

Metsäliitto Group's operating result excluding non-recurring items EUR -128 million in the first half of the year

Result for the first half of 2009

- Sales EUR 2,492 million (1-6/2008: EUR 3,386 million).
- Operating result excluding non-recurring items was EUR -128 million (93). Operating result including non-recurring items was EUR -193 million (189).
- Result before tax excluding non-recurring items was EUR -181 million (-16). Result before tax including non-recurring items was EUR -257 million (80).

Result for the second quarter of 2009

- Sales EUR 1,213 million (4-6/2008: EUR 1,676 million).
- Operating result excluding non-recurring items was EUR -61 million (33). Operating result including non-recurring items was EUR -56 million (105).
- Result before tax excluding non-recurring items was EUR -88 million (-18). Result before tax including non-recurring items was EUR -95 million (54).

Events in the second quarter

- Metsäliitto sold its holding in Vapo (49.9%) for EUR 165 million to a Finnish consortium led by EPV Energy and began, jointly with Vapo, to explore the possibilities for biofuel production in the Baltic Sea region.
- Metsäliitto Wood Products Industry continued its efforts to improve the profitability of sawmill operations. Operations at the Karihaara sawmill in Kemi were suspended until further notice, and the personnel at other operating sawmills were laid off temporarily for two to four weeks as an extension to summer vacations.

Events after the review period

- Metsäliitto Group signed a letter of intent with UPM-Kymmene on 15 July 2009 concerning the new ownership structure of Metsä-Botnia.

“Metsäliitto Group took another important step in its active restructuring after the second quarter in July, when it signed a letter of intent concerning the new ownership structure of Metsä-Botnia. The new arrangement will give Metsäliitto Cooperative a majority shareholding in Metsä-Botnia. This will enhance the company's focus on selected core operations. Taken together with the Vapo deal, the arrangement, when completed, will considerably improve the balance sheet structure of Metsäliitto Group.”

Kari Jordan, President & CEO, Metsäliitto Group

Metsäliitto is an international forest industry group present in some 30 countries. Metsäliitto combines responsible forest economy and innovative technology to produce high-quality products and solutions from renewable Nordic wood in a sustainable and environmentally friendly way. The Group's five business areas are Wood Supply, Wood Products Industry, Pulp, Board and Paper, and Tissue Papers. Metsäliitto Group's sales total EUR 6.5 billion and it employs 16,000 persons.

Metsäliitto Group

Metsäliitto Group Interim Report 1 January – 30 June 2009

Stock Exchange Release
July 23, 2009
at 12.00 a.m. 2 (20)

Metsäliitto Group

Income statement (Continuing operations)	2009 1-6	2008 1-6	2009 Q2	2008 Q2	2008 1-12
Sales	2 492	3 386	1 213	1 676	6 434
Other operating income	84	172	43	113	239
Operating expenses	-2 569	- 3 178	-1 227	-1 591	-6 189
Depreciation and impairment losses	-200	-192	-85	-93	-482
Operating result	-193	189	-56	105	2
Share of results in associates	-10	4	-8	2	6
Exchange gains and losses	-4	0	-1	-2	19
Other net financial items	-50	-113	-30	-51	-260
Result before income tax	-257	80	-95	54	-233
Income tax	25	-8	7	-1	60
Result from continuing operations	-232	72	88	53	-172

Metsäliitto Group

Profitability (Continuing operations)	2009 1-6	2008 1-6	2009 Q2	2008 Q2	2008 1-12
Operating result, EUR mill.	-193	189	-56	105	2
- " -, excluding non-recurring items	-128	93	-61	33	45
Return on capital employed, %	-7.5	7.9	-4.6	8.7	0.5
- " -, excluding non-recurring items	-4.9	4.2	-5.1	3.1	1.3
Return on equity, %	-28.7	6.2	-23.2	9.2	-8.4
- " -, excluding non-recurring items	-19.3	-2.0	-21.5	-3.2	-6.4

Financial position	2009 30.6.	2008 30.6.	2009 31.3.	2008 31.3.	2008 31.12.
Equity ratio, %	25.6	30.1	24.8	29.2	26.0
Net gearing ratio, %	162	147	167	142	149
Interest-bearing net liabilities, EUR mill.	2 348	3 421	2 666	3 329	2 666

Sales and Operating result 1-6/2009 (EUR mill.)	Wood Supply	Wood Products Industry	Pulp *) Industry	Board and Paper Industry	Tissue and Cooking Papers
Sales	577	425	585	1 208	435
Other operating income	4	3	14	61	4
Operating expenses	-570	-443	-638	-1 340	-377
Depreciation & impairment losses	-2	-20	-126	-120	-21
Operating result	9	-35	-165	-191	41
Non-recurring items	0	0	75	56	0
Operating result excl. non-recurring items	9	-35	-90	-135	41

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

The figures are unaudited

METSÄLIITTO GROUP

INTERIM REPORT 1 JANUARY – 30 JUNE 2009

Sales and result

Metsäliitto Group's sales for January–June were EUR 2,492 million (3,386).

