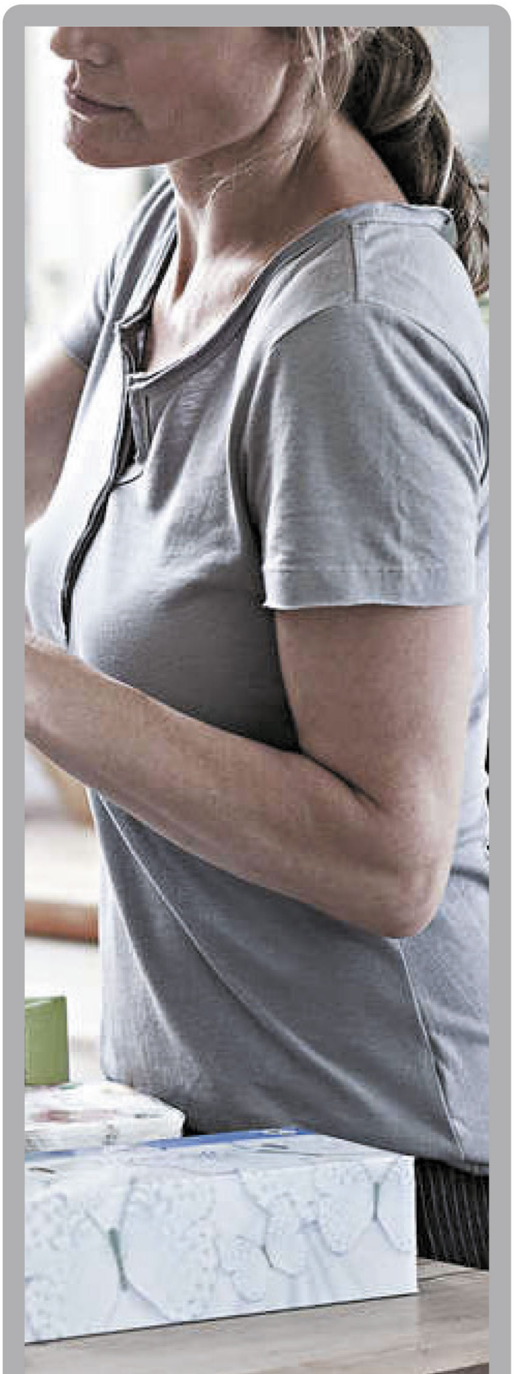
METSÄ BOARD CORPORATION
INTERIM REPORT

1Q 2014



METSÄ BOARD CORPORATION'S OPERATING RESULT EXCLUDING NON-RECURRING ITEMS WAS EUR 36.1 MILLION IN JANUARY–MARCH

RESULT FOR THE FIRST QUARTER OF 2014

- Sales were EUR 501.2 million (1Q/2013: 535.0).
- Operating result excluding non-recurring items was EUR 36.1 million (30.2). Operating result including non-recurring items was EUR 43.5 million (34.8).
- Result before taxes excluding non-recurring items was EUR 20.8 million (3.9). Result before taxes including non-recurring items was EUR 26.0 million (8.5).
- Earnings per share excluding non-recurring items were EUR 0.06 (0.01) and including non-recurring items EUR 0.08 (0.02).

EVENTS DURING THE FIRST QUARTER OF 2014

- Metsä Board issued a EUR 225 million unsecured bond and signed an agreement on a new syndicated credit facility of EUR 250 million.
- Metsä Board announced to increase the prices of white-top and fully bleached fresh forest fibre linerboards as well as uncoated fine paper in Europe as of April.
- Metsä Board divested its property in Lielahti, Tampere to the City of Tampere for EUR 26 million.
- Metsä Board introduced new coated, fresh forest fibre based Modo Northern Light liner.
- The Court of Arbitration ordered Metsä Board to compensate approximately EUR 19.7 million to UPM-Kymmene in damages, including legal expenses, in connection with a dispute concerning Metsä Fibre Oy's shareholder agreement.

NEAR-TERM OUTLOOK

- Metsä Board's operating result, excluding non-recurring items, is in the second quarter of 2014 expected to weaken from the first quarter of 2014 due to the annual maintenance shutdowns at Husum mill integrate and at the associated company Metsä Fibre's Joutseno and Äänekoski pulp mills.

"The year 2014 started as we had expected. Our profitability improved, and paperboard delivery volumes increased from the previous quarter in spite of the continuing uncertainty of the macroeconomy.

Folding boxboard delivery volumes increased both in Europe and outside Europe. The growth has been fastest in North America, where we have been focusing strongly in recent times. The positive development is expected to continue based on, among other things, our folding boxboard being even over 30 per cent lighter in weight than competing products. Lightness improves customers' cost competitiveness and mitigates environmental impacts.

The strong growth in the sales of fresh forest fibre linerboard has also continued. Focusing on coated linerboards in Kemi has produced excellent results, and sales of Husum's fully bleached linerboards have developed according to plans. All in all, the target for this year is to increase Metsä Board's fresh forest fibre linerboard sales by approximately 25 per cent from the previous year, to over 450,000 tonnes.

Demand for Metsä Board's paperboards is estimated to continue good in the second quarter but our profitability is burdened by the extensive maintenance shudowns at Husum integrate and at Metsä Fibre's Joutseno and Äänekoski pulp mills."

Mikko Helander, CEO

KEY FIGURES

	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2013 Q1-Q4
Sales, EUR million	501.2	479.2	502.3	502.8	535.0	2,019.3
EBITDA, EUR million	69.2	56.7	44.0	52.7	61.4	214.8
excl. non-recurring items, EUR million	61.8	55.5	43.6	52.1	56.8	208.0
EBITDA, %	13.8	11.8	8.8	10.5	11.5	10.6
excl. non-recurring items, %	12.3	11.6	8.7	10.4	10.6	10.3
Operating result, EUR million	43.5	30.6	19.3	28.9	34.8	113.6
excl. non-recurring items, EUR million	36.1	29.3	18.9	26.0	30.2	104.4
EBIT, %	8.7	6.4	3.8	5.7	6.5	5.6
excl. non-recurring items, %	7.2	6.1	3.8	5.2	5.6	5.2
Result before taxes, EUR million	26.0	19.0	9.0	21.3	8.5	57.8
excl. non-recurring items, EUR million	20.8	17.8	8.5	18.5	3.9	48.6
Result for the period, EUR million	24.8	31.2	7.3	17.6	8.0	64.1
excl. non-recurring items, EUR million	20.6	29.9	6.8	15.3	3.4	55.4
Result per share, EUR	0.08	0.09	0.02	0.06	0.02	0.19
excl. non-recurring items, EUR	0.06	0.09	0.02	0.05	0.01	0.17
Return on equity, %	11.6	14.9	3.6	8.5	3.8	7.5
excl. non-recurring items, %	9.6	14.3	3.3	7.4	1.6	6.5
Return on capital employed, %	11.2	8.2	5.1	6.7	7.7	7.0
excl. non-recurring items, %	9.9	7.9	4.9	6.1	6.8	6.4
Equity ratio at end of period, %	41.0	40.7	38.7	32.4	33.3	40.7
Gearing ratio at end of period, %	84	83	91	130	122	83
Net gearing ratio at end of period, %	69	70	75	74	69	70
Shareholders' equity per share at end of period, EUR	2.62	2.59	2.51	2.48	2.54	2.59
Interest-bearing net liabilities, EUR million	592.6	597.2	622.1	605.9	577.6	597.2
Gross investments, EUR million	4.7	20.2	16.0	21.5	9.2	66.9
Deliveries, 1 000 tonnes						
Cartonboard	219	209	225	220	217	872
Linerboard and Paper	265	250	247	250	279	1,027
Personnel at the end of period	3,145	3,116	3,178	3,401	3,239	3,116

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

The divestment of shareholding in Metsä Group Treasury Oy in September 2013 improved Metsä Board's equity ratio by approximately 5 percentage points and return on capital employed by almost 1 percentage point and reduced the company's gross debt by more than EUR 300 million, compared to the second quarter's actual figures in 2013.

