

Metsäliitto Group's operating profit excluding non-recurring items EUR 254 million in 2006

Non-recurring items totalled EUR 276 million in 2006

Result for 2006

- Sales EUR 9,271 million (EUR 8,643 million in 2005), up 7 per cent on the previous year.
- Operating profit excluding non-recurring items EUR 254 million (EUR 110 million). Operating profit after non-recurring items EUR -22 million (EUR 50 million)
- Result before taxes EUR -222 million (EUR -159 million), mainly due to non-recurring items relating to M-real's restructuring programme.

Result for the fourth quarter of 2006

- Sales EUR 2,352 million (Q4/05: EUR 2,265 million), up 4 per cent on Q4/05.
- Operating profit excluding non-recurring items EUR 81 million (Q4/05: EUR 42 million). Operating profit after non-recurring items EUR -160 million (Q4/05: EUR -13 million).
- Result before taxes EUR -220 million (Q4/05: EUR -42 million).

Events in the fourth quarter of 2006

- M-real launched a new restructuring programme, including closures of production facilities, a new cost savings programme of EUR 100 million, divestments of asset items and an impairment charge of approximately EUR 200 million. Furthermore, a working capital reduction programme of EUR 100 million was launched.
- Metsäliitto Group sold its Norwegian subsidiary Moelven Industrier ASA.
- The Finnish Competition Authority completed its investigation into round wood pricing and violation of the restraint of price competition, initiated in 2004. Metsäliitto denies participation in price co-operation.

“In the latter half of 2006, Metsäliitto Group made important decisions to improve the Group's profitability. Even though the result turned negative, due to M-real's restructuring programme, the Metsäliitto Group's result of actual operation excluding non-recurring items improved clearly on the previous year. We are on the right track in our effort to build a new Metsäliitto Group, and we continue our systematic work to create a novel, profitable forest industry company under Finnish ownership.”

Kari Jordan, President and CEO of Metsäliitto Group

Metsäliitto is the tenth largest forest industry group in the world with sales of EUR 9.3 billion and 25,000 employees. Its five business areas include wood supply, wood products industry, pulp, paper and board and tissue and cooking papers. The Group's parent company Metsäliitto Cooperative and subsidiaries Metsä-Botnia, M-real and Metsä Tissue operate in 30 countries.

February 6, 2007

2/16

Metsäliitto Group

Income statement (EUR mill.)	2006 1-12	2005 1-12	2006 QIV	2005 QIV	2004 1-12
Sales	9 271	8 643	2 352	2 265	8 598
Other operating income	175	148	47	27	135
Operating expenses	-8 761	-8 182	-2 228	-2 137	-8 066
Depreciation and impairment losses	-707	-559	-331	-168	-522
Operating profit	-22	50	-160	-13	144
Share of results in associates	6	4	2	4	1
Net exchange gains / losses	6	-27	-0	-4	-2
Other financial income & expenses	-212	-187	-62	-29	-219
Result before tax	-222	-159	-220	-42	-76
Income tax	-37	15	9	8	-28
Result for the period	-259	-144	-211	-34	-104

Metsäliitto Group

Key figures	2006 1-12	2005 1-12	2006 QIV	2005 QIV	2004 1-12
Return on capital employed, %	0.1	1.2	-9.4	-0.3	2.5
- " -, excluding non-recurring items	4.4	2.1	5.5	3.2	2.7
Return on equity, %	-10.3	-5.3	-33.9	-5.2	-3.9
- " -, excluding non-recurring items	0.7	-3.0	4.9	3.2	-3.4
Equity ratio, %	28.0	30.5	28.0	30.5	32.1
Net gearing ratio, %	150	137	150	137	120
Interest-bearing net liabilities, EUR mill.	3 527	3 631	3 527	3 631	3 336
Capital expenditure, EUR mill.	744	692	192	207	358
Personnel, average and 31.12.	28 844	29 870	25 007	29 007	29 557

Business areas

Sales and Operating profit 1-12/2006 (EUR mill.)	Wood Supply	Wood Products Industry	Pulp *) Industry	Paper and Board Industry	Tissue and Cooking Papers
Sales	1 445	2 045	1 311	5 624	799
Other operating income	22	25	27	116	12
Operating expenses	-1 417	-1 897	-1 022	-5 441	-741
Depreciation & impairment losses	-6	-66	-104	-570	-51
Operating profit	44	107	212	-271	19

*) Represents 100%. The Metsäliitto Group consolidates 53% of the Pulp Industry's figures.

