An impairment of EUR -2.3 million has been recognised in the financial expenses as a non-recurring item associated with Metsä Group's share in the shareholder loan granted to Pohjolan Voima in the OL4 project. The investments made in the project have been written off in full. The financial expenses in the comparison period include a non-recurring item of EUR 7.6 million related to the damages paid to UPM-Kymmene Corporation and an expense of approximately EUR 6 million related to the early repayment of Metsä Board's loans.

The result before taxes was EUR 234.3 million (182.9), and taxes, including changes in deferred tax liabilities, totalled EUR 53.0 million (41.2). The net result for the review period was EUR 181.3 million (141.7).

Excluding non-recurring items, Metsä Group's return on capital employed was 13.8 per cent (11.4) and the return on equity was 16.3 per cent (11.8). Including non-recurring items, the return on capital employed was

14.0 per cent (12.6) and the return on equity was 16.6 per cent (14.4).

BALANCE SHEET AND FINANCING

Metsä Group's liquidity is strong. Total liquidity at the end of June was EUR 1,856.7 million (31 December 2014: 1,725.0). This consisted of EUR 1,050.4 million (947.9) of liquid assets and investments and EUR 806.3 million (777.1) of off-balance sheet committed credit facility agreements. In addition, the Group has EUR 975.0 million in off-balance sheet committed credit facility agreements related to the bioproduct mill investment in Äänekoski.

The Group's liquidity reserve is complemented by uncommitted commercial paper programmes and credit facilities amounting to EUR 160.9 million (31 December 2014: 173.3).

The Group's equity ratio at the end of June was 41.9 per cent and the net gearing was 34 per cent (31 December 2014: 37.9 per cent and 46 per cent, respectively). Interest-bearing net liabilities were EUR 779.3 million (31 December 2014: 938.2).

Cash flow from operations amounted to EUR 333.0 million (1–6/2014: 193.4). During the first half of the year, EUR 34.9 million was tied up in working capital (52.8).

The equity ratio of the parent company Metsäliitto Cooperative was 64.9 per cent at the end of June and net gearing was 5 per cent (31 December 2014: 63.0 per cent and 12 per cent, respectively).

On 7 May 2015, Metsäliitto Cooperative's Representative Council decided that for the 2014 financial year, an interest of 5.5 per cent (5.5 + 1.0 for 2013) be paid on the statutory capital invested by its members. Interest of 5.0 per cent (5.0) is paid on additional members' capital A, and interest of 4.5 per cent (4.5) is paid on additional members' capital B. The interest paid totalled EUR 45.7 million (44.5).

In January–June, Metsäliitto Cooperative's members' capital increased by a total of EUR 53.6 million (62.1). The actual members' capital grew by EUR 1.0 million (2.4), the additional members' capital A by EUR 41.0 million (45.6), and the additional members' capital B by EUR 11.6 million (14.1). After the review period, on 1 July 2015, EUR 23.6 million (18.2) of the additional members' capital fell due for refund.

In June, Moody's Investors Service upgraded Metsä Board Corporation's credit rating by two notches from B1 to Ba2. The outlook of the rating is stable.

PERSONNEL

In January–June, Metsä Group had an average of 10,370 employees (10,872). At the end of the review period, the Group employed 10,442 people (31 December 2014: 10,410), of whom 5,687 (5,131) were based in Finland and 4,755 (5,279) were based abroad. Metsäliitto Cooperative employed 2,673 people at the end of June (31 December 2014: 2,471).

Metsä Tissue's new CEO Petri Helsky (48) started in his position and as a member of Metsä Group's Executive Management Team on 16 April 2015.

MEMBERS

At the end of June, Metsäliitto Cooperative had 120,190 members (31 December 2014: 121,941). During January–June, 1,781 new members joined the Cooperative, and 3,532 members cancelled their membership.

INVESTMENTS

Metsä Group's capital expenditure totalled EUR 140.2 million (64.9) in January–June.

BUSINESS DEVELOPMENT

Äänekoski bioproduct mill

In April 2015, Metsä Fibre announced plans to build a bioproduct mill costing approximately EUR 1.2 billion in Äänekoski to replace the existing pulp mill. The mill's annual pulp capacity will be approximately 1.3 million tonnes, which is around 800,000 tonnes higher than the current pulp production at the Äänekoski mill. Financing agreements related to the project were signed in June.

Husum mill

In December 2014, Metsä Board announced that it would launch new measures to complete the final steps of its transformation into a paperboard company. The company also announced that it would invest approximately EUR 170 million in a new folding boxboard machine at the Husum mill in Sweden. The production capacity of the new machine, which will start up in early 2016, will be approximately 400,000 tonnes per year. It is expected to reach full production capacity by the end of 2016. In addition to the mill's chemical pulp capacity, the folding boxboard production will use the high-yield pulp production of the Kaskinen mill almost in full, starting from 2016.

In 2013, Metsä Board launched the production of uncoated fully bleached fresh forest fibre linerboards at the Husum mill and expanded the production to coated

grades in 2014. The objective is to grow the linerboard production at Husum to nearly 300,000 tonnes by 2018.

Paper production at the Husum mill is planned to be discontinued for the most part at the end of 2015 and completely by the end of 2017.

DIVESTMENTS

Gohrsmühle mill

In May, Metsä Board sold the Gohrsmühle mill, located in Bergisch Gladbach in Germany, including all liabilities related to the company, to a holding company wholly owned by mutares AG and its partner company.

Metsä Wood France SAS

Metsäliitto Cooperative reached an understanding with mutares AG on the divestment of the entire share capital of Metsä Wood France SAS. With the contemplated transaction Metsä Wood would discontinue the upgrading and distribution operations in France. Metsä Wood's sales operation of sawn timber, plywood and Kerto products will continue in France. The contemplated arrangement is expected to be completed by the end of October 2015 at the latest.

Finsilva Oyj

In April, Metsä Group sold 30.13 per cent of Finsilva Oyj's shares to a fund managed by Dasos Capital Oy. After the transaction, Metsä Group's holding in Finsilva is 19.8 per cent.

BUSINESS AREAS

Wood supply and forest services

Metsä Forest's sales in January–June stood at EUR 805.2 million (1–6/2014: 814.4) and operating result excluding non-recurring items was EUR 15.6 million (15.7). In Finland, wood trade was steady and the sales of forest management services continued to grow strongly, as expected. The market situation for energy wood continued to be difficult throughout the Baltic Sea region.

Metsä Forest's sales in the second quarter were EUR 393.5 million (4–6/2014: 379.5) and operating result excluding non-recurring items was EUR 6.9 million (7.0).