INTERIM REPORT 1 JANUARY–31 MARCH 2014

SALES AND RESULT

RESULT FOR JANUARY–MARCH COMPARED TO THE PREVIOUS QUARTER

Metsä Board's sales amounted to EUR 501.2 million (4Q/2013: 479.2). Sales increased by 4.6 per cent. Operating result was EUR 43.5 million (30.6), and operating result excluding non-recurring items was EUR 36.1 million (29.3).

A net total of EUR +7.4 million (+1.2) was recognised as non-recurring items in the operating result for January–March, the most significant of them being:

• A EUR 24.8 million sales gain from the Lielahti property transaction in Tampere under Other operations, and

• EUR 17.4 million in damages to UPM-Kymmene related to the sale of Metsä Fibre Oy shares in May 2012 under Other operations.

The operating result excluding non-recurring items improved from the previous quarter. Delivery volumes of folding boxboard and fresh forest fibre linerboard increased. Delivery volumes of market pulp increased, too. On the other hand, delivery volumes for uncoated fine paper and coated papers declined slightly. Folding boxboard contract prices increased as expected in Europe. Due to changes in sales mix there was no significant change from the previous quarter in the average price of folding boxboard. There were no material changes in the average sales prices of fresh forest fibre linerboard, market pulp and coated paper, either. The average sales price of uncoated paper increased slightly.

The total delivery volume of the Cartonboard business area in January–March was 219,000 tonnes (4Q/2013: 209,000). The total delivery volume of the Linerboard and Paper business area was 265,000 tonnes (250,000). The combined delivery volume of Metsä Board's folding boxboard and fresh forest fibre linerboard in January–March was 301,000 tonnes (274,000), which corresponds to a growth of 10 per cent.

Financial income and expenses in the period under review totalled EUR -17.5 million (-11.6). Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging were EUR -0.1 million (-0.9). Net interest and other financial income and expenses amounted to EUR -17.4 million (-10.7). Net interest was increased by EUR 5.8 million due to the prepayment and refinancing of a EUR 350 million loan and EUR 100 million standby credit facility. Other financial income and expenses include EUR 0.0 million of valuation gains on interest rate hedges (a valuation gain of 0.0). A non-recurring item of EUR -2.2 million was recognised in financial expenses related to the penalty interest on the damages paid to UPM-Kymmene.

Result before taxes for the period under review was EUR 26.0 million (19.0). Result before taxes excluding non-recurring items totalled EUR 20.8 million (17.8). Income taxes amounted to -1.2 million (+12.2). The change in the Finnish corporate tax rate from 24.5 per cent to 20 per cent reduced deferred tax liabilities for the previous quarter by EUR 0.8 million. In addition, approximately EUR 7.1 million was recognised as deferred tax receivables from the previous quarter's tax losses and provisions.

Earnings per share were EUR 0.08 (0.09). Earnings per share excluding non-recurring items were EUR 0.06 (0.09). Return on equity was 11.6 per cent (14.9), and 9.6 per cent (14.3) excluding non-recurring items. Return on capital employed was 11.2 per cent (8.2); 9.9 per cent (7.9) excluding non-recurring items.

RESULT FOR JANUARY–MARCH COMPARED TO THE CORRESPONDING PERIOD LAST YEAR

Metsä Board's sales were EUR 501.2 million (1Q/2013: 535.0). Sales were down 6.3 per cent.

Operating result was EUR 43.5 million (34.8), and operating result excluding non-recurring items was EUR 36.1 million (30.2).

The non-recurring items of the operating result stood at EUR +7.4 million net (+4.6).

The operating result, excluding non-recurring items compared to the corresponding period last year, improved due to decrease in production costs, increase in the delivery volumes of folding boxboard and white-top fresh forest fibre linerboard, as well as increase in the prices of chemical and high-yield market pulp. The operating result was in turn weakened in particular by the lower average prices of coated and uncoated papers and folding boxboard. The delivery volumes of papers also clearly decreased.

The total delivery volume of the Cartonboard business area in January–March was 219,000 tonnes (217,000). The deliveries in the Linerboard and Paper business area were 265,000 tonnes (279,000). The combined delivery volume of Metsä Board's folding boxboard and fresh forest fibre linerboard was 301,000 tonnes (273,000), which corresponds to a growth of 6 per cent.

Financial income and expenses totalled EUR -17.5 million (-26.3). The higher financing expenses, compared to last year, were mainly due to approximately EUR 8 million in additional interest caused by the prepayment of the USD-denominated private note issue.

Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging were EUR -0.1 million (-1.9). Net interest and other financial income and expenses amounted to EUR -17.4 million (-24.4). Net interest increased by EUR 5.8 million as a result of the prepayment and refinancing of a EUR 350 million loan and EUR 100 million standby credit facility. Other financial income and expenses include EUR 0.0 million of valuation gains on interest rate hedges (a valuation gain of 1.2). A non-recurring item of EUR -2.2 million was recognised in financial expenses related to the penalty interest on the damages paid to UPM-Kymmene.

Result before taxes for the period under review was EUR 26.0 million (8.5). Result before taxes excluding non-recurring items was EUR 20.8 million (3.9). The impact of income taxes was EUR -1.2 million (-0.5).

Earnings per share were EUR 0.08 (0.02). Earnings per share excluding non-recurring items were EUR 0.06 (0.01). Return on equity was 11.6 per cent (3.8), and 9.6 per cent (1.6) excluding non-recurring items. Return on capital employed was 11.2 per cent (7.7), and 9.9 per cent (6.8) excluding non-recurring items.

PERSONNEL

At the end of March, the number of personnel was 3,145 (31 March 2013: 3,239), of whom 1,483 (1,538) people worked in Finland. In January–March, Metsä Board employed 3,131 people (3,220) on average.

INVESTMENTS

Gross investments in January–March totalled EUR 4.7 million (1Q/2013: 9.2).

BUSINESS DEVELOPMENT

The market situation in the paper industry is difficult, and a programme aiming at annual cost savings of approximately EUR 15 million is under way to improve profitability at the Husum mill. New, more profitable products are being sought both in parallel to and as replacements for the mill's current products. An example of such products is the new light-weight uncoated fresh forest fibre linerboards, production of which started at Husum in April 2013. In December, a new coated paper delivery agreement was signed with Sappi. Through the new agreement, Metsä Board is able to increase its fresh forest fibre linerboard production, as the agreement also makes the production of coated grades possible. At the beginning of 2014, the production of coated light-weight fresh forest fibre linerboard also started at the Husum mill in order to complement the linerboard product range of the Kemi and Husum mills. In all, Husum's fresh forest fibre linerboard production is targeted to amount to at least 100,000 tonnes in 2014. The total positive estimated impact of the aforementioned measures on Husum's annual operating result is estimated to be over EUR 25 million, compared to the actual figures of 2013. It is estimated that the result improvement will for the most part take effect in 2014 and in full as of 2015.

Metsä Board divested its property in Lielahti, Tampere to the City of Tampere for EUR 26 million in a transaction completed on 28 March 2014. A sales gain of EUR 24.8 million was recognised for the transaction. The transaction involved approximately 90 hectares of land with buildings and approximately 1,071 hectares of water area on Lake Näsijärvi. Metsä Board shut down high-yield pulp production in Lielahti in 2008, after which the company has not had production activity in the area.

Metsä Board's associated company Metsä Fibre is preparing the construction of a bio-product mill costing approximately EUR 1.1 billion in the existing pulp mill site in Äänekoski, Finland. The planned pulp capacity of the mill is 1.3 million tonnes. The aim is to make the final investment decision in early 2015, making it possible for the mill to become operational during 2017.

Metsä Board's strategy continues to be self-sufficient in high-quality pulp, thereby ensuring the profitable growth of paperboard production in the future as well. Metsä Board's role in the possible new bio-product mill in Äänekoski will be announced at the latest when the final decision on the implementation of the project is made.

DISPUTES

In November 2012, UPM-Kymmene Corporation initiated arbitration proceedings against Metsä Board. In the arbitration proceedings, UPM was primarily claiming EUR 58.5 million in damages and secondarily the reimbursement of an alleged unjustified benefit of EUR 58.5 million jointly from Metsäliitto Cooperative and Metsä Board. The claim is based on an alleged breach of the co-sale clause of the Metsä Fibre shareholder agreement signed in 2009.