Operating result excluding non-recurring items was EUR -128 million (93). Net non-recurring items amounted to EUR -65 million (95), EUR 40 million of which was related to the closure of the Metsä-Botnia Kaskinen mill, EUR 29 million to the closure of the M-real Hallein paper mill and EUR 4 million to M-real's ongoing efficiency improvement programmes. A sales gain of EUR 8 million was recognised at Group level for the Vapo deal.

The second-quarter operating result excluding non-recurring items totalled EUR -61 million, slightly up from the previous quarter (Q1/09: -67).

Metsäliitto Group's operating result including non-recurring items was EUR -193 million (189). Financial income amounted to EUR 20 million (10), income from associates was EUR -10 million (4) and financial expenses totalled EUR 70 million (123). Net exchange gains/losses recognised in financial items were EUR -4 million (0). The US dollar strengthened on average 13 per cent in the first half, while the British pound weakened by 15 per cent and the Swedish krona by 16 per cent year-over-year.

Income from associates includes a EUR 11 million non-recurring expense item related to the sale of Myllykoski Paper's Sunila shares. In the first quarter, M-real made a market repurchase with a nominal value of EUR 59.95 million of its EUR 400 million bond, which matures in December 2010. A profit of approximately EUR 30.8 million for the purchase was recognised in financial income.

Result before tax was EUR -257 million (80), and taxes, including changes in deferred tax liabilities, totalled EUR 25 million (-8). The result for continuing operations was EUR -232 million (72), the result for discontinued operations EUR -12 million (-64) and the result for the review period EUR -245 million (8).

Of the period's results, EUR -119 million (19) was attributable to parent company members and EUR -125 million (-11) to minority interests.

The Group's return on capital employed for continuing operations was -7.5% (7.9), and the return on equity was -28.7% (6.2). Excluding non-recurring items, return on capital employed was -4.9% (4.2) and return on equity was -19.3% (-2.0).

Balance sheet and financing

Metsäliitto Group's total liquidity at the end of June was EUR 1.6 billion (31 December 2008: 1.8). Of this, EUR 0.4 billion (0.6) was in liquid assets and investments, and EUR 1.2 billion (1.2) was in off-balance-sheet binding credit facilities. In addition, the Group can satisfy short-term financial needs with non-binding commercial paper schemes in Finland and abroad, as well as with credit limits amounting to approximately EUR 0.6 billion.

The Group's equity ratio in June was 25.6 per cent and net gearing totalled 162 per cent (31 December 2008: 26.0% and 149%). Interest-bearing net liabilities stood at EUR 2,348 million (31 December 2008: 2,666). The equity ratio of the parent company, Metsäliitto Cooperative, was 58.5 per cent at the end of June and the net gearing ratio was 34% (31 December 2008: 54.6% and 45%, respectively).

M-real took out a pension premium loan (TyEL) of EUR 60 million in the second quarter. After the transaction, M-real has approximately EUR 260 million of undrawn pension premium loans.

Metsäliitto Cooperative's members' capital grew by EUR 24.0 million in January–June. No changes took place in the actual members' capital, but the additional members' capital A increased by EUR 21.9 million and the additional members' capital B by EUR 2.1 million. EUR 84.7 million of the members' capital matured at the beginning of July. At the end of June, Metsäliitto Cooperative had 127,557 members (31 December 2008: 129,267).

At its meeting on 22 April 2009, Metsäliitto Cooperative's Representative Council decided to pay an interest of 5.5 per cent (6.5) on the subscribed members' capital, 5.0 per cent (5.5) on the additional A series capital and 4.5 per cent (4.0) on the additional B series capital. The interest on members' capital totalled EUR 37.4 million (41.1) in 2008.

Personnel

The Group employed an average of 16,017 people (17,828) during the first half of the year. At the end of June, the number of personnel in the Group was 15,047 (31 December 2008: 16,729). The parent company, Metsäliitto Cooperative, had a headcount of 2,995 (31 December 2008: 3,217).

Investments

Metsäliitto Group's capital expenditure totalled EUR 74 million (110).

