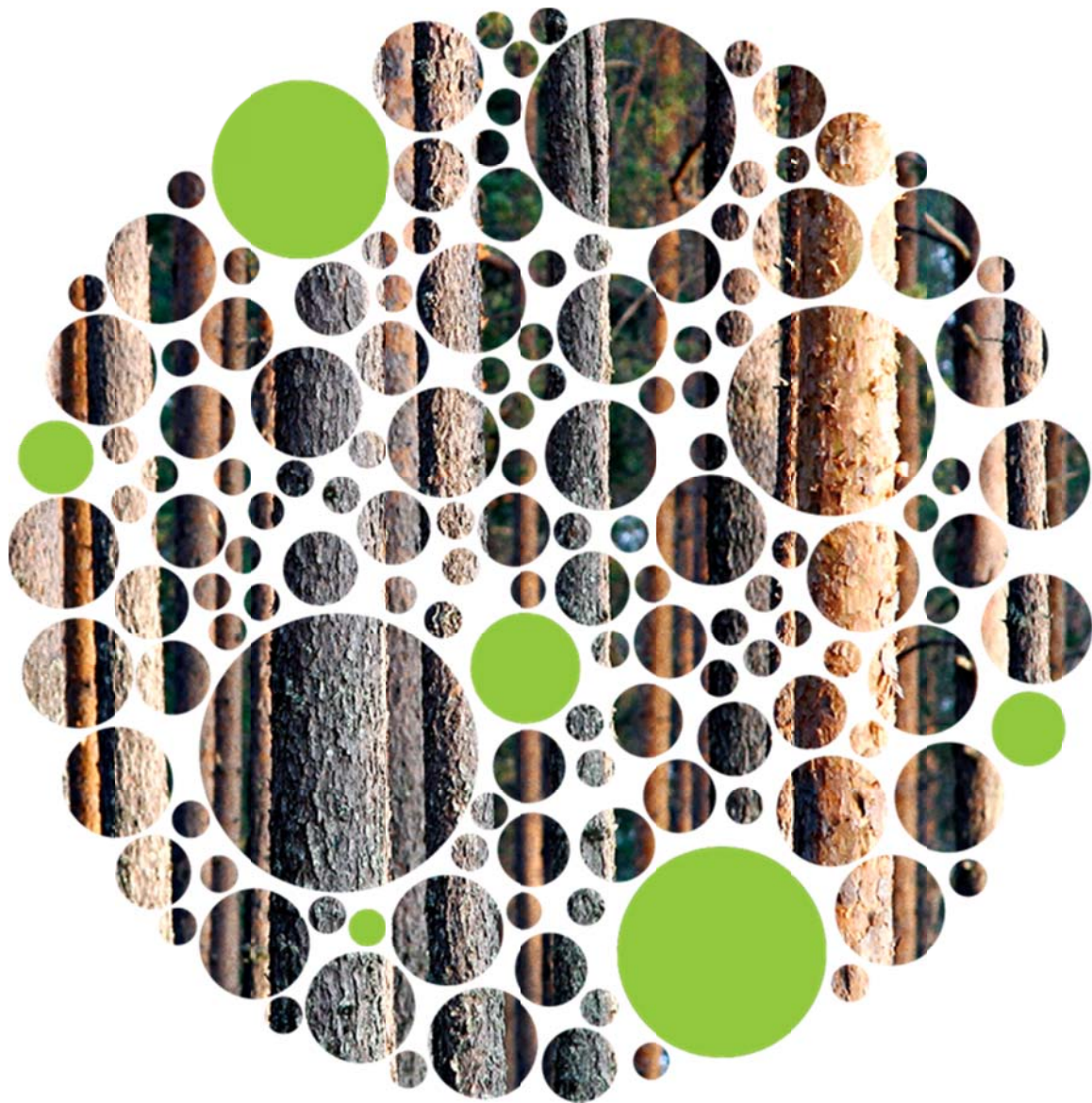




**METSÄ GROUP
INTERIM REPORT**

JANUARY–MARCH 2015



METSÄ GROUP'S OPERATING RESULT FOR JANUARY–MARCH 2015 EXCLUDING NON-RECURRING ITEMS WAS EUR 129 MILLION

RESULT FOR JANUARY–MARCH

- Sales were EUR 1,255 million (1–3/2014: EUR 1,254 million).
- Operating result excluding non-recurring items was EUR 129 million (105). Operating result including non-recurring items was EUR 118 million (70).
- Result before taxes excluding non-recurring items was EUR 117 million (80). Result before taxes including non-recurring items was EUR 106 million (37).
- Return on capital employed excluding non-recurring items was 13.5 per cent (12.3).
- Cash flow from operations was EUR 67 million (-32).

EVENTS DURING THE FIRST QUARTER

- Profitability for pulp industry improved considerably as a result of the higher euro-denominated prices of pulp.
- The demand for paperboard continued to be at a good level, and prices were stable.
- Metsä Fibre signed letters of intent with Valmet Corporation and Andritz Oy on the main equipment deliveries for the Äänekoski bioproduct mill, and with Sweco Industry Oy and Sweco Rakennetekniikka Oy on the planning of the project implementation.
- Metsä Board completed a EUR 100 million share issue in March. The funds will be used to finance the final steps of the company's transformation.
- Standard & Poor's Ratings Services raised Metsä Board's credit rating by two notches, from B+ to BB. The outlook of the rating is stable.
- The sale of Metsä Wood's UK-based pole business Burt Boulton and Haywood Ltd. was finalised in February.
- The Supervisory Board of Metsäliitto Cooperative has decided to propose to the Representative Council, convening today, that interest of 5.5 per cent (5.5 + 1.0 per cent for 2013) be paid on the statutory capital for 2014. Interest of 5.0 per cent (5.0) is proposed for additional members' capital A, and interest of 4.5 per cent (4.5) for additional members' capital B.

EVENTS AFTER THE PERIOD

- In April, the Ministry for Employment and the Economy granted EUR 32.1 million as an investment subsidy for renewable energy for the bioproduct mill.
- In April, Metsä Group announced its decision to build a bioproduct mill in Äänekoski.
- Petri Helsky started on 16 April as Metsä Tissue's CEO.
- Metsä Group announced it would sell 30.13 per cent of Finsilva Oyj's shares to a fund managed by Dasos Capital Oy. After the transaction, Metsä Group's holding in Finsilva will be 19.8 per cent.
- On 29 April, Metsä Board announced it would sell Metsä Board Zanders GmbH to mutares AG's fully owned holding company and its partner company. The transaction is contingent on the approval of the German competition authorities and is expected to take place by the end of May 2015.

NEAR-TERM OUTLOOK

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

"The development of Metsä Group's business operations was steady in the first quarter. The operating result excluding non-recurring items improved and was at the highest level in four years. Underlying the positive performance development is our long-term work to improve efficiency and productivity. In the past quarter, the result was also supported by exchange rates.