The court of arbitration issued its arbitration award, taken by vote, on 11 February 2014 and ordered Metsä Board to compensate to UPM-Kymmene approximately EUR 19.7 million in damages, including legal expenses and penalty interest.

Metsä Board divested approximately 7.3 percentage points of its holding in Metsä Fibre Oy in May 2012 to Japan-based Itochu Corporation for EUR 138 million, recording a related sales gain of EUR 85 million. The arbitration award has no impact on the transaction with Itochu or cooperation between the parties, and is not associated with commercial agreements entered into with Itochu.

FINANCING

Metsä Board's equity ratio at the end of March was 41.0 per cent (31 December 2013: 40.7) and gearing ratio was 84 per cent (2013: 83). Net gearing ratio was 69 per cent (2013: 70).

The change in the fair value of investments available for sale during the period under review was approximately EUR -5.6 million, related primarily to the decline in the fair value of Pohjolan Voima Oy's shares due to the change in the market price of electricity.

Net interest-bearing liabilities amounted to EUR 592.6 million at the end of March (597.2). Foreign-currency-denominated loans accounted for 0.4 per cent; 26 per cent were floating-rate, and the rest were fixed-rate. At the end of March, the average interest rate on loans was 4.3 per cent (4.8) and the average maturity of long-term loans was 3.9 years (2.7). The interest rate maturity of loans was 33.8 months (18.3) at the end of March. During the period, the interest rate maturity has varied between 17 and 34 months.

Cash flow from operations amounted to EUR -26.7 million (1Q–4Q/2013: 127.1). Working capital increased by EUR 55.8 million (increased by 10.8), mainly due to increased delivery volumes. In the cash flow statement, the net financial expenses for the period include a dividend of EUR 24.9 million (24.9) paid by Metsä Fibre.

At the end of the period under review, an average of 6.5 months of the net foreign currency exposure was hedged. The degree of hedging varied between 5 and 7 months during the period.

In March, Metsä Board issued a EUR 225 million unsecured bond. The bond matures on 13 March 2019, and it carries a fixed coupon interest rate of 4.0 per cent per annum. Metsä Board also agreed on a new, unsecured, syndicated credit facility in March. The new facility consists of a EUR 150 million term loan facility and a EUR 100 million revolving credit facility, both maturing in March 2018. The proceeds of the new loan arrangements were mainly used to prepay the existing EUR 350 million secured term loan maturing in March 2016. The new revolving credit facility replaced the undrawn EUR 100 million revolving credit facility maturing in May 2015.

The financing agreement includes financial covenants concerning the Group's financial performance and capital structure. Other covenants related to the loan are regular conditions which, among other things, limit the issue of collateral, relinquishment and sale of property, subsidiaries' level of debt, material changes in the business operations, as well as changes in the statutory majority in shareholding. Metsä Board has considerable headroom in relation to covenants set in the credit agreements.

Metsä Board's liquidity has remained strong. At the end of the period under review, the available liquidity was EUR 235.4 million (2013: 208.6), of which EUR 100 million consisted of revolving credit, EUR 14.4 million consisted of undrawn pension premium (TyEL) funds and EUR 121.0 million of liquid assets and investments. Of the liquid funds, EUR 16.3 million consisted of cash funds and investments and EUR 104.8 million were interest-bearing receivables comparable to cash funds and available immediately from Metsä Group's internal bank Metsä Group Treasury Oy. In addition, Metsä Board had other interest-bearing receivables totalling EUR 6.8 million. Metsä Board's liquidity reserve is complemented by Metsä Group's internal undrawn short-term credit facility of EUR 150.0 million.

SHARES

In January–March, the highest price for Metsä Board's A share on NASDAQ OMX Helsinki Ltd. was EUR 3.40, the lowest EUR 2.95, and the average price EUR 3.16. At the end of March, the price of the A share was EUR 3.32. At the end of 2013, the price of the A share was EUR 3.08, while the average price in 2013 was EUR 2.59.

In January–March, the highest price of Metsä Board's B share was EUR 3.47, the lowest EUR 2.92, and the average price EUR 3.17. At the end of March, the price of the B share was EUR 3.34. At the end of 2013, the price of the B share was EUR 3.15, while the average price in 2013 was EUR 2.58.

The trading volume of the A share was EUR 1 million, or 1 per cent of the share capital. The trading volume of the B share was EUR 59 million, or 6 per cent of the share capital. The market value of the A and B shares totalled EUR 1,095 million at the end of March.

At the end of March, Metsäliitto Cooperative owned 40 per cent of the shares, and the voting rights conferred by these shares was 61 per cent. International investors' holdings increased to 14 per cent of the shares.

The company does not hold any treasury shares.

DIVIDEND

After the reporting period on 2 April 2014, the Annual General Meeting adopted the company's financial statements for the financial year 2013 and decided to distribute a dividend of EUR 0.09 per share. The dividend was paid to shareholders who were registered in the company's shareholders register held by Euroclear Finland Oy on the dividend payment record date of 7 April 2014. The dividend payment date was 15 April 2014.

BOARD OF DIRECTORS AND AUDITORS

After the reporting period on 2 April 2014, the Annual General Meeting confirmed the number of the members of the Board of Directors as nine and re-elected the following individuals as members of the Board of Directors: Mikael Aminoff, M.Sc. (Forestry); Martti Asunta, metsäneuvos (Finnish honorary title); Kari Jordan, vuorineuvos (Finnish honorary title); Kirsi Komi, LL.M.; Kai Korhonen, M.Sc. (Eng); Liisa Leino, teollisuusneuvos (Finnish honorary title); Juha Niemelä, vuorineuvos (Finnish honorary title); Veli Sundbäck, Ambassador; and Erkki Varis, M.Sc. (Eng). The term of office of the Board members expires at the end of the next Annual General Meeting.

At its constitutive meeting, the Board of Directors elected Kari Jordan as its Chairman and Martti Asunta as its Vice Chairman. The Board further resolved to organise the Board committees as follows: the members of the Auditing Committee are Kirsi Komi, Kai Korhonen, Veli Sundbäck and Erkki Varis, and the members of the Nomination and Compensation Committee are Mikael Aminoff, Martti Asunta, Kari Jordan, Liisa Leino and Juha Niemelä.

Authorised Public Accountants KPMG Oy Ab was elected as the company's auditor with APA Raija-Leena Hankonen as the principal auditor. The term of office of the auditor expires at the end of the next Annual General Meeting. The Annual General Meeting resolved that the fee of the auditor be paid according to a reasonable invoice as approved by the company.

BUSINESS ENVIRONMENT AND NEAR-TERM OUTLOOK

Folding boxboard delivery volumes are estimated to increase slightly during the second quarter of 2014 compared to the previous quarter. Delivery volumes of white-top fresh forest fibre linerboard are estimated to be roughly at the level of the previous quarter. The slightly higher prices of annual folding boxboard agreements concluded in Europe at the end of last year will take full effect during the second quarter. Metsä Board has announced a white-top fresh forest fibre linerboard price increase in Europe as of April 2014.

Delivery volumes of uncoated fine paper are expected to decrease slightly in the second quarter of 2014, compared to the previous quarter, and delivery volumes of coated paper are expected to be roughly at the previous quarter's level. Metsä Board has announced an uncoated fine paper price increase in Europe as of April. No material changes in coated paper prices are in sight. The delivery volumes and average price of Metsä Board's market pulp are not expected to change materially during the second quarter of 2014.

Production costs in the second quarter of 2014 are expected to be approximately at the same level as in the previous quarter.

Metsä Board's profitability during the second quarter will be burdened by the planned annual maintenance shutdowns at the Husum mill and Metsä Fibre's Joutseno and Äänekoski pulp mills.

Metsä Board’s operating result, excluding non-recurring items, is in the second quarter of 2014 expected to weaken from the first quarter of 2014 due to the annual maintenance shutdowns at Husum mill integrate and at the associated company Metsä Fibre’s Joutseno and Äänekoski pulp mills.