Divestment of Vapo

On 5 May 2009, Metsäliitto Group agreed to sell its entire holding (49.9%) in Vapo to a Finnish consortium led by EPV Energy. The deal was concluded on 24 June 2009 and amounted to EUR 165 million for which the parent company, Metsäliitto

Cooperative, recorded a sales gain of EUR 27.3 million. The sales gain of Metsäliitto Group was EUR 8.0 million.

M-real's structural change

In February 2009, M-real launched a new profit improvement programme with an annual target of EUR 80 million. The improvement actions target at savings in the business areas and streamlining the support functions to reflect the new company structure and size after the divestment of Graphic Papers. The full annual effect of the programme will be visible from 2011. The majority of the profit improvement measures relating to continuing operations are expected to be implemented in 2009, and the profit impact is estimated to be EUR 20–25 million in 2009. The related non-recurring costs booked during 2009 are expected to be about EUR 18 million. M-real launched also a separate EUR 60 million programme to improve the 2009 cash flow including, e.g., the reduction of operating net working capital and cuts in investments.

In 2008, M-real announced to be planning the discontinuation of the standard coated fine paper production at the Hallein and Gohrsmühle mills based on earlier examined strategic options. Both mills have been loss-making for a long period of time. At Hallein, Austria, paper production was discontinued at the end of April 2009. At the Gohrsmühle mill, the standard coated fine paper production was discontinued in April. At Gohrsmühle, Germany, the production of speciality papers as well as uncoated fine paper reels and folio sheets has been expanded. M-real continues to explore various options for the Hallein pulp mill.

Business areas

Wood Supply

Wood Supply sales totalled EUR 577 million (960) in the review period and operating result amounted to EUR 9 million (22). The operating result does not include non-recurring items (2). Wood Supply Finland accounted for EUR 441 million (654) of the sales and EUR 6 million (15) of the operating result.

A marked decline in delivery volumes was the main reason for sales and operating result decreasing year-over-year. In early 2009, overall delivery volumes in Wood Supply amounted to 12.7 million square metres (18.5).

In Finland, wood trade was exceptionally slack in the first half of 2009. In the first half of the year, Metsäliitto bought around half the amount purchased in the corresponding period the year before. Metsäliitto's market share grew nevertheless. The forest industry's overall January–June purchases from privately owned forests were third of the amount purchased in the corresponding period the year before.

Production cuts at paper and pulp mills forced Metsäliitto to restrict its purchases of pulpwood in particular. Roundwood and forest energy acquisitions were active. A

campaign aimed at enhancing the procurement of forest energy got rapidly underway and gave good results, especially in the field of energy logs. The company decided to set up a separate business line for wood energy deliveries in conjunction with Wood Supply.

In the Russian market, the supply of softwood log matched demand, but there was an oversupply of pulpwood and birch logs. The supply of softwood log decreased quickly at the end of the second quarter. Wood supply at the Metsä-Botnia Svir Timber sawmill was handled according to plans. Wood supplies from Russia to Finland remained low. Metsäliitto continued its measures to improve efficiency of its wood supply operations.

In the Baltic countries, the wood trade of private forest owners was at a standstill throughout the first part of the year. Most of the wood was felled from state-owned forests. Metsäliitto's deliveries to Finland and Sweden decreased clearly, and the wood supply organisations were adjusted to match the new volumes.

Swedish wood trade was slow in both roundwood and pulpwood. The wood supply of M-real's Husum mill was carried out as planned.

Wood Products Industry

The sales of Metsäliitto Wood Products Industry amounted to EUR 425 million (644), while operating result was EUR -35 million (-3). The operating result does not include non-recurring items. The drop in sales and the poor profitability resulted from weak demand, a low price level and the high costs of raw material purchased earlier years.

Wood Products Industry faced an extremely difficult market situation throughout the first half of the year, with sales volumes and price levels remaining at a low level. The weak demand was noticeable especially in some industrial customer segments, such as the transport equipment industry. Construction and DIY sales picked up in the second quarter due to a seasonal increase in demand, among other things. The production restrictions on sawn goods led to the price of pine sawn goods increasing at the end of the review period.

Temporary layoffs and other cost-saving measures were continued to improve profitability. In addition to sawn goods, restrictions were imposed on processed sawn goods, plywood and engineered wood products. Operations at the Karihaara sawmill in Kemi were suspended until further notice, and the personnel at all other operating sawmills were laid off temporarily for two to four weeks as an extension to summer vacations. Upgrading operations in Kaskinen will be reduced due to the contract manufacturing of consumer goods aimed at the United Kingdom DIY market being transferred to the UK.

In line with its strategy, Metsäliitto Wood Products Industry raised the share of upgrading by introducing plywood products with increasingly advanced coatings to

satisfy the needs of industrial customers. The Building Solutions division continued its development work related to low-energy construction.