Metsä Forest bought all timber grades through both standing and delivery sales. Due to the mild winter, the purchasing of stands for harvesting in the winter from sources other than contract customers had to be limited. Demand picked up in the second quarter and focused on stands for summer harvesting as well as logs.

Harvesting conditions in the Baltic countries and Russia improved in the second quarter and the supply of pulp-

wood remained good. In Sweden, the high supply of pulpwood continued, exceeding demand.

Wood was harvested in Finland as targeted, and deliveries to production units were carried out according to plan. In January–June, Metsä Forest delivered a total of 12.1 million cubic metres of wood (11.6).

In June, Metsä Forest introduced electronic wood trade and sales of forest management services. The first electronic wood purchase was carried out on 2 June 2015. The Metsäverkko Internet service opened to all members in June.

Wood products industry

Metsä Wood's sales for the first half of 2015 were EUR 452.2 million (1–6/2014: 473.7). The operating result excluding non-recurring items was EUR 18.0 million (23.0). Non-recurring expenses included in Metsä Wood's operating result were EUR 22.3 million net in January–June. Most important was the non-recurring expense of EUR 21.8 million recognised on the reached understanding concerning the divestment of Metsä Wood France SAS's share capital.

The comparable delivery volumes grew slightly from the comparison period in the previous year. The profitability of sawing operations weakened as a result of the lower delivery prices of sawn timber. In construction and industrial products, the delivery prices were higher year-on-year. The good development of productivity reduced labour costs, among other things.

Metsä Wood's sales in the second quarter were EUR 242.8 million (4–6/2014: 251.8) and operating result excluding non-recurring items was EUR 10.2 million (14.4).

The sales of sawn timber decreased considerably from the comparison period in the previous year due to lower sales prices. The comparable delivery volumes of spruce sawn timber remained at the same level as in the corresponding period in the previous year, whereas the deliveries of pine sawn timber improved. The market balance of sawn timber continued to be weak. The sales of upgraded sawn timber products increased considerably in Great Britain. In France, the market situation for upgraded products continued to be weak.

The sales of construction and industrial products decreased from last year's comparison period. The delivery volumes of both Kerto[®] and plywood decreased. The market balance of construction panels continued to be favourable in Europe.

Pulp industry

Metsä Fibre's sales in January–June totalled EUR 721.5 million (1–6/2014: 654.7). The operating result excluding non-recurring items was EUR 171.1 million (91.3). The result improved primarily due to the stronger US dollar, increased sales volumes and lower costs.

The sales volume of pulp increased by 2 per cent to 1,175,000 tonnes (1,156,000). The currency-denominated market prices of softwood pulp decreased by 4 per cent in the first half of the year compared to the corresponding period in the previous year. The average prices of hardwood pulp increased by 1 per cent. The average rate of the US dollar strengthened by 18.6 per cent and had a positive impact on the result.

The price of softwood pulp in Europe was USD 932 per tonne at the beginning of January and USD 853 at the end of the period under review. The prices of hardwood pulp were USD 742 and USD 797, respectively.

Metsä Fibre's sales for the second quarter of the year were EUR 391.1 million (4–6/2014: 325.8) and operating result excluding non-recurring items was EUR 92.5 million (36.3).

In April 2015, Metsä Fibre made the decision to build a new bioproduct mill in the area of the existing pulp mill in Äänekoski, and the construction began with excavation and foundation work immediately after the decision.

In April, the Ministry for Employment and the Economy granted EUR 32.1 million as an investment subsidy for renewable energy for the bioproduct mill. The subsidy will make it possible to select highly advanced, higher-risk energy technology in the equipment solutions for the recovery boiler and the lime kiln at the bioproduct mill, among other things.

Paperboard industry

Metsä Board's sales amounted to EUR 1,047.7 million (1–6/2014: 995.2). Operating result excluding non-recurring items was EUR 90.2 million (64.4).

Compared to the previous year, the operating result excluding non-recurring items improved as a result of the increased delivery volumes of folding boxboard and white fresh forest fibre linerboard, the stronger US dollar and British pound, as well as the weakening of the Swedish krona against the euro.

The non-recurring items recognised in the operating result totalled EUR +20.1 million (11.3), of which the most significant items were the sales gain of EUR 17.5 million related to the divestment of the Gohrsmühle mill in Germany and EUR 2.6 million related to a reversal of provisions made on the closure of the Alizay mill.

Metsä Board's sales in the second quarter were EUR 522.0 million (4–6/2014: 494.0) and operating result excluding non-recurring items was EUR 47.0 million (28.3).

The combined delivery volume of Metsä Board's folding boxboard and fresh forest fibre linerboard in January–June was 688,000 tonnes (610,000), which represents an increase of 13 per cent. The delivery volume of paper amounted to 294,000 tonnes (320,000).

Excluding non-recurring items, Metsä Board's return on capital employed was 11.6 per cent (8.8), and earnings per share were EUR 0.19 (0.10).

Metsä Board's equity ratio at the end of June was 45.9 per cent and the net gearing ratio was 39 per cent (31 December 2014: 39.2 per cent and 51 per cent, respectively). Standard & Poor's Ratings Services raised Metsä Board's credit rating by two notches from B+ to BB in February. The outlook of the rating is stable. Moody's Investors Service raised Metsä Board's credit rating by two notches from B1 to Ba2 in June. The outlook of the rating is stable. The upgrade of the rating has had no impact on Metsä Board's current financing costs.

Metsä Board's interim report was published on 6 August 2015.

Tissue and cooking papers

Metsä Tissue's sales in January–June totalled EUR 502.7 million (1–6/2014: 502.7).

The operating result excluding non-recurring items was EUR 23.4 million (21.5). Metsä Tissue's profitability has improved due to the company-wide changes that have streamlined the cost structure. The pulp prices which increased due to the stronger US dollar had a negative impact on the result during the second quarter, in particular.

Sales in the second quarter of the year amounted to EUR 249.0 million (4–6/2014: 250.2) and operating result excluding non-recurring items was EUR 7.6 million (9.7).

Metsä Tissue decided to discontinue its unprofitable Consumer business in Russia, and production ended at the end of June. The Away-From-Home customers in Russia will be served by other Metsä Tissue mills in the future, and the upgrading line in Vorsino will be moved to Metsä Tissue's mill in Krapkowice, Poland. In January–June, Metsä Tissue recognised a total of EUR 10.3 million of cost provisions and write-offs related to the operations in Russia as non-recurring items. In addition, Metsä Tissue has recognised write-offs of EUR 1.8 million from the closure of an upgrading line at the Düren mill in Germany as a non-recurring item.