NEAR-TERM BUSINESS RISKS

The global economy and economy in the Euro Region still contain considerable uncertainties, which, if materialised, may result in weakened demand for pulp and paper products, in particular, and reduced prices.

The political situation in Crimea may, should it escalate, lead to sanctions with effects on international trade and financing. Depending on the form and extent of the sanctions, they may have a negative effect on the scope of Metsä Board's activities and performance. Furthermore, the political situation may have a negative effect on consumer demand, even without specific sanctions.

Because the forward-looking estimates and statements of this interim report are based on current plans and estimates, they contain risks and other uncertainties that may cause the results to differ from the statements concerning them. In the short term, Metsä Board’s result will be particularly affected by the price and demand for finished products, raw material costs, the price of energy, and the exchange rate development of the euro in relation to the Swedish krona, US dollar and British pound.

More information on longer-term risk factors can be found on pages 27–28 of Metsä Board’s 2013 Annual Report.

METSÄ BOARD CORPORATION

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More information will be available starting from 1 p.m. on 13 May 2014. A conference call held in English for investors and analysts starts at 3 p.m. (EET). Conference call participants are requested to dial in and register a few minutes prior to the start of the conference call on the following numbers:

Europe: +44 (0)20 7162 0025

US: +1 334 323 6201

The conference ID is 943100.

BUSINESS AREAS AND MARKET TRENDS

CARTONBOARD BUSINESS AREA

	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2013 Q1-Q4
Sales, EUR million	213.7	207.6	220.0	218.4	221.5	867.5
EBITDA, EUR million	27.6	22.4	24.8	22.9	29.9	99.9
excl. non-recurring items	27.6	20.7	24.8	22.3	29.9	97.6
Operating result, EUR million	17.6	11.9	14.6	15.4	19.8	61.7
excl. non-recurring items	17.6	10.1	14.6	12.3	19.8	56.9
excl. non-recurring items, %	8.3	4.9	6.6	5.7	8.9	6.6
Return on capital employed, %	13.1	8.8	10.8	11.8	15.3	11.8
excl. non-recurring items, %	13.1	7.5	10.8	9.4	15.3	10.9
Deliveries, 1,000 tonnes	219	209	225	220	217	872
Production, 1,000 tonnes	234	219	239	217	241	916
Personnel at the end of period	1,546	1,544	1,587	1,749	1,613	1,544

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

RESULT FOR JANUARY–MARCH COMPARED TO THE PREVIOUS QUARTER

Operating result excluding non-recurring items for the Cartonboard business area improved from the previous quarter and was EUR 17.6 million (4Q/2013: 10.1). The result was improved primarily by the higher folding boxboard delivery volume . Folding boxboard contract prices increased as expected in Europe. Due to changes in the sales mix, there was no significant change from the previous quarter in the average price of folding boxboard.

The result did not include non-recurring items. The result for the previous quarter included non-recurring items of EUR +1.7 million.

The deliveries of European folding boxboard producers increased by 2 per cent compared to the previous quarter. Cartonboard's folding boxboard deliveries increased by 4 per cent.

RESULT FOR JANUARY–MARCH COMPARED TO THE CORRESPONDING PERIOD LAST YEAR

Operating result excluding non-recurring items for the Cartonboard business area fell slightly from the previous year and was EUR 17.6 million (1Q/2013: 19.8). The average sales price of folding boxboard was slightly lower than in the previous year, but the delivery volume was slightly higher. Lower production costs improved the result.

The result did not include non-recurring items. The result for the corresponding period last year also did not include non-recurring items.

The deliveries of European folding boxboard producers increased by one per cent compared to the level of the corresponding period last year. Cartonboard's folding boxboard deliveries also increased by one per cent.

LINERBOARD AND PAPER BUSINESS AREA

	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2013 Q1-Q4
Sales, EUR million	270.6	250.3	267.4	269.1	288.3	1,075.0
EBITDA, EUR million	35.1	29.6	20.9	31.6	30.7	112.8
excl. non-recurring items	35.1	35.4	20.9	31.6	26.1	114.0
Operating result, EUR million	20.1	14.6	7.2	16.2	15.1	53.1
excl. non-recurring items	20.1	20.3	7.2	16.2	10.5	54.3
excl. non-recurring items, %	7.4	8.1	2.7	6.0	3.7	5.1
Return on capital employed, %	10.9	7.7	3.7	8.4	7.8	7.0
excl. non-recurring items, %	10.9	10.7	3.7	8.4	5.5	7.2
Deliveries, linerboard and paper 1,000 tonnes	265	250	247	250	279	1,027
Deliveries, Pulp 1,000 tonnes	152	146	163	155	171	635
Production, linerboard and paper 1,000 tonnes	272	266	244	269	268	1,048
Production, Metsä Board pulp 1,000 tonnes	337	331	296	308	314	1,249
Personnel at the end of period	1,041	1,047	1,061	1,092	1,058	1,047

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

RESULT FOR JANUARY–MARCH COMPARED TO THE PREVIOUS QUARTER

Operating result excluding non-recurring items for the Linerboard and Paper business area was on the previous quarter's level and was EUR 20.1 million (4Q/2013: 20.3). The delivery volumes of white-top fresh forest fibre linerboard increased, and the price was at the level of the previous quarter. Husum's fresh forest fibre linerboard deliveries continued to increase as planned. The delivery volume of uncoated fine paper decreased slightly, and the average price increased slightly. The delivery volume of coated papers declined and the price remained at the previous quarter's level. The delivery volume of market pulp increased and the average sales price remained at the previous quarter's level.

The result did not include non-recurring items. The result for the previous quarter included non-recurring items of EUR -5.8 million.

Total deliveries of European uncoated fine paper producers increased by 7 per cent. Linerboard and Paper's delivery volume of uncoated fine paper decreased by one per cent.

RESULT FOR JANUARY–MARCH COMPARED TO THE CORRESPONDING PERIOD LAST YEAR

Operating result excluding non-recurring items for the Linerboard and Paper business area improved compared to the corresponding period last year and totalled EUR 20.1 million (1Q/2013: 10.5). The result was improved by the increase in the delivery volume of white-top fresh forest fibre linerboards, the increased prices of chemical and high-yield market pulp as well as decrease in production costs. The result was weakened by the lower prices of uncoated fine paper and coated papers as well as lower delivery volumes.

The result did not include non-recurring items. The result for the corresponding period last year included non-recurring items of a total of EUR +4.6 million.

Total deliveries of European uncoated fine paper producers were up by 3 per cent compared to the previous year. Linerboard and Paper's delivery volume of uncoated fine paper decreased by 15 per cent.

SALES AND RESULT BY SEGMENT

EUR million	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2013 Q1-Q4
Cartonboard	213.7	207.6	220.0	218.4	221.5	867.5
Linerboard and Paper	270.6	250.3	267.4	269.1	288.3	1,075.0
Other operations	70.7	76.2	72.3	76.2	76.2	300.8
Internal sales	-53.8	-54.8	-57.5	-60.9	-50.9	-224.1
Sales	**501.2**	**479.2**	**502.3**	**502.8**	**535.0**	**2,019.3**
Cartonboard	27.6	22.4	24.8	22.9	29.9	99.9
Linerboard and Paper	35.1	29.6	20.9	31.6	30.7	112.8
Other operations	6.5	4.7	-1.7	-1.8	0.8	2.1
EBITDA	**69.2**	**56.7**	**44.0**	**52.7**	**61.4**	**214.8**
% of sales	13.8	11.8	8.8	10.5	11.5	10.6
Cartonboard	17.6	11.9	14.6	15.4	19.8	61.7
Linerboard and Paper	20.1	14.6	7.2	16.2	15.1	53.1
Other operations	5.8	4.1	-2.5	-2.7	-0.2	-1.2
Operating result	**43.5**	**30.6**	**19.3**	**28.9**	**34.8**	**113.6**
% of sales	8.7	6.4	3.8	5.7	6.5	5.6
Non-recurring items in operating result						
Cartonboard	0	1.7	0.0	3.1	0.0	4.8
Linerboard and Paper	0	-5.8	0.0	0.0	4.6	-1.2
Other operations	7.4	5.3	0.5	-0.2	0.0	5.5
Group	**7.4**	**1.2**	**0.5**	**2.9**	**4.6**	**9.2**
Cartonboard	27.6	20.7	24.8	22.3	29.9	97.6
Linerboard and Paper	35.1	35.4	20.9	31.6	26.1	114.0
Other operations	-0.9	-0.6	-2.1	-1.8	0.8	-3.6
EBITDA, excl. non-recurring items	**61.8**	**55.5**	**43.6**	**52.1**	**56.8**	**208.0**
% of sales	12.3	11.6	8.7	10.4	10.6	10.3
Cartonboard	17.6	10.1	14.6	12.3	19.8	56.9
Linerboard and Paper	20.1	20.3	7.2	16.2	10.5	54.3
Other operations	-1.6	-1.2	-2.9	-2.5	-0.1	-6.8
Operating result, excl. non-recurring items	**36.1**	**29.3**	**18.9**	**26.0**	**30.2**	**104.4**
% of sales	7.2	6.1	3.8	5.2	5.6	5.2
Operating result, excl. non-recurring items, % of sales						
Cartonboard	8.3	4.9	6.6	5.7	8.9	6.6
Linerboard and Paper	7.4	8.1	2.7	6.0	3.7	5.1
Group	**7.2**	**6.1**	**3.8**	**5.2**	**5.6**	**5.2**