METSÄLIITTO GROUP FINANCIAL STATEMENTS 2006**Sales and result**

Metsäliitto Group's sales increased by 7 per cent year-on-year, amounting to EUR 9,271 million (8,643). EUR 1,138 million (1,108) of the sales, or 12 per cent, were generated in Finland. Exports and subsidiaries abroad accounted for 88 per cent, or EUR 8,133 million (7,535).

Operating profit excluding non-recurring items was EUR 254 million (110). The net amount of non-recurring items was EUR -276 million (-60).

Non-recurring expenses totalled EUR 319 million, of which EUR 263 million were entered in the final quarter of the year. Of this amount, EUR 176 million were goodwill and fixed asset write-downs resulting from impairment testing at M-real. EUR 60 million of closure expenses and write-downs were entered for the Sittingbourne paper mill, as well as EUR 15 million of Wifsta's paper mill fixed assets. Provisions of EUR 12 million were booked relating to efficiency improvement programmes and personnel reductions. The rest of the non-recurring expenses, EUR 56 million, were mainly entered in the second quarter, and they consisted of capital loss from the Pont Sainte Maxence paper mill and efficiency improvement programmes at some mills in Central Europe.

Non-recurring income totalled EUR 43 million. It consists of gain from the selling of Moelven Industrier ASA, EUR 13 million, group reserve recognised as income, EUR 17 million, and gains from selling of property, EUR 13 million.

Operating profit after non-recurring items was EUR -22 million (+50).

Metsäliitto Group's net financial expenses were 2.2 per cent of sales (2.4). Financial income was EUR 23 million (23), shares in associated companies were EUR 6 million (4) and financial expenses EUR 235 million (210). Exchange rate differences in financing totalled EUR 6 million (-27). The average exchange rates for the US dollar and the pound sterling were the same as the previous year.

Result before taxes was EUR -222 million (-159). Taxes, including the change in the deferred tax liability, totalled EUR -37 million (+15). The result for the period was EUR -259 million (-144), EUR -25 million (-50) of which was attributable to the owners of the parent cooperative and EUR -234 million (-94) to the minority interest.

The Group's return on capital employed was 0.1 per cent (1.2) and the return on equity was -10.3 per cent (-5.3). Excluding non-recurring items, the return on capital employed was 4.4 per cent (2.1) and the return on equity was 0.7 per cent (-3.0).

Balance sheet and financing

Metsäliitto Group's total liquidity was EUR 2.0 billion (1.6) at the end of December. Of this, EUR 0.2 billion were in liquid assets and investments (0.2) and EUR 1.8 billion (1.4) in binding credit-facility agreements not included in the balance sheet. In addition, the Group can satisfy short-term financial needs with non-binding commercial paper schemes in Finland and abroad as well as credit lines amounting to EUR 0.7 billion.

The Group's equity ratio was 28.0 per cent (30.5) at the close of the year and net gearing was 150 per cent (137). Net interest-bearing liabilities decreased by some EUR 100 million and stood at EUR 3,527 billion (3,631) at the end of December. EUR 193 million were released from the working capital in 2006, while in the previous period EUR 131 million were tied to the working capital. Net cash flow from operations was EUR 620 million (163).

Metsäliitto Cooperative's members' capital increased by EUR 28.2 million from January to December. The actual members' capital increased by EUR 7.7 million, additional members' capital A by EUR 14.8 million and additional members' capital B by EUR 5.7 million. At the close of the year Metsäliitto Cooperative had 131,139 members (131,175).

In March, Metsäliitto Cooperative signed a binding syndicated credit limit agreement of EUR 560 million. The loan was connected with Finnforest Corporation's merger with the Metsäliitto Cooperative and was used to renew previous loan arrangements. The loan period is 5 years.

M-real issued a bond of EUR 500 million in March. The bond will be used for the repayment of existing loans, and the loan period is seven years.

