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Financial Statements

Metsähallitus Group and Metsähallitus Enterprise

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Profit and Loss Account

	Note	Metsähallitus Group 15 Apr–31 Dec 2016	Metsähallitus 15 Apr–31 Dec 2016
TURNOVER	1.1	246,378,020.00	77,287,869.66
Variation in inventories of finished products and change to work in progress		261,649.04	0.00
Other operating income	1.2	13,276,355.64	18,058,998.26
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		9,023,323.81	3,044,609.53
Variation in inventories		3,354,557.86	68,004.44
External services		110,363,900.24	4,244,506.06
Raw materials and services, total		122,741,781.91	7,357,120.03
Staff expenses			
Wages and salaries		42,355,337.11	22,476,041.68
Social security expenses			
Pension expenses		17,081,192.51	3,962,573.92
Other social security expenses		1,951,969.64	827,007.12
Staff expenses, total		61,388,499.26	27,265,622.72
Depreciation, amortisation and impairment			
Depreciation according to plan	1.4	4,433,074.52	3,061,937.66
Depreciation, amortisation and impairment in total		4,433,074.52	3,061,937.66
Other operating costs		42,259,201.28	33,047,849.62
OPERATING PROFIT		29,093,467.71	24,614,337.89
Financial income and expenses			
Income from other investments under non-current assets		36,155.96	35,931.96
Other interest and financial income		32,943.40	27,060.20
Interest and other financial expenses		128,745.40	89,423.88
Impairment of non-current assets		3,000,000.00	5,000,000.00
Financial income and expenses in total	1.6	-3,059,646.04	-5,026,431.72
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET		26,033,821.67	19,587,906.17
Financing for other operations from the Budget	1.3	33,846,270.34	33,846,270.34
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES		59,880,092.01	53,434,176.51
Income taxes		4,163,559.08	3,344,660.50
Minority share		160,501.13	0.00
PROFIT DURING THE FINANCIAL YEAR		55,877,034.06	50,089,516.01

Balance Sheet (EUR)

	Note	Metsähallitus Group 31 December 2016	Metsähallitus 31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1.7		
Intangible rights		1,251,563.67	1,014,811.67
Other intangible assets		4,801,612.72	227,782.72
Intangible assets in total		6,053,176.39	1,242,594.39
Tangible assets			
Land and water areas		3,821,779,249.02	3,819,495,890.69
Roads		28,866,068.26	28,861,651.57
Buildings and structures		48,334,414.90	31,400,890.25
Machinery and equipment		3,151,118.22	155,679.32
Other tangible assets		687,521.07	10,599.04
Advance payments and work in progress		15,911,045.84	11,874,776.70
Tangible assets in total		3,918,729,417.31	3,891,799,487.57
Investments			
Shares in Group's subsidiaries	1.8	0.00	71,990,747.24
Other shares and holdings	1.10	2,086,307.30	2,490,403.17
Other receivables		24,100.00	1,800.00
Investments in total		2,110,407.30	74,482,950.41
NON-CURRENT ASSETS IN TOTAL		3,926,893,001.00	3,967,525,032.37
CURRENT ASSETS			
Inventories			
Finished products		19,831,585.48	1,776,308.10
Work in progress		1,003,044.03	0.00
Inventories in total		20,834,629.51	1,776,308.10
Receivables			
Non-current receivables			
Other receivables	1.11	2,205,015.72	24,000.00
Non-current receivables in total		2,205,015.72	24,000.00

Current receivables			
Accounts receivable		45,254,291.19	2,235,011.62
Receivables from Group's subsidiaries	1.12	0.00	412,144.12
Other receivables	1.13	1,586,915.24	1,353,693.60
Prepayments and accrued income	1.14	2,562,729.00	2,431,370.60
Current receivables in total		49,403,935.43	6,432,219.94
Cash in hand and at banks		11,950,580.12	10,843,987.24
CURRENT ASSETS IN TOTAL		84,394,160.78	19,076,515.28
ASSETS IN TOTAL		4,011,287,161.78	3,986,601,547.65

BALANCE SHEET (EUR)		Metsähallitus Group	Metsähallitus
		31 December 2016	31 December 2016
EQUITY AND LIABILITIES			
EQUITY	1.15		
Basic equity		2,601,514,970.45	2,601,514,970.45
Other equity		224,811,974.00	224,811,974.00
Other equity of public administrative duties		977,009,010.43	977,009,010.43
Retained earnings		37,096,954.82	38,001,920.52
Profit for the financial year		55,877,034.06	50,089,516.01
EQUITY IN TOTAL		3,896,309,943.76	3,891,427,391.41
MINORITY SHARE	1.16	5,671,807.92	0.00
PROVISIONS			
Other provisions	1.17	3,915,410.50	0.00
LIABILITIES			
Non-current liabilities	1.18		
Loans from financial institutions		2,039,934.70	0.00
Other liabilities		821,100.00	820,850.00
Non-current liabilities in total		2,861,034.70	820,850.00
Current liabilities	1.19		
Loans from financial institutions		59,989,320.43	59,989,320.43
Advances received		4,557,262.82	4,418,409.85
Accounts payable		11,855,729.85	4,292,130.25
Debts to Group's subsidiaries	1.20	0.00	11,097,789.67
Other liabilities (incl. interest-bearing)	1.21	7,484,278.38	5,067,461.70

Accruals and deferred income	1.22	18,606,961.44	9,488,194.34
Deferred tax liabilities		35,411.98	0.00
Current liabilities in total		102,528,964.90	94,353,306.24
LIABILITIES IN TOTAL		105,389,999.60	95,174,156.24
EQUITY AND LIABILITIES IN TOTAL		4,011,287,161.78	3,986,601,547.65

Cash Flow Statement

	Metsähallitus Group 15 Apr–31 Dec 2016	Metsähallitus 15 Apr–31 Dec 2016
CASH FLOW FROM BUSINESS OPERATIONS		
Payments from sales	239,304,493.72	61,154,585.07
Payments from other operating income	2,516,669.05	7,530,043.87
Payments from operating charges	-241,344,463.86	-70,238,549.04
Cash flow from business operations, before financial items and taxes	476,698.91	-1,553,920.10
Interest paid and other financial expenses	-128,745.40	-89,423.88
Interest income from business operations	32,943.40	27,060.20
Dividends received	36,155.96	35,931.96
Direct taxes	-4,163,559.08	-3,344,660.50
Cash flow before the State's budget funding	-3,746,506.21	-4,925,012.32
State's budget funding for other operations	33,846,270.34	33,846,270.34
Cash flows from operating activities	30,099,764.13	28,921,258.02
INVESTMENTS		
Purchase of environmental protection areas, shares	158,911.22	158,911.22
Purchase of fixed assets, funding by Ministry	-1,946,032.03	-1,946,032.03
Purchase of fixed assets, funding by the EU		
Purchase of fixed assets, other funding	-397,249.95	-397,249.95
Investments in subsidiaries' shares		-13,617,000.00
Investments in tangible and intangible assets	-7,886,132.93	-6,753,265.05
Sale of tangible and intangible assets	14,403,243.27	14,174,414.23
Shareholder investment in/return on environmental protection areas and shares	-158,911.22	-158,911.22
Funding received for the construction of nature centres etc.	2,445,106.86	2,445,106.86
Cash flows from investing activities	6,618,935.22	-6,094,025.94
FINANCING		
Change in other non-current, interest-bearing loans	-7,050,038.67	0.00
Change in other non-current, non-interest-bearing loans	821,100.00	300.00
Change in current loans from financial institutions	49,877,288.85	49,998,456.60
Change in Group loans to subsidiaries	0.00	6,542,663.50
Contribution to State revenue	-116,569,037.01	-116,569,037.01
Cash flows from financing activities	-72,920,686.83	-60,027,616.91
CHANGE IN LIQUID FUNDS		
Liquid funds on 15 Apr	48,152,567.60	48,044,372.07
Liquid funds on 31 Dec	11,950,580.12	10,843,987.24
Net change in cash and cash equivalents	-36,201,987.48	-37,200,384.83

Notes to the Financial Statements 2016

The 2016 financial statements have been prepared in accordance with the Act on Metsähallitus (234/2016) and Government decree (1368/2016).

The financial statements of the enterprise and Group cover the period 15 April to 31 December 2016. The former enterprise was terminated on 14 April 2016 and the new Metsähallitus enterprise, compliant with the new Act, began operating on 15 April 2016.