Return on capital employed, %						
Cartonboard	13.1	8.8	10.8	11.8	15.3	11.8
Linerboard and Paper	10.9	7.7	3.7	8.4	7.8	7.0
Group	**11.2**	**8.2**	**5.1**	**6.7**	**7.7**	**7.0**
Return on capital employed excluding non-recurring items, %						
Cartonboard	13.1	7.5	10.8	9.4	15.3	10.9
Linerboard and Paper	10.9	10.7	3.7	8.4	5.5	7.2
Group	**9.9**	**7.9**	**4.9**	**6.1**	**6.8**	**6.4**
Capital employed, EUR million						
Cartonboard	549.5	530.0	552.6	527.7	522.3	530.0
Linerboard and Paper	736.0	739.8	776.5	774.2	768.7	739.8
Unallocated and eliminations	295.9	281.1	243.6	576.5	573.3	281.1
Group	**1,581.5**	**1,550.9**	**1,572.6**	**1,878.5**	**1,864.3**	**1,550.9**

The capital employed for a segment includes its assets: goodwill, other intangible assets, tangible assets, biological assets, investments in associates, inventories, accounts receivables, prepayments and accrued income (excluding interest and taxes), less the segment's liabilities (accounts payable, advance payments, accruals and deferred income (excluding interest and taxes).

DELIVERIES

1,000 tonnes	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2013 Q1-Q4
Cartonboard	219	209	225	220	217	872
Linerboard and Paper	265	250	247	250	279	1,027
Market Pulp	152	146	163	155	171	635

PRODUCTION

1,000 tonnes	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2013 Q1-Q4
Cartonboard	234	219	239	217	241	916
Linerboard and Paper	272	266	244	269	268	1,048
Metsä Fibre pulp [1)]	147	146	141	141	143	572
Metsä Board pulp	337	331	296	308	314	1,249

[1)] Corresponds to Metsä Board's ownership share of 24.9% in Metsä Fibre.

CALCULATION OF KEY RATIOS

Return on equity (%)	=	(Result before tax - direct taxes) per (Shareholders' equity (average))
Return on capital employed (%)	=	(Result before tax + interest expenses, net exchange gains/losses and other financial expenses) per (Shareholders' equity + interest-bearing borrowings (average))
Equity ratio (%)	=	(Shareholders' equity) per (Total assets - advance payments received)
Gearing ratio (%)	=	(Interest-bearing borrowings) per (Shareholders' equity)
Net gearing ratio (%)	=	(Interest-bearing borrowings - liquid funds - interest-bearing receivables) per (Shareholders' equity)
Earnings per share	=	(Profit attributable to shareholders of parent company) per (Adjusted number of shares (average))
Shareholders´equity per share	=	(Equity attributable to shareholders of parent company) per (Adjusted number of shares at the end of period)

FINANCIAL STATEMENTS

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	Three months ended March 31 2014	Three months ended March 31 2013	Year ended December 31 2013
Sales	2,6	**501.2**	**535.0**	**2,019.3**
Change in stocks of finished goods and work in progress		11.7	-7.0	31.9
Other operating income	2,6	32.8	11.7	53.0
Material and services	6	-369.3	-386.7	-1,513.6
Employee costs		-59.0	-59.4	-241.0
Share of results from associated companies and joint ventures	6	10.7	8.5	37.1
Depreciation, amortization and impairment losses		-25.7	-26.7	-101.3
Other operating expenses		-58.9	-40.6	-171.8
Operating result	2	**43.5**	**34.8**	**113.6**
Share of results from associated companies and joint ventures		0.0	0.0	0.1
Net exchange gains and losses		-0.1	-1.9	-1.1
Other net financial items	2,6	-17.4	-24.4	-54.8
Result before income tax		**26.0**	**8.5**	**57.8**
Income taxes	3	-1.2	-0.5	6.3
Result for the period		**24.8**	**8.0**	**64.1**

EUR million	Note	Three months ended March 31 2014	2013	Year ended December 31 2013
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gains/losses on defined pension plans		-1.2	0.0	-4.8
Income tax relating to items that will not be reclassified		0.3	0.0	1.5
Total		**-0.9**	**0.0**	**-3.3**
Items that may be reclassified to profit or loss				
Cash flow hedges		-5.1	3.8	-7.6
Available for sale financial assets	8	-5.5	-18.8	-41.5
Translation differences		-2.9	7.5	-9.0
Share of results from associated companies and joint ventures		-1.1	-1.0	-3.8
Income tax relating to components of other comprehensive income		2.1	3.6	19.9
Total		-12.5	-4.9	-42.0
Other comprehensive income, net of tax		**-13.4**	**-4.9**	**-45.3**
Total comprehensive income for the period		**11.4**	**3.1**	**18.8**
Result for the period attributable to				
Shareholders of parent company		24.8	8.0	63.9
Non-controlling interests		0.0	0.0	0.2
Total comprehensive income for the period attributable to				
Shareholders of parent company		11.4	3.1	18.6
Non-controlling interests		0.0	0.0	0.2
Total		11.4	3.1	18.8
Earnings per share for result attributable to shareholders of parent company (EUR/share)		0.08	0.02	0.19

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	Note	As of March 31 2014	As of March 31 2013	As of December 31 2013
ASSETS				
Non-current assets				
Goodwill		12.7	12.7	12.7
Other intangible assets		23.6	14.4	22.6
Tangible assets	4	809.3	885.3	833.8
Investments in associated companies and joint ventures		193.4	182.9	208.7
Available for sale investments	8	228.3	250.9	233.8
Other non-current financial assets	6,8	15.5	27.9	15.3
Deferred tax receivables		10.7	9.3	10.5
		1,293.5	**1,383.4**	**1,337.4**
Current assets				
Inventories		343.2	302.7	332.9
Accounts receivables and other receivables	6,8	452.9	503.3	413.8
Cash and cash equivalents	8	16.3	340.3	12.9
		812.4	**1,146.3**	**759.6**
Assets classified as held for sale			0.2	
Total assets		**2,105.9**	**2,529.9**	**2,097.0**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Equity attributable to shareholders of parent company		861.0	834.2	849.6
Non-controlling interests		0.0	4.9	0.0
Total equity		**861.0**	**839.1**	**849.6**
Non-current liabilities				
Deferred tax liabilities		78.6	114.2	84.5
Post-employment benefit obligations		92.7	87.8	92.6
Provisions	5	19.2	19.6	8.6
Borrowings	8	671.8	211.9	647.9
Other liabilities	8	13.8	21.5	11.0
		876.1	**455.0**	**844.6**
Current liabilities				
Provisions	5	15.9	32.9	28.4
Current borrowings	6,8	48.7	813.3	53.4
Accounts payable and other liabilities	6,8	304.2	389.6	321.0
		368.8	**1,235.8**	**402.8**
Total liabilities		**1,244.9**	**1,690.8**	**1,247.4**
Total shareholders' equity and liabilities		**2,105.9**	**2,529.9**	**2,097.0**