Our investments to strengthen our core businesses are progressing well. In April, we announced that we will build a bioproduct mill in Äänekoski, to be completed in the third quarter of 2017. Metsä Board's share issue, completed in March, enables us to further develop the paperboard business at the Husum mill in Sweden.

The economic situation in Finland and Europe continues to be challenging, which creates uncertainty and weakens growth opportunities for companies. The recently elected Finnish Parliament will play a key role in recovering economic growth and improving competitiveness in our country. Hopefully, the new government will have the courage to implement policies with the long-term view in mind and make constructive decisions

that support the Finnish business environment and the export industries.”

Kari Jordan, President & CEO

KEY FIGURES

Income statement, EUR million	2015 1–3	2014 1–3	2014 1–12
Sales	1 255.1	1 254.3	4 970.3
Other operating income	15.4	36.1	170.3
Operating expenses	-1 083.2	-1 152.5	-4 447.5
Depreciation and impairment losses	-69.4	-68.2	-276.2
Operating result	117.8	69.7	416.9
Share of results from associated companies and joint ventures	6.1	7.4	16.4
Exchange gains and losses	3.5	-2.1	2.7
Other net financial items	-21.3	-37.8	-106.1
Result before income tax	106.1	37.2	329.9
Income tax	-17.5	-5.4	-69.7
Result for the period	88.6	31.8	260.3

Profitability	2015 1–3	2014 1–3	2014 1–12
Operating result, EUR million	117.8	69.7	416.9
- " -, excluding non-recurring items	128.6	105.1	418.1
- " -, % of sales	10.2	8.4	8.4
Return on capital employed, %	12.5	8.0	11.1
- " -, excluding non-recurring items	13.5	12.3	11.4
Return on equity, %	16.7	6.5	13.0
- " -, excluding non-recurring items	18.8	15.4	13.4

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

SEGMENTS

Sales and Operating result 1–3/2015, EUR million	Wood Supply and Forest Services	Wood Products Industry	Pulp Industry	Paperboard Industry	Tissue and Cooking Papers
Sales	411.8	209.4	330.4	525.7	253.7
Other operating income	2.5	1.0	7.2	8.0	1.1
Operating expenses	-404.7	-195.7	-237.4	-464.5	-239.8
Depreciation and impairment losses	-0.9	-6.8	-21.4	-26.1	-9.9
Operating result	8.7	7.9	78.7	43.1	5.1
Non-recurring items	-	-	-	0.1	10.7
Operating result excluding non-recurring items	8.7	7.9	78.7	43.2	15.8
- " -, % of sales	2.1	3.8	23.8	8.2	6.2

Metsä Group is a responsible forest industry group whose products' main raw material is renewable wood from sustainably managed northern forests. Metsä Group focuses on tissue and cooking papers, fresh forest fibre paperboards, pulp, wood products, and wood supply and forest services. Its high-quality products combine renewable raw materials, customer-orientation, sustainable development and innovation. Metsä Group's sales totalled EUR 5 billion in 2014, and it employs approximately 10,500 people. The Group operates in some 30 countries. Metsäliitto Cooperative is the parent company of Metsä Group, and it is owned by approximately 122,000 Finnish forest owners.

THE INTERIM REPORT IS UNAUDITED**INTERIM REPORT 1 JANUARY–31 MARCH 2015****SALES AND RESULT**

Metsä Group's sales for the first quarter of 2015 were EUR 1,255.1 million (1–3/2014: EUR 1,254.3 million).

Operating result excluding non-recurring items was EUR 128.6 million (105.1), or 10.2 per cent of sales (8.4). The operating result improved compared to the previous year due to the weakening of the euro against the main export currencies, in particular the US dollar. Currency hedges decreased the positive impact of exchange rates.

Non-recurring items included in Metsä Group's operating result totalled EUR -10.8 million net (-43.0). The majority, EUR 10.7 million, were provisions and write-offs related to Metsä Tissue's Russian operations.

The operating result including non-recurring items was EUR 117.8 million (69.7). The share of the results of associated companies and joint ventures was EUR 6.1 million (7.4), financial income stood at EUR 1.2 million (1.8), exchange gains on financial items totalled EUR 3.5 million (-2.1) and financial expenses amounted to EUR 22.5 million (39.6). The financial expenses in the comparison period include a non-recurring item of EUR 7.6 million related to the damages paid to UPM-Kymmene Corporation and an expense of approximately EUR 6 million related to the early repayment of Metsä Board's loans.

The result before taxes was EUR 106.1 million (37.2), and taxes, including changes in deferred tax liabilities, totalled EUR 17.5 million (5.4). The net result for the review period was EUR 88.6 million (31.8).

Excluding non-recurring items, Metsä Group's return on capital employed was 13.5 per cent (12.3) and the return on equity was 18.8 per cent (15.4). Including non-recurring items, the return on capital employed was 12.5 per cent (8.0) and the return on equity was 16.7 per cent (6.5).

BALANCE SHEET AND FINANCING

Metsä Group's liquidity is good. Total liquidity at the end of March was EUR 1,759.5 million (31 December 2014: 1,725.0). This consisted of EUR 982.0 million (947.9) of liquid assets and investments and EUR 777.5 million (777.1) of committed credit facility agreements not included in the balance sheet.

The Group's liquidity reserve is complemented by uncommitted commercial paper programmes and credit facilities amounting to EUR 170.6 million (31 December 2014: 173.3).

The Group's equity ratio at the end of March was 39.0 per cent and net gearing was 41 per cent (31 December 2014: 37.9 per cent and 46 per cent, respectively). Interest-bearing net liabilities stood at EUR 886.9 million (31 December 2014: 938.2).

Cash flow from operations amounted to EUR 67.4 million (1–3/2014: -32.2). During the first quarter of the year, EUR 127.1 million was tied up in working capital (141.1).

The equity ratio of the parent company Metsäliitto Cooperative was 64.6 per cent at the end of March, and its net gearing was 12 per cent (31 December 2014: 63.0 per cent and 12 per cent, respectively).

During the first quarter, Metsäliitto Cooperative's members' capital increased by a total of EUR 13.2 million (16.4). The actual members' capital decreased by EUR 0.4 million (grew 0.1), the additional members' capital A grew by EUR 8.0 million (10.7), and the additional members' capital B grew by EUR 5.5 million (5.6). Based on the notifications received by the end of March, EUR 32.9 million (26.4) of the additional members' capital will fall due for refund on 1 July 2015.

In February, Metsä Board's Board of Directors made a decision on a share issue of approximately EUR 100 million based on the authorisation from the Annual General Meeting held on 28 March 2012. The subscription period in the share issue was 5–23 March. The issue was subscribed for in full, and the net funds received totalled approximately EUR 98 million. The funds will be used to finance measures related to the completion of the restructuring, announced on 10 December 2014.

Standard & Poor's Ratings Services raised Metsä Board's credit rating by two notches from B+ to BB. The outlook of the rating is stable. The raised credit rating does not have any impact on Metsä Board's current financial expenses.