Financing for public administrative duties from the state budget

In the enterprise's profit and loss account, financing received from the Budget is reported as income on an accrued basis, so that it corresponds to expenses (excluding depreciations), expense adjustments and the acquisition costs of fixed assets subject to wear and tear for the accounting period. Financing received during the financial period for incomplete buildings and other fixed assets is entered as acquisition cost deductions. The notes on public administrative duties give an account of financing received from the State budget.

Valuation and allocation principles

NON-CURRENT ASSETS

By a Government decision (27 October 2016), state-owned land and water assets were transferred into the possession of Metsähallitus' business operations on 15 April 2016, as defined in the new Act. Other assets related to business operations and assets managed in relation to public administrative duties were transferred at book value. Simultaneously, the basic equity of business operations was raised and the losses associated with public administrative duties from the previous financial year, and the loss for the first part of the year 2016, were transferred as a reduction in other equity related to public administrative duties.

Areas dedicated to traditional sources of livelihood and most public water areas were transferred into a separate, other equity item on the accounts.

Following this, all assets transferred into or out of the possession of business operations without a consideration were measured at fair value, upon the transfer. Once the enterprise has received a decision on the transfer of assets and an auditor's report, the assets will be recorded as having been added to or deducted from the asset account of the balance sheet. The counter item is "Equity adjustment" under "Other liabilities" on the balance sheet, from which the transfer to or from basic equity is performed after the ministry has issued its decision, as necessary, on the change in basic equity.

Assets transferred to or away from public administrative duties are remeasured at the book value of the releasing party. The transfer of assets is recorded on the basis of the received decision on transfer in or out of the asset account of the balance sheets. The counter item is "Other equity" of public administrative duties.

Other non-current assets that can be depreciated are recorded in the acquisition cost, from which depreciations are deducted according to plan. Asset items are depreciated using the straight-line method, over their estimated useful life. Depreciations, for a decrease in substance, have been performed for the remeasured gravel resources.

During the financial period, the enterprise wrote down EUR 5.0 million of a subordinated loan made to a subsidiary, based on the profit performance outlook of the company.

The Group recorded a total of EUR 3.0 million in expenses and statutory provisions in relation to the restructuring of the sapling business.

VALUATION OF CURRENT ASSETS

Inventories

The immediate acquisition cost of inventories remaining at the end of the accounting period has been activated. If the probable acquisition cost or net realisable value of the inventories is less than the acquisition cost during the accounting period, the difference is recorded as an expense.

Financial assets

Securities held as financial assets have been measured at the acquisition cost or a lower probable net realisable value.

Comparability with the previous year

In accordance with the new Act, Metsähallitus and Metsähallitus Group began operating on 15 April 2016.

The Group's and enterprise's profit and loss account and balance sheet with notes, and the cash flow statement for the financial period 15 April-31 December, do not include comparative data for the previous year.

The result and balance sheet of Metsähallitus Group, Business Operations Group and public administrative duties for the entire year are presented as business information with comparison figures for the previous year. No results for the enterprise and business operations are presented for the entire year, due to the reorganisation.

Separate pro forma financial statements and an annual report for the calendar year 2016 were prepared in relation to the public administrative duties.

ADJUSTMENTS TO RESULTS, BALANCE SHEET AND DATA FOR THE PREVIOUS FINANCIAL YEAR

During the financial year, no adjustments were made to the results, balance sheet or data for the previous financial year.

STRUCTURAL CHANGES IN THE ORGANISATION

During the period, the forestry business was incorporated into a fully-owned subsidiary.

Notes to the consolidated financial statements 2016

All companies owned at the end of the year are included in the consolidated financial statements. The consolidated financial statements have been prepared using the purchase method. The difference between the acquisition cost of subsidiaries and equity corresponding to the acquired holdings is presented as goodwill, which is depreciated over a period of five years.

The results for subsidiaries are included in the consolidated financial statements for the period 15 April to 31 December 2016.

Internal Group transactions, as well as internal Group receivables and liabilities, have been eliminated.

Minority shares have been separated from equity and profit for the financial year and presented as separate items in the consolidated profit and loss account and balance sheet.

Notes to Profit and Loss Account

MEUR

Turnover by business unit	Note 1.1	Metsähallitus Group 15 Apr–31 Dec 2016	Metsähallitus 15 Apr–31 Dec 2016
Forestry Business		218.2	56.7
Property development		10.2	10.5
Sale of soil and rock resources		2.1	0.0
Seed and sapling production		7.2	0.0
Other		8.6	10.1
Total		246.3	77.3
Other operating income	1.2		
Gains on the sale of fixed assets		10.8	10.6
Other income		2.5	7.5
Total		13.3	18.1
Funding received from the State budget	1.3		
Financing for other operations from the Budget during the financial period as income on an accrued basis		33.8	33.8
More detailed information on the distribution of the item into the main titles of expenditure and administrative sectors is provided in the separate financial statements on public administrative duties			
Depreciation according to plan	1.4		
Intangible assets		1.0	0.4
Depreciation for decrease in substance		0.0	0.0
Roads		0.9	0.9
Buildings and structures		2.0	1.6
Machinery and equipment, other tangible assets		0.5	0.1
Total		4.4	3.1

Depreciation according to plan, depreciation periods:

Intangible rights, other long-term expenditure	4-5 years
Gravel areas	depreciation for decrease of substance
Roads	primarily 25 years
Fish structures	primarily 10 years
Log floating structures	25 years
Buildings	20-40 years, Haltia 90 years
Structures and facilities	4-10 years
Machinery and equipment	4-8 years, Haltia 15 years
Other tangible assets: asphaltting, planting beds	15-20 years

Depreciation according to plan has been calculated by fixed asset as straight-line depreciations for each depreciation period from the original purchase price. Entry of depreciation begins from the introduction of the asset.

Other interest and financial income	1.6	Metsähallitus Group 15 Apr–31 Dec 2016	Metsähallitus 15 Apr–31 Dec 2016
Dividend income from external sources		0.0	0.0
Interest income		0.0	0.0
Total		0.1	0.1
Interest and other financial expenses			
Interest expenses		0.1	0.1
Reduction in value from the subordinated loan to subsidiary		0.0	5.0
Provision for the reorganisation of subsidiary's business		3.0	0.0
Total		3.1	5.1
Financial income and expenses in total		-3.1	-5.0

Notes to Balance Sheet

Non-current assets (mill. EUR)	Note 1.7							
Metsähallitus Group								
	Intangible assets	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangible assets	progress Projects	In shares and holdings, other receivables	Total
Acquisition cost on 14 Apr	6.2	3,721.6	95.9	109.8	30.4	13.7	3.5	3,983.5
Reduction in value on 14 Apr	0.0	-4.0	0.0	0.0	0.0	0.0	-1.0	-5.0
Increases	5.4	113.6	1.4	0.2	0.1	2.2	0.0	122.9
Decreases	0.0	4.6	0.0	1.3	0.0	0.0	0.4	6.3
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition cost on 31 Dec	11.5	3,826.6	97.3	108.8	30.4	15.9	2.1	4,095.0
Accumulated depreciation and impairment losses 14 April	4.4	4.8	67.5	59.2	26.1	0.0	0.0	164.4
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.0	-0.7	0.0	0.0	0.0	-0.7
Depreciation during the financial year	1.0	0.0	0.9	2.0	0.5	0.0	0.0	4.4
Accumulated depreciation on 31 Dec	5.5	4.8	68.4	60.5	26.6	0.0	0.0	168.2
Book value on 14 Apr	1.7	3,712.9	28.4	50.7	4.2	13.7	2.4	3,814.0
Book value on 31 Dec	6.1	3,821.8	28.9	48.3	3.8	15.9	2.1	3,926.9
Production machinery and equipment, book value					3.0			
Metsähallitus								
	Intangible assets	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangible assets	progress Projects	In shares and holdings	Total
Acquisition cost on 14 Apr	5.3	3,714.1	96.4	86.7	16.8	13.7	54.2	3,987.2
Reduction in value on 14 Apr	0.0	-1.8	0.0	0.0	0.0	0.0	-30.0	-31.8
Increases	0.0	113.5	1.4	0.2	0.0	0.0	50.6	165.8
Decreases	0.0	4.6	0.0	1.3	0.0	1.8	0.3	8.0
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition cost on 31 Dec	5.3	3,821.3	97.8	85.7	16.8	11.9	74.5	4,113.2

