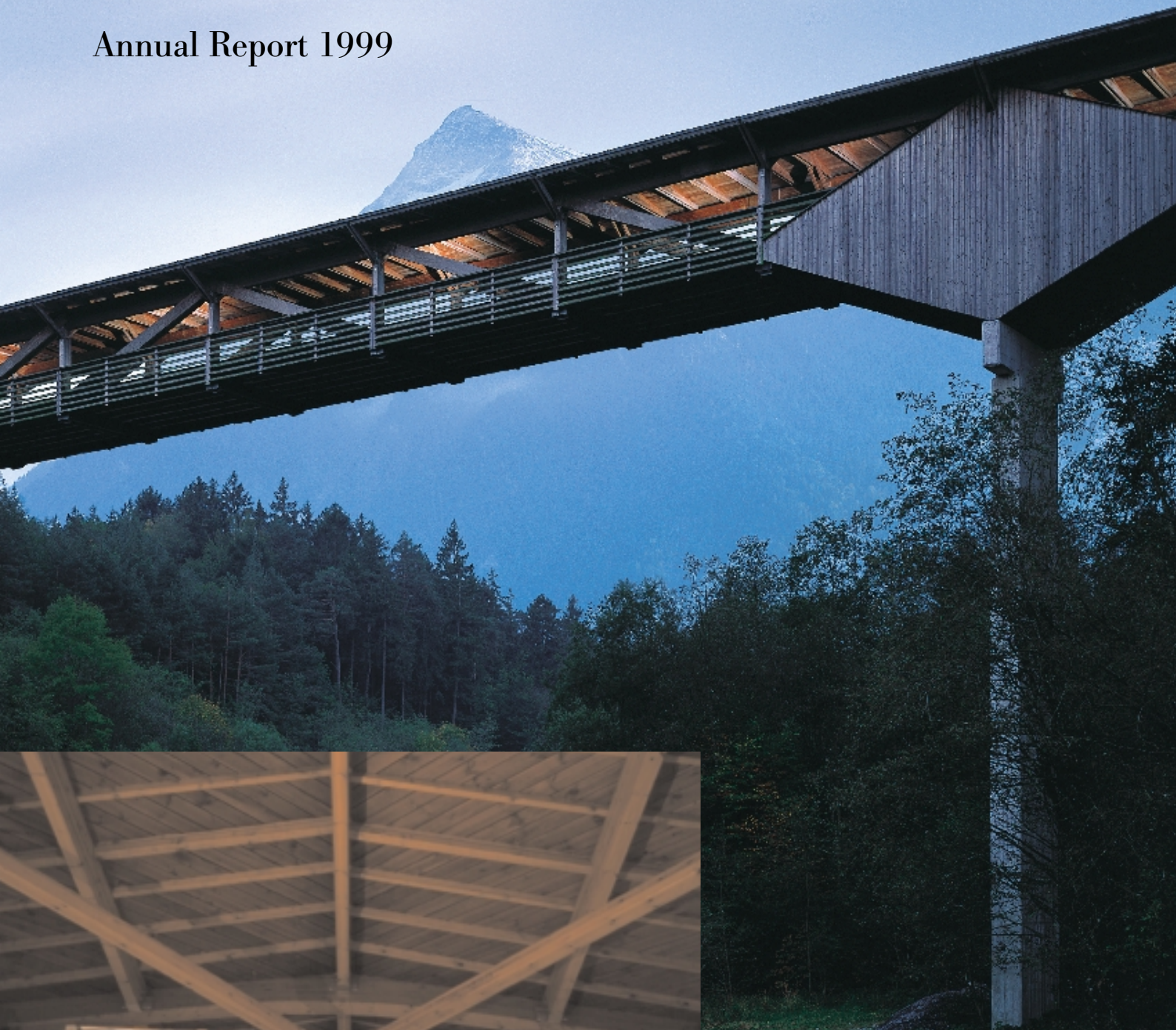


Annual Report 1999



111 METSÄLIITTO

Wood is a highly versatile material, and is making a strong come-back in the construction of residential and public buildings. New products and structural concepts have made wood an even more competitive material for all kinds of construction, including bridges.

Finnforest Corporation, a member of the Metsäliitto Group, produces laminated veneer lumber under the name Kerto LVL at its Lohja mill. In the construction of wooden bridges, Kerto LVL beams and panels have proved excellent as decking and as bracing for load-bearing members.

The pages of this Annual Report present some interesting wooden bridges from around the world. At the same time they form a symbolic bridge between the past and the future, between the old and the new millennia.

Metsäliitto Group Annual Report

Design: Kaisaniemen Dynamo Oy

Production: Oy Herttovuo Ltd

Photographs: Tuomo Manninen

Translation: Philip Mason

Printing: Libris Oy

Paper: Metsä-Serla Corporation

Cover: Galerie Art Silk 280 g/m²

Pages: Galerie Art Silk 130 g/m²

awarded the Nordic Environmental Swan Label

	Page
Events in 1999	2
President´s Review	3
Board of Directors, Strategy Forum, Group Management and Auditors	4
Five years in figures	6
Quarterly data	7
Metsäliitto Osuuskunta	8
Finnforest	12
Metsä-Serla	18
Metsä-Rauma	22
Other subsidiaries	23
Personnel	24
Production plants	25
Financial administration and risk management	26
Report of the Board of Directors	28
Consolidated profit and loss account	33
Consolidated balance sheet	34
Cash flow statement	36
Parent company profit and loss account	37
Parent company balance sheet	38
Accounting principles	40
Notes to the account	42
Parent company shares at 31 Dec. 1999	55
Major shares and investments of sub-groups	56
Proposal for the distribution of the surplus	58
Statement by the Supervisory Board and Auditor´s Report	59
Metsäliitto Group and Forest Business Area organization	60
FIM	61
Calculation of key ratios	63
The Environment	64
Corporate Governance	66
Metsäliitto´s Representative Council	68
Metsäliitto´s Supervisory Board	69
Addresses	70

Mechanical wood processing

Metsäliitto Osuuskunta

Metsäliitto's Board of Directors introduced its own wood pricing arrangements at the beginning of April. As a result, prices fell by an average 1.5 per cent from those prevailing during the first three months of the year. However, pricing was improved for stands marked for harvesting under difficult terrain conditions.

In August, the administrative and financial functions of the Group and Metsäliitto Osuuskunta were combined, and the Forest Business Area was formed to handle trading in wood raw material. It was decided to allow members to resume investing proceeds from wood sales in additional members' capital.

In December, it was decided to pay members a bonus in conjunction with wood sales as of 1 January 2000. The bonus is determined by the amount of wood received from each member during the years 1996-1999.

An interactive channel was opened on the Internet for forest owners and Metsäliitto's purchasing staff. Services to members were further improved with the opening of an office in Tampere providing members with a full range of services irrespective of where their forests are situated.

Finnforest

In June, Metsäliitto's Board of Directors decided to combine the Group's mechanical wood processing businesses with its timber impregnation business under Finnforest Corporation. On 31 August, Metsäliitto Osuuskunta bought Metsä-Serla's 10 per cent shareholding in Finnforest Corporation.

On 17 September, meetings of Finnforest, Metsä Timber and Metsäliitto SW shareholders approved a plan to merge Metsä Timber and Metsäliitto SW with Finnforest. The two companies' assets and liabilities will be transferred to Finnforest without liquidation proceedings. The merger will be registered on 3 April 2000.

In December, Finnforest floated a capital note loan. The loan has a maximum nominal value of EUR 150 million, a coupon of 7.50% and a maturity of 10 years. The first tranche was EUR 70 million. The notes are quoted on the Helsinki Stock Exchange.

Paper, Paperboard and Pulp

Metsä-Serla

In December, Metsä-Serla published its group strategy, under which it will focus on printing and packaging. Metsä-Serla is aiming to double its size in these core businesses by 2004. The strategy will be implemented largely through company acquisitions but also by developing existing manufacturing capacity. Almost EUR 2.5 billion has been reserved for investments during this period.

Other business operations will be examined with a view to making them part of the core businesses, disposing of them at a financially opportune time, or maintaining them as profitable investments.

Metsä Tissue

At the beginning of September, Svenska Cellulosa Aktiebolaget SCA announced that its subsidiary owned a total of 19.28 per cent of Metsä Tissue Corporation's share capital. Metsä-Serla announced that its interest in Metsä Tissue had been increased to 65.5 per cent.