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Equity attributable to shareholders of parent company							
EUR million	Note	Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 1 January 2013		557.9	35.9	174.0	284.8	-201.9	850.7	5.5	856.2
Comprehensive income for the period									
Result for the period						8.0	8.0	0.0	8.0
Other comprehensive income net of tax total			7.6	-12.5			-4.9	0.0	-4.9
Comprehensive income total			**7.6**	**-12.5**		**8.0**	**3.1**	**0.0**	**3.1**
Share based payments						0.0	0.0		0.0
Related party transactions									
Dividends paid						-19.7	-19.7	-0.5	-20.2
Shareholders' equity, 31 March 2013		**557.9**	**43.5**	**161.5**	**284.8**	**-213.5**	**834.2**	**4.9**	**839.1**

		Equity attributable to shareholders of parent company							
EUR million	Note	Share capital	Trans-lation differ-ences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-control-ling inter-ests	Total
Shareholders' equity, 1 January 2014		557.9	25.9	142.0	284.8	-161.0	849.6	0.0	849.6
Comprehensive in-come for the period									
Result for the period						24.8	24.8	0.0	24.8
Other comprehensive income net of tax total			-3.5	-9.0		-0.9	-13.4		-13.4
Comprehensive in-come total			**-3.5**	**-9.0**		**23.9**	**11.4**	**0.0**	**11.4**
Share based payments						0.0	0.0		0.0
Related party transactions									
Dividends paid									
Shareholders' equity, 31 March 2014		**557.9**	**22.4**	**133.0**	**284.8**	**-137.1**	**861.0**	**0.0**	**861.0**

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		Three months ended		Year ended	Three months ended
		March 31		December 31	
EUR million	Note	2014	2013	2013	2013
Result for the period		24.8	8.0	64.1	31.2
Total adjustments	7	4.4	28.9	73.8	7.5
Change in working capital		-55.8	-0.6	-10.8	8.2
Cash flow from operations		**-26.7**	**36.3**	**127.1**	**46.9**
Net financial items	7	8.5	6.9	-45.6	-14.2
Income taxes paid		-0.8	1.0	0.7	0.3
Net cash flow from operating activities		**-19.0**	**44.2**	**82.2**	**33.0**
Acquisition of other shares				-1.5	
Investments in intangible and tangible assets		-4.6	-9.2	-60.5	-22.7
Disposals and other items	7	29.4	23.9	-333.5	6.3
Net cash flow from investing activities		**24.8**	**14.7**	**-395.5**	**-16.4**
Aquisition of interest in a subsidiary from non-controlling interest				-0.1	-0.1
Changes in non-current loans and in other financial items		-2.3	-146.6	-81.7	-16.4
Dividends paid			-0.5	-20.2	
Net cash flow from financing activities		**-2.3**	**-147.1**	**-102.0**	**-16.5**
Changes in cash and cash equivalents		**3.5**	**-88.2**	**-415.3**	**0.1**
Cash and cash equivalents at beginning of period		12.9	428.5	428.5	12.9
Translation difference in cash and cash equivalents		-0.1	0.0	-0.3	-0.1
Changes in cash and cash equivalents		3.5	-88.2	-415.3	0.1
Cash and cash equivalents at end of period		**16.3**	**340.3**	**12.9**	**12.9**

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

NOTE 1 – BACKGROUND AND BASIS OF PREPARATION

Metsä Board Corporation and its subsidiaries comprise a forest industry group whose main product areas are fresh forest fiber cartonboards, office papers and special papers. Metsä Board Corporation, the parent company, is domiciled in Helsinki and the registered address of the company is Revontulenpuisto 2, 02100 Espoo, Finland. Metsä Board's ultimate parent company is Metsäliitto Cooperative.

This unaudited interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2013 IFRS financial statements. The same accounting policies have been applied as in the 2013 IFRS financial statements with the following exception:

Depreciation of machinery and equipment during the financial year has been specified further between the quarters where applicable in order to correspond with the allocation of the use of the economic benefit of the asset.

The Group has adopted the following new standards, amendments to existing standards and interpretations on 1 January 2014:

IFRS 10 Consolidated Financial Statements and subsequent amendments: IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard did not have any impact on consolidated financial statements.

IFRS 11 Joint Arrangements and subsequent amendments: In the accounting of joint arrangements IFRS 11 focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. In future jointly controlled entities are to be accounted for using only one method, equity method, and the other alternative, proportional consolidation is no longer allowed. The new standard did not have any impact on consolidated financial statements.

IFRS 12 Disclosures of Interests in Other Entities and subsequent amendments: IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including associates, joint arrangements, structured entities and other off-balance sheet vehicles. The new standard will expand the notes the Group provides for its interests in other entities.

IAS 28 Investments in Associates and Joint Ventures (revised 2011): Following the issue of IFRS 11 the revised IAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted.

Amendments to IAS 32 Financial Instruments: Presentation: The amendments provide clarifications on the application of presentation requirements for offsetting financial assets and financial liabilities on the statement of financial position and give more related application guidance.

Amendments to IAS 36 Impairment of Assets: The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement: The amendments made to IAS 39 provide an exception to the requirement to discontinue hedge accounting in certain circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

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

This interim report was authorized for issue by the Board of Directors of Metsä Board on 13 May 2014.

NOTE 2 – SEGMENT INFORMATION

The Corporate Management Team is the chief operational decision-maker, which monitors the business operations based on the operating segments.

Metsä Board Corporation renewed its management and reporting structure as of 1 January 2014 to better reflect the company's strategy and to create a better platform for growth in the folding boxboard and kraftliner businesses. The company operates through two business areas which will also be the company's reporting segments from 1Q 2014 reporting onwards: Cartonboard and Linerboard and Paper.

Cartonboard business area includes Kyro, Simpele, Tako and Äänekoski folding boxboard mills, Kyro wallpaper machine and Joutseno BCTMP mill located in Finland as well as Gohrsmühle mill in Germany. Linerboard and Paper business area includes Husum mill in Sweden as well as Kemi kraftliner and Kaskinen BCTMP mills in Finland.

Accounting for the 24.9 per cent ownership in Metsä Fibre Oy will remain unchanged. The associated company result of Metsä Fibre will continue to be allocated to business segments based on their respective pulp consumption. About 60 per cent of the result impact of Metsä Fibre ownership is expected to be booked in Linerboard and Paper business area and the rest in the Cartonboard business area.

The sales of the reportable operating segments are mainly generated by sales of board and paper, but Linerboard and Paper operating segment includes sales of pulp to external customers.

The accounting principles for the segment information are equal to those of the Group and all inter-segment sales are based on market prices.

Segment sales

	Three months ended March 31 2014			Three months ended March 31 2013		
EUR million	External	Internal	Total	External	Internal	Total
Cartonboard	213.7	0.0	213.7	221.4	0.0	221.4
Linerboad and Paper	268.3	2.3	270.6	288.3	0.0	288.3
Other operations	19.2	51.5	70.7	25.3	50.9	76.2
Elimination of intersegment sales		-53.8	-53.8		-50.9	-50.9
Total sales	501.2	0.0	501.2	535.0	0.0	535.0

	Year ended December 31 2013		
EUR million	External	Internal	Total
Cartonboard	867.4	0.1	867.5
Linerboad and Paper	1,065.6	9.4	1,075.0
Other operations	86.3	214.6	300.9
Elimination of inter-segment sales		-224.1	-224.1
Total sales	2,019.3	0.0	2,019.3

Operating result by operating segments

EUR million	Three months ended March 31 2014	2013	Year ended December 31 2013
Cartonboard	17.6	19.8	61.7
Linerboad and Paper	20.1	15.1	53.1
Other operations	5.8	-0.1	-1.2
Operating result total	43.5	34.8	113.6
Share of profit from associated companies	0.0	0.0	0.1
Finance costs, net	-17.5	-26.3	-55.9
Income taxes	-1.2	-0.5	6.3
Result for the period	24.8	8.0	64.1

Other operations include non-recurring items total EUR +5.2 million, EUR +7.4 million in operating result and EUR -2.2 in financial items. Metsä Board recognized EUR 24.8 million gain on sale related to divestment of property in Lielahti, Tampere to the City of Tampere for EUR 26 million. The Court of Arbitration had its judgment on 11 February 2014 related to the arbitration proceedings raised by UPM-Kymmene on 2 November 2012. Other operations include EUR 17.4 million expenses in operating result and EUR -2.2 million in financial items related to the judgment.