Accumulated depreciation and impairment losses 14 April	3.7	1.8	68.0	53.3	16.5	0.0	0.0	143.3
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.0	-0.7	0.0	0.0	0.0	-0.7
Depreciation during the financial year	0.4	0.0	0.9	1.6	0.1	0.0	0.0	3.1
Accumulated depreciation on 31 Dec	4.0	1.8	68.9	54.3	16.6	0.0	0.0	145.7
Book value on 14 Apr	1.6	3,710.5	28.4	33.5	0.3	13.7	24.2	3,812.1
Book value on 31 Dec	1.2	3,819.5	28.9	31.4	0.2	11.9	74.5	3,967.5
Production machinery and equipment, book value on 31 Dec					0.0			

Shares in subsidiaries	Note 1.8	Holding %	Carrying amount in the parent company (EUR)
Metsähallitus			
Fin Forelia Oy, Kuopio		100	1,000,000.00
Metsähallitus Forestry Ltd, Rovaniemi		100	50,649,635.81
MH-Kivi Oy, Oulu		100	5,500,000.00
Siemen Forelia Oy, Jyväskylä		100	2,476,000.00
Kiinteistö Oy Järviuonnon keskus, Rantasalmi		66.7	165,111.43
Nuuksiokeskus Oy, Espoo		68.1	12,200,000.00
Total			71,990,747.24
Holdings company shares 1.9			
Metsähallitus			
Oy Estar Studios LTD, Rovaniemi		19.98	0.00

Other shares and holdings	Note 1.10	Metsähallitus Group 2016	Metsähallitus 2016
Shares and holdings, book value (MEUR)			
Shares in subsidiaries		0.0	72.0
Shares in associated undertakings		0.0	0.0
Other shares and receivables		2.1	2.5
Total		2.1	74.5

Non-current receivables	1.11	Metsähallitus Group 2016	Metsähallitus 2016
Other receivables		0.0	0.0
Guaranteed deposits		2.2	0.0
Total		2.2	0.0
Receivables from Group's subsidiaries (MEUR)	1.12		Metsähallitus 2016
Accounts receivable			0.2
Other receivables			0.0
Prepayments and accrued income			0.2
Total			0.4

	Note	Metsähallitus Group 2016	Metsähallitus 2016
Other receivables, current (MEUR)	1.13		
Other prepayments, prepaid expenses		0.0	0.0
Deferred VAT and tax assets		1.6	1.3
Total		1.6	1.4
Current prepayments and accrued income (MEUR)	1.14		
Life projects, accrued income		0.7	0.7
EU Structural Fund projects, accrued income		1.2	1.2
Employment programme projects, accrued income		0.0	0.0
Project receivables, other accrued income		0.3	0.3
Other prepaid expenses, purchase invoices		0.4	0.3
Total		2.6	2.4
Equity (MEUR)	1.15		
Basic equity on 14 Apr		2,509.7	2,509.7
Transfers of possession, inheritance by the State		-0.2	-0.2
Changes in land use		1.5	1.5
Other changes, including basic equity return and value adj.		90.5	90.5
Basic equity on 31 Dec		2,601.5	2,601.5
Other equity on 14 Apr		0.0	0.0
Increase		224.8	224.8
Other equity on 31 Dec		224.8	224.8

Other equity of public administrative duties on 14 Apr		1,199.6	1,199.6
Transfers of possession, inheritance by the State		13.5	13.5
Changes in land use, others, incl. the transfer of losses from public administrative duties		-235.8	-235.8
Shareholder investment in purchase of environmental conservation areas		-0.2	-0.2
Other equity on 31 Dec		977.0	977.0
Retained earnings on 1 Jan		106.5	106.6
Profit for the period 1 Jan-14 Apr, previous losses from public administrative duties		47.2	48.0
Contribution to State revenue		-116.6	-116.6
Retained earnings on 31 Dec		37.1	38.0
Profit for the financial year 15 Apr-31 Dec		55.9	50.1
Results for previous financial year and current financial year on 31 Dec		93.0	88.1
Equity in total on 31 Dec		3,896.3	3,891.4
Minority share	1.16		
Kiinteistö Oy Järviluonnon keskus		0.5	
Nuuksiokeskus Oy		5.1	
Minority share in total		5.7	
Provisions (MEUR)	1.17		
Other provisions		0.9	
Provision for the reorganisation of subsidiary's business		3.0	
Provisions, total		3.9	
Total of long-term loans due in a period exceeding 5 years	1.18		
		Metsähallitus Group 2016	Metsähallitus 2016
Total		2.0	0.0
Amount of debt not paid to the State (MEUR)	1.19		
Debt to the State, withholding tax liabilities, social security contribution liabilities, VaEL, TyEL		1.7	1.2
Debts to Group's subsidiaries (MEUR)	1.20		Metsähallitus 2016
Accounts payable			0.3
Accruals and deferred income			0.7
Consolidated liabilities			10.1
Total			11.1

Other liabilities (MEUR)	1.21	Metsähallitus Group 2016	Metsähallitus 2016
VAT liabilities		4.9	3.2
Withholding taxes and social security contributions and other debts related to statutory personnel expenses (payment of salaries)		1.1	0.6
Equity reviews		1.2	1.2
Other		0.2	-0.1
Total		7.5	5.1
Accruals and deferred income (MEUR)	1.22		
Differentiated statutory personnel expenses		0.6	0.5
Holiday pay liabilities, including social security expenses		12.5	6.6
Tax averaging		0.8	0.0
Other		4.7	2.3
Total		18.6	9.5

Other Notes

1.23

Contingent liabilities (MEUR)	Metsähallitus Group 2016	Metsähallitus 2016
Leasing liabilities		
paid during the financial year	1.1	1.0
to be paid during the following year	2.6	2.4
to be paid at a later date	2.3	2.2
Business mortgages	0.9	0.0
Bank guarantee liabilities	2.3	0.7
Other banking liabilities	1.5	1.0
Deposited securities, guarantee deposits	0.8	0.0
Guarantee for subsidiary's liabilities, limits	0.0	0.0
Investment commitments	5.9	5.9

The leasing contracts include a redemption clause after the residual value reaches the agreed level.

The contracts can be terminated with a 3 month notice period.

The Group also has contracts without a redemption clause, mainly for five-year periods.

An inspection responsibility of value added tax is related to the Group's property investments for 10 years as of 2013.

The responsibility for remediation of contaminated sites

In areas administered by Metsähallitus, the responsibility involved in contaminated soil areas lies primarily with the party who was responsible for the contaminating activity.

As the holder of the area, Metsähallitus may be held responsible for the remediation costs of the contaminated soil if the primary responsible party is unable to do so.

Related-party transactions

Public administrative duties receive Budget funding for their operations. The item is reported in the enterprise's and group's profit and loss as income on an accrued basis, described in more detail in the separate financial statements.

A contribution to State revenue was paid for the year 2015 and for the period 1 January to 14 April 2016.

1.24

Number of employees during the period, person-years	Metsähallitus Group 2016	Metsähallitus 2016
Employees	309	0
Supervisors	718	497
Total	1,027	497

	1.25		
Calculated deferred tax assets and liabilities for the calendar year		Metsähallitus Group 2016	
Calculated deferred tax assets			
from postponed depreciations			0.6
from subsidiary losses			4.1
from provisions			0.2
Total			4.9
	1.26		
Auditors' fees (1000 EUR)		Metsähallitus Group 2016	Metsähallitus 2016
KPMG Audit			
audit, financial year		45.9	28.1
audit, previous financial year		12.7	0.0
tax consulting		0.0	0.0
other services		276.6	264.3
Total		335.2	292.4