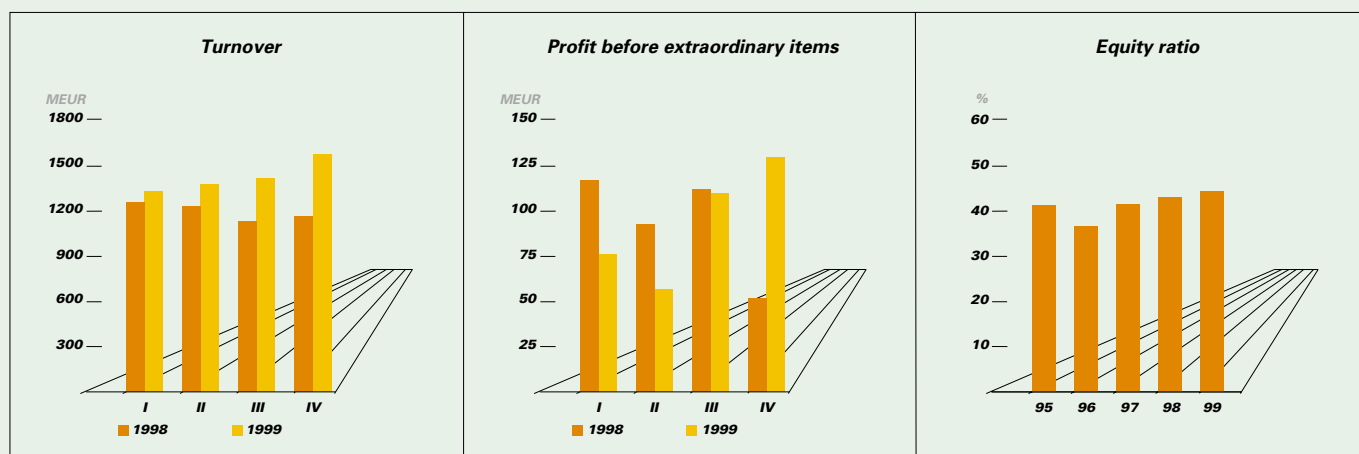
In December, Metsä Tissue posted a profit warning. The reason was the rise in raw material costs and the weakening of the euro in relation to the US dollar.

Metsä-Botnia

Metsä-Botnia is to build a new fibre line at its Joutseno Pulp pulp mill at an estimated cost of around EUR 250 million. The investment will raise production capacity from the present 410,000 to 600,000 t/a and reduce environmental loadings. The new line is expected to be completed by summer 2001.

Metsä-Rauma

Under the shareholder agreement signed in conjunction with the formation of Oy Metsä-Rauma Ab in 1994, the Metsä-Serla Group company Metsä-Botnia redeemed the 3 per cent of Metsä-Rauma shares held by Oyj Kyro Abp, while Metsäliitto Osuuskunta redeemed Tapiola insurance company's 3 per cent holding in Metsä-Rauma. As a result, the Metsäliitto Group companies' shareholding in Metsä-Rauma rose to 54.4 per cent on 1 July 1999.



/// President's Review ///

In the mid-1990s, the Metsäliitto Group set its strategic and financial targets for the second half of the decade. These targets have now been successfully met. Through successful company acquisitions and investments in existing plants, Metsäliitto has achieved a competitive size and market position in its key product sectors in Europe. Metsäliitto has entered the new millennium with a financial viability that ranks with the best in the industry.

Last summer, the Group clarified its structure by combining all its mechanical wood-processing activities under the new Finncor Corporation. At the same time the administrative functions of the Group and its parent company were pooled, and wood procurement and marketing were organized under the newly formed Forest Business Area.

Wood purchases from Metsäliitto's members have more than doubled between 1993 and 1999. One of the main reasons for this was the alliance with Myllykoski at the beginning of 1996. The alliance has also greatly increased Metsä-Serla's marketing strength.

Metsäliitto's mission remains that of securing the long-term utilization of all wood from its members' forests at competitive prices through its subsidiaries and associated companies. Last year, the Group decided on the main lines of its strategy and its financial targets for the period 2000-2003. Metsä-Serla's core businesses are coated papers and boards for printing and packaging, together with the related merchandising and trading and the production of chemical pulp. Finncor's areas of emphasis are mechanical wood processing products serving industrial end-uses, the DIY business and building.

Metsäliitto seeks to increase its members' wealth by raising the value of its industrial operations. In addition to stumpage payments, members also receive a dividend. It is hoped to more than double the Group's distributable earnings, an increasing proportion of which will come from industrial operations. Metsäliitto Osuuskunta is prepared, if necessary to achieve its targets, to reduce its interests in Finncor and Metsä-Serla, though not to below 50 per cent of the voting rights and one-third of the shares.

For the current business cycle, targets have been set for a return on capital employed of over 12 per cent and an equity ratio of about 40 per cent. It is also hoped to pay members at least one-third of the distributable earnings each year.

The financial result for 1999 was about the same as last year. The early part of the year was weaker, but the latter part was much better. The Paper Group returned a particularly good financial result. The result for the chemical pulp business was also better than forecast.



On the other hand, sawmilling operations made a heavy loss because of the unfavourable relationship between raw material costs and sales prices for products. Metsä Tissue also produced a poorer financial result than the year before. This was due to the higher cost of chemical pulp and to the cost of consolidating companies acquired at the end of 1998.

The outlook for the present year is considerably brighter than it has been for some years. Economic growth in North America, Europe and Southeast Asia is likely to remain strong, which should stimulate demand for forest industry products in Europe, our main market. The Group's financial result should be considerably better than in 1999, provided there are no significant economic or labour market disruptions.

Achieving good financial results requires continued efforts from our employees in a changing and more fiercely competitive business environment. I would like to thank all Metsäliitto Group employees for a wonderful effort last year.

A handwritten signature in black ink, appearing to read 'Antti Oksanen'. The signature is written in a cursive, flowing style.



Metsäliitto Osuuskunta's Board of Directors 1999

From left to right:

Antti Oksanen, Arimo Uusitalo, Pentti Jormanainen, Seppo T. Niemi, Timo Haapanen, Carl G. Björnberg, Tapani Kantola and Kullervo Karjalainen.

/// Board of Directors, Strategy Forum, Group Management, Auditors ///

Board of Directors

Chairman since 1994	Arimo Uusitalo, 57	M.Sc. (Agr.)
Deputy Chairman Member since 1992	Antti Oksanen, 55	M.Sc. (For.) President, Metsäliitto Group President and CEO, Metsäliitto Osuuskunta
Member from 1 January 2000 Member since 1996	Heikki Asunmaa, 57 Carl G. Björnberg, 58	farmer M.Sc. (Pol.) President and CEO, Myllykoski Copr.
Member since 1995	Timo Haapanen, 61	M.Sc. (Agr.)
Member since 1995	Pentti Jormanainen, 61	journalist
Member since 1993	Tapani Kantola, 60	B.Sc. (Agr.)
Member since 1993	Kullervo Karjalainen, 53	forestry entrepreneur
Member to 31 December 1999	Seppo T. Niemi, 63	farmer
Secretary	Pertti Vuopala, 58	General Counsel

Strategy Forum

Antti Oksanen, 55	
Arimo Uusitalo, 57	
Ari Martonen, 44	M.Sc. (Econ.) President and CEO, Finnforest Corp.
Markku Melkko, 51	M.Sc. (For.) Senior VP, Forest Business Area
Jorma Vaajoki, 50	M.Sc. (Eng.), M.Sc. (Econ.) President and CEO, Metsä-Serla Corp.
Jouko M. Jaakkola, 55	M.Sc. (Econ.) Senior VP, Strategic Planning

Group Management

	Antti Oksanen, 55	
Financial Control	Kari Haavisto, 58	Senior VP, Lic.Sc. (Econ.)
Strategic planning	Jouko M. Jaakkola, 55	Senior VP, M.Sc. (Econ.)
Finance and Administration	Harri Turunen, 50	Senior VP, M.Sc. (Econ.)
Group Communications and Public Affairs	Pekka Kivelä, 52	Senior VP, M.Sc. (Soc.)
Owner Relations	Jaakko Punkari, 54	Senior VP, M.Sc. (For.)
Legal Affairs	Pertti Vuopala, 58	Senior VP, LL.M.