PERSONNEL

In January–March, Metsä Group had an average of 10,333 employees (10,711). At the end of March, the Group employed 10,391 people (31 December 2014: 10,410), of whom 5,150 (5,131) were based in Finland and 5,241 (5,279) were based abroad. The parent company Metsäliitto Cooperative employed 2,507 people at the end of March (31 December 2014: 2,471).

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

MEMBERS

At the end of March, Metsäliitto Cooperative had 121,332 members (31 December 2014: 121,941). During January–March, 902 new members joined the Cooperative, and 1,511 members cancelled their membership.

INVESTMENTS

Metsä Group's capital expenditure in January–March totalled EUR 35.5 million (23.9).

BUSINESS DEVELOPMENT

After the review period, Metsä Fibre announced it would build a bioproduct mill costing approximately EUR 1.2 billion in Äänekoski. The mill will replace the existing pulp mill. The mill's annual pulp capacity will be approximately 1.3 million tonnes, which is around 800,000 tonnes higher than current production at the Äänekoski mill.

In December 2014, Metsä Board announced that it would launch new measures to complete the final steps of its transformation into a paperboard company. The company also announced that it would invest approximately EUR 170 million in a new folding boxboard machine at the Husum mill in Sweden. The production capacity of the new machine, which will start up in early 2016, will be approximately 400,000 tonnes per year. Full production capacity is expected to be reached by the end of 2016. Paper production at the Husum mill is planned to be discontinued mostly at the end of 2015 and fully by the end of 2017.

BUSINESS AREAS

Wood supply and forest services

Metsä Forest's sales in the first quarter of the year were EUR 411.8 million (1–3/2014: 434.9) and the operating result totalled EUR 8.7 million (8.6). In Finland, wood trade was steady and the sales of forest management services continued to grow favourably. The market situation for energy wood was difficult throughout the Baltic Sea region.

Metsä Forest bought all timber grades and energy wood through both standing and delivery sales. Due to the difficult harvesting conditions, the purchasing of stands for harvesting in the winter from sources other than contract customers had to be limited. At the end of the review period, in particular, demand focused on stands for summer harvesting as well as pine and birch logs.

The mild winter hindered wood harvesting in the Baltic countries as well. Despite this, the supply of pulpwood, in particular, was at a high level. In Sweden and Rus-

sia, harvesting volumes were good and the supply of wood was strong. There was slight oversupply of pulpwood throughout the review period.

Wood was harvested in Finland as targeted, and deliveries to customers' production units were carried out according to plan. In January–March, Metsä Forest delivered a total of 8.3 million cubic metres of wood (8.4) to its customers.

Forest owners expressed interest in the forest planning smartphone application introduced to the market at the turn of the year. Preparation for the implementation of electronic wood trade and sales of forest management services continued. The services will be implemented in the second quarter of the year.

Wood products industry

Metsä Wood's sales for the first quarter of 2015 were EUR 209.4 million (1–3/2014: 221.9). The operating result excluding non-recurring items was EUR 7.9 million (8.6).

The comparable delivery volumes remained nearly at the level of last year's comparison period. The development of operative profitability continued to be favourable, supported in particular by the development of raw material prices and decreased labour costs.

Deliveries of spruce sawn timber picked up compared to the corresponding period in the previous year, whereas deliveries of pine sawn timber decreased. The average delivery prices of sawn timber decreased slightly from the first quarter of last year. As a result, the profitability of sawing weakened, despite the decreased price of raw materials. The decline in the average delivery price was mitigated by the weakening of the euro compared to the main export currencies. Demand for upgraded sawn timber products in Great Britain remained brisk, despite the continued price competition in the market. In France, the market situation for upgrading continued to be weak.

Sales of construction and industrial products decreased from last year's comparison period. The delivery volumes of Kerto[®] were lower than in the comparison period, whereas plywood deliveries continued to be steady. The market balance in construction panels in Europe continued to be favourable, and the average price of deliveries was slightly higher than in the comparison period.

The labour negotiations initiated in February to adjust production at the Kerto[®] mills in Punkaharju and Lohja were concluded in March. As a result of the negotiations, the decision was made to temporarily lay off the workers of both mills for one week in April.

At the end of March, Metsä Wood began operations at its new Customer Service Centre (CSC) in Lohja, focusing on the management of the sales and supply chain, as part of the project aiming to simplify and streamline the supply chain.

Pulp industry

Metsä Fibre's sales in January–March were EUR 330.4 million (1–3/2014: 329.0).

The sales volume of pulp decreased by approximately 4 per cent and amounted to 547,000 tonnes (572,000). Foreign currency-denominated market prices of pulp in Europe were, on average, 1 per cent lower for softwood pulp and 2 per cent lower for hardwood pulp than in the corresponding period in 2014. The price of softwood pulp in Europe was USD 932 per tonne at the beginning of January and USD 880 at the end of the period under review. The prices of hardwood pulp were USD 743 and USD 759, respectively.

The strengthening of the dollar against the euro by nearly 18 per cent, compared to the corresponding period last year, had a positive impact on sales and result. Decreased variable costs also improved the result. Metsä Fibre's operating result amounted to EUR 78.7 million (1–3/2014: 54.9).

Metsä Fibre made a decision on the investment in a new malodorous gas boiler at the Rauma mill. The capacity of the new boiler is higher than before, and thus the investment will reduce the malodorous gas emissions during interruptions at the mill. The boiler will be commissioned in autumn 2015.

The preliminary planning preceding the bioproduct mill investment decision was completed on schedule in January 2015. The Regional State Administrative Agency (AVI) of Western and Inland Finland granted an environmental and water intake permit to the mill in January. The permit became legally valid in April.

In February, Metsä Fibre signed letters of intent with Valmet Corporation and Andritz Oy on the main equipment deliveries for the bioproduct mill. Sweco, with whom Metsä Fibre signed a letter of intent in March, will be responsible for planning the implementation of the project. The actual agreements will be signed after the investment decision is made.

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

Paperboard industry

Metsä Board's sales were EUR 525.7 million (1–3/2014: 501.2) and operating result excluding non-recurring items was EUR 43.2 million (36.1). Non-recurring items recognised in the operating result totalled EUR -0.1 million net (+7.4).

Compared to the previous year, the operating result excluding non-recurring items improved as a result of increased paperboard delivery volume, the strengthen-

ing of the US dollar and British pound, as well as the weakening of the Swedish krona against the euro.

The combined delivery volume of Metsä Board's folding boxboard and fresh forest fibre linerboard in January–March was 334,000 tonnes (303,000), which represents an increase of 10 per cent. The paper delivery volume was 156,000 tonnes (167,000).

Excluding non-recurring items, Metsä Board's return on capital employed was 11.0 per cent (9.9), and earnings per share were EUR 0.09 (0.06).

Metsä Board's equity ratio at the end of March was 40.8 per cent and the net gearing ratio was 34 per cent (31 December 2014: 39.2 per cent and 51 per cent, respectively).