Pulp

Pulp industry sales were EUR 585 million (810) in January–June, and the operating result amounted to EUR -90 million (120). The non-recurring items recognised in the first quarter totalled EUR -75 million and were related to the closure of the Kaskinen mill. Operating result including non-recurring items was EUR -165 million (120).

The market situation and the continued rapid decline in the price of pulp at the beginning of the second quarter played a major role in the decrease in net sales and the result. The result was also weakened by production curtailment shutdowns at all the mills in Finland. Some of the shutdowns resulted from market conditions, while others were annual maintenance shutdowns. Thanks to the extensive maintenance work carried out during the one-month shutdown at the Joutseno mill, the volume of renewable energy sold by the mill will increase by 20 per cent.

Foreign currency-denominated market prices for softwood pulp were, on average, 33 per cent lower compared with the first half last year. The average prices of hardwood pulp fell by 38 per cent. Pulp prices were at their lowest in April, when softwood pulp sold for USD 580 and birch and eucalyptus pulp for USD 480. Prices have risen since, standing at USD 630 for softwood pulp and USD 500 for birch and eucalyptus pulp at the end of June. New, higher prices have been announced for July.

The close-down of old pulp mills continued around the world in the second quarter, and several mills restricted production due to the market conditions. At the end of the review period, global pulp stocks had dropped to near normal levels.

M-real's result includes 30 per cent of the Pulp Industry's operating result. 53 per cent of the Pulp Industry's figures are consolidated into Metsäliitto Group's financial statements. The letter of intent published in July will also change the consolidation of Metsä-Botnia. The deal is expected to be concluded in the last quarter. Metsä-Botnia will become an associate of M-real and a subsidiary of Metsäliitto and will consequently be fully consolidated into the Group's figures.

Board and Paper

The sales of Board and Paper totalled EUR 1,208 million (1,688), and the operating result excluding non-recurring items was EUR -135 million (13).

The operating result excluding non-recurring items decreased from last year's corresponding period due to the drop in delivery volumes following weaker demand, as well as the decrease in the values of product, wood and pulp inventories. The result was improved by price increases and cost savings.

The demand for folding boxboard increased steadily in the second quarter, and operating levels approached normal levels. Price increases are under consideration to be implemented in the main markets. The order volumes of uncoated fine paper have increased, but prices have declined. It now seems, however, that the decline in prices is coming to an end.

The demand for coated papers remains weak, but following the discontinuation of standard fine paper production in Hallein and Gohrsmühle, coated papers are no longer significant to M-real.

M-real's net non-recurring items in January–June totalled EUR -56 million (95). Of these, EUR 22 million were related to the closure of the Metsä-Botnia Kaskinen mill, EUR 29 million to the closure of the Hallein paper mill, EUR 3 million to the streamlining of the sales network and EUR 2 million to various cost provisions.

Operating result including non-recurring items was EUR -191 million (108). Net interest and other financial expenses totalled EUR 10 million (70), income from associates was EUR -13 million (-1) and net exchange gains/losses recognised as financial items were EUR 2 million (1).

In the first quarter, M-real made a market repurchase with a nominal value of EUR 59.95 million of its EUR 400 million bond, which matures in December 2010. A profit of some EUR 31 million was recognised in the first-quarter result for the purchases. Income from associates includes a EUR 11 million non-recurring expense item related to the sale of Myllykoski Paper's Sunila shares.

The result before tax was EUR -212 million (38), earnings per share were EUR -0.61 (0.10) and return on capital employed was -11.5 per cent (7.3). Excluding non-recurring items, the result before taxes was EUR -145 million (-57), earnings per share were EUR -0.42 (-0.18) and the return on capital employed was -7.3 per cent (1.4).

At the end of June, M-real's equity ratio was 29.4 per cent and net gearing amounted to 116 per cent (31 December 2008: 30.8% and 90%, respectively). Some of M-real's loan agreements set a 120 per cent limit on the company's net gearing ratio and a 30 per cent limit on the equity ratio. At the end of June, net gearing calculated as defined in the loan agreements was approximately 91 per cent and the equity ratio about 34 per cent.

Tissue and Cooking Papers

The January–June sales of Metsä Tissue, which produces tissue and cooking papers, totalled EUR 435 million (461), and its operating result was EUR 41 million (20).

Sales were down some six per cent year-over-year due to changes in exchange rates (-4%) and lower sales volumes (-2%). The volumes of the company's own brands remained unchanged compared to the previous year. Both the company's own brands and private label brands were supported with summer campaigns and seasonal products.

Operating result improved thanks to the efficiency improvement measures implemented in 2007 and 2008 and to lower raw material costs. The operating result does not include non-recurring items.