Other Notes

PROFIT AND LOSS ACCOUNT (EUR), total 1.1.–14.4.2016 and 15.4.–31.12.2016

	Metsähallitus Group 1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
TURNOVER	341,350,377.48	343,347,564.36
Variation in inventories of finished products and change to work in progress	261,649.04	-2,344,143.12
Other operating income	23,323,517.29	27,493,958.15
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	10,108,444.66	10,161,264.98
Variation in inventories	1,553,652.18	2,567,627.06
External services	158,431,969.44	160,048,079.15
Raw materials and services, total	170,094,066.28	172,776,971.19
Staff expenses		
Wages and salaries	56,383,229.94	57,912,530.01
Social security expenses		
Pension expenses	19,469,135.41	11,630,555.56
Other social security expenses	2,947,526.54	2,654,502.47
Staff expenses, total	78,799,891.89	72,197,588.04
Depreciation, amortisation and impairment		
Depreciation according to plan	6,336,675.49	6,738,170.53
Depreciation, amortisation and impairment in total	6,336,675.49	6,738,170.53
Other operating costs	53,664,503.01	47,833,662.79
OPERATING PROFIT	56,040,407.14	68,950,986.84
Financial income and expenses		
Income from other investments under non-current assets	49,892.46	89,289.32
Other interest and financial income	43,473.54	507,166.20
Interest and other financial expenses	195,624.99	105,740.95
Impairment of non-current assets	3,000,000.00	6,241.46
Financial income and expenses in total	-3,102,258.99	484,473.11
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	52,938,148.15	69,435,459.95
Financing for other operations from the Budget	46,001,997.82	45,295,307.16
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES	98,940,145.97	114,730,767.11
Income taxes	6,530,726.66	8,792,264.39
Minority share	104,367.75	95,543.93
PROFIT DURING THE FINANCIAL YEAR	92,513,787.06	106,034,046.65

Other Notes

BALANCE SHEET (EUR), total 14 April 2016 and 31 December 2016

	Metsähallitus Group 31 December 2016	31 December 2015
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	1,251,563.67	841,134.50
Other intangible assets	4,801,612.72	404,003.03
Intangible assets in total	6,053,176.39	1,245,137.53
Tangible assets		
Land and water areas	3,821,779,249.02	3,710,294,077.02
Roads	28,866,068.26	26,366,696.50
Buildings and structures	48,334,414.90	51,784,728.49
Machinery and equipment	3,151,118.22	3,718,879.58
Other tangible assets	687,521.07	754,078.55
Advance payments and work in progress	15,911,045.84	16,049,751.23
Tangible assets in total	3,918,729,417.31	3,808,968,211.37
Investments		
Shares in Group's subsidiaries	0.00	0.00
Other shares and holdings	2,086,307.30	2,452,278.53
Other receivables	24,100.00	24,100.00
Investments in total	2,110,407.30	2,476,378.53
NON-CURRENT ASSETS IN TOTAL	3,926,893,001.00	3,812,689,727.43
CURRENT ASSETS		
Inventories		
Finished products	19,831,585.48	20,534,204.82
Work in progress	1,003,044.03	1,592,427.83
Inventories in total	20,834,629.51	22,126,632.65
Receivables		
Non-current receivables		
Other receivables	2,205,015.72	75,015.72
Prepayments and accrued income		
Non-current receivables in total		

Current receivables		
Accounts receivable	45,254,291.19	36,917,204.80
Other receivables	1,586,915.24	947,638.37
Prepayments and accrued income	2,562,729.00	2,628,485.14
Current receivables in total	49,403,935.43	40,493,328.31
Securities	0	0.00
Cash in hand and at banks	11,950,580.12	26,273,445.07
CURRENT ASSETS IN TOTAL	84,394,160.78	88,968,421.75
ASSETS IN TOTAL	4,011,287,161.78	3,901,658,149.18

OTHER NOTES

BALANCE SHEET (EUR), total 14 April 2016 and 31 December 2016

	Metsähallitus Group 31 December 2016	31 December 2015
EQUITY AND LIABILITIES		
EQUITY		
Basic equity	2,601,514,970.45	2,509,674,701.59
Other equity	224,811,974.00	0.00
Other equity of public administrative duties	977,009,010.43	1,197,874,890.09
Retained earnings	460,201.83	461,570.29
Profit for the financial year	92,513,787.06	106,034,046.65
EQUITY IN TOTAL	3,896,309,943.77	3,814,045,208.62
MINORITY SHARE	5,671,807.92	5,776,175.67
PROVISIONS		
Other provisions	3,915,410.50	778,675.00
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	2,039,934.70	7,202,553.49
Other liabilities	821,100.00	907,682.60
Non-current liabilities in total	2,861,034.70	8,110,236.09
Current liabilities		
Loans from financial institutions	59,989,320.43	15,112,198.51
Advances received	4,557,262.82	11,590,213.67
Accounts payable	11,855,729.85	10,956,411.77
Other liabilities (incl. interest-bearing)	7,484,278.38	15,368,078.39

Accruals and deferred income	18,606,961.43	19,889,873.34
Deferred tax liabilities	35,411.98	31,078.12
Current liabilities in total	102,528,964.89	72,947,853.80
LIABILITIES IN TOTAL	105,389,999.59	81,058,089.89
EQUITY AND LIABILITIES IN TOTAL	4,011,287,161.78	3,901,658,149.18

Profit and Loss Account, Business Operations (EUR)

	Note	Business Operations Group 15 Apr–31 Dec 2016	Business operations 15 Apr–31 Dec 2016
TURNOVER	2.1	238,246,446.54	68,447,075.71
Variation in inventories of finished products and change to work in progress		261,649.04	0.00
Other operating income	2.2	16,245,132.45	20,920,633.85
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		6,868,757.58	384,148.62
Variation in inventories		3,286,553.42	0.00
External services		106,634,920.40	142,555.77
Raw materials and services, total			
Staff expenses			
Wages and salaries		25,989,344.72	6,119,651.14
Social security expenses			
Pension expenses		14,259,458.20	1,140,839.61
Other social security expenses		1,342,089.46	217,126.94
Staff expenses, total		41,590,892.38	7,477,617.69
Depreciation, amortisation and impairment			
Depreciation according to plan	2.3	2,735,842.66	1,765,622.03
Depreciation, amortisation and impairment in total			
Other operating costs		29,280,507.84	20,230,307.22
OPERATING PROFIT		64,355,753.75	59,367,458.23
Financial income and expenses	2.5		
Income from other investments under non-current assets		36,127.96	35,903.96
Other interest and financial income		30,729.52	24,865.07
Interest and other financial expenses		122,078.90	83,555.28
Impairment of non-current assets		3,000,000.00	5,000,000.00
Financial income and expenses in total		-3,055,221.42	-5,022,786.25
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES		61,300,532.33	54,344,671.98
Income taxes		4,163,559.08	3,344,660.50
PROFIT DURING THE FINANCIAL YEAR		57,136,973.25	51,000,011.48

Balance Sheet, Business Operations (EUR)

	Note	Business Operations Group 31 December 2016	Business operations 31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights		896,453.72	660,423.73
Other intangible assets		4,755,665.13	227,782.72
Intangible assets in total		5,652,118.85	888,206.45
Tangible assets			
Land and water areas		2,879,439,721.33	2,877,886,257.76
Roads		28,654,335.40	28,649,918.71
Buildings and structures		13,600,603.19	11,429,271.43
Machinery and equipment		1,313,500.48	0.00
Other tangible assets		387,081.48	10,599.04
Advance payments and work in progress		15,879,003.92	11,842,734.78
Tangible assets in total		2,939,274,245.80	2,929,818,781.72
Investments			
Shares in Group's subsidiaries	2.7	0.00	59,625,635.81
Other shares and holdings	2.9	1,348,602.62	1,752,698.49
Other receivables	2.10	22,300.00	0.00
Investments in total		1,370,902.62	61,378,334.30
NON-CURRENT ASSETS IN TOTAL		2,946,297,267.27	2,992,085,322.47
CURRENT ASSETS			
Inventories			
Finished products		18,055,277.38	0.00
Work in progress		1,003,044.03	0.00
Inventories in total		19,058,321.41	0.00
Receivables			
Non-current receivables			
Other receivables		2,205,015.72	24,000.00
Non-current receivables in total		2,205,015.72	24,000.00
Current receivables in total			
Accounts receivable		43,539,077.40	518,897.83
Receivables from public administrative duties	2.11	182,333.23	67,651.67
Receivables from the enterprise's subsidiaries	2.12	0.00	271,094.86

Receivables from associated undertakings			
Other receivables	2.13	1,568,599.45	1,345,038.77
Prepayments and accrued income	2.14	192,491.26	93,588.16
Current receivables in total		45,482,501.34	2,296,271.29
Cash in hand and at banks		3,932,025.14	3,080,711.44
CURRENT ASSETS IN TOTAL		70,677,863.61	5,400,982.73
ASSETS IN TOTAL		3,016,975,130.88	2,997,486,305.20