The quality of Lambi toilet paper and household towels was improved, and the sales volumes of Lambi developed favourably in the second quarter. The new Mola and Tento household towels were introduced in Poland, Czech Republic and Slovakia in the eastern Central European market. In the Western European region, the new Fasana napkins were introduced to both large customers and consumers.

A new production line will be built at the Raubach mill in Germany. The project will be launched in the second half of 2015. The new production line is scheduled for completion during the second quarter of 2016.

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 sanctions issued by the EU and Russia, and by USA and Russia, due to the crisis in Ukraine have not had a direct impact on Metsä Group's operations thus far. However, the sanctions have an indirect impact on the demand of Metsä Group's products, for example through the unfavourable development of exchange rates. For the time being, the economic impact of the sanctions on Metsä Group has been minor. Any additional sanctions could have a negative impact on the scope and result of Metsä Group's operations.

The financing situation in Greece has indirect impacts on Metsä Group's operations through the economic growth and exchange rate development in Europe, among others.

The risks related to the Group's business have been explained more extensively in Metsä Group's Financial Statements for 2014.

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 202 million, of which approximately EUR 65 million is directed at Metsäliitto Cooperative alone. The aforementioned proceedings are associated with interest, value added tax claims and legal process expenses. In addition to the aforementioned claims, new claims for damages have been filed by private individuals and entities in January 2015, the amounts of which are not yet known by Metsäliitto. Metsäliitto Cooperative's view is that the claims for damages are unfounded, and the company has not recognised any provisions regarding them.

In May 2014, Metsäliitto Cooperative and Metsä Board demanded the District Court of Helsinki to revoke the judgment issued by the Arbitral Tribunal on 11 February 2014 that ordered Metsäliitto Cooperative and Metsä Board to pay a total of EUR 67 million in damages to UPM-Kymmene Corporation. In the judgment issued in

June 2015, the District Court rejected the demands by Metsäliitto Cooperative and Metsä Board. Metsäliitto Cooperative and Metsä Board may appeal the District Court's judgment at the Court of Appeal by September 2015.

NEAR-TERM OUTLOOK

Metsä Forest buys wood from across Finland, currently primarily from stands harvested when the ground is unfrozen. The level of sales of forest management services is expected to remain good.

Sales in the wood products industry are expected to increase slightly in the third quarter when compared to the corresponding period of the previous year. Intense competition is expected to continue in the sawn timber market, which suffers from oversupply. The demand for other wood products is expected to remain at a relatively good level.

The global demand for softwood pulp is expected to continue to grow slightly, and softwood pulp supply and demand are expected to be in balance in the near future as well. The annual maintenance shutdowns at three Metsä Fibre mills are scheduled for the second half of the year.

The delivery volumes of paperboards are forecast to increase slightly in the third quarter from the previous quarter. No material paperboard price changes are currently in sight.

In the tissue paper market, demand is expected to continue to be stable in all market areas and to grow in eastern Central Europe, in particular.

Metsä Group's operating result excluding non-recurring items in the third quarter of 2015 is expected to be approximately on the same level compared to the second quarter of 2015.

Espoo, Finland, 6 August 2015

BOARD OF DIRECTORS

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Metsä Group will publish its financial reports in 2015 and 2016 as follows:

5 November 2015: Interim Report January–September 2015

3 February 2016: Financial statements for 2015

3 May 2016: Interim report for January–March 2016

4 August 2016: Interim report for January–June 2016

2 November 2016: Interim report for January–September 2016

SEGMENTS

	2015	2014	2015	2014	2014
	1–6	1–6	4–6	4–6	1–12
Wood Supply and Forest Services					
Sales, EUR million	805.2	814.4	393.5	379.5	1 575.0
EBITDA, EUR million	17.4	15.7	7.8	6.3	29.7
- " - excl. non-rec. items, EUR million	17.4	17.2	7.8	7.8	31.2
Depreciation and impairment, EUR million	-1.8	-1.5	-0.9	-0.8	-3.0
Operating result, EUR million	15.6	14.2	6.9	5.5	26.7
- " - excl. non-rec. items, EUR million	15.6	15.7	6.9	7.0	28.2
- " -, % of sales	1.9	1.9	1.8	1.9	1.8
ROCE excl. non-rec. items, %	25.9	25.0	21.9	21.5	24.7
Capital expenditure, EUR million	3.2	2.5	1.5	1.8	4.8
Personnel at end of period	945	932	945	932	887

	2015	2014	2015	2014	2014
	1–6	1–6	4–6	4–6	1–12
Wood Products Industry					
Sales, EUR million	452.2	473.7	242.8	251.8	896.9
EBITDA, EUR million	12.6	36.9	-2.2	21.5	64.5
- " - excl. non-rec. items, EUR million	31.6	37.0	16.9	21.5	66.2
Depreciation and impairment, EUR million	-16.9	-14.9	-10.0	-7.2	-30.4
Operating result, EUR million	-4.3	22.0	-12.2	14.4	34.1
- " - excl. non-rec. items, EUR million	18.0	23.0	10.2	14.4	37.2
- " -, % of sales	4.0	4.9	4.2	5.7	4.2
ROCE excl. non-rec. items, %	11.8	13.6	12.9	16.4	11.3
Capital expenditure, EUR million	5.7	7.4	3.3	3.3	13.7
Personnel at end of period	2 313	2 503	2 313	2 503	2 249

	2015	2014	2015	2014	2014
	1–6	1–6	4–6	4–6	1–12
Pulp Industry					
Sales, EUR million	721.5	654.7	391.1	325.8	1 295.7
EBITDA, EUR million	206.6	144.6	106.6	68.9	289.9
- " - excl. non-rec. items, EUR million	206.6	124.2	106.6	48.5	269.5
Depreciation and impairment, EUR million	-35.5	-33.0	-14.1	-12.2	-62.0
Operating result, EUR million	171.1	111.6	92.5	56.7	227.9
- " - excl. non-rec. items, EUR million	171.1	91.3	92.5	36.3	207.5
- " -, % of sales	23.7	13.9	23.6	11.2	16.0
ROCE excl. non-rec. items, %	47.2	26.9	52.4	21.4	29.8
Capital expenditure, EUR million	47.4	10.2	44.5	4.8	26.0
Personnel at end of period	931	953	931	953	842