In June, Metsäliitto Cooperative issued a bond of EUR 195 million for Finnish investors. The bond is part of Metsäliitto's normal financial policy.

In December, M-real issued a bond of EUR 400 million. The loan period is four years, and it will be used for refinancing of existing loans.

Standard & Poor's Ratings Services lowered M-real's long-term credit rating to BB- in February and to B+ in August. The outlook on credit rating remained negative. Correspondingly, Moody's Investors Services lowered M-real's credit rating to Ba3 in February and to B2 in July. The outlook remained negative.

Personnel and management

Metsäliitto Group employed an average of 28,844 people (29,870). Of these, 9,171 (9,501) worked in Finland and 19,673 (20,369) in other countries. At the end of December the personnel totalled 25,007 (29,007). The sale of Moelven reduced the figure by some 3,200. At the close of the year, the parent company employed 3,158 people (766). The increase is due to the mergers in 2006.

Metsäliitto Cooperative's President & CEO Kari Jordan took the position of Metsäliitto Group's President and CEO at the beginning of 2006. In October Mikko Helander, CEO of Metsä Tissue, was appointed as the new CEO of M-real, and M-real's CEO, Hannu Anttila, was appointed as the Executive Vice President, Strategy, in the Metsäliitto Group. Hannu Kottonen, head of M-real's Consumer Packaging division, was appointed as the new CEO of Metsä Tissue.

Investments, acquisitions and divestments

Metsäliitto Group's capital expenditure and corporate acquisitions totalled EUR 744 million (692).

Capital expenditure

The expansion of Wood Products Industry's (Finnforest) Kerto LVL capacity in Punkaharju was completed early in the year. The production capacity increased by 60,000 cubic metres to 130,000 cubic metres a year.

The modernisation of M-real's paperboard machine in Simpele was completed at the beginning of April. The annual capacity increased by 45,000 tonnes to 215,000 tonnes.

Metsä-Botnia's Svir Timber sawmill in Russia was inaugurated in June. The sawmill which was started up in April, has annual production capacity of 200,000 cubic metres. It employs about 130 people.

The most important investment in pulp production in Finland was the modification of the Rauma mill bleaching process to allow the production of ECF-bleached pulp. The investment will raise the mill's production capacity by 45,000 tonnes a year. The cost estimate for the project, to be implemented in 2006-2007, is EUR 45 million.

Acquisitions

In February Metsä Tissue announced the acquisition of Tento a.s., a leading Slovakian supplier of tissue paper in central Eastern Europe. The company's main products are bathroom tissue, household towels and tissue handkerchiefs. The acquisition was completed in April.

In March, Metsäliitto Wood Products Industry sold the Tiwi particle board business in Keuruu, and in May it sold the entire share capital of Finnforest Romania s.r.l., a trading company focusing on wood products. In addition, the business operations of HSL Elements were sold in September.

In June, M-real sold the Pont Sainte Maxence paper mill in France to the German company Arques Industries. A EUR 37 million loss from assignment was booked from the divestment.

In July, Metsäliitto Cooperative and Finndomo signed a contract that transferred the business operations of the Hartola building module factory to Finndomo as of 1 September 2006. Metsäliitto retained the ownership of one production line in the factory premises. The line produces, among others, elements for the Hartola factory.

In October, M-real sold its entire holding in the hydropower company Alakoski Oy.

In December, Metsäliitto sold its subsidiary Moelven Industrier ASA to a Norwegian consortium. Metsäliitto booked a gain of about EUR 13 million from the divestment in the result for 2006. The required final approvals from authorities were received in January 2007.

The Uruguay pulp mill project

The dispute between Uruguay and Argentina concerning the building of Metsä-Botnia's pulp mill continued in 2006. In April, Metsä-Botnia interrupted the construction work for ten days to promote achievement of mutual understanding. Argentina had demanded immediate discontinuation of the project, but the International Court of Justice in the Hague rejected the claims in July.

The results of the study carried out by IFC, member of the World Bank Group, on the project's environmental and socioeconomic impacts were published in October. The study confirmed the results of earlier studies, according to which the mill will not have significant adverse effects on the environment or the existing commercial and industrial life in the region. Consequently, the loan and guarantee applied for from IFC and the political risk insurer MIGA were approved in late November.