BALANCE SHEET, BUSINESS OPERATIONS, EUR

	Note	Business Operations Group 31 December 2016	Business operations 31 December 2016
EQUITY AND LIABILITIES			
EQUITY			
Basic equity		2,601,514,970.45	2,601,514,970.45
Other equity		224,811,974.00	224,811,974.00
Retained earnings		37,048,440.42	38,001,920.52
Profit for the financial year		57,136,973.25	51,000,011.48
EQUITY IN TOTAL	2.15	2,920,512,358.12	2,915,328,876.45
MINORITY SHARE		0.00	0.00
PROVISIONS			
Other provisions	2.16	3,915,410.50	0.00
LIABILITIES			
Non-current			
Loans from financial institutions	2.17	2,039,934.70	0.00
Other liabilities (incl. interest-bearing)		815,600.00	815,350.00
Current			
Loans from financial institutions	2.18	59,989,320.43	59,989,320.43
Advances received		452,045.47	312,292.50
Accounts payable		9,866,408.09	2,335,929.08
Payables to public administrative duties	2.19	340,611.94	245,753.25
Debts to Group's subsidiaries	2.20	1,509.08	10,983,108.11
Other liabilities (incl. interest-bearing)	2.21	6,789,939.08	4,377,720.90
Accruals and deferred income	2.22	12,216,581.49	3,097,954.48
Deferred tax liabilities		35,411.98	0.00

LIABILITIES IN TOTAL	92,547,362.26	82,157,428.75
EQUITY AND LIABILITIES IN TOTAL	3,016,975,130.88	2,997,486,305.20

Cash Flow Statement, Business Operations (EUR)

	Business Operations Group 15 Apr–31 Dec 2016	Business operations 15 Apr–31 Dec 2016
CASH FLOW FROM BUSINESS OPERATIONS		
Payments from sales	239,788,413.93	61,421,945.93
Payments from other operating income	5,894,573.25	10,800,806.85
Payments from operating charges	-204,228,267.52	-32,968,981.00
Cash flow from business operations, before financial items and taxes	41,454,719.66	39,253,771.78
Interest paid and other financial expenses	-122,078.90	-83,555.28
Interest income from business operations	30,729.52	24,865.07
Dividends received	36,127.96	35,903.96
Direct taxes	-4,163,559.08	-3,344,660.50
Cash flows from operating activities	37,235,939.16	35,886,325.03
INVESTMENTS		
Investments in subsidiaries' shares	0.00	-13,617,000.00
Investments in tangible and intangible assets	-7,965,845.44	-6,863,162.55
Sale of tangible and intangible assets	14,147,352.25	13,869,123.16
Cash flows from investing activities	6,181,506.81	-6,611,039.39
FINANCING		
Change in other non-current, interest-bearing loans	-7,045,028.11	0.00
Change in other non-current, non-interest-bearing loans	815,600.00	-80.95
Change in current loans from financial institutions	49,877,288.85	49,998,456.60
Change in Group loans to subsidiaries	0.00	6,542,663.50
Contribution to State revenue	-116,569,037.01	-116,569,037.01
Cash flows from financing activities	-72,921,176.27	-60,027,997.86
CHANGE IN LIQUID FUNDS	-29,503,730.30	-30,752,712.22
Liquid funds on 15 Apr	33,435,755.44	33,833,423.66
Liquid funds on 31 Dec	3,932,025.14	3,080,711.44
Change	-29,503,730.30	-30,752,712.22

Notes to Profit and Loss Account, Business Operations (EUR)

Turnover by business unit	2.1	Business Operations Group 15 Apr–31 Dec 2016	Business operations 15 Apr–31 Dec 2016
Forestry Business		218,472,593.48	56,671,572.64
Property development		10,222,604.59	10,473,679.49
Sale of soil and rock resources		2,050,487.55	0.00
Seed and sapling production		7,211,349.94	0.00
Other		289,410.98	1,301,823.58
Total		238,246,446.54	68,447,075.71
of which turnover for public administrative duties and its subsidiaries		292,855.44	224,834.05
and other subsidiaries		5,972.00	5,972.00
		0.00	57,935,060.14
Other operating income	2.2		
Gains on the sale of fixed assets		10,350,559.20	10,119,827.00
Income from services to public administrative duties		5,269,969.87	5,167,813.00
Income from services to subsidiaries		994.00	5,363,777.61
Other income		623,609.38	269,216.24
Total		16,245,132.45	20,920,633.85
Depreciation according to plan	2.3		
Intangible assets		909,382.59	263,098.47
Depreciation for decrease in substance		45,134.03	20,363.12
Roads		891,238.72	890,888.96
Buildings and structures		734,711.77	591,271.48
Machinery and equipment, other tangible assets		155,375.55	0.00
Total		2,735,842.66	1,765,622.03

Depreciation according to plan, depreciation periods:

Intangible rights, other long-term expenditure	4-5 years
Gravel areas	depreciation for decrease of substance
Roads	primarily 25 years
Fish structures	primarily 10 years
Log floating structures	25 years
Buildings	20-40 years
Structures and facilities	4-10 years
Machinery and equipment	4-8 years
Other tangible assets: asphaltting, planting beds	15-20 years

Depreciation according to plan has been calculated by fixed asset. Entry of depreciation begins from the introduction of the asset.

Other interest and financial income	2.5	Business Operations Group 15 Apr–31 Dec 2016	Business operations 15 Apr–31 Dec 2016
Dividend income from external sources		36,127.96	35,903.96
Dividend income from subsidiaries		0.00	0.00
Dividend income from associated undertakings		0.00	0.00
Interest income		30,729.52	24,865.07
Total		66,857.48	60,769.03
Interest and other financial expenses (EUR)			
Interest expenses		122,078.90	83,555.28
Interest expenses to subsidiaries		0.00	0.00
Reduction in value of associated undertakings' shares		0.00	0.00
Reduction in value of subsidiaries' shares		0.00	0.00
Reduction in value from the subordinated loan to subsidiary		0.00	5,000,000.00
Provision for the reorganisation of subsidiary's business		3,000,000.00	0.00
Total		3,122,078.90	5,083,555.28
Financial income and expenses in total		-3,055,221.42	-5,022,786.25

Notes to Balance Sheet, Business Operations

	Note							
Non-current assets (mill. EUR)	2.6							
Business Operations Group	Intangible assets	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangible assets	In progress Projects	Other shares and holdings, other receivables	Total
Acquisition cost on 14 Apr	5.2	2,568.6	94.1	47.4	20.6	13.6	2.7	2,754.6
Reduction in value on 14 Apr	0.0	-4.0	0.0	0.0	0.0	0.0	-1.0	-5.0
Increases	5.3	322.9	1.4	0.2	0.0	2.3	0.0	332.1
Decreases	0.0	3.2	0.0	0.4	0.0	0.0	0.3	3.9
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition cost on 31 Dec	10.5	2,884.3	95.5	47.2	20.7	15.9	1.4	3,077.7
Accumulated depreciation and impairment losses 14 April	4.0	4.8	65.9	33.1	18.8	0.0	0.0	128.9
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-0.2
Depreciation during the financial year	0.9	0.0	0.9	0.7	0.2	0.0	0.0	2.7
Accumulated depreciation on 31 Dec	4.9	4.8	66.8	33.6	19.0	0.0	0.0	131.5
Book value on 14 Apr	1.3	2,559.8	28.2	14.3	1.8	13.6	1.7	2,620.6
Book value on 31 Dec	5.7	2,879.4	28.7	13.6	1.7	15.9	1.4	2,946.3
Production machinery and equipment					1.7			
Book value on 31 Dec								
Business operations	Intangible assets	Land and water areas	Roads, land and water constr.	Buildings and structures	Machinery and equipment, other tangible assets	In progress Projects	Other shares and holdings	Total
Acquisition cost on 14 Apr	4.3	2,561.8	94.6	38.6	9.7	13.5	40.7	2,763.3
Reduction in value on 14 Apr	0.0	-1.8	0.0	0.0	0.0	0.0	-29.7	-31.4
Increases	0.0	322.8	1.4	0.2	0.0	0.0	50.6	375.1
Decreases	0.0	3.2	0.0	0.4	0.0	1.7	0.3	5.6
Reduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition cost on 31 Dec	4.3	2,879.7	95.9	38.5	9.7	11.8	61.4	3,101.3