In the second quarter, Metsä Tissue announced its intention to rebuild paper machine 10 at the Mänttä mill. The investment will be carried out in the first half of 2010 and it will further improve the quality of the Lambi, Serla and Katrin brands sold in the Nordic countries.

Metsä Tissue has raised its energy efficiency and promoted sustainable development by enhancing its own operations. Energy efficiency was audited in Finland and Germany, and the companies in both countries were awarded energy efficiency certificates.

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 outlook to materially differ from those expressed in such statements. The risks related to the Group's business have been explained more extensively in Metsäliitto Group's Annual report for 2008.

Events after the review period

Metsäliitto Group and UPM-Kymmene signed a letter of intent on 15 July 2009 concerning the sale of Metsä-Botnia's Uruguayan operations to UPM. The companies also agreed that UPM would reduce its ownership in Metsä-Botnia to approximately 17 per cent, with Metsäliitto getting a majority share in the company. Among other things, the letter of intent includes Metsäliitto Group's shares in the Fray Bentos pulp mill and in Forestal Oriental, a company specialised in the cultivation of eucalyptus.

Following the arrangement, Metsäliitto Cooperative will own about 53% of Metsä-Botnia, M-real around 30% and UPM around 17%. Currently, Metsäliitto Cooperative has a 23%, M-real a 30% and UPM a 47% holding in Metsä-Botnia.

The transaction will have a net cash effect of some EUR -100 million on Metsäliitto and it will increase net debt by approximately EUR 150 million. Cash proceeds to be received by M-real is around EUR 300 million.

The deal will improve Metsäliitto Group's net gearing by some 23 percentage points and the equity ratio by approximately 2 percentage points. M-real's net liabilities will decrease by some EUR 550 million and its net gearing by some 40 percentage points. The company's equity ratio will improve over 3 percentage points.

A definitive agreement still requires the Boards of both parties to approve it, the actual agreement to be signed, negotiations with financing parties to be concluded and the competition authorities to give their approval. The transaction is expected to be closed in the last quarter of 2009.

Metsäliitto, M-real and UPM-Kymmene published detailed stock exchange releases about the deal on 15 July 2009.

Near-term outlook

The demand for forest energy and logging sites predominated by roundwood will remain good in Finland. The pulpwood market is also expected to return to normal. Wood Supply will monitor development in the market for finished goods.

Prices of pine sawn goods have increased, and, due to smaller supply, the demand and supply should stay in better balance. Nevertheless, sawn goods production must be restricted if availability of wood raw material that is competitive in relation to the price level of finished goods is not sufficient in the autumn. The demand for plywood is not expected to improve this year, while the demand for KertoLVL depends partly on the extent to which stimulus measures will boost infrastructure construction. The costly raw materials purchased during earlier years have been mainly utilised which is expected to improve the result for the second half of the year.

Globally, pulp stocks are returning to normal, and the recent price increases suggest slight signs of positive profit development for the second half of the year. However, the near future is overshadowed by the low utilisation rates of European and North American paper mills, as well as the support measures by the United States and Canada for their own pulp industries.

M-real's internal profit improvement programmes, combined with declining wood and chemicals costs, will ease the challenges related to profitability. The letter of intent concerning the sale of Metsä-Botnia's Uruguayan operations, published in July, will improve M-real's financial position, if it becomes definitive. However, the 2009 full-year result will be weighed down by the considerable operational expenses incurred from reducing operations and making them more profitable. Despite some recent signs of improvement, M-real's operating result for 2009, excluding non-recurring items, will be clearly weaker than last year's result, due to the company's weak performance in the first part of the year.

The downturn notwithstanding, the sales volumes of tissue and cooking paper are expected to remain stable. The recession has had a bigger impact on the away-from-

home business than the consumer business. The latter has, in fact, shown growth potential in some segments and product categories. Higher raw material expenses and cautious growth expectations are predicted to make the latter half of the year more challenging than the first half.

Demand is expected to remain challenging. Metsäliitto Group will continue to seek profitability and cash flow through its efficiency improvement measures and restructuring. Despite some recent, minor positive signs, the 2009 operating result excluding non-recurring items will be clearly weaker than last year.