	2015	2014	2015	2014	2014
	1–6	1–6	4–6	4–6	1–12
Paperboard Industry					
Sales, EUR million	1 047.7	995.2	522.0	494.0	2 008.4
EBITDA, EUR million	162.6	125.1	93.3	55.9	242.2
- " - excl. non-rec. items, EUR million	142.8	113.8	73.1	52.0	236.2
Depreciation and impairment, EUR million	-52.3	-49.4	-26.1	-23.7	-125.6
Operating result, EUR million	110.3	75.7	67.2	32.2	116.5
- " - excl. non-rec. items, EUR million	90.2	64.4	47.0	28.3	136.5
- " -, % of sales	8.6	6.5	9.0	5.7	6.8
ROCE excl. non-rec. items, %	11.6	8.8	12.1	7.5	9.1
Capital expenditure, EUR million	72.2	18.7	48.3	14.0	44.2
Personnel at end of period	2 850	3 370	2 850	3 370	3 111

	2015	2014	2015	2014	2014
Tissue and Cooking Papers	1–6	1–6	4–6	4–6	1–12
Sales, EUR million	502.7	502.7	249.0	250.2	1 012.8
EBITDA, EUR million	32.6	40.5	17.6	19.2	100.5
- " - excl. non-rec. items, EUR million	42.4	40.5	17.3	19.2	100.9
Depreciation and impairment, EUR million	-21.4	-19.0	-11.5	-9.5	-38.7
Operating result, EUR million	11.2	21.5	6.1	9.7	61.8
- " - excl. non-rec. items, EUR million	23.4	21.5	7.6	9.7	62.2
- " -, % of sales	4.6	4.3	3.0	3.9	6.1
ROCE excl. non-rec. items, %	7.2	6.7	4.6	5.9	9.3
Capital expenditure, EUR million	7.2	16.3	5.1	12.5	38.0
Personnel at end of period	2 909	2 976	2 909	2 976	2 805

	2015	2014	2015	2014	2014
Other operations	1–6	1–6	4–6	4–6	1–12
Sales, EUR million	2.8	4.9	0.9	2.7	9.6
EBITDA, EUR million	54.3	-38.4	54.4	4.3	-38.6
- " - excl. non-rec. items, EUR million	3.2	3.5	3.3	4.3	4.1
Depreciation and impairment, EUR million	-1.0	-1.1	-0.5	-0.6	-2.2
Operating result, EUR million	53.3	-39.5	53.9	3.7	-40.7
- " - excl. non-rec. items, EUR million	2.1	2.4	2.8	3.7	1.9
Capital expenditure, EUR million	5.4	10.1	2.7	5.0	18.0
Personnel at end of period	494	515	494	515	516

Other operations include the Metsä Group head office functions, the company Metsä Group Treasury Oy and the holding function of Metsäliitto Cooperative as well as a share of Metsätapiola's real estates.

	2015	2014	2015	2014	2014
Internal sales and eliminations	1–6	1–6	4–6	4–6	1–12
Sales, EUR million	-946.8	-926.5	-469.1	-438.9	-1 828.1
EBITDA, EUR million	-77.7	31.2	-56.4	41.8	4.9
- " - excl. non-rec. items, EUR million	-47.1	-14.7	-25.8	-4.1	-41.0
Depreciation and impairment, EUR million	-7.7	-6.9	-3.9	-3.8	-14.4
Operating result, EUR million	-85.4	24.3	-60.4	38.0	-9.5
- " - excl. non-rec. items, EUR million	-54.8	-21.6	-29.8	-7.9	-55.4

	2015	2014	2015	2014	2014
Metsä Group	1–6	1–6	4–6	4–6	1–12
Sales, EUR million	2 585.3	2 519.2	1 330.2	1 264.9	4 970.3
EBITDA, EUR million	408.4	355.6	221.2	217.8	693.1
- " - excl. non-rec. items, EUR million	397.0	321.6	199.2	149.2	667.1
Depreciation and impairment, EUR million	-136.5	-125.8	-67.1	-57.7	-276.2
Operating result, EUR million	271.9	229.8	154.0	160.2	416.9
- " - excl. non-rec. items, EUR million	265.8	196.6	137.1	91.5	418.1
- " -, % of sales	10.3	7.8	10.3	7.2	8.4
ROCE excl. non-rec. items, %	13.8	11.3	14.1	10.3	11.4
Capital expenditure, EUR million	140.2	64.9	104.7	41.0	143.0
Personnel at end of period	10 442	11 250	10 442	11 250	10 410

EBITDA = Operating result before depreciation and impairment losses

ROCE = Return on capital employed

QUARTERLY DATA

EUR million	2015 4–6	2015 1–3	2014 10–12	2014 7–9	2014 4–6	2014 1–3
Sales						
Wood Supply and Forest Services	393.5	411.8	397.5	363.2	379.5	434.9
Wood Products Industry	242.8	209.4	215.9	207.3	251.8	221.9
Pulp Industry	391.1	330.4	337.1	303.8	325.8	329.0
Paperboard Industry	522.0	525.7	499.4	513.8	494.0	501.2
Tissue and Cooking Papers	249.0	253.7	257.6	252.4	250.2	252.6
Other operations	0.9	1.9	2.4	2.3	2.7	2.3
Internal sales	-469.1	-477.7	-462.4	-439.3	-438.9	-487.5
Sales total	1 330.2	1 255.1	1 247.5	1 203.6	1 264.9	1 254.3
Operating result						
Wood Supply and Forest Services	6.9	8.7	8.1	4.5	5.5	8.6
Wood Products Industry	-12.2	7.9	5.8	6.3	14.4	7.7
Pulp Industry	92.5	78.7	64.5	51.8	56.7	54.9
Paperboard Industry	67.2	43.1	6.7	34.1	32.2	43.5
Tissue and Cooking Papers	6.1	5.1	21.1	19.2	9.7	11.8
Other operations	53.9	-0.6	-4.7	3.4	3.7	-43.2
Eliminations	-60.4	-25.0	-17.4	-16.4	38.0	-13.7
Operating result total	154.0	117.8	84.1	102.9	160.2	69.7
-"-, % of sales	11.6	9.4	6.7	8.5	12.7	5.6
Share of results from associated companies and joint ventures	3.2	6.1	1.9	-0.9	7.9	7.4
Exchange gains and losses	-6.7	3.5	3.9	-0.0	0.9	-2.1
Other net financial items	-22.4	-21.3	-22.4	-22.6	-23.3	-37.8
Result before income tax	128.2	106.1	67.6	79.4	145.7	37.2
Income tax	-35.5	-17.5	-11.1	-17.4	-35.8	-5.4
Result for the period	92.7	88.6	56.5	62.0	109.9	31.8
Operating result excl. non-rec. items						
Wood Supply and Forest Services	6.9	8.7	8.1	4.5	7.0	8.6
Wood Products Industry	10.2	7.9	8.0	6.2	14.4	8.6
Pulp Industry	92.5	78.7	64.5	51.8	36.3	54.9
Paperboard Industry	47.0	43.2	36.9	35.2	28.3	36.1
Tissue and Cooking Papers	7.6	15.8	21.1	19.6	9.7	11.8
Other operations and eliminations	-27.0	-25.7	-21.2	-13.0	-4.2	-15.0
Operating result total	137.1	128.6	117.3	104.3	91.5	105.1
-"-, % of sales	10.3	10.2	9.4	8.7	7.2	8.4