Assets by operating segments

EUR million	Three months ended March 31 2014	2013	Year ended December 31 2013
Cartonboard	756.4	753.9	752.0
Linerboad and Paper	944.2	983.2	930.2
Other operations	330.4	386.6	366.1
Elimination	-63.8	-57.0	-66.7
Unallocated	138.7	463.2	115.4
Total	2,105.9	2,529.9	2,097.0

Segment assets include goodwill, other intangible assets, tangible assets, investments in associated companies, inventories, accounts receivables and prepayments and accrued income (excl. interest and income tax items).

Due to the disposal of the holding in Metsä Group Treasury Oy to Metsäliitto Cooperative in September 2013 have Other operations' and unallocated assets decreased significantly.

NOTE 3 – INCOME TAXES

Tax expense in the interim condensed combined income statement is comprised of the current tax and deferred taxes. Income taxes for the three months ended 31 March 2014 and 2013 and for the year ended 31 December 2013 are as follows. The change in the Finnish corporate tax rate from 24.5 per cent to 20 per cent reduced deferred tax liabilities for the previous quarter by EUR 0.8 million. In addition, approximately EUR 7.1 million was recognised as deferred tax receivables from the previous quarter's tax losses and provisions.

EUR million	Three months ended March 31 2014	2013	Year ended December 31 2013
Taxes for the current period	4.2	2.4	5.3
Taxes for the prior periods	0.0	0.0	-2.1
Change in deferred taxes	-3.0	-1.9	-9.5
Total income taxes	1.2	0.5	-6.3

NOTE 4 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The following shows the components of changes in property, plant and equipment for the three months ended 31 March 2014 and 2013 and for the year ended 31 December 2013:

EUR million	Three months ended March 31 2014	2013	Year ended December 31 2013
Carrying value at beginning of period	833.8	894.4	894.4
Capital expenditure	4.7	8.3	52.9
Decreases	-1.3	-0.1	-5.9
Depreciation, amortization and impairment losses	-25.0	-25.9	-98.4
Translation difference	-2.9	8.6	-9.2
Carrying value at end of period	**809.3**	**885.3**	**833.8**

NOTE 5 – PROVISIONS

The following is a summary of changes Metsä Board's provisions during the three months ended 31 March 2014.

EUR million	Restructuring	Environmental obligations	Other provisions	Total
At 1 January 2014	**6.7**	**20.0**	**10.3**	**37.0**
Translation differences	0.0	-0.1	-0.1	-0.2
Increases	0.0	0.0	0.2	0.2
Utilized during the year	-0.4	-0.9	-0.6	-1.9
Unused amounts reversed	0.0	0.0	0.0	0.0
At 31 March, 2014	**6.3**	**19.0**	**9.8**	**35.1**

The non-current portion of provisions was some EUR 19.2 million and the current portion some EUR 15.9 million, total provisions being EUR 35.1 million. The non-current portion is estimated to be paid mainly by the end of the year 2017.

NOTE 6 – RELATED PARTY TRANSACTIONS

Metsä Board's Board of Directors, the Corporate Management Team, Metsäliitto Cooperative and its subsidiaries and Metsä Board's associated companies are considered related parties. Metsä Board enters into a significant number of transactions with related parties for the purchases of inventory, sale of goods, corporate services as well as financial transactions. Product and service transfers and interest between Metsä Board and the related parties have been made at arm's length prices.

Transactions between Metsä Board and related parties for the three months ended 31 March 2014 and 2013 and for the year ended 31 December 2013 are as follows:

Transactions and balances with parent and sister companies

EUR million	Three months ended March 31 2014	2013	Year ended December 31 2013
Sales	17.5	18.4	76.2
Other operating income	1.4	1.0	5.6
Purchases	180.1	182.3	714.3
Share of result from associated companies	10.7	8.5	37.1
Interest income	0.0	1.4	4.7
Interest expenses	0.3	0.3	1.8
Non-current receivables	3.8	3.8	3.8
Current receivables	125.4	136.3	101.3
Non-current liabilities	0.0	0.0	0.0
Current liabilities	76.0	405.2	81.2

Metsä Fibre's net result is included within operating result line item "Share of result from associated companies" and transactions with Metsä Fibre are included in transactions with sister companies.

Metsä Fibre paid a dividend of EUR 24.9 million to Metsä Board during the three months ended 31 March 2014.

Due to the disposal of the holding in Metsä Group Treasury Oy to Metsäliitto Cooperative in September 2013 current receivables and liabilities have decreased. The disposal of the holding in Metsä Group Treasury Oy decreased also the level of non-controlling interests by some EUR 5.2 million.

Transactions with associated companies and joint ventures

EUR million	Three months ended March 31 2014	2013	Year ended December 31 2013
Sales	0.0	0.0	0.2
Purchases	1.6	1.7	7.0
Non-current receivables	0.3	0.3	0.3
Current receivables	0.0	0.1	0.2
Current liabilities	1.0	3.9	0.9

NOTE 7 – NOTES TO CONSOLIDATED CASH FLOW STATEMENT

Adjustments to the result for the period

EUR million	Three months ended March 31 2014	2013	Year ended December 31 2013	Three months ended December 31 2013
Taxes	1.2	0.5	-6.3	-12.1
Depreciation, amortization and impairment charges	25.7	26.6	101.3	26.2
Share of result from associated companies and joint ventures	-10.8	-8.5	-37.2	-11.6
Gains and losses on sale of fixed assets	-26.6	-2.4	-10.6	-6.6
Finance costs, net	17.5	26.3	55.9	11.5
Provisions	-2.8	-13.6	-29.3	0.1
Total	4.4	28.9	73.8	7.5

Net financial items

Net financial items in consolidated cash flow statement for three months ended 31 March 2014 include a dividend of EUR 24.9 million paid by Metsä Fibre.

Disposals and other items

Three months ended 31 March 2014 Disposals and other items, EUR 29.4 million, include EUR 29.4 million disposals. The most significant disposals were disposals of property in Finland EUR 26.8 million and disposal of emission rights and electricity certificates EUR 2.7 million.

NOTE 8 – FINANCIAL INSTRUMENTS

Financial assets and liabilities classified according to IAS 39 for the three months ended 31 March 2014:

Financial assets 31 March 2014

EUR million	Fair value through profit&loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Available for sale financial assets		228.3				228.3	228.3
Other non-current financial assets			15.5			15.5	15.5
Accounts receivables and other receivables			452.6			452.6	452.6
Cash and cash equivalent			16.3			16.3	16.3
Derivative financial instruments	0.0			0.0		0.0	0.0
Total financial assets	0.0	228.3	484.3	0.0		712.6	712.6

Financial liabilities 31 March 2014

EUR million	Fair value through profit&loss	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Non-current interest-bearing financial liabilities			671.8	671.8	681.8
Other non-current financial liabilities			2.9	2.9	2.9
Current interest-bearing financial liabilities			48.7	48.7	50.1
Accounts payable and other financial liabilities			260.6	260.6	260.6
Derivative financial instruments	2.6	18.3		20.9	20.9
Total financial liabilities	2.6	18.3	984.0	1,004.9	1,016.3

Financial assets and liabilities classified according to IAS 39 for the three months ended 31 March 2013:

Financial assets 31 March 2013

EUR million	Fair value through profit&loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Available for sale financial assets		250.9				250.9	250.9
Other non-current financial assets			13.5			13.5	13.5
Accounts receivables and other receivables			497.3			497.3	497.3
Cash and cash equivalent	10.0		330.3			340.3	340.3
Derivative financial instruments	15.8			2.8		18.6	18.6
Total financial assets	25.8	250.9	841.1	2.8		1,120.6	1,120.6

Financial liabilities 31 March 2013

EUR million	Fair value through profit&loss	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Non-current interest-bearing financial liabilities			211.9	211.9	221.0
Other non-current financial liabilities			0.3	0.3	0.3
Current interest-bearing financial liabilities			813.2	813.2	816.4
Accounts payable and other financial liabilities			338.6	338.6	338.6
Derivative financial instruments	22.1	9.4		31.5	31.5
Total financial liabilities	22.1	9.4	1,364.0	1,395.5	1,407.8

Accounts receivables and other receivables do not include advance payments, deferred tax receivable and periodizations of employee costs.