Espoo, 23 July 2009

Metsäliitto Group
Board of Directors

Further information:

Ilkka Pitkänen, Group CFO, Metsäliitto Group, tel. +358 10 465 4260

Anne-Mari Achrén, Group CCO, Metsäliitto Group, tel. +358 10 465 4541

The figures are unaudited

METSÄLIITTO GROUP

Condensed consolidated statement of comprehensive income	2009 1-6	2008 1-6	Change	2009 Q2	2008 Q2	2008 1-12
Continuing operations						
Sales	2 492	3 386	-894	1 213	1 676	6 434
Other operating income	84	172	-88	43	113	239
Operating expenses	-2 569	-3 178	609	-1 227	-1 591	-6 189
Depreciation and impairment losses	-200	-192	-9	-85	-93	-482
Operating result	-193	189	-382	-56	105	2
Share of result in associated companies	-10	4	-14	-8	2	6
Exchange gains and losses	-4	0	-4	-1	-2	19
Other net financial items	-50	-113	63	-30	-51	-260
Result before income tax	-257	80	-337	-95	54	-233
Income tax	25	-8	33	7	-1	60
Result for the period from continuing operations	232	72	-304	-88	53	-172
Discontinued operations						
Result from discontinued operations	-12	-64	52	-3	-46	-338
Result for the period	-245	8	-252	-91	8	-511
Other comprehensive income						
Cash flow hedges	15	20	-5	18	27	-55
Available for sale financial assets	-128	71	-199	-62	-1	97
Currency translation differences	-2	3	-5	-12	12	13
Other items	0	1	-1	-2	0	-1
Income tax relating to components of other comprehensive income	31	-27	58	10	-6	-16
Other comprehensive income, net of tax	-85	67	-152	48	32	39
Total comprehensive income for the period	-329	74	-404	-139	40	-472

Result attributable to:

Members of parent company	-119	19	-138	-35	10	-213
Minority interest	-125	-11	-114	-56	-2	-297
	-245	8	-252	-91	8	-511

Total comprehensive income attributable to:

Members of parent company	-156	51	-206	-58	30	-199
Minority interest	-173	24	-197	-81	10	-272
	-329	74	-404	-139	40	-472

Unaudited

	2009	2008	2008
Condensed consolidated balance sheet	30.6.	30.6.	31.12.
ASSETS			
Non-current			
Goodwill	165	327	176
Other intangible assets	77	110	88
Tangible assets	2 141	3 805	2 958
Biological assets	5	77	103
Investments in associated companies	102	137	139
Available for sale investments	330	438	493
Non-current financial assets	228	26	234
Deferred tax receivables	71	44	61
	3 120	4 963	4 252
Current			
Inventories	668	1 144	943
Accounts receivables and other receivables	791	1 472	1 085
Cash and cash equivalents	350	183	619
	1 850	2 799	2 647
Assets classified as held for sale	731	-	-
Total assets	5 660	7 762	6 899
MEMBERS' FUNDS AND LIABILITIES			
Members' funds			
Members' funds	937	1 335	1 104
Minority interest	510	992	682
	1 447	2 326	1 786
Non-current liabilities			
Deferred tax liabilities	249	426	328
Post-employment benefit obligations	124	176	131
Provisions	92	57	111
Borrowings	2 393	2 907	2 854
Other liabilities	19	40	26
	2 876	3 606	3 449
Current liabilities			
Current borrowings	378	743	690
Accounts payable and other liabilities	718	1 086	974
	1 096	1 829	1 664
Liabilities classified as held for sale	240	-	-
Total liabilities	4 213	5 435	5 113
Total members' funds and liabilities	5 660	7 762	6 899

Unaudited

EUR mill.	Equity attributable to members of parent company						Total	Minority interest	Total
	Members' capital	Share premium account	Translation differences	Fair value and other reserves	Retained earnings				
Members' funds 1.1.2008	574	30	-7	148	583	1 328	978	2 306	
Dividends paid					-38	-38	-13	-52	
Change in members' capital	-6					-6		-6	
Change in share premium account						0		0	
Change in fair value reserve						0		0	
Transfer from unrestricted to restricted equity					6	-6	0	0	
Business arrangements						0	4	4	
Total comprehensive income for the period			1	30	19	51	24	74	
Members' funds 30.6.2008	569	30	-6	184	558	1 335	992	2 326	
Members' funds 1.1.2009	585	30	-5	165	329	1 104	682	1 786	
Dividends paid					-35	-35	-1	-37	
Change in members' capital	24					24		24	
Change in share premium account						0		0	
Change in fair value reserve						0		0	
Transfer from unrestricted to restricted equity						0		0	
Business arrangements			2	-2		0	3	3	
Total comprehensive income for the period			-1	-35	-119	-156	-173	-329	
Members' funds 30.6.2009	609	30	-4	128	174	937	510	1 447	

The change in the fair value of investments available for sale is based mainly on the decrease in the value of the Pohjolan Voima shares. The change in the fair value of the Pohjolan Voima shares relates mainly to the decrease of the 12 month moving average value of Nord Pool electricity futures used in the valuation.