Metsä Board completed a share issue that provided net funds of approximately EUR 98 million. The subscription period of the share issue was 5–23 March. According to the final result, a total of 38,227,779 B-series shares were subscribed for in the share issue, corresponding to 139.8 per cent of the offered 27,347,134 B-series shares. The funds received from the share issue will be used to finance the completion of the company's transformation to a paperboard company.

Metsä Board updated its long-term financial targets at the beginning of the year. The updated targets are: return on capital employed of a minimum of 12 per cent as of 2017, and a maximum net gearing ratio of 70 per cent.

Metsä Board's renewed management and reporting structure became effective at the beginning of the year. As of the first quarter of 2015, the reporting segments are Paperboard and Non-core operations.

Metsä Board's interim report was published on 7 May 2015.

Tissue and cooking papers

Metsä Tissue's sales in January–March were EUR 253.7 million (1–3/2014: 252.6).

The operating result excluding non-recurring items was EUR 15.8 million (11.8). Metsä Tissue's profitability has improved due to both the positive development of sales and the company-wide changes that have streamlined the cost structure. Pulp prices, which increased steeply due to the stronger dollar, had a negative impact on the result.

Metsä Tissue's operating result for January–March includes EUR 10.7 million of non-recurring provisions and write-offs related to its Russian operations.

In the first quarter, Metsä Tissue introduced to the Scandinavian market a softer and stronger toilet tissue grade under the Lambi brand. In Finland, renewed grades were introduced to the market in both Lambi and Serla kitchen towels. The name of SAGA Cook & Chill products was changed to SAGA Vuokapaperi in Finland.

EVENTS AFTER THE REVIEW PERIOD

Äänekoski bioproduct mill

In April 2015, Metsä Group announced its decision to build a new bioproduct plant in the current pulp mill area in Äänekoski, Finland. The investment plan was published in April 2014.

The mill's annual pulp production capacity will be 1.3 million tonnes. It will be the world's first next-generation bioproduct mill that makes it possible to convert wood raw material into a diverse range of products. In addition to high-quality pulp, the plant will produce bioenergy and various biomaterials.

The bioproduct mill will increase the share of renewable energy in Finland by approximately 2 percentage points. The plant will not use any fossil fuels. All of the energy it requires will be generated from wood. The wood raw material and production side streams will be utilised 100 per cent as products and bioenergy.

The mill will increase the consumption of pulpwood in Finland by approximately 4 million cubic metres, approximately 10 per cent, a year. The pulpwood will be procured mainly in Finland.

The construction work will begin immediately, and the mill is expected to be completed during the third quarter of 2017.

With a cost of approximately EUR 1.2 billion, the mill will be the largest investment in the history of the forest industry in Finland.

Finsilva Oyj

On 29 April 2015, Metsä Group announced it would sell 30.13 per cent of Finsilva Oyj's shares to a fund managed by Dasos Capital Oy. The transaction will have a positive impact on the second quarter results of both Metsä Group and the parent company Metsäliitto Cooperative.

After the transaction, Metsä Group's holding in Finsilva will be 19.8 per cent. The long-term contracts between Metsäliitto and Finsilva on wood sales and forest management services will remain in effect.

Gohrsmühle mill

Metsä Board has agreed to sell its 100 per cent shareholding in Metsä Board Zanders GmbH, including all liabilities related to the company, to mutares AG's fully owned holding company and its partner company. Metsä Board Zanders GmbH includes the business operations of the Gohrsmühle mill, located in Bergisch Gladbach in Germany. The Gohrsmühle mill has approximately 480 employees, and its main products are cast-coated speciality papers and label paper.

The transaction is contingent on the approval of the German competition authorities and is estimated to be completed by the end of May 2015.

Upon the completion of the transaction, Metsä Board's sales will decrease by approximately EUR 90 million yearly and the operating result will improve by approximately EUR 20 million, compared to the actual figures of 2014. It is estimated that, upon the completion of the transaction, a positive non-recurring item of approximately EUR 15 million will be recognised in Metsä Board's operating result for the second quarter of 2015.

RISKS AND UNCERTAINTIES

The estimates and statements in this interim report are based on current plans and estimates. They involve risks and uncertainties that may cause the results to differ from those expressed in such statements. In the short term, the price of and demand for end products, raw material costs, energy prices and the exchange rate development of the euro have an effect on the results of Metsä Group.

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

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

PENDING DISPUTES

In March 2011, the state enterprise Metsähallitus filed a claim for damages at the District Court of Helsinki, demanding that Metsäliitto Cooperative and two other forest industry companies jointly pay compensation for alleged damage caused by prohibited cooperation with regard to prices in the raw wood market. The claim is related to the 3 December 2009 decision by the Market Court which states that the aforementioned companies have violated the act on competition restrictions in the raw wood market. In addition, some municipalities, parishes and a group of individuals in Finland have instituted similar proceedings. The total amount of all claims that Metsäliitto Cooperative is aware of and that were directed at Metsäliitto Cooperative and the other aforementioned companies jointly is approximately EUR 202 million, of which approximately EUR 65 million is directed at Metsäliitto Cooperative alone. The aforementioned proceedings are associated with interest, value added tax claims and legal process expenses. In addition to the aforementioned claims, new

claims for damages have been filed by private individuals and entities in January 2015, the amounts of which are not yet known by Metsäliitto. Metsäliitto Cooperative's view is that the claims for damages are unfounded, and the company has not recognised any provisions regarding them.

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

NEAR-TERM OUTLOOK

In Finland, Metsä Forest actively purchases renewal stands and thinning stands for harvesting in the summer. In addition, wood from delivery contracts will be purchased from active forest owners. Sales of forest management services are forecasted to continue to grow strongly.

Sales in the wood products industry are expected to grow in the second quarter, compared to both the previous quarter and the corresponding period in the previous year. The construction outlook in the European main markets continues to be challenging. Competition is expected to continue to be fierce in the sawn timber market, which suffers from oversupply. The global demand for softwood pulp is expected to continue to grow moderately, and softwood pulp supply and demand are expected to be in balance in the near future as well. The utilisation rates of the pulp mills are expected to remain at a good level in the second quarter.

Espoo, Finland, 7 May 2015

BOARD OF DIRECTORS

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

6 August Interim Report January–June 2015
5 November Interim Report January–September 2015

The paperboard delivery volume is forecasted to increase slightly in the second quarter from the previous quarter. No material changes in the price of folding boxboard are currently in sight. Metsä Board announced an increase of EUR 40 per tonne in the price of white fresh forest fibre linerboard in Europe as of 11 May 2015.

The maintenance and investment shutdown at the Husum mill is forecasted to have a slightly negative impact on the result in the second quarter. A more extensive shutdown related to the investment programme at Husum is scheduled for the last quarter of the year.

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

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

PROPOSAL FOR INTEREST ON MEMBERS' CAPITAL

Metsäliitto Cooperative's Supervisory Board has decided to propose to the Representative Council, convening today, that interest of 5.5 per cent (5.5 + 1.0 per cent for 2013) be paid on the statutory capital for 2014. Interest of 5.0 per cent (5.0) is proposed for additional members' capital A, and interest of 4.5 per cent (4.5) for additional members' capital B.