February 6, 2007

6/16

The mill, with a capacity for one million tonnes of pulp a year, is estimated to start up in the third quarter of 2007. The project's estimated cost is USD 1.1 billion.

Action plan

In October, M-real introduced an extensive restructuring programme. It includes closures of production facilities, a new cost savings programme of EUR 100 million, divestments of asset items and an impairment charge of approximately EUR 200 million. Furthermore, a working capital reduction programme of EUR 100 million was launched.

The shutdowns will reduce fine paper production capacity by some 500,000 tonnes, which makes 15 per cent of M-real's total fine paper production. The estimated non-recurring loss resulting from the shutdowns is estimated at EUR 130 million and the impact on cash flow is estimated to be about EUR 80 million.

The divestments of asset items aim at EUR 500 million of proceeds, and they include selling a minimum of 8% of M-real's holdings in Metsä-Botnia to Metsäliitto and divestment of the folding carton business, among other things.

Organisation

Finnforest Corporation and Metsäliitto-Yhtymän Tehdasmittaus Oy were merged with the parent company Metsäliitto Cooperative on 31 March 2006. Thomesto Ltd., involved in international timber trade, was merged with the parent company on 30 September 2006.

Business areas*Wood Supply*

Metsäliitto's wood procurement supplied about 35 million cubic metres (34) of wood to its customers in 2006. About two thirds of it came from Finland, mainly from members of Metsäliitto. Including chips, the amount of wood delivered to production mills in Finland totalled 26.8 million cubic metres (24.5), with round wood accounting for 23.1 million cubic metres (21.9). Wood imports amounted to 3.9 million cubic metres (3.9).

The sales in Wood Supply came to EUR 1,445 million (1,415) and operating profit stood at EUR 44 million (33). The operating profit includes about EUR 12 million of non-recurring income, mainly gains from selling property and forest.

The sales of Wood Supply Finland totalled EUR 1,150 million (1,109) and operating profit stood at EUR 27 million (25). The sales of wood did not pick up in Finland until late spring, when the price of softwood logs took an upward turn as the result of the positive development of sawn timber prices. The tough competition in the wood market was also reflected on the price of pulpwood.

Demand for wood has increased vigorously in Metsäliitto's operating area in Russia. One reason for this is the development of local wood-utilising industry. During the year, the Russian authorities raised the export tax on softwood, revised the customs clearance procedure for wood and passed a new forest law at the end of the year.

In the Baltic countries, the price of sawmill chips increased markedly in the latter half of the year. At the same time, the volume of wood supplied from private forests was the lowest in the decade so far. In Central Europe, the demand for energy wood has skyrocketed. In addition to chips and sawdust, demand has also been targeted at pulpwood.

Wood Products Industry

The sales of Wood Products Industry totalled EUR 2,045 million (1,986) and operating profit was EUR 107 million (26). The operating profit includes about EUR 12 million of net realisations of shares and fixed assets.

Wood Products Industry's own measures and a high demand both contributed to the improvement of result. Repair, renovation and new residential construction continued at a brisk pace in the Nordic countries and Europe. In the USA, construction business was also prospering, but the growth slowed down toward the end of the year. Thanks to a favourable market situation, the prices of sawn timber and plywood developed positively during the year.

The strategy for Wood Products Industry was specified during the year. Processing wood acquired from the forests of Metsäliitto's owners and transforming it into wood-based products and solutions as profitably as possible were defined as the core business.

Pulp

Pulp industry's turnover for 2006 increased by 39 per cent on the previous year, amounting to EUR 1,311 million (947). The operating profit was EUR 212 million (80). The improvement is due especially to increased production and vigorous development of pulp prices. The previous year's figures are not fully comparable, as the pulp mills stopped for more than six weeks last year during the labour dispute in Finnish forest industry.