Unaudited

	2009	2008	2008
Condensed consolidated cash flow statement	1-6	1-6	1-12
Result for the period	-245	8	-511
Total adjustments	209	248	832
Change in working capital	103	-187	88
Cash flow arising from operations	67	68	410
Net financial items	-8	-126	-239
Income taxes paid	6	-57	-58
Net cash flow arising from operating activities	65	-115	113
Investments in tangible and intangible assets	-74	-110	-272
Divestments of assets and other	155	154	511
Net cash flow arising from investing activities	80	44	239
Change in members' funds	24	-3	-1
Change in long-term loans and other financial items	-376	-114	-101
Dividends paid	-40	-55	-55
Net cash flow arising from financing activities	-391	-173	-157
Changes in cash and cash equivalents	-246	-243	195
Cash and cash equivalents at beginning of period	619	428	428
Translation difference	1	-1	-4
Changes in cash and cash equivalents	-246	-243	195
Cash and cash equivalents in assets classified as held for sale	-25	-	-
Cash and cash equivalents at end of period	350	183	619

Unaudited

BUSINESS SEGMENTS

Wood Supply	1-6/09	1-6/08	Q2/09	Q2/08	1-12/08
Sales	577	960	251	474	1 734
EBITDA	10	24	4	13	35
- " -, excl. non-recurring items	10	22	4	12	33
Depreciation and impairment	-2	-3	-1	-1	-5
Operating result	9	22	4	12	30
- " -, excl. non-recurring items	9	20	4	11	28
Investments	1	3	0	2	4
Personnel at end of period	990	1 263	990	1 263	1 140

Wood Products Industry	1-6/09	1-6/08	Q2/09	Q2/08	1-12/08
Sales	425	644	224	329	1 162
EBITDA	-15	18	0	9	-18
- " -, excl. non-recurring items	-15	18	0	9	-11
Depreciation and impairment	-20	-21	-10	-10	-57
Operating result	-35	-3	-10	-1	-74
- " -, excl. non-recurring items	-35	-3	-10	-1	-53
Investments	4	16	3	10	36
Personnel at end of period	3 871	4 643	3 871	4 643	4 199

Pulp Industry	1-6/09	1-6/08	Q2/09	Q2/08	1-12/08
Sales	585	810	282	413	1 591
EBITDA	-38	188	-9	79	347
- " -, excl. non-recurring items	-21	188	-9	79	347
Depreciation and impairment	-126	-69	-33	-34	-138
Operating result	-165	120	-42	44	209
- " -, excl. non-recurring items	-90	120	-42	44	209
Investments	20	43	10	20	99
Personnel at end of period	1 753	2 014	1 753	2 014	1 815

The Metsäliitto Group consolidates 53% of the Pulp Industry (M-real 30% and Metsäliitto Cooperative 23%).

Board and Paper Industry	1-6/09	1-6/08	Q2/09	Q2/08	1-12/08
Sales	1 208	1 688	585	829	3 236
EBITDA	-71	223	-23	127	254
- " -, excl. non-recurring items	-33	128	-20	55	192
Depreciation and impairment	-120	-115	-51	-57	-315
Operating result	-191	108	-73	71	-61
- " -, excl. non-recurring items	-135	13	-70	-1	-35
Investments	32	51	16	30	128
Personnel at end of period	6 080	7 035	6 080	7 035	6 546

Unaudited

Tissue and Cooking Papers	1-6/09	1-6/08	Q2/09	Q2/08	1-12/08
Sales	435	461	217	231	930
EBITDA	62	49	33	23	98
- " -, excl. non-recurring items	62	49	33	23	99
Depreciation and impairment	-21	-29	-10	-13	-56
Operating result	41	20	22	11	42
- " -, excl. non-recurring items	41	20	22	11	44
Investments	11	10	7	7	33
Personnel at end of period	3 278	3 385	3 278	3 385	3 222

Other operations	1-6/09	1-6/08	Q2/09	Q2/08	1-12/08
Sales	164	169	73	77	315
EBITDA	23	16	8	6	29
- " -, excl. non-recurring items	23	16	8	6	24
Depreciation and impairment	-10	-9	-5	-5	-20
Operating result	13	7	3	1	9
- " -, excl. non-recurring items	13	7	3	1	4
Investments	22	20	11	12	48
Personnel at end of period	425	1 403	425	1 403	1 204

Other operations include Vapo Group (49,9%) and Metsäliitto's service and holding functions.