SEGMENTS

	2015	2014	2014
	1–3	1–3	1–12
Wood Supply and Forest Services			
Sales, EUR million	411.8	434.9	1 575.0
EBITDA, EUR million	9.6	9.4	29.7
- " - excl. non-rec. items, EUR million	9.6	9.4	31.2
Depreciation and impairment, EUR million	-0.9	-0.7	-3.0
Operating result, EUR million	8.7	8.6	26.7
- " - excl. non-rec. items, EUR million	8.7	8.6	28.2
- " -, % of sales	2.1	2.0	1.8
ROCE excl. non-rec. items, %	29.6	27.9	24.7
Capital expenditure, EUR million	1.7	0.8	4.8
Personnel at end of period	907	905	887

	2015	2014	2014
	1–3	1–3	1–12
Wood Products Industry			
Sales, EUR million	209.4	221.9	896.9
EBITDA, EUR million	14.7	15.4	64.5
- " - excl. non-rec. items, EUR million	14.7	15.5	66.2
Depreciation and impairment, EUR million	-6.8	-7.7	-30.4
Operating result, EUR million	7.9	7.7	34.1
- " - excl. non-rec. items, EUR million	7.9	8.6	37.2
- " -, % of sales	3.8	3.9	4.2
ROCE excl. non-rec. items, %	9.9	10.1	11.3
Capital expenditure, EUR million	2.4	4.2	13.7
Personnel at end of period	2 216	2 446	2 249

	2015	2014	2014
	1–3	1–3	1–12
Pulp Industry			
Sales, EUR million	330.4	329.0	1 295.7
EBITDA, EUR million	100.1	75.7	289.9
- " - excl. non-rec. items, EUR million	100.1	75.7	269.5
Depreciation and impairment, EUR million	-21.4	-20.8	-62.0
Operating result, EUR million	78.7	54.9	227.9
- " - excl. non-rec. items, EUR million	78.7	54.9	207.5
- " -, % of sales	23.8	16.7	16.0
ROCE excl. non-rec. items, %	46.0	31.6	29.8
Capital expenditure, EUR million	2.9	5.4	26.0
Personnel at end of period	837	881	842

	2015	2014	2014
	1–3	1–3	1–12
Paperboard Industry			
Sales, EUR million	525.7	501.2	2 008.4
EBITDA, EUR million	69.3	69.2	242.2
- " - excl. non-rec. items, EUR million	69.7	61.8	236.2
Depreciation and impairment, EUR million	-26.1	-25.7	-125.6
Operating result, EUR million	43.1	43.5	116.5
- " - excl. non-rec. items, EUR million	43.2	36.1	136.5
- " -, % of sales	8.2	7.2	6.8
ROCE excl. non-rec. items, %	11.0	9.9	9.1
Capital expenditure, EUR million	23.9	4.7	44.2
Personnel at end of period	3 158	3 145	3 111

	2015	2014	2014
Tissue and Cooking Papers	1–3	1–3	1–12
Sales, EUR million	253.7	252.6	1 012.8
EBITDA, EUR million	15.0	21.3	100.5
- " - excl. non-rec. items, EUR million	25.2	21.3	100.9
Depreciation and impairment, EUR million	-9.9	-9.5	-38.7
Operating result, EUR million	5.1	11.8	61.8
- " - excl. non-rec. items, EUR million	15.8	11.8	62.2
- " -, % of sales	6.2	4.7	6.1
ROCE excl. non-rec. items, %	9.8	7.6	9.3
Capital expenditure, EUR million	2.1	3.9	38.0
Personnel at end of period	2 795	2 826	2 805

	2015	2014	2014
Other operations	1–3	1–3	1–12
Sales, EUR million	1.9	2.3	9.6
EBITDA, EUR million	-0.1	-42.6	-38.6
- " - excl. non-rec. items, EUR million	-0.1	-0.8	4.1
Depreciation and impairment, EUR million	-0.5	-0.5	-2.2
Operating result, EUR million	-0.6	-43.2	-40.7
- " - excl. non-rec. items, EUR million	-0.6	-1.3	1.9
Capital expenditure, EUR million	2.7	5.1	18.0
Personnel at end of period	478	502	516

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

	2015	2014	2014
Internal sales and eliminations	1–3	1–3	1–12
Sales, EUR million	-477.7	-487.5	-1 828.1
EBITDA, EUR million	-21.2	-10.6	4.9
- " - excl. non-rec. items, EUR million	-21.2	-10.6	-41.0
Depreciation and impairment, EUR million	-3.8	-3.1	-14.4
Operating result, EUR million	-25.0	-13.7	-9.5
- " - excl. non-rec. items, EUR million	-25.0	-13.7	-55.4

	2015	2014	2014
Metsä Group	1–3	1–3	1–12
Sales, EUR million	1 255.1	1 254.3	4 970.3
EBITDA, EUR million	187.3	137.8	693.1
- " - excl. non-rec. items, EUR million	197.9	172.4	667.1
Depreciation and impairment, EUR million	-69.4	-68.2	-276.2
Operating result, EUR million	117.8	69.7	416.9
- " - excl. non-rec. items, EUR million	128.6	105.1	418.1
- " -, % of sales	10.2	8.4	8.4
ROCE excl. non-rec. items, %	13.5	12.3	11.4
Capital expenditure, EUR million	35.5	23.9	143.0
Personnel at end of period	10 391	10 705	10 410

EBITDA = Operating result before depreciation and impairment losses

ROCE = Return on capital employed

QUARTERLY DATA

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

CALCULATION OF KEY RATIOS

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

FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2015 1–3	2014 1–3	Change	2014 1–12
Sales	2	1 255.1	1 254.3	0.9	4 970.3
Change in stocks of finished goods and work in progress		24.3	29.7	-5.3	17.7
Other operating income		15.4	36.1	-20.8	170.3
Material and services		-833.5	-860.6	27.1	-3 329.6
Employee costs		-171.5	-169.7	-1.9	-699.0
Depreciation and impairment losses		-69.4	-68.2	-1.3	-276.2
Other operating expenses		-102.5	-152.0	49.4	-436.7
Operating result	2	117.8	69.7	48.2	416.9
Share of results from associated companies and joint ventures		6.1	7.4	-1.4	16.4
Exchange gains and losses		3.5	-2.1	5.6	2.7
Other net financial items	2	-21.3	-37.8	14.5	-106.1
Result before income tax		106.1	37.2	68.8	329.9
Income tax	3	-17.5	-5.4	-12.1	-69.7
Result for the period		88.6	31.8	56.8	260.3
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Items relating to adjustments of defined benefit plans		-8.2	-5.1	-3.2	-44.7
Income tax relating to items that will not be reclassified		1.3	1.4	-0.1	11.9
Total		-7.0	3.6	-3.3	-32.7
Items that may be reclassified subsequently to profit and loss					
Cash flow hedges		-8.9	-9.3	0.4	-19.7
Available for sale financial assets	8	4.2	-7.0	11.2	-43.6
Currency translation differences		14.8	-7.7	22.5	-43.3
Share of comprehensive income of joint venture		0.9	0.0	0.9	-4.4
Other items		0.0	0.0	0.0	0.3
Income tax relating to items that may be reclassified		1.9	3.3	-1.4	15.3
Total		12.9	-20.6	33.5	-95.4
Other comprehensive income, net of tax		5.9	-24.3	30.2	-128.2
Total comprehensive income for the period		94.5	7.5	87.0	132.1
Result for the period attributable to:					
Members of parent company		56.6	7.3	49.2	156.5
Non-controlling interests		32.0	24.5	7.5	103.8
Total		88.6	31.8	56.8	260.3
Total comprehensive income attributable					
Members of parent company		61.1	-7.5	68.6	82.4
Non-controlling interests		33.4	15.0	18.3	49.7
Total		94.5	7.5	87.0	132.1

The notes are an integral part of this Interim Report.