Pulp supply and demand were balanced during the year and manufacturers' pulp stocks remained on a normal level. In North America, competitors closed down 1.6 million tonnes of outdated pulp production capacity. In late 2006, new mills were started up in Chile and Brazil, producing up to two million tonnes of new pulp to the market. During the year 2007 the industry will get another two million tonnes of new capacity. Metsä-Botnia's pulp mill in Uruguay will account for about one million tonnes of it.

The price of pulp rose steadily during the year. In Europe, softwood pulp was selling at USD 600 per tonne in January and at USD 730 per tonne in December, while the corresponding figures for hardwood pulp were USD 590 and USD 670.

M-real's result includes 39 per cent of pulp production's operating profit. Of the figures for pulp production, 53% are consolidated into Metsäliitto Group's financial statements.

Paper and Board

The sales in Paper and Board totalled EUR 5,624 million (5,241). Western European producers of coated fine paper managed to increase their deliveries in Europe slightly from the previous year. However, the delivery volumes for coated magazine paper and uncoated fine paper remained largely the same as before. Deliveries of folding boxboard increased compared with the previous year, and the development of demand was favourable in Eastern Europe.

The average market price of papers in Europe remained on the previous year's level. The market prices for folding boxboard remained also unchanged.

M-real's operating profit excluding non-recurring items was EUR 45 million (4). The business result was enhanced by improved delivery volumes and slightly higher sales prices for uncoated fine papers and coated magazine papers. The result was affected negatively by increasing energy prices, temporary shutdowns due to investments and overhaul, contracted

sales prices for folding boxboard and coated fine paper, and the Finnish paper workers' strike in May. Increases in raw material prices were mainly compensated by improved production efficiency.

Non-recurring items totalled EUR -316 million net (+32), of which EUR 260 million were entered in the final quarter of the year. The largest item, EUR 176 million, resulted from goodwill and fixed asset impairments. Closure expenses and write-downs entered in connection with the closure of the Sittingbourne paper mill amounted to EUR 60 million, and EUR 15 million were entered from Wifsta's fixed assets. EUR 12 million of provisions were posted relating to efficiency improvement programmes and personnel reductions. The rest of the non-recurring items were mainly entered in the second quarter, and they consisted of the loss from assignment from the Pont Sainte Maxence paper mill and the efficiency improvement programmes at some mills in Central Europe.

Operating profit after non-recurring items was EUR -271 million (+36). The operating profit for the previous year was enhanced remarkably by the EUR 81 million gain from selling 8 per cent of Metsä-Botnias holdings.

Financial income was EUR 23 million (25), shares in associated companies' profits were EUR 0 million (-2) and financial expenses EUR 160 million (140). Exchange rate differences in financing were EUR 0 million (-33).

The result before taxes was EUR -408 million (-114), earnings per share were EUR -1.21 (-0.25) and return on capital employed -5.2 per cent (1.2). The result excluding non-recurring items was EUR -92 million (-142), earnings per share were -0.27 per cent (-0.35) and return on capital employed was 1.4 per cent (0.5).

Equity ratio was 30.9 per cent at the end of December, and net gearing was 126 per cent (12/05: 36.6% and 95%). The selling of Metsä-Botnia's holding, announced in January 2007, has been estimated to improve the net gearing by some 20 percentage points.

Tissue and Cooking Papers

Tissue and Cooking Paper's sales totalled EUR 799 million (696). The growth of sales resulted from increased volumes and higher average prices. The Tento consolidation as of the beginning of May boosted the sales by about EUR 60 million.

Comparable sales volume grew by more than five percent year-on-year, which was better than the general growth in tissue paper market. Because of the price increases during the year, average sales prices were about two per cent up on the year before. However, the price increases were not sufficient to compensate the remarkable rise in raw material, energy and transport costs.

Operating profit in January-December was EUR 19 million, which falls EUR 5 million short of the previous year's figure (24). The increases in pulp prices and energy costs alone raised the costs by EUR 18 million compared with 2005.

The acquisition of Tento in spring 2006 has met the expectations, and the integration process has proceeded as planned. During the year, a paper machine was upgraded and a new processing line was installed. After the implementation, production volumes have grown and the mill's profitability has improved.