Auditors

Ilkka Haarlaa, 55	M.Sc. (Econ.), APA
SVH Pricewaterhouse Coopers Oy Authorised Public Accountants Responsible auditor: Göran Lindell, 53	M.Sc. (Econ.), APA

/// Five years in figures ///

Metsäliitto Group

EUR million	1999	%	1998	%	1997	%	1996	%	1995	%
Turnover	5 704	100.0	4 795	100.0	4 386	100.0	3 403	100.0	3 003	100.0
- change %	19.0		9.3		28.9		13.3		23.8	
Exports from Finland	2 436		2 255		2 125		1 702		1 600	
Exports and foreign subsidiaries	4 688		3 855		3 522		2 798		2 250	
Operating profit	487	8.5	474	9.9	452	10.3	191	5.6	469	15.6
Profit before extraordinary items	373	6.5	375	7.8	266	6.1	82	2.4	372	12.4
Profit before tax and minority interest	414	7.3	391	8.2	425	9.7	144	4.2	369	12.3
Fixed assets	3 808	62.3	3 472	62.5	3 259	60.4	2 939	68.6	2 562	70.1
Current assets										
Inventories	703	11.5	667	12.0	613	11.4	522	12.2	494	13.5
Other current assets	1 167	19.1	871	15.7	716	13.3	538	12.5	444	12.2
Liquid funds	432	7.1	542	9.8	803	14.9	287	6.7	153	4.2
Total	6 110	100.0	5 552	100.0	5 392	100.0	4 286	100.0	3 653	100.0
Members' funds	1 031	16.9	879	15.8	732	13.6	480	11.2	449	12.3
Capital note loans	289	4.7	223	4.0	223	4.1				
Minority interests	1 378	22.6	1 266	22.8	1 263	23.4	1 064	24.8	1 016	27.8
Provisions for liabilities and charges	48	0.8	60	1.1	59	1.1	40	0.9	20	0.5
Liabilities	3 364	55.0	3 124	56.3	3 115	57.8	2 703	63.1	2 168	59.4
Total	6 110	100.0	5 552	100.0	5 392	100.0	4 286	100.0	3 653	100.0
Capital employed, average	4 642		4 378		3 864		3 167		2 861	
Return on capital employed, %	11.1		11.9		12.9		7.0		17.5	
Equity, average ¹⁾	2 277		2 070		1 769		1 504		1 297	
Return on equity, %	11.2		12.5		10.8		3.6		22.3	
Equity ratio, %	44.2		42.8		41.3		36.5		41.1	
Equity ratio, % ¹⁾	39.5		38.8		37.1					
Gearing ratio, %	63		63		56		99		84	
Gearing ratio, % ¹⁾	83		80		74					
Interest-bearing liabilities	2 153		2 065		2 105		1 861		1 464	
Interest-bearing financial assets	445		576		855		334		228	
Interest-bearing net liabilities	1 708		1 489		1 250		1 527		1 236	
Interest-bearing net liabilities as % of turnover	29.9		31.0		28.5		44.9		41.1	
Cash flow from operations	579		596		557		305		432	
Capital investments	517		577		613		838		527	
Capital investments as % of turnover	9.1		12.0		14.0		24.6		17.5	
R&D -expenditure	17		16		15		16		16	
Personnel, at end of year	20 854		19 927		18 717		16 455		15 403	
Personnel, average	21 421		19 346		18 100		16 586		14 204	
- of whom in Finland	11 516		11 567		11 537		10 967		10 682	

1) Capital note loans included in liabilities.

Calculation of key ratios is presented on page 63.

/// Quarterly data ///

Turnover	1999					1998					
	EUR million	Total	IV	III	II	I	Total	IV	III	II	I
Wood procurement	1 070.6	281.3	254.0	256.3	279.0	1 038.5	275.3	249.6	248.2	265.4	
Sawn goods	486.6	138.1	107.9	127.8	112.8	447.7	118.6	97.0	120.4	111.7	
Wood based boards	657.8	163.2	170.8	171.2	152.6	628.5	134.7	150.7	164.0	179.1	
Paper	1 704.6	470.9	424.5	407.5	401.7	1 356.1	334.5	326.6	340.1	354.9	
Packaging	1 082.2	288.9	269.4	258.1	265.8	1 064.0	239.4	259.0	284.9	280.7	
Tissue	585.7	153.2	144.8	142.2	145.5	342.8	84.9	83.3	85.1	89.5	
Merchanting & Trading	678.7	176.8	163.5	170.7	167.7	459.5	108.3	103.5	125.1	122.6	
Pulp	881.3	283.2	272.4	167.2	158.5	685.7	150.9	166.6	176.8	191.4	
Others & internal sales	-1 443.8	-377.2	-392.0	-323.6	-351.0	-1 227.9	-280.0	-301.0	-313.0	-333.9	
Turnover	5 703.7	1 578.4	1 415.3	1 377.4	1 332.6	4 794.9	1 166.6	1 135.3	1 231.6	1 261.4	
Operating profit											
	1999					1998					
EUR million	Total	IV	III	II	I	Total	IV	III	II	I	
Wood procurement	21.1	6.3	7.3	2.2	5.3	23.0	4.0	7.3	4.5	7.2	
Sawn goods	-1.7	3.4	-3.4	2.2	-3.9	3.7	-3.0	-1.7	5.5	2.9	
Wood based boards	39.0	6.2	8.6	12.0	12.2	40.9	8.5	13.5	8.6	10.3	
Paper	227.1	68.1	58.0	48.2	52.8	180.1	43.2	41.4	44.9	50.6	
Packaging	103.9	22.7	27.9	23.2	30.1	116.4	16.9	28.0	31.5	40.0	
Tissue	16.2	-4.6	6.6	4.9	9.3	24.7	4.6	8.7	4.5	6.9	
Merchanting & Trading	6.4	1.1	1.0	1.1	3.2	3.4	-0.6	-0.3	2.4	1.9	
Pulp	141.3	76.4	51.1	10.8	3.0	82.2	-4.6	25.2	21.7	39.9	
Others	-66.7	-18.0	-15.3	-17.7	-15.7	-0.5	3.0	6.5	-0.2	-9.8	
Operating profit	486.6	161.6	141.8	86.9	96.3	473.9	72.0	128.6	123.4	149.9	
% of turnover	8.5	10.2	10.0	6.3	7.2	9.9	6.2	11.3	10.0	11.9	
Net exchange gains/losses	-12.1	-2.7	-1.4	-6.3	-1.7	12.8	8.2	6.9	1.7	-4.0	
Financial income and expenses	-101.2	-28.8	-30.4	-23.5	-18.5	-112.2	-27.8	-23.0	-32.6	-28.8	
Profit before extraordinary items	373.3	130.1	110.0	57.1	76.1	374.5	52.4	112.5	92.5	117.1	
Production volumes											
	1999					1998					
1 000 units	Total	IV	III	II	I	Total	IV	III	II	I	
Sawn goods, m ³	2 284	633	507	604	540	2 169	615	449	581	524	
Wood based boards, m ³	464	122	111	116	115	413	112	98	102	101	
Paper, t	2 145	557	543	515	530	1 704	407	419	418	460	
Paperboard, t	639	158	169	157	155	633	133	166	167	167	
Corrugated board, t	225	57	58	56	54	222	68	52	52	50	
Fluting and liner, t	531	142	141	106	142	525	116	142	123	144	
Tissue, t	442	110	110	109	113	264	62	68	65	69	
Pulp, t	2 013	569	602	418	424	1 675	413	422	409	431	

"Where there's a will, there's a way"

- well-known proverb

The use of wood in bridge construction is growing rapidly worldwide. In Europe, most new bridges built for light traffic are made of wood. One big advantage of wood is its economy, when looked at in terms of the bridge's entire life-span.

*Thalkirchen bridge,
Munich, Germany*



Metsäliitto Osuuskunta, the parent company of the Metsäliitto Group, is responsible for wood procurement for the mills of the Group's companies. The parent company's mission is to provide competitive wood procurement and marketing services for its members and to act as a holding company of forest industry.

Turnover and profits

Metsäliitto Osuuskunta's turnover for 1999 was EUR 1,071 million, 3 per cent up on the previous year's figure of EUR 1,039 million. Operating profit was EUR 21.1 million, 2.0 per cent of turnover (23.1 million and 2.2 per cent).

Profit before extraordinary items was EUR 69.3 million (54.5). The improvement is due to higher net financial income, principally from dividends.

Extraordinary income includes group contributions received from Finnforest, Biowatti and Metsäliitto International totalling EUR 9.2 million. Extraordinary income also includes a total of EUR 5.3 million in profit from the sale of shares, EUR 3.1 million of which came from the sale of UPM-Kymmene Corporation shares.

Extraordinary expenditure includes group contributions totalling EUR 15.7 million made to Metsä Timber and its subsidiaries.

Before appropriations and taxes there was a profit of EUR 68.2 million (48.9). The surplus for the financial period was EUR 49.7 million (35.1).