UNAUDITED CONSOLIDATED BALANCE SHEET

EUR million	Note	2015 31.3.	2014 31.3.	2014 31.12.
ASSETS				
Non-current assets				
Goodwill		521.8	526.8	520.3
Other intangible assets		240.6	257.2	240.8
Tangible assets	4	1 809.1	1 961.9	1 831.2
Biological assets		12.6	11.5	11.8
Investments in associated companies and joint ventures		81.3	75.9	77.7
Available for sale investments	8	261.4	298.7	257.1
Non-current financial assets	8	18.9	19.3	19.7
Deferred tax receivables		69.2	57.4	64.8
		3 015.0	3 208.7	3 023.5
Current assets				
Inventories		841.8	866.0	774.1
Accounts receivables and other receivables		758.7	754.4	690.4
Tax receivables based on the taxable income for the period		0.1	4.0	0.3
Cash and cash equivalents	8	982.0	407.6	947.9
		2 582.5	2 032.0	2 412.7
Assets classified as held for sale		1.4	-	10.8
Total assets		5 598.8	5 240.7	5 447.0
MEMBERS' FUNDS AND LIABILITIES				
Members' funds				
Members' funds		1 665.3	1 491.2	1 590.3
Non-controlling interests		510.4	449.9	467.0
		2 175.8	1 941.1	2 057.3
Non-current liabilities				
Deferred tax liabilities		228.2	235.8	230.6
Post-employment benefit obligations		190.7	158.7	184.8
Provisions	5	28.0	28.3	33.4
Borrowings	8	1 353.1	1 665.1	1 373.3
Other liabilities		23.6	33.8	21.3
		1 823.6	2 121.7	1 843.3
Current liabilities				
Provisions	5	26.6	21.7	14.0
Current borrowings	8	533.5	368.2	528.9
Accounts payable and other liabilities		1 014.6	779.5	972.2
Tax liabilities based on the taxable income for the period		23.8	8.5	25.4
		1 598.5	1 177.8	1 540.5
Liabilities classified as held for sale		0.9	-	6.0
Total liabilities		3 423.1	3 299.6	3 389.8
Total members' funds and liabilities		5 598.8	5 240.7	5 447.0

The notes are an integral part of this Interim Report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS

<u>Equity attributable to members of parent company</u>								
EUR million	Note	Mem- bers' capital	Trans- lation differ- ences	Fair value and other reserves	Re- tained earnings	Total	Non- control- ling interest	Total
Members' funds 1.1.2014		654.7	24.9	224.9	578.3	1 482.9	476.3	1 959.2
Result for the period					7.3	7.3	24.5	31.8
Other comprehensive income, net after tax			-4.9	-7.0	-2.9	-14.8	-9.4	-24.3
Total comprehensive income			-4.9	-7.0	4.5	-7.5	15.0	7.5
Transactions with owners:								
Dividends paid					2.7	2.7	-24.9	-22.2
Change in members' capital		16.4			-0.8	15.7		15.7
Transfer from unrestricted to restricted				5.7	-5.7	0.0		0.0
Acquired shares from non-controlling interests, which did not change the controlling right					-3.0	-3.0	-17.9	-20.9
Sold shares from non-controlling interests, which did not change the controlling right				-0.1	0.6	0.4	1.3	1.8
Members' funds 31.3.2014		671.1	20.0	217.8	582.3	1 491.2	449.9	1 941.1

<u>Equity attributable to members of parent company</u>								
EUR million	Note	Mem- bers' capital	Trans- lation differ- ences	Fair value and other reserves	Re- tained earnings	Total	Non- control- ling interest	Total
Members' funds 1.1.2015		719.1	-7.1	206.7	671.6	1 590.3	467.0	2 057.3
Result for the period					56.6	56.6	32.0	88.6
Other comprehensive income, net after tax			11.9	-2.5	-4.8	4.6	1.4	5.9
Total comprehensive income			11.9	-2.5	51.7	61.1	33.4	94.5
Transactions with owners:								
Dividends paid					1.7	1.7	-48.3	-46.6
Change in members' capital		13.2			-0.6	12.6		12.6
Change in other equity				-0.7		-0.7	56.8	56.1
Acquired shares from non-controlling interests, which did not change the controlling right								0.0
Sold shares from non-controlling interests, which did not change the controlling right				-0.0	0.3	0.3	1.6	1.9
Members' funds 31.3.2015		732.3	4.8	203.5	724.8	1 665.3	510.4	2 175.8

The notes are an integral part of this Interim Report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	2015 1–3	2014 1–3	2014 1–12
Result for the period	7	88.6	31.8	260.3
Total adjustments	7	105.9	77.1	305.0
Change in working capital		-127.1	-141.1	198.6
Cash flow arising from operations		67.4	-32.2	763.9
Net financial items		-17.5	-32.2	-93.9
Income taxes paid		-14.5	-17.8	-52.7
Net cash flow arising from operating activities		35.4	-82.2	617.3
Acquisitions		0.0	0.0	-3.4
Investments in tangible and intangible assets		-35.5	-23.9	-143.0
Disposals and other items	7	5.3	30.2	139.2
Net cash flow arising from investing activities		-30.2	6.3	-7.2
Change in members' funds		12.6	15.7	67.8
Change in other equity		55.7	0.0	0.0
Change in shares of non-controlling interests		0.0	-20.9	-20.9
Change in long-term loans and other financial items		-15.9	59.4	-73.3
Dividends paid		-24.9	-24.9	-87.9
Net cash flow arising from financing activities		27.6	29.3	-114.3
Change in cash and cash equivalents		32.7	-46.6	495.8
Cash and cash equivalents at beginning of period		947.9	454.4	454.4
Translation difference		-1.2	-0.2	-2.2
Change in cash and cash equivalents		32.7	-46.6	495.8
Cash and cash equivalents of assets classified as held for sale		0.2	-	-0.2
Cash and cash equivalents at end of period		982.0	407.6	947.9

The notes are an integral part of this Interim Report.