CALCULATION OF KEY RATIOS

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

FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2015 1–6	2014 1–6	Change	2015 4–6	2014 4–6	2014 1–12
Sales	2	2 585.3	2 519.2	66.1	1 330.2	1 264.9	4 970.3
Change in stocks of finished goods and work in progress		-6.3	-0.6	-5.6	-30.6	-30.3	17.7
Other operating income		68.2	124.3	-56.1	52.9	88.2	170.3
Material and services		-1 689.0	-1 693.8	4.8	-855.5	-833.2	-3 329.6
Employee costs		-353.2	-348.8	-4.4	-181.7	-179.1	-699.0
Depreciation and impairment losses		-136.5	-125.8	-10.7	-67.1	-57.7	-276.2
Other operating expenses		-196.7	-244.7	48.0	-94.2	-92.7	-436.7
Operating result	2	271.9	229.8	42.1	154.0	160.2	416.9
Share of results from associated companies and joint ventures		9.3	15.3	-6.1	3.2	7.9	16.4
Exchange gains and losses		-3.2	-1.2	-2.0	-6.7	0.9	2.7
Other net financial items	2	-43.7	-61.1	17.4	-22.4	-23.3	-106.1
Result before income tax		234.3	182.9	51.4	128.2	145.7	329.9
Income tax	3	-53.0	-41.2	-11.8	-35.5	-35.8	-69.7
Result for the period		181.3	141.7	39.5	92.7	109.9	260.3
Other comprehensive income							
Items that will not be reclassified to profit and loss							
Items relating to adjustments of defined benefit plans		9.8	-20.0	29.8	18.0	-15.0	-44.7
Income tax relating to items that will not be reclassified		-3.0	5.3	-8.3	-4.3	3.9	11.9
Total		6.8	-14.7	21.5	13.8	11.0	-32.7
Items that may be reclassified subsequently to profit and loss							
Cash flow hedges		21.2	-7.6	28.7	30.1	1.8	-19.7
Available for sale financial assets	8	5.1	-64.2	69.3	0.8	-57.2	-43.6
Currency translation differences		19.0	-15.5	34.5	4.2	-7.8	-43.3
Share of comprehensive income of joint venture		0.9	0.0	0.9	0.0	0.0	-4.4
Other items		0.3	0.1	0.2	0.3	0.0	0.3
Income tax relating to items that may be reclassified		-3.9	17.6	-21.5	-5.8	14.3	15.3
Total		42.5	-69.6	112.1	29.6	-49.0	-95.4
Other comprehensive income, net of tax		49.3	-84.3	133.6	43.4	-60.0	-128.2
Total comprehensive income for the period		230.6	57.4	173.1	136.1	49.9	132.1
Result for the period attributable to:							
Members of parent company		103.7	75.5	28.3	47.2	68.1	156.5
Non-controlling interests		77.5	66.3	11.3	45.5	41.8	103.8
Total		181.3	141.7	39.5	92.7	109.9	260.3
Total comprehensive income attributable							
Members of parent company		135.3	31.8	103.4	74.1	39.3	82.4
Non-controlling interests		95.3	25.6	69.7	61.9	10.6	49.7
Total		230.6	57.4	173.1	136.1	49.9	132.1

The notes are an integral part of this Interim Report.

UNAUDITED CONSOLIDATED BALANCE SHEET

EUR million	Note	2015 30.6.	2014 30.6.	2014 31.12.
ASSETS				
Non-current assets				
Goodwill		522.8	523.4	520.3
Other intangible assets		237.8	253.9	240.8
Tangible assets	4	1 833.5	1 925.3	1 831.2
Biological assets		13.2	12.1	11.8
Investments in associated companies and joint ventures		44.9	83.7	77.7
Available for sale investments	8	262.2	238.1	257.1
Non-current financial assets	8	27.8	16.7	19.7
Deferred tax receivables		43.2	57.3	64.8
		2 985.5	3 110.5	3 023.5
Current assets				
Inventories		743.1	802.8	774.1
Accounts receivables and other receivables		724.9	738.5	690.4
Tax receivables based on the taxable income for the period		0.1	4.1	0.3
Cash and cash equivalents	8	1 050.4	566.0	947.9
		2 518.5	2 111.3	2 412.7
Assets classified as held for sale		12.4	3.3	10.8
Total assets		5 516.4	5 225.2	5 447.0
MEMBERS' FUNDS AND LIABILITIES				
Members' funds				
Members' funds		1 736.5	1 533.0	1 590.3
Non-controlling interests		572.3	442.9	467.0
		2 308.8	1 975.9	2 057.3
Non-current liabilities				
Deferred tax liabilities		234.4	235.8	230.6
Post-employment benefit obligations		85.9	169.5	184.8
Provisions	5	26.8	27.0	33.4
Borrowings	8	1 255.8	1 627.6	1 373.3
Other liabilities		11.5	28.3	21.3
		1 614.4	2 088.0	1 843.3
Current liabilities				
Provisions	5	23.0	18.7	14.0
Current borrowings	8	561.1	337.7	528.9
Accounts payable and other liabilities		953.1	788.6	972.2
Tax liabilities based on the taxable income for the period		19.0	13.8	25.4
		1 556.2	1 159.1	1 540.5
Liabilities classified as held for sale		37.1	2.2	6.0
Total liabilities		3 207.6	3 249.3	3 389.8
Total members' funds and liabilities		5 516.4	5 225.2	5 447.0

The notes are an integral part of this Interim Report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS

<u>Equity attributable to members of parent company</u>								
EUR million	Note	Mem- bers' capital	Trans- lation differ- ences	Fair value and other reserves	Re- tained earnings	Total	Non- control- ling interest	Total
Members' funds 1.1.2014		654.7	24.9	224.9	578.3	1 482.9	476.3	1 959.2
Result for the period					75.5	75.5	66.3	141.7
Other comprehensive income, net after tax			-9.1	-24.6	-9.9	-43.7	-40.6	-84.3
Total comprehensive income			-9.1	-24.6	65.6	31.8	25.6	57.4
Transactions with owners:								
Dividends paid					-40.0	-40.0	-42.5	-82.4
Change in members' capital		62.1			-1.3	60.8		60.8
Transfer from unrestricted to restricted				2.4	-2.4	0.0		0.0
Acquired shares from non-controlling interests, which did not change the controlling right					-3.0	-3.0	-17.9	-20.9
Sold shares from non-controlling interests, which did not change the controlling right				-0.1	0.6	0.4	1.3	1.8
Members' funds 30.6.2014		716.9	15.8	202.6	597.7	1 533.0	442.9	1 975.9