Financing

Paid-in members' capital at the end of the year totalled EUR 322.8 million (297.8), including additional members' capital of EUR 209.3 million (193.7). The increase in members' capital during 1999 was EUR 25.0 million (43.9), of which the increase in additional members' capital was EUR 15.6 million (32.6).

Subscribed members' capital at the end of the year was EUR 185.7 million (181.6). Of this, EUR 113.5 million was paid-in (104.2 million) and EUR 72.2 million was outstanding (77.4).

In August, the Board of Directors decided to return to members the opportunity to invest in additional members' capital their proceeds from wood sales conducted with Metsäliitto.

Meeting on 3 February 2000, the Board of Directors decided to suspend its issue of index-linked capital notes in conjunction with wood purchases. The final subscription date was 1 March 2000. At the end of 1999, notes had been issued to a total value of EUR 90.6 million.

Key figures

The return on capital employed was 12.5 per cent (12.9) and the return on equity 9.2 per cent (8.3). The equity ratio at 31 December 1999 was 68.4 per cent (66.2) and the gearing ratio -38 per cent (-39). Liquidity was good throughout the year.

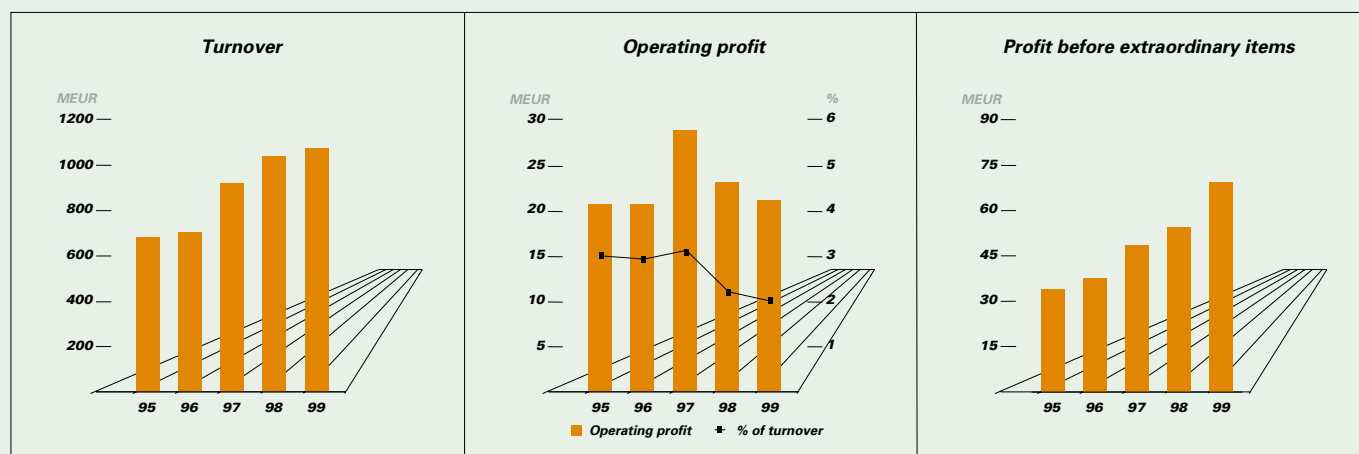
Investment

Capital expenditure totalled EUR 33 million (98). Of this, EUR 2 million (2) was invested in tangible fixed assets, comprising mainly motor vehicles, wood harvesting machines and computer equipment. Investment in intangible assets was EUR 31 million (96 million).

In accordance with the shareholder agreement signed in conjunction with the formation of Oy Metsä-Rauma Ab in 1994, Metsäliitto Osuuskunta redeemed the 3 per cent of Metsä-Rauma shares held by Tapiola insurance company, while Oy Metsä-Botnia Ab, a member of the Metsä-Serla Group, redeemed Oyj Kyro Ab's 3 per cent shareholding in Metsä-Rauma. The share purchases took effect on 1 July 1999, following which the Metsäliitto Group companies now owns 54.4 per cent of Metsä-Rauma.

On 31 August 1999, Metsäliitto Osuuskunta bought Metsä-Serla's 10 per cent holding in Finnforest Oy. The deal marked the end of the process whereby the Metsäliitto Group has transferred all its mechanical wood-processing operations to Finnforest Corporation. The cost of the shares involved was EUR 13.6 million.

EUR million	1999	1998
Turnover	1 071	1 039
Operating profit	21.1	23.1
Profit before extraordinary items	69.3	54.5
Personnel, at end of year	949	945



Negotiations concerning the purchase of the Zellstoff- und Papierfabrik Rosenthal GmbH & Co. KG pulp mill ended without result in August.

Organization

In August, the administrative and financial functions of the Group and Metsäliitto Osuuskunta were combined. A Forest Business Area was established within Metsäliitto Osuuskunta to handle trading in wood raw material. Markku Melkko was appointed to head the new business area. The move has clarified the organizational structure and strengthened the Metsäliitto Group's management.

Wood procurement and marketing

As negotiations between forest owners and the industry during the spring ended without result, Metsäliitto's Board of Directors made its own decision on wood raw material prices. This brought prices down marginally compared with the start of the year, and trading got off to a reasonable start.

At the end of the year, Metsäliitto decided to introduce a bonus scheme for members who have faithfully sold wood to Metsäliitto. Starting in January 2000, a bonus based on sales volumes over the previous four years will be paid in conjunction with the next sale of wood.

Deliveries of wood raw material to customers totalled 23.1 million cubic metres (22.2). This comprised 19.3 million cubic metres of roundwood (18.1), the rest being by-products from mechanical wood processing. Deliveries were up 4 per cent on the year before.

Purchases by the procurement areas from private forests were 15.9 million cubic metres, 52 per cent of which was pulpwood. The volume purchased by Head Office and Metsäliitto International was 6.6 million cubic metres, comprising 58 per cent by-products. The total volume purchased was thus 22.5 million cubic metres (21.6).

Delivery contracts accounted for 25 per cent of all wood purchased (27). Wood was purchased through 44,700 agreements (42,900), of which 52 per cent were delivery contracts (56). Altogether 6,400 purchases were made from customers under marketing agreements, the total volume of wood being 3.0 million cubic metres.

A total of EUR 517 million (502) was paid in stumpage rates to forest owners for wood supplied during the year.

Following inspections carried out by the competition authority on 14 January 1998 at Metsäliitto's sites in northern Finland, Ostrobothnia and eastern Finland, Metsäliitto received a request, dated 24 June 1999, for a statement concerning alleged collaboration in wood purchasing contrary to the regulations. Similar requests for statements were sent to Stora Enso Oyj and UPM-Kymmene Corporation. Metsäliitto submitted its reply to the competition authority on 30 September 1999.

Harvesting and transport

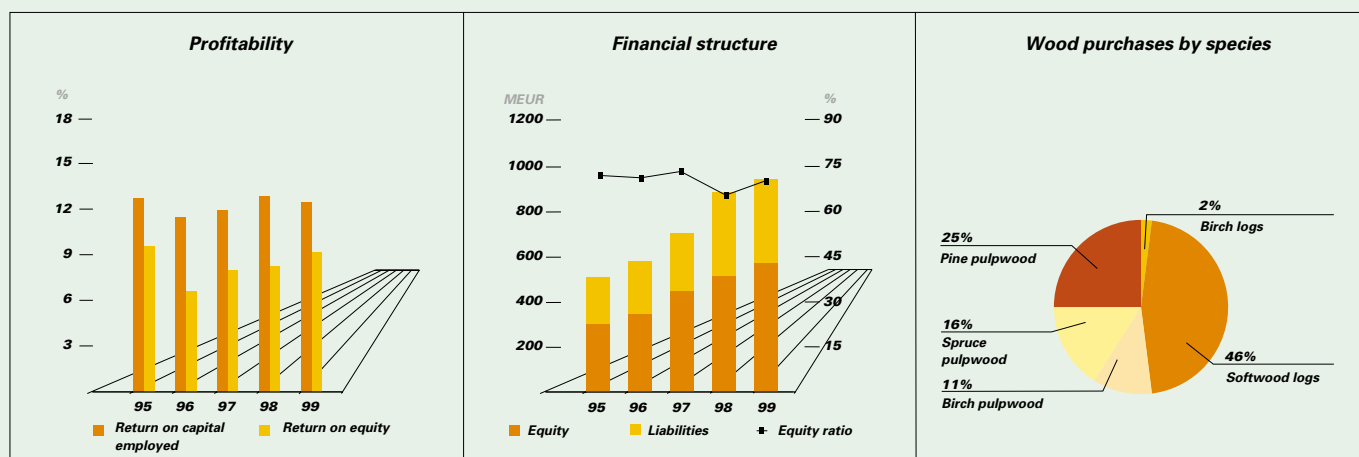
Sales on the stump during 1999 were 12.6 million cubic metres (11.9), 96 per cent of which was harvested by machine (95). A total of 233 forest workers (265), 397 harvesters (359) and 396 forwarders (369) were employed at the end of the year. Of these, Metsäliitto owned 2 harvesters (2) and 2 forwarders (2).