NOTES TO THE UNAUDITED CONDENSED INTERIM REPORT

NOTE 1 – BACKGROUND AND ACCOUNTING POLICIES

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

This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2014 IFRS financial statements. The same accounting policies have been applied as in the 2014 IFRS financial statements with the following exception:

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

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

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

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

This Interim Report was authorised for issue by the Board of Directors of Metsäliitto Cooperative on 7 May 2015.

NOTE 2 – SEGMENT INFORMATION

The Group's operating segments are comprised of the Group's business areas. The business areas produce different products and services, and they are managed as separate units. The operating segments are reported uniformly with internal reporting submitted to the chief operational decision-maker. The President and CEO

has been appointed as the chief operational decision-maker in charge of allocating resources to the operating segments and evaluating their performance.

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

SALES BY SEGMENTS

EUR million	1–3/2015			1–3/2014		
	External	Internal	Total	External	Internal	Total
Wood Supply and Forest Services	103.4	308.4	411.8	107.2	327.7	434.9
Wood Products Industry	195.7	13.7	209.4	206.9	15.0	221.9
Pulp Industry	195.7	134.6	330.4	204.0	125.0	329.0
Paperboard Industry	506.7	19.0	525.7	483.7	17.5	501.2
Tissue and Cooking Papers	253.6	0.1	253.7	252.5	0.1	252.6
Other operations	0.0	1.9	1.9	0.0	2.2	2.3
Elimination of internal sales	-	-477.7	-477.7	-	-487.5	-487.5
Total sales	1 255.1	0.0	1 255.1	1 254.3	0.0	1 254.3

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

OPERATING RESULT BY SEGMENTS

EUR million	2015		2014	
	1–3	1–3	1–3	1–12
Wood Supply and Forest Services		8.7	8.6	26.7
Wood Products Industry		7.9	7.7	34.1
Pulp Industry		78.7	54.9	227.9
Paperboard Industry		43.1	43.5	116.5
Tissue and Cooking Papers		5.1	11.8	61.8
Other operations		-0.6	-43.2	-40.7
Eliminations		-25.0	-13.7	-9.5
Operating result total		117.8	69.7	416.9
Share of results from associated companies and joint ventures		6.1	7.4	16.4
Financial costs, net		-17.8	-39.9	-103.4
Income taxes		-17.5	-5.4	-69.7
Result for the period		88.6	31.8	260.3

Metsä Group's operating result in January–March 2015 includes non-recurring items net of EUR -10.8 million (-35.4). The most significant non-recurring items, EUR

10.7 million, were the provisions and write-offs related to Metsä Tissue's Russian operations..

ASSETS AND LIABILITIES BY SEGMENTS

Assets	2015	2014	2014
EUR million	31.3.	31.3.	31.12.
Wood Supply and Forest Services	304.1	353.1	262.4
Wood Products Industry	428.1	459.7	392.8
Pulp Industry	710.4	865.7	709.7
Paperboard Industry	1 911.4	1 966.6	1 873.4
Tissue and Cooking Papers	915.7	918.0	899.5
Other operations	297.4	184.8	260.3
Assets classified as held for sale	1.4	-	10.9
Eliminations	-286.2	-294.1	-238.1
Unallocated assets	1 316.5	786.9	1 276.0
Total	5 598.8	5 240.7	5 447.0

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

Liabilities	2015	2014	2014
EUR million	31.3.	31.3.	31.12.
Wood Supply and Forest Services	189.7	258.5	176.3
Wood Products Industry	122.9	132.1	106.7
Pulp Industry	230.8	129.9	253.6
Paperboard Industry	592.9	437.7	537.3
Tissue and Cooking Papers	303.5	280.4	269.4
Other operations	111.0	67.7	108.7
Liabilities classified as held for sale	0.9	-	6.0
Eliminations	-286.2	-294.1	-238.1
Unallocated liabilities	2 157.6	2 287.4	2 170.0
Total	3 423.1	3 299.6	3 389.8

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

NOTE 3 – INCOME TAXES

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

EUR million	2015	2014	2014
	1–3	1–3	1–12
Taxes for the period	24.1	17.9	62.9
Taxes for the prior periods	0.3	-0.1	0.7
Change in deferred taxes	-6.8	-12.3	6.0
Total income taxes	17.5	5.4	69.7

NOTE 4 – CHANGE IN PROPERTY, PLANT AND EQUIPMENT

EUR million	2015	2014	2014
	1–3	1–3	1–12
Book value at beginning of period	1 831.2	2 012.7	2 012.7
Investments	33.1	21.4	130.8
Decreases	-1.2	-2.0	-16.5
Assets classified as held for sale	0.0	0.0	-3.9
Depreciation and impairment losses	-65.1	-63.7	-257.9
Translation differences and other changes	10.9	-6.6	-34.1
Book value at end of period	1 809.1	1 961.9	1 831.2

NOTE 5 – PROVISIONS

EUR million	Restructuring	Environmental obligations	Other provisions	Total
At 1 January 2015	16.9	18.7	11.7	47.3
Translation differences	0.2	0.1	0.1	0.3
Increases	8.4	0.4	0.3	9.2
Utilised during the year	-0.3	-0.5	-1.4	-2.1
At 31 March 2015	25.2	18.7	10.7	54.6

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

Of the Metsä Group's total provisions of EUR 54.6 million, the non-current portion was EUR 28.0 million and the current portion EUR 26.6 million. The non-current portion will mostly be paid during 2017.

NOTE 6 – TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	2015 1–3	2014 1–3	2014 1–12
Sales	2.2	1.8	9.9
Purchases	20.5	16.9	86.6
Non-current receivables	1.0	1.9	1.0
Current receivables	2.1	0.9	2.2
Non-current liabilities	0.0	0.0	0.0
Current liabilities	5.0	7.6	5.3

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

EUR million	2015 1–3	2014 1–3	2014 1–12
Taxes	17.5	5.4	69.7
Depreciation and impairment charges	69.4	68.2	276.2
Biological assets	-0.8	-0.4	-0.6
Share of results from associated companies	-6.1	-7.4	-16.4
Gains and losses on sale of non-current financial assets	2.6	-24.9	-117.0
Financial costs, net	17.8	39.9	103.4
Pension liabilities and provisions	5.4	-3.6	-10.2
Total	105.9	77.2	305.0

Disposals and other items

Disposals and other items in January – March 2015 include the sale of Metsäliitto Cooperative's subsidiary Burt Boulton and Haywood Ltd for EUR 4.2 million, the sale of apartments and parking places of Asunto Oy Tapiolan Jalava for EUR 0.4 million and the sale of fixed assets and other items for 0.6 million.