<u>Equity attributable to members of parent company</u>								
EUR million	Note	Mem- bers' capital	Trans- lation differ- ences	Fair value and other reserves	Re- tained earnings	Total	Non- control- ling interest	Total
Members' funds 1.1.2015		719.1	-7.1	206.7	671.6	1 590.3	467.0	2 057.3
Result for the period					103.7	103.7	77.5	181.3
Other comprehensive income, net after tax			14.2	11.4	6.0	31.5	17.8	49.3
Total comprehensive income			14.2	11.4	109.7	135.3	95.3	230.6
Transactions with owners:								
Dividends paid					-41.3	-41.3	-48.3	-89.6
Change in members' capital		53.7			-1.0	52.7		52.7
Change in other equity				-0.8		-0.8	56.8	56.0
Transfer from unrestricted to restricted				3.3	-3.3	0.0		0.0
Acquired shares from non-controlling interests, which did not change the controlling right								0.0
Sold shares from non-controlling interests, which did not change the controlling right				-0.0	0.3	0.3	1.5	1.9
Members' funds 30.6.2015		772.8	7.1	220.5	736.1	1 736.5	572.3	2 308.8

The notes are an integral part of this Interim Report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	2015 1–6	2014 1–6	2014 1–12
Result for the period	7	181.3	141.7	260.3
Total adjustments	7	186.6	104.5	305.0
Change in working capital		-34.9	-52.8	198.6
Cash flow arising from operations		333.0	193.4	763.9
Net financial items		-44.0	-53.0	-93.9
Income taxes paid		-45.0	-28.1	-52.7
Net cash flow arising from operating activities		244.0	112.3	617.3
Acquisitions		0.0	-1.3	-3.4
Investments in tangible and intangible assets		-140.2	-64.9	-143.0
Disposals and other items	7	37.1	119.0	139.2
Net cash flow arising from investing activities		-103.1	52.7	-7.2
Change in members' funds		52.7	60.8	67.8
Change in other equity		55.6	0.0	0.0
Change in shares of non-controlling interests		0.0	-20.9	-20.9
Change in long-term loans and other financial items		-52.9	-5.4	-73.3
Dividends paid		-94.9	-87.9	-87.9
Net cash flow arising from financing activities		-39.6	-53.4	-114.3
Change in cash and cash equivalents		101.4	111.6	495.8
Cash and cash equivalents at beginning of period		947.9	454.4	454.4
Translation difference		1.0	0.0	-2.2
Change in cash and cash equivalents		101.4	111.6	495.8
Cash and cash equivalents of assets classified as held for sale		0.2	-	-0.2
Cash and cash equivalents at end of period		1 050.4	566.0	947.9

The notes are an integral part of this Interim Report.

NOTES TO THE UNAUDITED CONDENSED INTERIM REPORT

NOTE 1 – BACKGROUND AND ACCOUNTING POLICIES

Metsäliitto Cooperative and its subsidiaries comprise a forest industry group (“Metsä Group” or “Group”), which operations are organised into five business segments: Wood Supply and Forest Services, Wood Products Industry, Pulp Industry, Paperboard 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 Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2014 IFRS financial statements. The same accounting policies have been applied as in the 2014 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.

In 2015 Metsä Group has adopted the following new and amended standards and interpretations:

- Amendments to IAS 19 *Employee Benefits - Defined Benefit Plans: Employee Contributions*: The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits.
- *Annual Improvements to IFRSs (2011–2013 cycle and 2010–2012 cycle, December 2013)*: 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 four (2011–2013 cycle) and seven (2010–2012 cycle) standards.
- IFRIC 21 *Levies*: The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognised when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards.

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 6 August 2015.

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	1–6/2015	1–6/2015	1–6/2015	1–6/2014	1–6/2014	1–6/2014
	External	Internal	Total	External	Internal	Total
Wood Supply and Forest Services	204.1	601.1	805.2	204.8	609.5	814.4
Wood Products Industry	423.5	28.7	452.2	441.9	31.8	473.7
Pulp Industry	444.6	276.9	721.5	406.9	247.8	654.7
Paperboard Industry	1 011.0	36.8	1 047.7	963.0	32.2	995.2
Tissue and Cooking Papers	502.3	0.3	502.7	502.5	0.2	502.7
Other operations	-0.3	3.0	2.8	0.1	4.9	4.9
Elimination of internal sales	-	-946.8	-946.8	-	-926.5	-926.5
Total sales	2 585.3	0.0	2 585.3	2 519.2	0.0	2 519.2

EUR million	1–12/2014	1–12/2014	1–12/2014
	External	Internal	Total
Wood Supply and Forest Services	391.0	1 184.0	1 575.0
Wood Products Industry	836.4	60.5	896.9
Pulp Industry	791.1	504.6	1 295.7
Paperboard Industry	1 939.4	69.1	2 008.4
Tissue and Cooking Papers	1 012.3	0.5	1 012.8
Other operations	0.1	9.4	9.6
Elimination of internal sales	-	-1 828.1	-1 828.1
Total sales	4 970.3	0.0	4 970.3

OPERATING RESULT BY SEGMENTS

EUR million	2015	2014	2014
	1–6	1–6	1–12
Wood Supply and Forest Services	15.6	14.2	26.7
Wood Products Industry	-4.3	22.0	34.1
Pulp Industry	171.1	111.6	227.9
Paperboard Industry	110.3	75.7	116.5
Tissue and Cooking Papers	11.2	21.5	61.8
Other operations	53.3	-39.5	-40.7
Eliminations	-85.4	24.3	-9.5
Operating result total	271.9	229.8	416.9
Share of results from associated companies and joint ventures	9.3	15.3	16.4
Financial costs, net	-46.9	-62.2	-103.4
Income taxes	-53.0	-41.2	-69.7
Result for the period	181.3	141.7	260.3

Metsä Group's operating result in January–June 2015 includes non-recurring items net of EUR +6.1 million (33.2). The most significant positive non-recurring items are the gain of EUR 20.8 million from the sale of the shares in Finsilva Oyj and the gain of EUR 17.5 million

from the sale of the Gohrsmühle mill. The planned sale of the shares in Metsä Wood France SAS generated a non-recurring loss of EUR 21.8 million. Provisions and write-offs related to Metsä Tissue's Russian operations were EUR 10.3 million.