Roundwood deliveries to customers were 18.0 million cubic metres (17.1). Of this amount, 85 per cent was transported by road (84), 12 per cent by rail (13), 2 per cent by floating (2) and 1 per cent by ship (1). At the end of the year 362 haulage vehicles were at work (356), 8 of them owned by Metsäliitto (8).

Development work

A number of development projects concerning the entire workforce were started during 1999. A wide-ranging project was launched to examine working methods and the necessary related measures for development. This has led to a project designed to update Metsäliitto's entire forest system.

Calculations relating to planned investments that will increase wood consumption in Finland, together with their impact on felling potential and the forest balance, were updated during the year. The calculations were used in planning wood procurement to cater for the expansion at Joutseno pulp mill.



Autumn saw the completion of a study conducted with the Finnish Forest Research Institute and several consumers of wood chips to update figures for the green/dry density of sawmill chips. New conversion factors obtained from the study were introduced as of 1 January 2000.

The satisfaction survey conducted among wood sellers was continued for the second year by means of questionnaires sent to wood sellers on completion of sales. The feedback has been studied by the procurement districts and the need improvements is being addressed.

Based on feedback obtained from sellers and on the results of an in-house survey, an extensive personnel training programme was launched. The purpose of the programme is to make better use of employees' skills, to encourage continuous development, and to maintain the level of personal preparedness needed to meet new challenges. It is also intended to update certain everyday practices. The training programme will involve all Metsäliitto's employees. During 2000 it will be extended to contractors and their employees.

Personnel

At the end of the year, Metsäliitto Osuuskunta had 949 employees (945). These comprised 253 workers and 696 salaried staff.

The average number of employees for the year was 895 (892), comprising 206 workers (218) and 689 salaried staff (674).

Work continued to apply the profit-sharing scheme. Under the scheme, salaried staff are rewarded for achieving targets relating to wood procurement, customer satisfaction and personal development. The targets concerned are set during talks held every six months throughout the entire organization.

During the year, a survey was made of employees' views on the atmosphere at work, motivation, working conditions and the work of superiors. In future, surveys of the working atmosphere will be conducted on a regular basis.

Members

During 1999, Metsäliitto Osuuskunta acquired 5,765 new members (5,046), while 2,975 members resigned (2,251). The number of members at the end of the year was 125,372 (122,582). Metsäliitto members own a total of 5.03 million hectares of forest, which corresponds to about 46 per cent of all forest land subject to Finland's forestry levy.

The Representative Council was elected by postal ballot for the 4-year period 1999-2003. Members' representatives for the district committees for the procurement districts were elected at the same time. During the autumn, 16 two-day training sessions were arranged for district committee members, of whom some 250 took part. The job of committee members is to secure their districts' activities by improving contacts and dialogue between members and the procurement organization.

Outlook

The year 2000 will see a slight increase in wood deliveries and purchasing volumes. The biggest challenge will be to balance the strong demand for heavy logs against deliveries of softwood pulpwood to pulp mills. Turnover is expected to grow by around 5 per cent and the result from business operations to be about the same as in 1999.

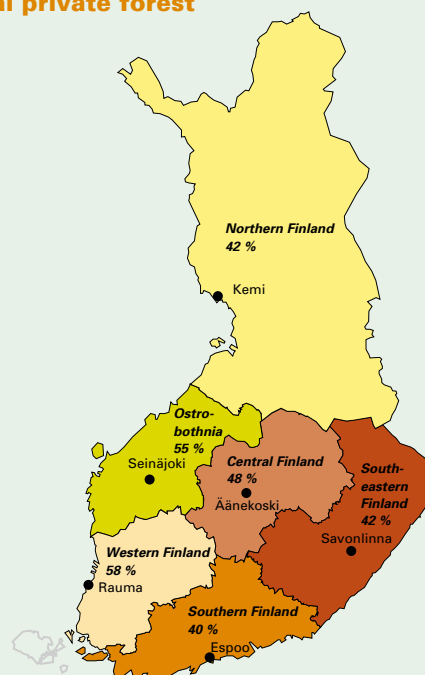
Wood purchases by procurement area

Million m ³	1999	1998
Southern Finland	2.2	2.2
Western Finland	2.8	2.8
Southeastern Finland	3.6	3.2
Ostrobothnia	2.4	2.2
Central Finland	3.0	2.9
Northern Finland	1.9	1.9
Total	15.9	15.2

Wood deliveries by customer

Million m ³	1999	1998
Metsä-Botnia	8.9	8.7
Metsä Timber	5.2	4.8
Metsä-Serla	2.3	2.3
Metsä-Rauma	1.9	1.8
Finnforest	1.1	1.1
Metsäliitto SW	0.1	0.1
Other Finnish companies	3.4	3.4
Export	0.2	0.1
Total	23.1	22.2

Area of members' forest in relation to total private forest



"Every exit is an entry somewhere else"

- Tom Stoppard



Wood is a flexible material that yields to the architect's fancy, thus providing great freedom in construction. Used for a bridge, wood blends with the surroundings better than many other materials.

Black Dog Hill bridge, Calne, England

Finforest is among the European leaders in the manufacture and marketing of plywood, sawn timber and other wood-based products. The biggest consumer of the company's products is the building industry. Other customers include transport vehicle manufacturers and the furniture industry. Most of the company's 25 production plants are in Finland. Finforest Corporation employs roughly 3,700 people, a third of them outside Finland.

The new Finforest Corporation

In June, Metsäliitto Osuuskunta's Board of Directors decided to combine the Metsäliitto Group's mechanical wood processing operations (sawmilling and panels production) with its timber impregnating business to form Finforest Corporation. The process will be legally complete when the merger is registered on 3 April 2000.

The main reason for combining business operations was to gain a stronger competitive position in the markets. The new Finforest will achieve synergies in production, marketing, logistics, product development and financing. The aim is leadership in selected end-use segments of the European market for wood-based materials for building and construction. Finforest's new group structure provides the framework for achieving this aim.

Business environment

The market for birch plywood continued to be strongly contested. Over-capacity intensified competition between Finnish manufacturers as supplies from Russia and the Baltic countries increased. Birch plywood prices showed a downward trend during the year. Conifer plywood, on the other hand, was in good demand, and prices showed a modest rise.

Whitewood was in good demand and spruce logs were occasionally in short supply. Whitewood prices rose slightly during the year. Redwood markets continued to be over-supplied, and this caused a significant fall in prices.

The DIY business continued to grow. In Britain, Finforest's main market, demand strengthened and prices held firm. In Germany, the market was extremely demanding, and over-supply kept prices low.

Demand for Kerto LVL was satisfactory, and new markets for this product were found both in Europe and in the Middle East. In

Finland, consumption of Kerto LVL rose faster than the average rate of construction. Prices remained at 1998 levels.

Demand for the wooden poles produced by Finforest's Kolho unit grew towards the end of the year. In Britain, the main market, prices were stable, but the Finnish market was affected by over-supply, and prices were low. Sales volumes for impregnated timber were the same as the previous year, though prices showed a slight downward trend.

Demand for the Tiwi unit's particleboard was fairly good. Nevertheless, sales were down on the year before due to the decline in exports to Russia. Product prices were virtually unchanged.