Investigations by competition authorities

In spring 2004, the Finnish Competition Authority initiated an investigation into round wood pricing and alleged violation of the restraint of price competition. In its report in December 2006, the Finnish Competition Authority deems that forest industry companies violated competition legislation seriously in 1997-2004. It proposes competition infringement fines to Metsäliitto and Stora Enso, EUR 21 million and EUR 30 million respectively. Metsäliitto denies participation in price co-operation or any other serious cartel and considers the fine unreasonable. The Market Court will make the final decision.

No provisions relating to this issue were included in Metsäliitto Group's financial statements.

The European Commission competition authority closed the investigations into M-real's fine paper and magazine paper in August 2006 and November 2006 respectively, without any findings. In connection with the European Commission's investigations, purchasers of magazine paper filed several class-action suits in the USA in 2004. In November 2006, the plaintiffs in the most significant class action withdrew their claims against M-real and some other defendants. M-real is still involved in two class actions as a defendant.

Events after the period

The Sittingbourne fine paper mill in England was closed down in January 2007. Fine paper machines 6 and 7 at Gohrsmühle in Germany will be run down by the end of February, and the Wifsta fine paper mill in Sweden will be closed down by the end of June 2007. Relating to the shutdowns, expenses of EUR 76 million were entered in the financial statements of 2006. In the first quarter of 2007, an expense reserve of EUR 50-60 million will be booked to complete the shutdowns. The impact of the closures on cash flow is estimated to be about EUR -80 million, slightly more than half of it in 2007 and the rest in 2008-2010.

In January, M-real sold 9 per cent of its Metsä-Botnia shares to Metsäliitto Cooperative for EUR 240 million and posted a gain of EUR 135 million.

Outlook

Wood prices rose vigorously in 2006, both in Finland and in nearby regions. In Western Europe, too, the market situation changed remarkably as the result of increasing use of energy wood. The use of wood will be at a high level, and demand for wood will be good in Metsäliitto's entire operating area. In Finland, delivery sales will be in high demand, as well as stumpage with the trees harvestable in summer.

The prospects for wood products industry continue to be good. Metsäliitto Wood Products Industry will focus on enhancing the use of existing resources and raising the degree of processing in 2007. Particular attention will be paid to production costs and more efficient utilisation of raw material.

In 2007, new mills will be started up in Brazil and Uruguay, with capacity of 2.3 million tonnes of eucalyptus pulp. Slightly less than half of the volume entering the market will be produced at Metsä-Botnia's pulp mill in Uruguay. The impact of the capacity increase will influence the market in the course of 2008.

Demand for fine paper was good in the fourth quarter of 2006. Demand for board was moderate, whereas demand for magazine paper was low. The completed shutdowns of mills and the shutdowns to be carried out in 2007 are anticipated to have a positive effect on the demand and supply for paper.

The amount of money spent on print advertising in Europe, which is one of the main indicators for the development of paper consumption, increased in 2006 in line with the general economic growth. Moderate growth is expected to continue in 2007. Measures to raise fine paper prices are in process. Price increases for folding boxboard and coated magazine paper will be challenging in the short term.

The overcapacity in tissue paper production has made price increases quite challenging. The centralisation of trade also hinders price increases. The pressures for price increases are mainly the result from higher raw material and energy prices. Raw material prices are expected to remain high in the near future.

Excluding the non-recurring items resulting from restructuring, Metsäliitto Group estimates its result for 2007 to improve clearly over 2006.

Proposal for interest on members' capital

The Board of Directors of the Metsäliitto Cooperative has decided to propose to the Supervisory Board that an interest of 6.0% (6.5) be paid on the subscribed members' capital for 2006. The proposed interest for additional members' capital A is 5.0% (5.5) and for additional members' capital B 3.5% (4.0)

The Supervisory Board of the Metsäliitto Cooperative will deliberate the proposal of the Board of Directors in March and then submit a proposal for the Representative Council to decide on in April.