ASSETS AND LIABILITIES BY SEGMENTS

Assets	2015	2014	2014
EUR million	30.6.	30.6.	31.12.
Wood Supply and Forest Services	258.9	301.4	262.4
Wood Products Industry	400.8	441.7	392.8
Pulp Industry	735.2	759.5	709.7
Paperboard Industry	1 911.4	1 926.6	1 873.4
Tissue and Cooking Papers	901.4	914.2	899.5
Other operations	219.2	180.1	260.3
Assets classified as held for sale	12.4	3.3	10.8
Eliminations	-214.8	-235.9	-238.1
Unallocated assets	1 291.9	934.3	1 276.0
Total	5 516.4	5 225.2	5 447.0

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

Liabilities	2015	2014	2014
EUR million	30.6.	30.6.	31.12.
Wood Supply and Forest Services	155.2	200.8	176.3
Wood Products Industry	118.4	126.0	106.7
Pulp Industry	237.6	127.8	253.6
Paperboard Industry	432.8	478.6	537.3
Tissue and Cooking Papers	271.4	257.1	269.4
Other operations	82.0	72.6	108.7
Liabilities classified as held for sale	37.1	2.2	6.0
Eliminations	-214.8	-235.9	-238.1
Unallocated liabilities	2 087.9	2 220.1	2 170.0
Total	3 207.6	3 249.3	3 389.8

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	2015	2014	2014
	1–6	1–6	1–12
Taxes for the period	48.4	33.5	62.9
Taxes for the prior periods	0.6	-0.2	0.7
Change in deferred taxes	4.0	7.9	6.0
Total income taxes	53.0	41.2	69.7

NOTE 4 – CHANGE IN PROPERTY, PLANT AND EQUIPMENT

EUR million	2015	2014	2014
	1–6	1–6	1–12
Book value at beginning of period	1 831.2	2 012.7	2 012.7
Investments	135.8	58.5	130.8
Decreases	-11.1	-13.1	-16.5
Assets classified as held for sale	-2.0	-3.3	-3.9
Depreciation and impairment losses	-126.9	-117.4	-257.9
Translation differences and other changes	6.5	-12.1	-34.1
Book value at end of period	1 833.5	1 925.3	1 831.2

Assets classified as held for sale include in 2015 the unsold apartments and parking places of Asunto Oy Tapiolan Pyökki.

Depreciation and impairment losses include an impairment loss of EUR 2.6 million due to the reached agreement on the sale of the shares in Metsä Wood France SAS. In addition, depreciation and impairment losses include an impairment loss of EUR 2.3 million due to Metsä Tissue's Russian operations and to the closure of one production line in Düren, Germany.

NOTE 5 – PROVISIONS

EUR million	Restructuring	Environmental obligations	Other provisions	Total
At 1 January 2015	16.9	18.7	11.7	47.3
Translation differences	0.2	0.1	0.2	0.5
Increases	8.4	0.7	0.5	9.6
Utilised during the year	-0.9	-1.1	-1.8	-3.8
Unused amounts reversed	-0.5	-0.9	-2.0	-3.4
Liabilities classified as held for sale	-0.5			-0.5
At 30 June 2015	23.7	17.5	8.6	49.8

The increase in the restructuring provision, EUR 8.4 million, is due to Metsä Tissue's Russian operations.

Unused amounts reversed is due to the provisions made for the closure of Metsä Board's Alizay mill in France and to the sale of Metsä Board's Gohrsmühle mill in Germany.

Of the Metsä Group's total provisions of EUR 49.8 million, the non-current portion was EUR 26.8 million and the current portion EUR 23.0 million. The non-current portion will mostly be paid during 2017.

NOTE 6 – TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	2015 1–6	2014 1–6	2014 1–12
Sales	3.8	4.5	9.9
Purchases	44.4	35.8	86.6
Non-current receivables	1.0	2.1	1.0
Current receivables	3.1	1.2	2.2
Non-current liabilities	0.0	0.0	0.0
Current liabilities	7.1	6.5	5.3

Metsäliitto Cooperative sold 30.13 per cent of the share capital in its associated company Finsilva Oyj on May, 28.

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

EUR million	2015 1–6	2014 1–6	2014 1–12
Taxes	53.0	41.2	69.7
Depreciation and impairment charges	136.5	125.8	276.2
Biological assets	-1.4	-1.0	-0.6
Share of results from associated companies	-9.3	-15.3	-16.4
Gains and losses on sale of non-current financial assets	-41.5	-101.4	-117.0
Financial costs, net	46.9	62.2	103.4
Pension liabilities and provisions	2.4	-7.0	-10.2
Total	186.6	104.5	305.0

Disposals and other items

Disposals and other items include the sale of Metsäliitto Cooperative's subsidiary Burt Boulton and Haywood Ltd for EUR 4.2 million, the sale of the Gohrsmühle mill for EUR -37.0 million and the sale of shares (30.13 per cent of the share capital) in Metsäliitto Cooperative's associated company Finsilva Oyj for EUR 60.1 million. In addition, disposals and other items include the sale

of apartments and parking places of Asunto Oy Tapiolan Jalava and Asunto Oy Tapiolan Pyökki for EUR 7.9 million and the sale of fixed assets and other items for 1.9 million.

Change in other equity

Change in other equity includes cash less transaction charges that the Group received from Metsä Board's share issue.

NOTE 8 – FINANCIAL INSTRUMENTS

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

Financial assets 30 June 2015

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Available for sale investments		262.2				262.2	262.2
Other non-current financial assets	5.2		19.1			24.2	24.2
Account receivables and others			719.8			719.8	719.8
Cash and cash equivalents	30.5		1 019.9			1 050.4	1 050.4
Derivative financial instruments	0.5			4.9		5.3	5.3
Assets classified as held for sale			8.7			8.7	8.7
Total	36.1	262.2	1 767.5	4.9	0.0	2 070.7	2 070.7

Financial liabilities 30 June 2015

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Non-current interest-bearing liabilities					1 255.8	1 255.8	1 296.9
Other non-current liabilities					4.1	4.1	4.1
Current interest-bearing liabilities					561.1	561.1	567.2
Accounts payable and others					827.5	827.5	827.5
Derivative financial instruments	-3.7			25.0		21.3	21.3
Liabilities classified as held for sale					36.4	36.4	36.4
Total	-3.7	0.0	0.0	25.0	2 684.9	2 706.2	2 753.5

Financial assets 30 June 2014

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Available for sale investments		238.1				238.1	238.1
Other non-current financial assets	0.6		16.1			16.7	16.7
Account receivables and others			736.8			736.8	736.8
Cash and cash equivalents	20.3		545.7			566.0	566.0
Derivative financial instruments	0.1			0.1		0.2	0.2
Total	20.9	238.1	1 298.6	0.1	0.0	1 557.7	1 557.7