Turnover and profits

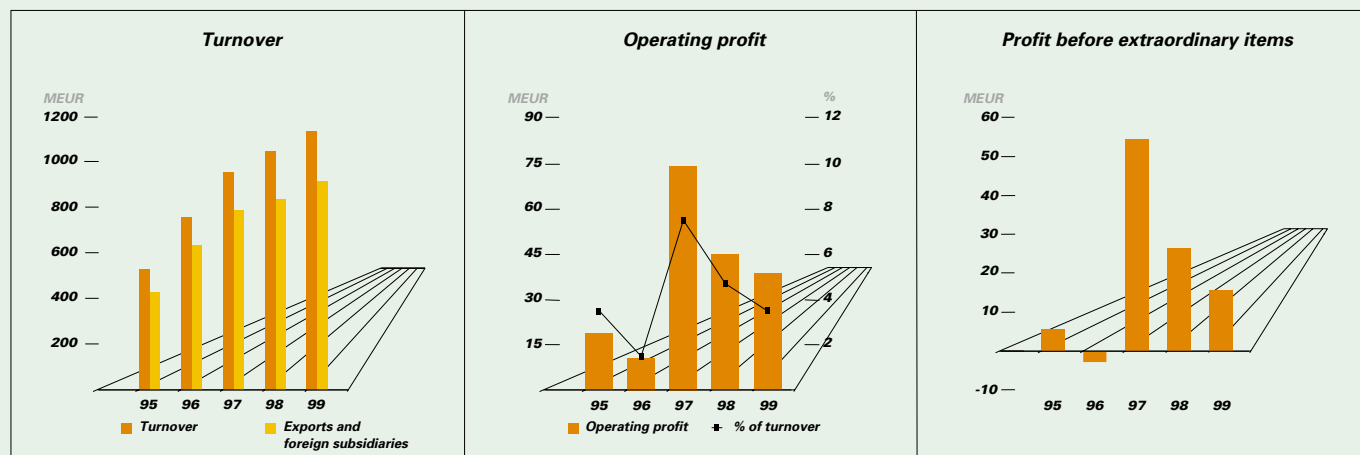
Finforest's turnover for 1999 was EUR 1,139 million (1,049). The increase in turnover is attributable to companies acquired during the year. Exports from Finland and sales by foreign subsidiaries represented 81 per cent of turnover (80).

Operating profit was down on the previous year at EUR 38.6 million (44.8), 3.4 per cent of turnover (4.3).

The Plywood Division returned an operating profit of EUR 23.8 million, down slightly on the previous year's EUR 24.8 million. The Engineered Wood Division had an operating profit of EUR 23.8 million (21.5). The Sawmill Division made a loss of EUR 1.7 million, compared with a profit of EUR 3.7 million the year before. The Interpan Division made a loss of EUR 0.2 million, compared with a profit of EUR 3.9 million the year before.

Profit before extraordinary items was EUR 15.7 million (26.3). Net financial expenses were EUR 23.0 million (18.5). The profit and loss account shows exchange losses of EUR 6.6 million (gains of 1.3 million), of which EUR 3.4 million is included under sales adjustment items and EUR 3.2 million under financial expenses.

EUR million	1999	1998
Turnover	1 139.1	1 049.4
Operating profit	38.6	44.8
Profit before extraordinary items	15.7	26.3
Personnel, at end of year	3 741	3 543



The return on capital employed was 6.4 per cent (8.9) and the return on equity was 5.5 per cent (8.8).

Financing

At the end of the year, the equity ratio was 43.6 per cent (32.0) and the gearing ratio was 85 per cent (156). Interest-bearing net liabilities were EUR 420 million (368).

At its meeting in October, Finnforest's Board of Directors approved the issue of a serial capital note loan as specified in the Companies Act. The total amount is EUR 150 million and the notes carry a coupon of 7.50 per cent. The loan has a 10-year maturity and is unsecured. The first tranche totalling EUR 70 million was issued in December at an issue price of 94.449% of the nominal value.

In connection with the new capital note loan, Metsäliitto Osuuskunta's Board of Directors decided to convert the capital note loans issued to Finnforest and Metsä Timber, total value EUR 56.4 million (FIM 335.5 million), into share capital in April 2000 when the merger of the companies has been officially completed.

In December, Finnforest negotiated credit line agreements totalling EUR 60 million. The loans are in several currencies and mature in five years.

Investment

Gross capital expenditure was EUR 76 million. The German converting company Louis Krages was acquired in March and the Austrian plywood merchant Baillou in July.

The Sawmill Division's biggest investments were expansions of kilning capacity at the Kaskinen and Merikarvia sawmills.

Personnel

Finnforest Corporation has operations in 18 countries. The number of employees at the end of the year was 3,741 (3,543). Of these, 2,409 worked in Finland and 1,332 abroad. The biggest division was Engineered Wood, which had 1,146 employees. The Sawmill Division (Metsä Timber) had 1,114 employees, the Plywood Division 952 and the Interpan Division 499.

Divisions

Plywood

Finnforest is Europe's second largest plywood producer. The company manufactures birch plywood at its Punkaharju and Suolahti mills; conifer plywood is produced at Suolahti. The main uses for Finnforest's plywood are in the building and transport vehicle industries and in packaging. The Punkaharju mill has a capacity of over 70,000 cubic metres and the Suolahti mill a capacity of 250,000 cubic metres.

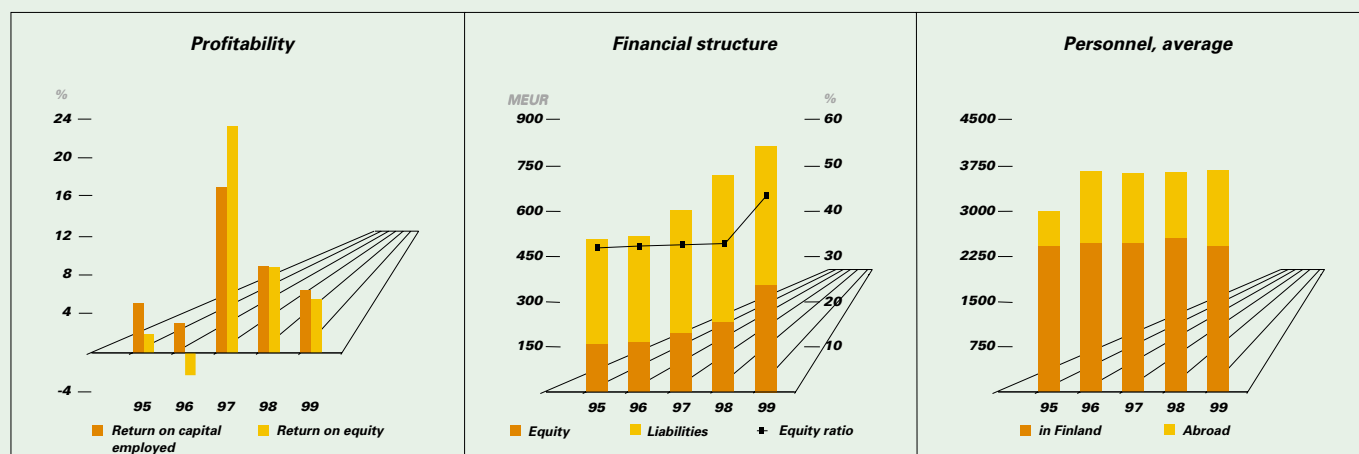
In 1999, the Plywood Division had a turnover of EUR 151 million (142) and an operating profit of EUR 23.8 million (24.8). The division's sales volume was 316,000 cubic metres, up 20 per cent on the previous year. Production totalled 283,000 cubic metres (243,000).

The market for plywood products was affected by uncertainty during the first half of the year, and demand weakened. However, there was a marked improvement in demand for conifer plywood starting early in the autumn. The market for birch plywood also picked up slightly, but went into decline towards the end of the year.

The market for birch plywood remained fiercely contested. Supplies from Russia and the Baltic countries, coupled with over-capacity in Finland, intensified competition between producers, and this was one reason for the fall in prices. Conifer plywood was in good demand, and prices showed modest gains after the first quarter.

In Germany, building activity is forecast to grow. In the transport vehicle sector however, the prospects are somewhat conflicting. Over-capacity in Finland and price competition from Baltic and Russian birch plywood will keep the market strongly contested.

In Western Europe, demand for conifer plywood is likely to remain good, at least for the first half of the year, and the volume of production could exceed that in 1999. OSB boards, which compete with conifer plywood, have already gained a significant position in the North American market, and supplies of these products will increase in the next few years, including Europe.



Sawmills

Finnforest is Europe's second biggest producer of sawn timber. The company has 11 sawmills in Finland and one in Estonia. The sawmills have a combined production capacity of some 2.5 million cubic metres a year.

The Sawmill Division's turnover for 1999 was EUR 487 million (443). Sales were 10 per cent up on the previous year, but the financial targets set for 1999 were not reached. The division made a loss on operations of EUR 1.7 million, as against a profit of EUR 3.7 million in 1998. The main reason for the decline was the over-supply of redwood, which caused a substantial fall in prices.

Whitewood was in good demand and prices rose slightly. So much new capacity has come on stream in Finland since the mid-1990s that the country's standing spruce reserves are being almost fully utilized. Shortage of raw material necessitated short shut-downs in production during the spring and autumn. At the end of 1999, Vilppula sawmill began to produce exclusively whitewood. The mill is now the world's largest single whitewood production unit.