Accumulated depreciation and impairment losses 14 April	3.1	1.8	66.4	26.6	9.7	0.0	0.0	107.6
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-0.2
Depreciation during the financial year	0.3	0.0	0.9	0.6	0.0	0.0	0.0	1.8
Accumulated depreciation on 31 Dec	3.4	1.8	67.3	27.0	9.7	0.0	0.0	109.2
Book value on 14 Apr	1.1	2,558.3	28.2	12.0	0.0	13.5	11.1	2,624.2
Book value on 31 Dec	0.9	2,877.9	28.6	11.4	0.0	11.8	61.4	2,992.1
Production machinery and equipment, book value on 31 Dec					0.0			

Shares in subsidiaries	Note 2.7	Holding %	Carrying amount in the parent company (EUR)
Metsähallitus			
Fin Forelia Oy, Kuopio		100	1,000,000.00
Metsähallitus Forestry Ltd, Rovaniemi		100	50,649,635.81
MH-Kivi Oy, Oulu		100	5,500,000.00
Siemen Forelia Oy, Jyväskylä		100	2,476,000.00
Total			59,625,635.81

Holdings company shares	Note 2.8		
Metsähallitus			
Oy Estar Studios LTD, Rovaniemi		19.98	0.00

Shares and holding, book value (EUR)	Note 2.9	Business Operations Group 2016	Business operations 2016
Shares in subsidiaries		0.00	59,625,635.81
Shares in associated undertakings		0.00	0.00
Holdings company shares		0.00	0.00
Other shares and holdings		716,835.48	1,120,931.35
Joint forest holdings		631,767.14	631,767.14
Total		1,348,602.62	61,378,334.30

Investments, other receivables, EUR	2.10		
Subscription fee receivables		22,300.00	0.00
Receivables from public administrative duties, EUR	2.11		
Accounts receivable		155,660.13	42,501.67
Prepayments and accrued income		26,673.10	25,150.00
Total		182,333.23	67,651.67
Receivables from subsidiaries (EUR)	2.12		
Accounts receivable		0.00	165,019.79
Other receivables		0.00	0.00
Prepayments and accrued income		0.00	106,075.07
Total		0.00	271,094.86
Other receivables, current (EUR)	2.13		
Other prepayments, prepaid expenses		17,948.46	7,290.71
VAT receivables		212,902.93	0.00
Deferred tax assets		1,337,748.06	1,337,748.06
Other receivables		0.00	0.00
Total		1,568,599.45	1,345,038.77
	Note		
Current external prepayments and accrued income (EUR)	2.14	Business Operations Group 2016	Business operations 2016
Accrued interest		0.00	0.00
Deferred tax assets		0.00	0.00
Other prepaid expenses/purchase invoices		145,629.75	93,588.16
Other accrued income		46,861.51	0.00
Total		192,491.26	93,588.16

Equity (EUR)	2.15		
Basic equity on 14 Apr		2,509,674,701.59	2,509,674,701.59
Transfers of possession		-168,070.20	-168,070.20
Inheritance by the State		0.00	0.00
Changes in land use		1,512,561.17	1,512,561.17
Other		90,495,777.89	90,495,777.89
Basic equity on 31 Dec		2,601,514,970.45	2,601,514,970.45
Other equity on 1 Jan		0.00	0.00
Increase		224,811,974.00	224,811,974.00
Other equity on 31 Dec		224,811,974.00	224,811,974.00
Retained earnings on 1 Jan		117,069,490.73	117,102,658.91
Profit for the period 1 Jan-14 Apr 2016		36,547,986.70	37,468,298.62
Contribution to State revenue		-116,569,037.01	-116,569,037.01
Retained earnings on 31 Dec		37,048,440.42	38,001,920.52
Profit for the financial year		57,136,973.25	51,000,011.48
Equity in total on 31 Dec		2,920,512,358.12	2,915,328,876.45
Provisions (EUR)	2.16		
Other provisions (EUR)		915,410.50	0.00
Provision for the reorganisation of subsidiary's business		3,000,000.00	0.00
Total		3,915,410.50	0.00
Total of long-term loans due in a period exceeding 5 years, EUR	2.17	Business Operations Group 2016	
Total		2,039,934.70	
Amount of debt not paid to the State (EUR)			
Debt to the State, withholding tax liabilities, social security contribution liabilities, VaEL, TyEL	2.18	783,461.62	294,505.94
Payables to public administrative duties (EUR)	2.19		
Accounts payable		29,988.22	14,717.11
Accruals and deferred income		310,623.72	231,036.14
Total		340,611.94	245,753.25

Payables to subsidiaries (EUR)	2.20		
Accounts payable		0.00	180,418.04
Other liabilities		0.00	0.00
Accruals and deferred income		1509.08	713,037.36
Consolidated liabilities		0.00	10,089,652.71
Total		1,509.08	10,983,108.11
Other external liabilities (EUR)	2.21		
VAT liabilities		4,564,525.91	2,880,026.73
Withholding taxes and social security contributions and other debts related to statutory personnel expenses (payment of salaries)		669,128.62	206,573.42
Equity reviews		1,277,308.55	1,277,308.55
Other		278,976.00	13,812.20
Total		6,789,939.08	4,377,720.90
External accruals (EUR)	2.22		
Differentiated statutory personnel expenses		114,333.00	87,932.52
Holiday pay liabilities, including social security expenses		7,781,425.34	1,915,489.99
Tax averaging		814,564.72	0.00
Other		3,506,258.43	1,094,531.97
Total		12,216,581.49	3,097,954.48

Other Notes, Business Operations (EUR million)

Contingent liabilities	2.23	Business Operations Group 2016	Business operations 2016
Leasing liabilities			
paid during the financial year		0.6	0.5
to be paid during the following year		2.6	2.4
to be paid at a later date		2.3	2.2
Business mortgages		0.9	0.0
Bank guarantee liabilities		2.3	0.7
Other banking liabilities		1.5	1.0
Deposited securities, guarantee deposits		0.0	0.0
Guarantee for subsidiary's liabilities, limits		0.0	0.0
Investment commitments		5.9	5.9

The leasing contracts for business operations include a redemption clause after the residual value reaches the agreed level.

The contracts can be terminated with a 3 month notice period.

The Group also has contracts without a redemption clause, mainly for five-year periods.

The responsibility for remediation of contaminated sites

In areas administered by Metsähallitus, the responsibility involved in contaminated soil areas lies primarily with the party that was responsible for the contaminating activity.

As the holder of the area, Metsähallitus may be held responsible for meeting the remediation costs of the contaminated soil, if the primary responsible party is unable to do so.

Related-party transactions

A contribution to State revenue was paid for the year 2015 and for the period 1 January to 14 April 2016.

Calculated deferred tax assets and liabilities for the calendar year	2.24	Business Operations Group 2016
Calculated deferred tax assets		
from postponed depreciations		0.6
from subsidiary losses		3.8
from provisions		0.2
Total		4.5

Self-financed investments	2.25	Business Operations Group 2016		Business operations 2016	
		Investments planned	Actual 15 Apr-31 Dec	Investments planned	Actual 15 Apr-31 Dec
Land, water and gravel areas		6.7	2.6	6.7	2.6
Roads, plot processing works		4.3	0.2	4.3	0.2
Machinery and equipment, wind power projects		5.6	3.1	5.6	3.1
Buildings and structures		0.2	0.2	0.2	0.2
Other		2.5	1.9	2.2	0.8
Total		19.2	8.0	18.9	6.9

Other Notes, Business Operations

PROFIT AND LOSS ACCOUNT, BUSINESS OPERATIONS (EUR), total 1.1.–14.4.2016 and 15.4.–31.12.2016

	Business Operations Group	
	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
TURNOVER	332,930,294.02	337,246,150.31
Variation in inventories of finished products and change to work in progress	261,649.04	-2,344,142.12
Other operating income	26,404,231.75	28,458,179.00
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	7,377,596.01	6,851,274.23
Variation in inventories	1,384,191.86	2,409,382.98
External services	153,696,985.12	154,822,016.96
Raw materials and services, total	162,458,772.99	164,082,674.17
Staff expenses		
Wages and salaries	34,918,856.78	36,529,576.34
Social security expenses		
Pension expenses	15,880,991.12	7,916,005.72
Other social security expenses	1,966,205.19	1,763,929.59
Staff expenses, total	52,766,053.09	46,209,511.65
Depreciation, amortisation and impairment		
Depreciation according to plan	3,780,720.56	3,900,259.27
Depreciation, amortisation and impairment in total	3,780,720.56	3,900,259.27
Other operating costs	37,279,036.04	32,988,399.31
OPERATING PROFIT	103,311,592.13	116,179,342.79
Financial income and expenses		
Income from other investments under non-current assets	49,811.36	89,155.12
Other interest and financial income	41,031.83	496,490.10
Interest and other financial expenses	186,748.41	102,144.29
Impairment of non-current assets	3,000,000.00	6,241.46
Financial income and expenses in total	-3,095,905.22	477,259.47
PROFIT BEFORE FINANCIAL STATEMENT TRANSFERS AND TAXES	100,215,686.91	116,656,602.26
Income taxes	6,530,726.66	8,792,264.39
Minority share	0.00	0.00
PROFIT DURING THE FINANCIAL YEAR	93,684,960.25	107,864,337.87