Espoo, 6 February 2007

Metsäliitto Group
Board of Directors

For further information, please contact:

Ilkka Pitkänen, Group CFO, Metsäliitto Group, tel. +358 10 469 4260

Lauri Peltola, Group CCO, Metsäliitto Group, tel. +358 50 570 5606

METSÄLIITTO GROUP

Income statement (EUR mill.)	2006 1-12	2005 1-12	Change	2004 1-12
Sales	9 271	8 643	628	8 598
Other operating income	175	148	27	135
Materials and services	-6 037	-5 377	-660	-5 343
Employee costs	-1 451	-1 424	-27	-1 423
Other operating expenses	-1 273	-1 381	108	-1 301
Depreciation and impairment losses	-707	-559	-148	-522
Operating profit	-22	50	-72	144
Share of results in associates	6	4	2	1
Net exchange gains/losses	6	-27	33	-2
Other financial income	23	23	0	17
Other financial expenses	-235	-210	-25	-236
Result before tax	-222	-159	-63	-76
Income taxes	-37	15	-52	-28
Result for the period	-259	-144	-115	-104

Attributable to

Owners of parent company	-25	-50	25	-24
Minority interest	-234	-94	-140	-80
	-259	-144	-115	-104

Balance sheet (EUR mill.)	2006 31.12.	2005 31.12.	2004 31.12.
ASSETS			
Non-current assets			
Intangible assets	617	818	802
Tangible assets	4 197	4 256	4 148
Biological assets	71	51	201
Financial assets			
Interest bearing	52	68	59
Deferred tax receivables	77	96	102
Other non-interest bearing	210	201	283
	<u>5 225</u>	<u>5 490</u>	<u>5 596</u>
Current assets			
Inventories	1 095	1 293	1 172
Receivables			
Interest bearing	145	5	66
Non-interest bearing	1 617	1 706	1 564
Cash and cash equivalents	246	194	252
	<u>3 103</u>	<u>3 199</u>	<u>3 055</u>
Assets classified as held for sale	103	0	0
TOTAL	<u>8 431</u>	<u>8 689</u>	<u>8 651</u>
MEMBERS' FUNDS AND LIABILITIES			
Members' funds	1 289	1 328	1 351
Minority interest	1 064	1 317	1 428
Total members' funds	<u>2 353</u>	<u>2 645</u>	<u>2 779</u>
Non-current liabilities			
Deferred tax liabilities	382	439	505
Retirement benefit obligations	238	270	271
Provisions	91	74	45
Interest bearing	3 455	2 915	2 946
Other non-interest bearing	56	90	37
	<u>4 222</u>	<u>3 788</u>	<u>3 805</u>
Current liabilities			
Interest bearing	512	983	768
Non-interest bearing	1 314	1 273	1 299
	<u>1 826</u>	<u>2 256</u>	<u>2 067</u>
Total liabilities	6 048	6 044	5 872
Liabilities classified as held for sale	30	0	0
TOTAL	<u>8 431</u>	<u>8 689</u>	<u>8 651</u>

Change in members' funds

(EUR mill.)	Members' capital	Reserves	Retained earnings	Minority interest	Total
Members' funds Jan. 1, 2005	505	62	783	1 428	2 778
Translation differences			6		6
Dividends paid			-34	-24	-58
Increase in members' capital	53				53
Change in reserves		2			2
Transfers		9	-9		0
Other changes				8	8
Result for the period			-50	-94	-144
Members' funds Dec. 31, 2005	558	74	696	1 317	2 645
Members' funds Jan. 1, 2006	558	74	696	1 317	2 645
Translation differences			1		1
Dividends paid			-37	-24	-61
Increase in members' capital	19	5			24
Change in reserves		-2			-2
Transfers		2	-2		0
Other changes			1	4	5
Result for the period			-25	-234	-259
Members' funds Dec. 31, 2006	577	78	634	1 064	2 353

Cash flow statement (EUR mill.)	2006 1-12	2005 1-12	2004 1-12
Cash flow from operations			
Result for the period	-259	-144	-104
Adjustments total	928	727	697
Change in working capital	193	-131	35
Cash generated from operations	863	452	628
Finance costs, net	-189	-237	-224
Income taxes paid	-54	-52	-81
Net cash from operations	620	163	323
Cash flow from investments			
Acquisitions	-136	-68	-34
Purchases of assets	-608	-538	-298
Sold assets and others	69	185	181
Net cash from investments	-675	-420	-151
Cash flow from financing			
Increase in equity	98	61	348
Change in long-term loans and other financial items	74	196	-425
Dividends paid	-62	-58	-62
Net cash flow from financing	110	199	-139
Change in cash and cash equivalents	55	-58	33
Cash at beginning of period	194	252	219
Change in cash and cash equivalents	55	-58	33
Cash in assets classified as held for sale	-1		
Cash at end of period	248	194	252