Financial liabilities 30 June 2014

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Non-current interest-bearing liabilities					1 627.6	1 627.6	1 672.3
Other non-current liabilities					6.5	6.5	6.5
Current interest-bearing liabilities					337.7	337.7	341.6
Accounts payable and others					672.6	672.6	672.6
Derivative financial instruments	4.3			30.7		35.0	35.0
Liabilities classified as held for sale					2.2	2.2	2.2
Total	4.3	0.0	0.0	30.7	2 646.6	2 681.6	2 730.2

Fair value hierarchy of financial assets and liabilities 30 June 2015

EUR million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Non-current financial assets through profit and loss at fair value		5.2		5.2
Available for sale financial assets	0.1		262.1	262.2
Current financial assets through profit and loss at fair value	30.5			30.5
Derivative financial assets		5.3		5.3
Financial liabilities measured at fair value				
Derivative financial liabilities	19.5	1.8		21.3
Financial assets not measured at fair value				
Financial assets		1 019.9		1 019.9
Financial liabilities not measured at fair value				
Non-current interest-bearing liabilities		1 296.9		1 296.9
Current interest-bearing liabilities		567.2		567.2

Fair value hierarchy of financial assets and liabilities 30 June 2014

EUR million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Non-current financial assets through profit and loss at fair value		0.6		0.6
Available for sale financial assets	0.4		237.8	238.1
Current financial assets through profit and loss at fair value	20.3			20.3
Derivative financial assets		0.2		0.2
Financial liabilities measured at fair value				
Derivative financial liabilities	12.9	22.1		35.0
Financial assets not measured at fair value				
Financial assets		545.7		545.7
Financial liabilities not measured at fair value				
Non-current interest-bearing liabilities		1 672.3		1 672.3
Current interest-bearing liabilities		341.6		341.6

Financial assets measured at fair value based on level 3

EUR million	2015	2014
Opening balance 1.1.	256.8	305.4
Gains and losses in income statement	0.0	0.0
Gains and losses in other comprehensive income	5.4	-14.2
Purchases	0.0	1.7
Settlements	0.0	-55.1
Closing balance 30.6.	262.1	237.8

Assets have been categorised according to paragraphs 27 A and 27 B in IFRS 7 Financial Instruments: Disclosures.

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 fair values of electric power, natural gas and gas oil derivatives are measured on the basis of publicly quoted market prices (Level 1). The fair values of currency forwards and options are determined on the basis of market prices at the closing date of the reporting period. The fair values of interest rate swaps are measured applying a method based on the present value of future cash flows, supported by market interest rates at the closing date of the reporting period and other market inputs (Level 2). The fair value of financial instruments not traded in an active market is determined using various measurement methods. Discretion is used in choosing the methods and making assumptions based primarily on the market conditions prevailing at the closing date of the reporting period (Level 3).

The accounting policies applied in preparing the financial statements include a more detailed description of the recognition and measurement principles applied.

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 2014 Financial Statements. The average weighed capital cost applied in the calculation was 2.81 per cent on 30 June 2015 and for the Olkiluoto 3 power plant under construction 6.81 per cent. The acquisition cost of the Pohjolan Voima Oy shares is EUR 43.1 million and their fair value is EUR 254.9 million.

The carrying amount of available-for-sale financial assets would be estimated to be EUR 3.0 million lower or EUR 4.3 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 29.6 million higher or EUR 29.6 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 June 2015

EUR million	Nominal value	Assets	Liabilities	Fair value total	Fair value hedges	Cash flow hedges	Equity hedges	Hedge accounting not applied
Interest rate swaps	1 125.7	1.9	0.6	1.3	3.5	-0.4		-1.8
Total	1 125.7	1.9	0.6	1.3	3.5	-0.4	0.0	-1.8
Currency forwards	1 240.9	1.7	1.7	0.0		-4.8	-0.8	5.6
Currency options	139.0		-0.4	0.4				0.4
Total	1 380.0	1.7	1.3	0.4	0.0	-4.8	-0.8	6.0
Electricity derivatives	80.4		14.8	-14.8		-14.8		
Pulp derivatives	11.9	1.8		1.8		1.8		
Commodity derivatives	53.8		4.7	-4.7		-4.7		
Total	146.2	1.8	19.5	-17.7	0.0	-17.7	0.0	0.0
Derivatives total	2 651.8	5.3	21.3	-16.0	3.5	-22.9	-0.8	4.2

Derivatives 30 June 2014

EUR million	Nominal value	Assets	Liabilities	Fair value total	Fair value hedges	Cash flow hedges	Equity hedges	Hedge accounting not applied
Interest rate swaps	470.5		15.2	-15.2	2.9	-15.3		-2.7
Total	470.5	0.0	15.2	-15.2	2.9	-15.3	0.0	-2.7
Currency forwards	1 162.5	0.1	6.9	-6.8		-4.5	-0.9	-1.5
Currency options	139.8		0.0	0.0				0.0
Total	1 302.3	0.1	6.8	-6.8	0.0	-4.5	-0.9	-1.4
Electricity derivatives	155.7		11.9	-11.9		-11.9		0.0
Pulp derivatives	11.6	0.1		0.1		0.1		
Commodity derivatives	16.6		1.1	-1.1		-1.0		-0.1
Total	183.9	0.1	13.0	-12.9	0.0	-12.8	0.0	-0.1
Derivatives total	1 956.8	0.2	35.0	-34.8	2.9	-32.6	-0.9	-4.2

NOTE 9 – COMMITMENTS AND CONTINGENCIES

EUR million	30.6.2015	30.6.2014	31.12.2014
Own liabilities for which commitments granted	556.2	605.7	584.7
Pledges granted	433.6	403.6	421.9
Floating charges	5.9	5.9	5.9
Real estate mortgages	370.4	370.3	381.8
Chattels mortgage	4.0	4.6	4.6
Commitments for own liabilities, total	813.8	784.4	814.2
Other commitments on own behalf	71.2	88.4	86.6
On behalf of associated companies	1.2	1.9	1.4
On behalf of others	6.1	6.7	6.0
Total	892.3	881.4	908.1

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

The future costs for non-cancellable operating lease contracts were EUR 32.1 million (31.12.2014: 31.7).

COMMITMENTS RELATED TO INVESTMENTS

EUR million	30.6.2015	30.6.2014	31.12.2014
Payments due under 1 year	241.0	0.0	50.4
Payments due in subsequent years	156.1	0.0	15.2
Total	397.1	0.0	65.6