Other Notes, Balance Sheet 2015–2016

BALANCE SHEET, BUSINESS OPERATIONS (EUR), total 14 April 2016 and 31 December 2016

	Business Operations Group 2016	2015
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	896,453.72	329,329.55
Other intangible assets	4,755,665.13	372,066.52
Intangible assets in total	5,652,118.85	701,396.07
Tangible assets		
Land and water areas	2,879,439,721.33	2,558,953,264.69
Roads	28,654,335.40	26,107,687.46
Buildings and structures	13,600,603.19	14,763,665.98
Machinery and equipment	1,313,500.48	1,490,606.91
Other tangible assets	387,081.48	426,468.48
Advance payments and work in progress	15,879,003.92	16,018,716.77
Tangible assets in total	2,939,274,245.80	2,617,760,410.29
Investments		
Shares in Group's subsidiaries		
	0.00	0.00
Other shares and holdings	1,348,602.62	1,714,573.85
Other receivables	22,300.00	22,300.00
Investments in total	1,370,902.62	1,736,873.85
NON-CURRENT ASSETS IN TOTAL	2,946,297,267.27	2,620,198,680.21
CURRENT ASSETS		
Inventories		
Finished products	18,055,277.38	18,588,436.40
Work in progress	1,003,044.03	1,592,427.83
Inventories in total	19,058,321.41	20,180,864.23

Receivables		
Non-current receivables		
Other receivables	2,205,015.72	75,015.72
Non-current receivables in total	2,205,015.72	75,015.72
Current receivables		
Accounts receivable	43,539,077.40	35,713,173.85
Receivables from public administrative duties	182,333.23	2,046,892.63
Other receivables	1,568,599.45	792,805.45
Prepayments and accrued income	192,491.26	194,262.56
Current receivables in total	45,482,501.34	38,747,134.49
Securities	0.00	0.00
Cash in hand and at banks	3,932,025.14	11,865,114.92
CURRENT ASSETS IN TOTAL	70,677,863.61	70,868,129.36
ASSETS IN TOTAL	3,016,975,130.88	2,691,066,809.57

OTHER NOTES, BUSINESS OPERATIONS

BALANCE SHEET, BUSINESS OPERATIONS (EUR), total 14 April 2016 and 31 December 2016

	Business Operations Group 2016	2015
EQUITY AND LIABILITIES		
EQUITY		
Basic equity	2,601,514,970.45	2,509,674,701.59
Other equity	224,811,974.00	0.00
Retained earnings	500,453.42	9,205,152.86
Profit for the financial year	93,684,960.25	107,864,337.87
EQUITY IN TOTAL	2,920,512,358.12	2,626,744,192.32
MINORITY SHARE	0.00	0.00
PROVISIONS		
Other provisions	3,915,410.50	778,675.00

LIABILITIES		
Non-current liabilities		
Loans from financial institutions	2,039,934.70	7,202,553.49
Other liabilities (incl. interest-bearing)	815,600.00	902,932.60
Non-current liabilities in total	2,855,534.70	8,105,486.09
Current liabilities		
Loans from financial institutions	59,989,320.43	15,112,198.51
Advances received	452,045.47	2,105,269.66
Accounts payable	9,866,408.09	9,459,935.01
Payables to public administrative duties	340,611.94	948,775.17
Debts to Group's subsidiaries	1,509.08	919.49
Other liabilities (incl. interest-bearing)	6,789,939.08	14,463,229.28
Accruals and deferred income	12,216,581.49	13,317,050.92
Deferred tax liabilities	35,411.98	31,078.12
Current liabilities in total	89,691,827.56	55,438,456.16
LIABILITIES IN TOTAL	92,547,362.26	63,543,942.25
EQUITY AND LIABILITIES IN TOTAL	3,016,975,130.88	2,691,066,809.57

Profit and Loss Account, Public Administrative Duties (EUR)

	Public administrative duties 15 Apr–31 Dec 2016
TURNOVER	9,072,228.56
Other operating income	2,321,603.22
Raw materials and services	
Raw materials and consumables	
Purchases during the financial year	2,677,179.20
Variation in inventories	68,004.44
External services	4,164,232.63
Raw materials and services, total	6,909,416.27
Staff expenses	
Wages and salaries	16,356,390.54
Social security expenses	
Pension expenses	2,821,734.31
Other social security expenses	609,880.18
Staff expenses, total	19,788,005.03
Depreciation, amortisation and impairment	
Depreciation according to plan	1,296,315.63
Other operating costs	18,153,215.19
OPERATING PROFIT	-34,753,120.34
Financial income and expenses	
Income from other investments under non-current assets	28.00
Other interest and financial income	2,195.13
Interest and other financial expenses	5,868.60
Impairment of non-current assets	0.00
Financial income and expenses in total	-3,645.47
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	-34,756,765.81
Financing for other operations from the Budget	33,846,270.34
PROFIT/LOSS FOR FINANCIAL PERIOD	-910,495.47

Balance Sheet (EUR)

	Public administrative duties 31 December 2016
ASSETS	
NON-CURRENT ASSETS	
Intangible assets	
Intangible rights	354,387.94
Intangible assets in total	354,387.94
Tangible assets	
Land and water areas	941,609,632.93
Roads	211,732.86
Buildings and structures	19,971,618.82
Machinery and equipment	155,679.32
Advance payments and work in progress	32,041.92
Tangible assets in total	961,980,705.85
Investments	
Shares in Group's subsidiaries	12,365,111.43
Other shares and holdings	737,704.68
Other receivables	1,800.00
Investments in total	13,104,616.11
NON-CURRENT ASSETS IN TOTAL	975,439,709.90
CURRENT ASSETS	
Inventories	
Finished products	1,776,308.10
Inventories in total	1,776,308.10
Receivables	
Current receivables	
Accounts receivable	1,716,113.79
Receivables from enterprise's business operations	245,753.25
Receivables from the enterprise's subsidiaries	141,049.26
Other receivables	8,654.83
Prepayments and accrued income	2,337,782.44
Current receivables in total	4,449,353.57
Cash in hand and at banks	7,763,275.80

CURRENT ASSETS IN TOTAL	13,988,937.47
ASSETS IN TOTAL	989,428,647.37
BALANCE SHEET (EUR)	
	Public administrative duties 31 December 2016
<hr/>	
EQUITY AND LIABILITIES	
EQUITY	
Other equity	977,009,010.43
Retained earnings	0.00
Profit/loss for financial period	-910,495.47
EQUITY IN TOTAL	976,098,514.96
LIABILITIES	
Other liabilities, non-interest-bearing	5,500.00
Current	
Advances received	4,106,117.35
Accounts payable	1,956,201.17
Debts to enterprise's business operations	67,651.67
Debts to Group's subsidiaries	114,681.56
Other liabilities (incl. interest-bearing)	689,740.80
Accruals and deferred income	6,390,239.86
LIABILITIES IN TOTAL	13,330,132.41
EQUITY AND LIABILITIES IN TOTAL	989,428,647.37

Cash Flow Statement, Public Administrative Duties (EUR)