Accounts payable and other financial liabilities do not include advance payments, deferred tax liability and periodizations of employee costs.

In Metsä Board all interest-bearing liabilities are valued in the balance sheet at amortised cost based on effective interest method. Interest bearing receivables are classified according to the IAS standards. Fair values in the table are based on present value of cash flow of each liability or assets calculated by market rate. The discount rates applied are between 1.0– 4.1 per cent (0.2–5.4).

Fair value hierarchy of financial assets and liabilities three months ended 31 March 2014

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Financial assets at fair value through profit or loss, non-current				0.0
Available for sale financial assets	0.4		227.9	228.3
Financial assets at fair value through profit or loss, current				0.0
Derivative financial assets				0.0
Financial liabilities measured at fair value				
Derivative financial liabilities	13.7	7.2		20.9
Financial assets not measured at fair value				
Cash and cash equivalent		16.3		16.3
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		681.8		681.8
Current interest-bearing financial liabilities		50.1		50.1

Fair value hierarchy of financial assets and liabilities three months ended 31 March 2013

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Financial assets at fair value through profit or loss, non-current				0.0
Available for sale financial assets	0.3		250,6	250.9
Financial assets at fair value through profit or loss, current	10.0			10.0
Derivative financial assets		18.6		18.6
Financial liabilities measured at fair value				
Derivative financial liabilities	0.6	30.9		31.5
Financial assets not measured at fair value				
Cash and cash equivalent		320.2		320.2
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		221.1		221.1
Current interest-bearing financial liabilities		816.4		816.4

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

	Three months ended March 31	
EUR million	2014	2013
Opening balance	233.5	269.3
Total gains and losses in profit or loss	0.0	0.0
Total gains and losses in other comprehensive income	-5.6	-18.7
Purchases	0.0	0.0
Settlements	0.0	0.0
Closing balance	227.9	250.6

Financial assets and liabilities measured at fair value have been categorized according to IFRS 7

Level 1 Fair value is based on quoted prices in active markets

Level 2 Fair value is determined by using valuation techniques that use observable price information from market

Level 3 Fair value are not based on observable market data, but company's own assumptions

The fair values of electricity and natural gas derivatives are determined by using public price quotations in an active market (Level 1).

The fair values of currency forwards and options are determined by using the market prices of the closing date of the reporting period The fair values of interest rate swaps are determined by using the present value of expected payments, discounted using a risk adjusted discount rate, supported by market interest rates and other market data of the closing date of the reporting period (Level 2).

For financial instruments not traded on an open market, the fair value is determined by valuation techniques. Consideration is used when choosing the different techniques and making assumptions, which are mainly based on circumstances prevailing in the markets on each closing date of the reporting period (Level 3).

The valuation techniques are described in more detail in the Annual report.

The greatest item at fair value not traded on an open market is the investment in Pohjolan Voima shares, reported under available-for-sale financial assets. The valuation techniques are described in more detail in the Annual report. The WACC used on 31 March 2014 was 3.54 percentage (31.3.2013: 3.51) and 6.54 percentage (6.51) for the Olkiluoto 3 under construction. The acquisition cost of shares in Pohjolan Voima Oy is EUR 39.1 million (33.4) and the fair value EUR 223.7 million (246.3).

The carrying amount of available-for-sale financial assets would be estimated to be EUR one million lower or EUR one million higher should the rate used for discounting the cash flows differ by 10% from the rate estimated by the management. The carrying amount of available-for-sale financial assets would be estimated to be EUR 26.8 million higher or EUR 26.8 million lower should, if energy prices used for calculating the fair value differ by 10% from prices estimated by the management.

Derivatives 31 March 2014

EUR million	Nominal value	Fair value			Fair value		
		Assets	Liabilities	Total	Fair value hedges	Cash flow hedges	Derivatives/hedge accounting not applied
Interest forward agreements							
Interest rate options							
Interest rate swaps	277.2		3.4	-3.4	2.7	-6.2	
Interest rate derivatives	277.2		3.4	-3.4	2.7	-6.2	
Currency forward agreements	383.7		1.5	-1.5		-1.2	-0.3
Currency option agreements	87.7		-0.1	0.1			0.1
Currency swap agreements	43.6		2.4	-2.4			-2.4
Currency derivatives	515.0		3.8	-3.8		-1.2	-2.6
Electricity derivatives	67.8		13.7	-13.7		-13.7	
Pulp derivatives							
Other commodity derivatives							
Commodity derivatives	67.8		13.7	-13.7		-13.7	0.0
Derivatives total	860.0		20.9	-20.9	2.7	-21.0	-2.6

Derivatives 31 March 2013

EUR million	Nominal value	Fair value			Fair value			
		Assets	Liabilities	Total	Fair value hedges	Cash flow hedges	Equity hedges	Derivatives/hedge accounting not applied
Interest forward agreements								
Interest rate options								
Interest rate swaps	1,893.1	14.6	23.4	-8.8	-1.2	-7.6		
Interest rate derivatives total	1,893.1	14.6	23.4	-8.8	-1.2	-7.6		
Currency forward agreements	1,227.4	4.3	2.0	2.3		2.9	-0.1	-0.5
Currency option agreements	69.3	-0.3		-0.3				-0.3
Currency swap agreements	46.9		0.7	-0.7				-0.7
Currency derivatives total	1,343.6	4.0	2.7	1.3		2.9	-0.1	-1.5
Electricity derivatives	113.5		5.4	-5.4		-0.6		-4.8
Pulp derivatives								
Other commodity derivatives								
Commodity derivatives total	113.5	0.0	5.4	-5.4		-0.6		-4.8
Derivatives total	3,350.2	18.6	31.5	-12.9	-1.2	-5.3	-0.1	-6.3

NOTE 9 – COMMITMENTS AND GUARANTEES

The following shows securities and guarantees for the three months ended 31 March 2014 and 2013 and for the year ended 31 December 2013:

EUR million	Three months ended March 31 2014	2013	Year ended December 31 2013
Liabilities secured by pledges, real mortgages and chattel mortgages	214.3	186.5	582.3
Pledges granted	101.2	160.6	535.3
Floating charges	3.0	3.0	603.0
Real estate mortgages	232.8	152.8	832.8
Total pledges and mortgages	337.0	316.4	1,971.1
As security for other own commitments	31.4	27.5	31.3
On behalf of associated companies and joint ventures	0.3	0.2	0.3
On behalf of others	0.1	3.2	0.1
Total	368.8	347.3	2,002.8

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

The decrease of commitments is related to the fact, that Metsä Board Corporation issued in March 2014 a EUR 225 million senior unsecured bond. The bond matures on 13 March 2019, Metsä Board has also signed an agreement on a new unsecured syndicated credit facility in March 2014. The new facility consists of a EUR 150 million term loan facility and a EUR 100 million revolving credit facility, both maturing in March 2018.

The proceeds of the new loan arrangements were mainly used to prepay the existing EUR 350 million secured term loan maturing in March 2016. The new revolving credit facility replaced the undrawn EUR 100 million secured revolving credit facility maturing in May 2015.

Open derivative contracts

	Three months ended March 31		Year ended December 31
EUR million	**2014**	**2013**	**2013**
Interest rate derivatives	277.2	1,893.1	277.2
Currency derivatives	515.0	1,343.6	508.0
Other derivatives	67.8	113.5	76.5
Total	860.0	3,350.2	861.7

The fair value of open derivative contracts calculated at market value at the end of the review period was EUR -20.9 million (EUR -14.9 million 31 December 2013 and EUR -12.9 million 31 March 2013). The disposal of the holding in Metsä Group Treasury Oy in September 2013 also decreased substantially the amount of derivative contracts.