BUSINESS SEGMENTS

Consumer Packaging	I-IV/06	I-IV/05	IV/06	IV/05	I-IV/04
Sales	971	864	241	231	1 045
EBITDA	154	134	32	42	187
Depreciation & impairment losses	-96	-89	-27	-22	-90
Operating profit	58	45	5	20	97
Papers	I-IV/06	I-IV/05	IV/06	IV/05	I-IV/04
Sales	3 118	2 988	778	775	2 944
EBITDA	172	224	21	61	237
Depreciation & impairment losses	-388	-274	-197	-83	-260
Operating profit	-216	-50	-176	-22	-23
MAP Merchant Group	I-IV/06	I-IV/05	IV/06	IV/05	I-IV/04
Sales	1 437	1 390	376	357	1 368
EBITDA	27	25	6	2	24
Depreciation & impairment losses	-69	-7	-65	-2	-7
Operating profit	-42	18	-59	0	17
Wood Products	I-IV/06	I-IV/05	IV/06	IV/05	I-IV/04
Sales	2 045	1 986	482	497	1 923
EBITDA	173	111	60	40	94
Depreciation & impairment losses	-66	-85	-14	-31	-71
Operating profit	107	26	46	9	23

EBITDA = Result before depreciation and impairment losses

Others	I-IV/06	I-IV/05	IV/06	IV/05	I-IV/04
Operating profit	71	10	24	-20	31
of which					
Wood Supply	44	33	14	12	29
Tissue and Cooking Papers	19	24	5	4	38
Others and Group eliminations	8	-47	5	-36	-36

M-real includes 39% of the Pulp Industry's (Metsä-Botnia) operating profit and Metsäliitto a further 14% in the business segments Consumer Packaging and Papers.

Production	I-IV/06	I-IV/05	IV/06	IV/05	I-IV/04
1 000 units					
Paper, t	4 119	3 985	1 000	1 048	4 008
Paperboard, t	1 121	985	279	272	1 330
Sawn goods, m ³	3 893	4 136	885	1 160	4 185
Processed timber, m ³	1 179	1 181	268	291	1 166
EW products, m ³	935	990	228	238	911
Pulp & CTMP, t (M-real)	1 754	1 533	449	421	1 533
Pulp, t (Metsä-Botnia)	2 520	2 177	654	647	2 450

February 6, 2007

16/16

Quarterly data (EUR mill.)	2006 IV	2006 III	2006 II	2006 I	2005 IV	2005 III	2005 II	2005 I
Sales								
Consumer Packaging	241	236	237	257	231	196	199	238
Papers	778	767	772	801	775	735	732	747
MAP Merchant Group	376	342	354	365	357	341	351	341
Wood Products	482	499	555	510	497	468	553	468
Others & internal sales	475	402	396	425	405	317	299	393
Group sales	2 352	2 246	2 314	2 358	2 265	2 057	2 134	2 187
Operating profit								
Consumer Packaging	5	21	5	27	20	15	-17	27
Papers	-176	7	-64	17	-22	13	-51	10
MAP Merchant Group	-59	3	7	7	0	5	7	6
Wood Products	46	21	26	14	9	3	15	-1
Others	24	16	14	17	-20	9	-11	32
Group operating profit	-160	68	-11	82	-13	45	-56	74
- % of sales	-6.8	3.0	-0.5	3.5	-0.6	2.2	-2.6	3.4
Share of results								
in associates	2	2	2	0	4	1	-2	0
Net exchange gains/losses	0	4	-6	8	-4	0	-12	-11
Other fin. income & expenses	-62	-60	-45	-45	-29	-33	-79	-45
Result before tax	-220	14	-60	45	-42	13	-149	18
Income taxes	9	-21	-1	-24	8	-5	20	-7
Result for the period	-211	-7	-61	21	-34	8	-129	11