	Public administrative duties 15 Apr–31 Dec 2016
CASH FLOW FROM BUSINESS OPERATIONS	
Payments from sales	2,410,457.69
Payments from other operating income	1,912,475.83
Payments from operating charges	-45,106,624.80
Cash flow from business operations, before financial items and taxes	-40,783,691.28
Interest paid and other financial expenses	-5,868.60
Interest income from business operations	2,195.13
Dividends received	28.00
State's budget funding for other operations	33,846,270.34
Cash flow from operations	-6,941,066.41
INVESTMENTS	
Purchase of environmental protection areas, shares	158,911.22
Purchase of fixed assets, funding by Ministries	-1,946,032.03
Purchase of fixed assets, funding by the EU	
Purchase of fixed assets, other funding	-397,249.95
Investments in tangible and intangible assets	391,187.97
Sale of tangible and intangible assets	
Shareholder investment in purchase of environmental protection areas and shares	-158,911.22
Funding received for the construction of nature centres etc.	2,445,106.86
Cash flows from investing activities	493,012.85
FINANCING	
Change in other non-current, non-interest-bearing loans	380.95
Cash flows from financing activities	380.95
CHANGE IN LIQUID FUNDS	-6,447,672.61
Liquid funds on 15 Apr	14,210,948.41
Liquid funds on 31 Dec	7,763,275.80
Change	-6,447,672.61

Other Notes

PROFIT AND LOSS ACCOUNT, PUBLIC ADMINISTRATIVE DUTIES (EUR), total 1.1.–14.4.2016 and 15.4.–31.12.2016

	Public administrative duties	
	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
TURNOVER	11,326,871.36	10,722,082.26
Other operating income	2,880,425.62	2,540,884.67
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	3,337,821.84	3,721,187.51
Variation in inventories	169,460.32	158,245.08
External services	5,819,130.19	5,762,895.01
Raw materials and services, total	9,326,412.35	9,642,327.60
Staff expenses		
Wages and salaries	21,454,771.31	21,372,991.65
Social security expenses		
Pension expenses	3,588,144.29	3,714,549.84
Other social security expenses	981,321.35	890,572.88
Staff expenses, total	26,024,236.95	25,978,114.37
Depreciation, amortisation and impairment		
Depreciation according to plan	1,978,432.25	2,299,419.93
Other operating costs	23,785,389.22	22,235,577.36
OPERATING PROFIT	-46,907,173.79	-46,892,472.33
Financial income and expenses		
Income from other investments under non-current assets	81.10	134.20
Other interest and financial income	2,422.96	10,667.35
Interest and other financial expenses	7,823.56	1,743.78
Impairment of non-current assets	0.00	400,000.00
Financial income and expenses in total	-5,319.50	-390,942.23
PROFIT BEFORE FINANCING FOR OTHER OPERATIONS FROM THE STATE BUDGET	-46,912,493.29	-47,283,414.56
Financing for other operations from the Budget	46,001,997.82	45,295,307.16
PROFIT/LOSS FOR FINANCIAL PERIOD	-910,495.47	-1,988,107.40

Other Notes

BALANCE SHEET, PUBLIC ADMINISTRATIVE DUTIES, EUR, total 14 Apr 2016 and 31 Dec 2016

Balance sheet for the full year 2016, Public Administrative Duties (2)	Public administrative duties 31 December 2016	31 December 2015
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	354,387.94	510,749.58
Intangible assets in total	354,387.94	510,749.58
Tangible assets		
Land and water areas	941,609,632.93	1,150,610,917.57
Roads	211,732.86	259,009.04
Buildings and structures	19,971,618.82	22,011,936.33
Machinery and equipment	155,679.32	308,822.06
Advance payments and work in progress	32,041.92	31,034.46
Tangible assets in total	961,980,705.85	1,173,221,719.46
Investments		
Shares in Group's subsidiaries	12,365,111.43	12,365,111.43
Holdings in associated undertakings	0.00	0.00
Other shares and holdings	737,704.68	737,704.68
Other receivables	1,800.00	1,800.00
Investments in total	13,104,616.11	13,104,616.11
NON-CURRENT ASSETS IN TOTAL	975,439,709.90	1,186,837,085.15
CURRENT ASSETS		
Inventories		
Finished products	1,776,308.10	1,945,768.42
Inventories in total	1,776,308.10	1,945,768.42
Receivables		
Current receivables		
Accounts receivable	1,716,113.79	1,203,600.67
Receivables from enterprise's business operations	245,753.25	952,317.52
Receivables from the enterprise's subsidiaries	141,049.26	222.56
Receivables from associated undertakings	0.00	0.00
Other receivables	8,654.83	154,358.13
Prepayments and accrued income	2,337,782.44	2,433,982.05

Current receivables in total	4,449,353.57	4,744,480.93
Securities	0.00	0.00
Cash in hand and at banks	7,763,275.80	14,295,650.20
CURRENT ASSETS IN TOTAL	13,988,937.47	20,985,899.55
ASSETS IN TOTAL	989,428,647.37	1,207,822,984.70

OTHER NOTES

BALANCE SHEET, PUBLIC ADMINISTRATIVE DUTIES, EUR, total 14 Apr 2016 and 31 Dec 2016

	Public administrative duties 31 December 2016	31 December 2015
EQUITY AND LIABILITIES		
EQUITY		
Other equity	977,009,010.43	1,197,874,890.09
Retained earnings	0.00	-8,545,514.50
Profit/loss for financial period	-910,495.47	-1,988,107.40
EQUITY IN TOTAL	976,098,514.96	1,187,341,268.19
LIABILITIES		
Non-current		
Other liabilities, non-interest-bearing	5,500.00	4,750.00
Current		
Advances received	4,106,117.35	9,485,044.01
Accounts payable	1,956,201.17	1,484,390.83
Debts to enterprise's business operations	67,651.67	2,015,297.27
Debts to Group's subsidiaries	114,681.56	35,137.71
Other liabilities (incl. interest-bearing)	689,740.80	889,027.10
Accruals and deferred income	6,390,239.86	6,568,069.59
LIABILITIES IN TOTAL	13,330,132.41	20,481,716.51
EQUITY AND LIABILITIES IN TOTAL	989,428,647.37	1,207,822,984.70

Auditors' Report

To the Government

Audit of Financial Statements

Opinion on the financial statements and the report of the Board of Directors

We have audited the financial statements of Metsähallitus (Business ID 0116726-7) for the financial period 15 April to 31 December 2016. The financial statements include the Group's, parent enterprise's, business operations', Business Operations Group's and public administrative function's balance sheets, profit and loss accounts, cash flow statements and notes to the financial statements.

In our opinion, the financial statements and the consolidated financial statements have been prepared in accordance with the rules and regulations applicable to the preparation of financial statements and give a true and fair account of the operations, finances, financial performance and financial responsibilities during the financial period.

Metsähallitus' corporate governance has been compliant with the Act on Metsähallitus and the decisions taken by Parliament, the Government and ministries, as well as other steering decisions.

Internal control and audits have been appropriately organised in Metsähallitus.

In addition, the Board of Directors and the Director of Parks & Wildlife Finland have prepared a pro forma annual report and financial statements on public administrative duties for the period 1 January–31 December 2016, including the balance sheet, profit and loss account, cash flow statement and notes to the financial statements. For the pro forma financial statements, the profit and loss accounts for the financial periods 1 January 1 to 14 April 2016 and 15 April to 31 December 2016 have been summed up and, as the result for the financial period, the balance sheets present the combined result for the aforementioned financial periods. We have issued a separate report on the general audit of the pro forma financial statements relating to public administrative duties.

Basis for the opinion

We conducted our audit in accordance with good auditing practices in Finland. Our responsibilities under good auditing practice are further described under **Auditor's responsibilities in the audit of financial statements**. We are independent of the parent enterprise, the business operations and business operations' group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors, Managing Director and Director of Parks & Wildlife Finland relating to the financial statements

The Board of Directors, Managing Director and Director of Parks & Wildlife Finland are responsible for the preparation of the financial statements and reports of the Board of Directors, which give a true and fair account in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors, Managing Director and Director of Parks & Wildlife Finland are also responsible for such internal control as they deem necessary to enabling the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors, Managing Director and Director of Parks & Wildlife Finland are responsible for assessing the parent enterprise's and the Business Operations Group's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent enterprise or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities in the audit of financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent enterprise's or the group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We arrive at conclusions on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent enterprise or the group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in such a manner that the financial statements give a true and fair view.
- We obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business activities within the group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors, Managing Director and Director of Parks & Wildlife Finland are responsible for other information. The other information comprises information included in the Board of Directors' Report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, it is our responsibility to read the other information included in the Board of Directors' report and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the Board of Directors' report has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the Board of Directors' report is consistent with the information in the financial statements and the report has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the Board of Directors' report, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 6 March 2017

Jorma Nurkkala
Authorised Public Accountant,
Chartered Public Finance Auditor

Leif-Erik Forsberg
Authorised Public Accountant,
Chartered Public Finance Auditor