Overall, the sawmills operated at 95 per cent of capacity. Production rose 6 per cent on the previous year to reach 2,284,000 cubic metres (2,169,000).

Exports represented 70 per cent of turnover. The most important markets for whitewood are German-speaking central Europe, the Netherlands, France, Japan and Finland. Japan accounted for a higher proportion of exports as the country's economic situation improved. The main markets for redwood are Britain, Denmark, the Mediterranean countries and Finland.

The division's biggest investments concerned expansion of kilning capacity at the Kaskinen and Merikarvia sawmills. Finnforest will continue to develop its sawmilling business during 2000. More than FIM 100 million will be invested in operations this year.

Market expectations for whitewood are optimistic; for redwood, demand and supply are expected to balance out and profitability

to improve. During 2000, emphasis will be placed on making more efficient use of wood raw material, improving cost effectiveness, and better quality control. The trend towards specialization in either whitewood or redwood will continue at the sawmills.

Engineered Wood – Kerto LVL

Finnforest manufactures laminated veneer lumber (Kerto LVL) at its production unit in Lohja. This product is made by gluing together rotary peeled softwood veneers to form solid beams and boards for use in building and industry. The main applications are public and residential buildings, large hall-type structures and industrial, storage and agricultural buildings.

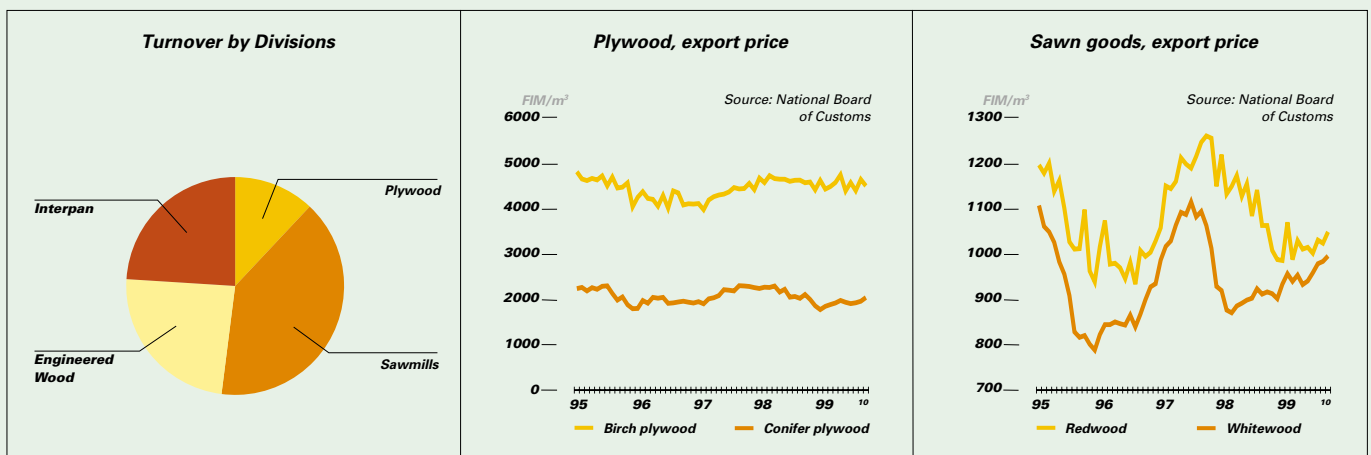
The production line modernizations that began in 1998 were continued. Investments in production have raised the unit's annual capacity to 100,000 cubic metres. Output for 1999 was 21 per cent up on the previous year at 86,000 cubic metres. Most of the production is exported, mainly to Germany, Switzerland, France, Scandinavia and North America.

Kerto LVL has become better known in Europe, where demand for this product has increased considerably. New applications for Kerto LVL were launched in individual countries during 1999. The most notable deliveries were for the concert hall being built in Lahti and for the German pavilion at Expo 2000 in Hannover.

Engineered Wood – Metsä Prima

Founded in 1998, Metsä Prima is the leading manufacturer and distributor of wood products for the DIY trade and wholesale distributors in Europe. The production units are located in England, Germany and Finland. Metsä Prima's principal products are intended for interior decorating and include wall panels, floorboards, skirting boards and planed timber.

Acquisition of the Louis Krages planing mill has given Finnforest a foothold on the German wholesale market for processed timber products. However, the German market was extremely demanding in 1999, and measures to revitalize operations were introduced during the second half of the year.



"Let every man praise the bridge that carries him over."

- English proverb



The bearing structure for this 5-section suspension bridge is a sturdy wooden block beam. The low density of wood means wooden structures are light yet highly durable.

Bridge on the river Neckar at Wernau, Germany

In Britain, the market is expected to remain favourable. Strong interest in interior decorating and garden construction is generating demand for new concepts and products. In Germany, wood-based DIY products are increasing their share of the timber trade, and Louis Krages will continue to develop its product concepts and distribution channels.

Engineered Wood – Kolho

The Kolho unit manufactures redwood poles and impregnated and planed timber. Its production plants in Finland are at Kolho and Eskola. In Britain the plants are at Leven in Scotland and at Newport in Wales.

Turnover in 1999 was derived mainly from solid wooden poles supplied for supporting electricity and telecommunications lines and for outdoor lighting. Sales were 17 per cent higher than in 1998. The latest of the products manufactured in Finland is the LuxiWood pole for lighting in parks and along light traffic routes. Another new product is LuxiRoad, a safety pole that breaks on impact.

Exports of poles did not come up to expectations during the early part of the year. However, demand picked up towards the end of the year. The main export buyer of Luxiwood's wooden poles is Britain. Other important buyers are the Middle East and North Africa. The Finnish market for wooden poles is over-supplied, and prices in 1999 were low. A better year is anticipated in 2000, as the market for traditional wooden poles is strengthening.

Kolho is Finland's second largest timber impregnator. The unit's timber and planed goods are sold under the name KestoWihreä. The products are sold mainly on the Finnish market. This year, Kolho intends to increase its exports by working together with Finforest's other units.

Engineered Wood – Tiwi

Tiwi manufactures melamine-surfaced particleboards and furniture components at Keuruu. Two-thirds of production is sold in Finland. The main export buyers are Norway, Sweden, Russia and Estonia.

The sales volume was down on the previous year. Turnover fell, largely due to the decline in exports to Russia. Product prices were almost unchanged.

Demand during 2000 is expected to remain at about present levels thanks to new construction and structural repairs. However, competition is likely to be intensified by increasing imports from the Baltic countries.

Interpan

Interpan is one of Europe's leading wholesalers and distributors of plywood and other wood-based panels. The division has 12 distribution centres in Europe and two distribution companies in the United States.

Turnover in 1999 was EUR 293 million (333). Operating loss was EUR 0.2 million (+3.9).

The emphasis during the year was on overseeing the change in activities in Britain, strengthening marketing, and organizing the global purchasing of panel products. In January 2000, Finforest changed over to a country-by-country organization, giving Interpan a new role under Finforest's strategy.

The Austrian plywood merchant Baillou was acquired in 1999. The market for Baillou's products in the Czech republic and Hungary is good. Operations in Rumania and Poland are only just getting started. Baillou has a central role in Finforest's strategy in the growing markets of eastern Europe.

Towards the end of the year it was decided to begin preparations for construction of a new blockboard mill in Rumania. The mill will produce high-quality veneer-faced blockboard in large sizes, principally for the furniture industry. It is planned to start production by this summer. The mill will employ over 200 people.

European demand for wood-based panel products is likely to remain unchanged. In the United States, building activity is forecast to remain brisk, at least during the first few months. Russian birch plywood producers are going over increasingly to European panel sizes, and this could put pressure on prices for conifer plywood. Consolidations among panel wholesalers and importers are likely to continue in 2000.

Outlook

The market for birch plywood will remain strongly contested. In Germany, the main market, building activity is forecast to increase, and expectations for 2000 are modestly optimistic. Demand for conifer plywood is expected to remain satisfactory.