Internal sales and eliminations	1-6/09	1-6/08	Q2/09	Q2/08	Q1-IV/08
Sales	-903	-1 347	-418	-677	-2 534
EBITDA	36	-139	14	-59	-261
- " -, excl. non-recurring items	15	-137	6	-59	-259
Depreciation and impairment	98	54	26	27	109
Operating result	134	-85	40	-32	-152
- " -, excl. non-recurring items	67	-83	31	-32	-150

Metsäliitto Group	1-6/09	1-6/08	Q2/09	Q2/08	1-12/08
Sales	2 492	3 386	1 213	1 676	6 434
EBITDA	7	380	29	198	484
- " -, excl. non-recurring items	41	285	24	126	425
Depreciation and impairment	-200	-192	-85	-93	-482
Operating result	-193	189	-56	105	2
- " -, excl. non-recurring items	-128	93	-61	33	45
Investments	74	110	38	66	272
Personnel at end of period	15 047	18 192	15 047	18 192	16 729

EBITDA = Operating result before depreciation and impairment losses.

Metsäliitto Group

Metsäliitto Group Interim Report 1 January – 30 June 2009

Stock Exchange Release
July 23, 2009
at 12.00 a.m. 18 (20)

Unaudited

Quarterly data	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Sales						
Wood Supply	251	327	360	414	474	487
Wood Products Industry	224	202	239	279	329	315
Pulp Industry	282	303	359	421	413	398
Board and Paper Industry	585	623	722	826	829	859
Tissue and Cooking Papers	217	218	234	235	231	230
Other operations	73	90	87	60	77	91
Internal sales and eliminations	-418	-485	-548	-639	-677	-670
Group sales	1 213	1 278	1 453	1 595	1 676	1 710
Operating result						
Wood Supply	4	5	4	4	12	10
Wood Products Industry	-10	-25	-55	-16	-1	-2
Pulp Industry	-42	-122	-13	102	44	75
Board and Paper Industry	-73	-117	-161	-8	71	37
Tissue and Cooking Papers	22	19	10	13	11	9
Other operations	3	10	-1	3	1	6
Elimineringar	40	94	10	-78	-32	-52
Group operating result	-56	-137	-206	19	105	84
- % of sales	-4.6	-10.7	-14.2	1.2	6.3	4.9
Share of results in associated companies	-8	-2	-6	8	2	2
Exchange gains and losses	-1	-2	18	0	-2	2
Other net financial items	-30	-20	-84	-63	-51	-62
Result before income tax	-95	-163	-277	-35	54	26
Income tax	7	19	66	2	-1	-7
Result for the period from continuing operations	-88	-144	-211	-33	53	19
Result from discontinued operations	-3	-10	-62	-212	-45	-19
Result for the period	-91	-153	-273	-245	8	0

Unaudited

Change in tangible assets	1-6/09	1-6/08	1-12/08
Book value at beginning of period	2 958	4 021	4 021
Company acquisitions	1	-	4
Investments	68	105	255
Decrease	-245	-85	-686
Assets classified as held for sale	-447	-	-
Depreciation and impairment charges	-187	-180	-438
- " - , discontinued operations	-	-38	-149
Translation differences and other changes	-7	-19	-49
Book value at end of period	2 141	3 805	2 958

Depreciation and impairment charges of discontinued operations include the Graphic Papers business.

Commitments	Q2/09	Q2/08	Q4/08
On own behalf (incl. leasing liabilities)	353	319	318
On behalf of associated companies	4	3	3
On behalf of others	6	2	4
Total	363	324	325

Commitments related to fixed assets	Q2/09	Q2/08	Q4/08
Payments due under 1 year	7	9	0
Payments due in subsequent years	2	1	1

Open derivative contracts	Q2/09	Q2/08	Q4/08
Interest rate derivatives	1 074	1 498	1 158
Currency derivatives	2 160	2 680	2 346
Other derivatives	347	214	232
Total	3 581	4 392	3 735

The market value of open derivative contracts at the end of the review period was EUR -9 million (12/08: EUR 33 million). Open derivative contracts also include closed contracts to a total amount of EUR 715 million (12/08: EUR 787 million).

Accounting policies

The Financial Statements Bulletin was prepared in accordance with the IAS 34 standard Interim Financial Reporting and the accounting policies presented in Metsäliitto Group's Annual Report.

The Group has adopted the following standards from the beginning of 2009:

IAS 1 (Revised), 'Presentation of Financial Statements'. The revised standard is aimed at improving users' ability to analyse and compare the information given in financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity. Non-owner changes in equity are presented in the statement of comprehensive income.

IFRS 8, 'Operating Segments'. The new standard replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments reported by the Group as from Jan 1, 2009 are Wood Supply, Wood Products Industry, Pulp Industry, Board and Paper Industry, Tissue and Cooking Papers and Other operations. The figures for the comparative periods have been changed according to the new segments.