Change in other equity

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

NOTE 8 – FINANCIAL INSTRUMENTS

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

Financial assets 31 March 2015

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Available for sale investments		261.4				261.4	261.4
Other non-current financial assets	5.2		13.7			18.9	18.9
Account receivables and others			747.7			747.7	747.7
Cash and cash equivalents	30.4		951.5			982.0	982.0
Derivative financial instruments	4.1			3.6		7.7	7.7
Receivables of assets classified as held for sale			0.0			0.0	0.0
Total	39.7	261.4	1 712.9	3.6	0.0	2 017.6	2 017.6

Financial liabilities 31 March 2015

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Non-current interest-bearing liabilities					1 353.1	1 353.1	1 404.3
Other non-current liabilities					6.8	6.8	6.8
Current interest-bearing liabilities					533.5	533.5	536.7
Accounts payable and others					858.6	858.6	858.6
Derivative financial instruments	1.0			54.8		55.9	55.9
Liabilities of assets classified as held for sale					0.9	0.9	0.9
Total	1.0	0.0	0.0	54.8	2 752.9	2 808.8	2 863.2

Financial assets 31 March 2014

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Available for sale investments		298.7				298.7	298.7
Other non-current financial assets			19.3			19.3	19.3
Account receivables and others			752.8			752.8	752.8
Cash and cash equivalents	20.2		387.5			407.6	407.6
Derivative financial instruments	0.0			0.0		0.0	0.0
Total	20.2	298.7	1 159.5	0.0	0.0	1 478.4	1 478.4

Financial liabilities 31 March 2014

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Non-current interest-bearing liabilities					1 665.1	1 665.1	1 699.2
Other non-current liabilities					5.6	5.6	5.6
Current interest-bearing liabilities					368.2	368.2	371.4
Accounts payable and others					663.2	663.2	663.2
Derivative financial instruments	5.5			32.1		37.6	37.6
Total	5.5	0.0	0.0	32.1	2 702.0	2 739.6	2 776.9

Fair value hierarchy of financial assets and liabilities 31 March 2015

EUR million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Non-current financial assets through profit and loss at fair value		5.2		5.2
Available for sale financial assets	0.4		261.0	261.4
Current financial assets through profit and loss at fair value	30.4			30.4
Derivative financial assets		7.7		7.7
Financial liabilities measured at fair value				
Derivative financial liabilities	18.5	37.4		55.9
Financial assets not measured at fair value				
Financial assets		951.5		951.5
Financial liabilities not measured at fair value				
Non-current interest-bearing liabilities		1 404.3		1 404.3
Current interest-bearing liabilities		536.7		536.7

Fair value hierarchy of financial assets and liabilities 31 March 2014

EUR million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available for sale financial assets	0.4		298.3	298.7
Current financial assets through profit and loss at fair value	20.2			20.2
Derivative financial assets		0.0		0.0
Financial liabilities measured at fair value				
Derivative financial liabilities	19.7	17.9		37.6
Financial assets not measured at fair value				
Financial assets		387.5		387.5
Financial liabilities not measured at fair value				
Non-current interest-bearing liabilities		1 699.2		1 699.2
Current interest-bearing liabilities		371.4		371.4

Financial assets measured at fair value based on level 3

EUR million	2015	2014
Opening balance 1.1.	256.8	305.4
Gains and losses in income statement	0.0	0.0
Gains and losses in other comprehensive income	4.2	-7.0
Purchases	0.0	0.0
Settlements	0.0	-0.1
Closing balance 31.3.	261.0	298.3

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

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

Level 2: Fair value is based on inputs observable for the asset either directly or indirectly.

Level 3: Fair value is based on company estimates and not on market data.

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

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

The most significant item at fair value not traded on an open market is the investment in Pohjolan Voima Oy shares, reported under available-for-sale financial assets. The valuation method is described in the 2014 Financial Statements. The average weighed capital cost applied in the calculation was 1.69 per cent on 31 March 2015 and for the Olkiluoto 3 power plant under construction 5.69 per cent. The acquisition cost of the Pohjolan Voima Oy shares is EUR 43.1 million and their fair value is EUR 241.8 million.

The carrying amount of available-for-sale financial assets would be estimated to be EUR 1.9 million lower or EUR 2.2 million higher should the rate used for discounting the cash flows differ by 10 per cent from the rate estimated by the management. The carrying amount of available-for-sale financial assets would be estimated to be EUR 30.9 million higher or EUR 30.9 million lower should the energy prices applied in the fair value calculation differ by 10 per cent from the rate estimated by the management.

Derivatives 31 March 2015

EUR million	Nominal value	Assets	Liabilities	Fair value total	Fair value hedges	Cash flow hedges	Equity hedges	Hedge accounting not applied
Interest rate swaps	456.6		11.2	-11.2	3.3	-12.4		-2.1
Total	456.6	0.0	11.2	-11.2	3.3	-12.4	0.0	-2.1
Currency forwards	1 254.7	4.1	22.6	-18.5		-25.7	-1.4	8.7
Currency options	241.8		3.5	-3.5				-3.5
Total	1 496.5	4.1	26.1	-22.0	0.0	-25.7	-1.4	5.2
Electricity derivatives	86.5		12.9	-12.9		-12.9		
Pulp derivatives	17.9	3.6		3.6		3.6		
Commodity derivatives	27.9		5.6	-5.6		-5.6		
Total	132.4	3.6	18.5	-14.9	0.0	-14.9	0.0	0.0
Derivatives total	2 085.4	7.7	55.9	-48.2	3.3	-53.1	-1.4	3.0

Derivatives 31 March 2014

EUR million	Nominal value	Assets	Liabilities	Fair value total	Fair value hedges	Cash flow hedges	Equity hedges	Hedge accounting not applied
Interest rate swaps	776.5		14.2	-14.2	2.8	-14.2		-2.8
Total	776.5	0.0	14.2	-14.2	2.8	-14.2	0.0	-2.8
Currency forwards	940.5		1.1	-1.1		-0.4	-0.3	-0.4
Currency options	118.2		-0.1	0.1				0.1
Currency swaps	43.6		2.4	-2.4				-2.4
Total	1 102.2	0.0	3.4	-3.4	0.0	-0.4	-0.3	-2.7
Electricity derivatives	158.5		18.6	-18.6		-18.6		0.0
Pulp derivatives	17.4		0.3	-0.3		-0.3		
Commodity derivatives	10.5		1.1	-1.1		-1.1		
Total	186.4	0.0	20.0	-20.0	0.0	-20.0	0.0	0.0
Derivatives total	2 065.1	0.0	37.6	-37.6	2.8	-34.5	-0.3	-5.5

NOTE 9 – COMMITMENTS AND CONTINGENCIES

EUR million	31.3.2015	31.3.2014	31.12.2014
Own liabilities for which commitments granted	585.9	648.0	584.7
Pledges granted	414.9	412.9	421.9
Floating charges	5.9	5.9	5.9
Real estate mortgages	381.1	378.7	381.8
Chattels mortgage	4.0	4.6	4.6
Commitments for own liabilities, total	805.8	802.1	814.2
Other commitments on own behalf	76.4	91.1	86.6
On behalf of associated companies	1.4	2.0	1.4
On behalf of others	6.1	6.8	6.0
Total	889.7	902.0	908.1

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

The future costs for non-cancellable operating lease contracts were EUR 34.8 million (31.12.2014: 31.7).