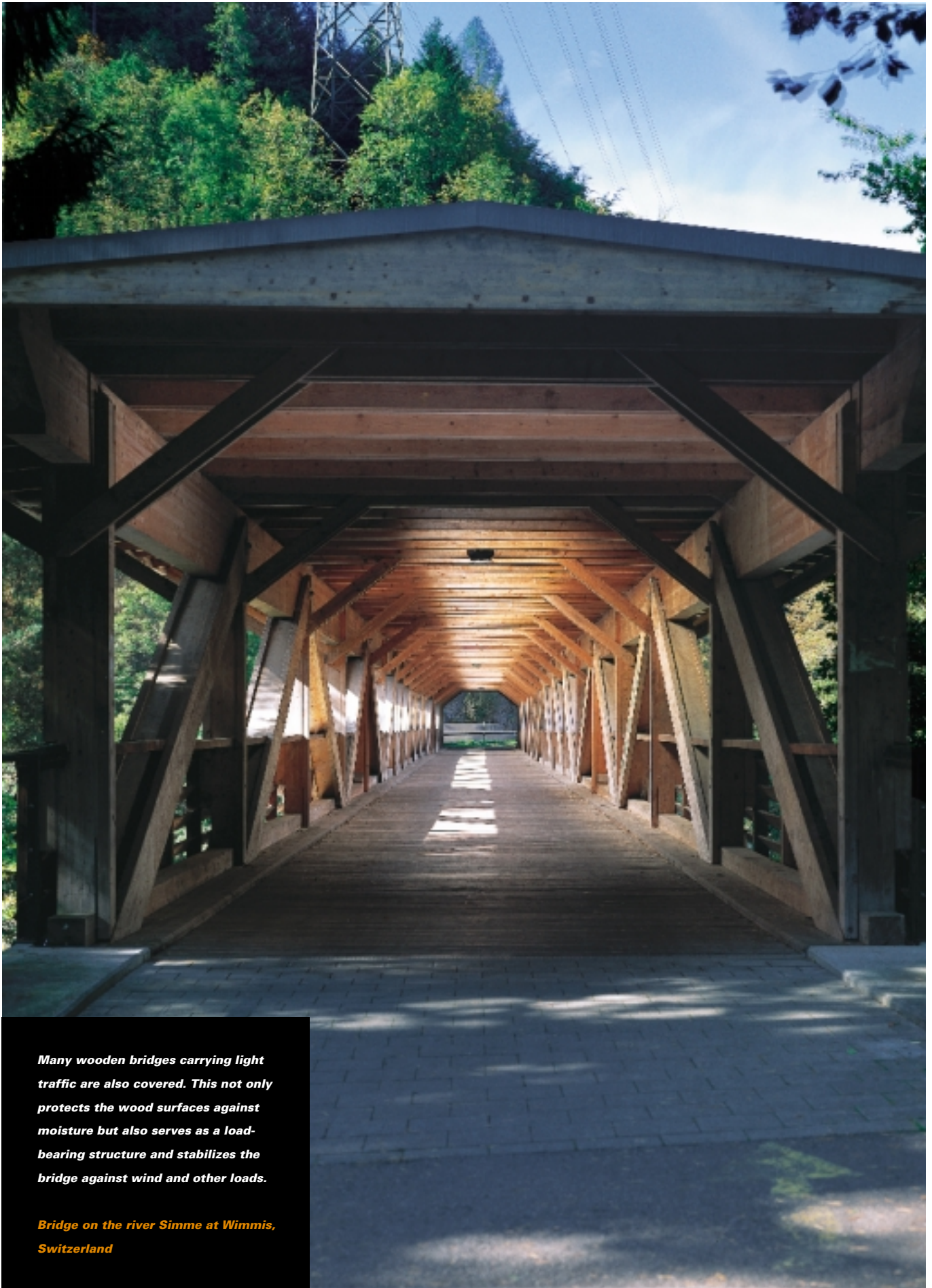
Demand for sawn timber is expected to continue to show a disparity between whitewood and redwood. The market expectations for whitewood are optimistic. For redwood, a balance is expected between supply and demand, and profitability should improve.

The market for DIY products and Kerto LVL could well strengthen slightly this year. The market for particleboard and poles will probably remain unchanged. The measures instigated to revitalize the DIY business in Germany will improve this year's financial performance.

The improved market for the main products, in conjunction with the revitalization measures currently being implemented, will allow Finforest to improve its financial result in 2000.

"Life itself is like a covered bridge, leading from light to light"

- H. W. Longfellow



Many wooden bridges carrying light traffic are also covered. This not only protects the wood surfaces against moisture but also serves as a load-bearing structure and stabilizes the bridge against wind and other loads.

Bridge on the river Simme at Wimmis, Switzerland

Metsä-Serla is one of Europe's biggest and fastest-growing forest industry groups. Metsä-Serla develops, manufactures and markets high-quality printing papers, paperboard, corrugated board, packaging raw materials, chemical pulp and tissue. Through controlled growth the company aims to achieve leading market and competitive positions in its chosen business areas.

Turnover and profits

Metsä-Serla's turnover for 1999 was EUR 4,236 million (3,523). Companies acquired at the end of 1998 accounted for 80 per cent of the growth in turnover. On a comparative basis, turnover rose by 4 per cent. Exports from Finland and sales by foreign subsidiaries accounted for 88 per cent of turnover (85). Altogether 42 per cent of turnover was derived from operations outside Finland (34).

Operating profit improved slightly to EUR 393.6 million, 9.3 per cent of turnover (386.6 million and 11.0%). Operating profit includes other operating income of EUR 56.3 million (32.9).

Profit before extraordinary items was EUR 302.9 million, about the same as the year before (306.8). Financial expenses net of financial income increased to EUR 90.7 million (79.8). The increase is due to foreign exchange losses of EUR 9.4 million on loans entered under financial items, as against gains of EUR 8.5 million in 1998.

Extraordinary income was EUR 29.4 million (18.4) and extraordinary expenses were EUR 2.5 million (2.0). Extraordinary income includes EUR 29.4 million as the cumulative effect of the change in the practice for calculating the deferred tax.

Profit before taxes and minority interests was EUR 329.8 million (323.2). Minority interests were EUR 23.9 million (39.1), and direct taxes, including the change in deferred tax liability, were EUR 98.2 million (101.9).

Earnings per share were EUR 1.35 (1.27). The Board of Directors will propose to the Annual General Meeting payment of a dividend of FIM 2.70 per share (EUR 0.45), which is 33.6 per cent of the profit per share. In 1998, shareholders received a dividend of FIM 2.60 (EUR 0.44) per share.

The return on capital employed was 10.7 per cent (11.0) and the return on equity 10.5 per cent (11.6).

The practice for entering exchange differences in the accounts was changed at the beginning of the year. Exchange differences arising from loans and derivatives denominated in foreign currencies are now allocated to the hedging period, whereas realized exchange differences were previously recorded in the profit and loss account as they arose, and only unrealized exchange differences were booked concurrently with the hedged cash flow. The change of practice improved profit for the period by some EUR 10 million. Figures for the previous year have not been adjusted to reflect the new practice.

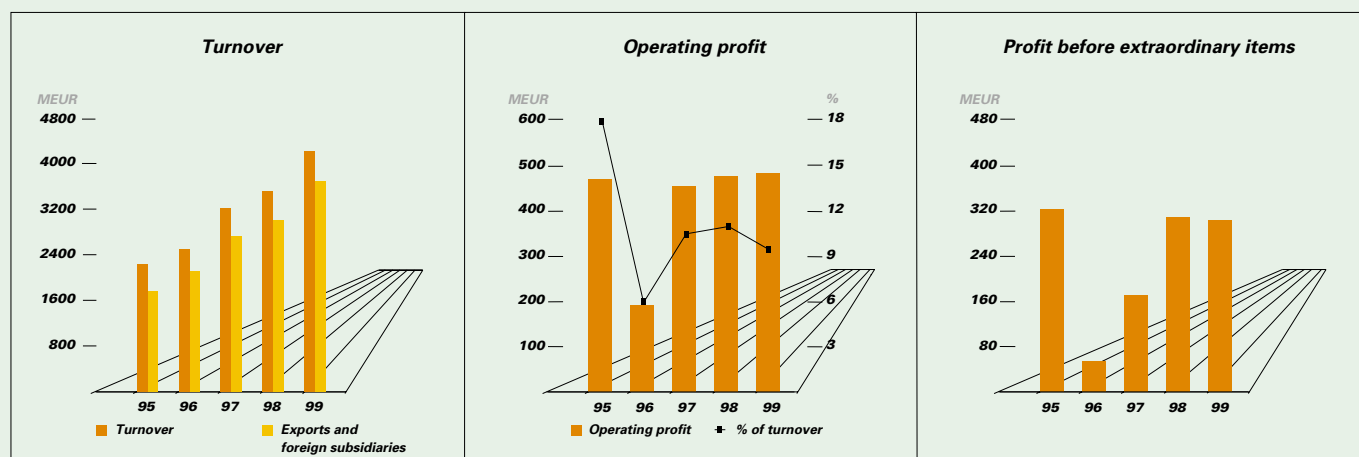
Financial position

Metsä-Serla's financial position and liquidity were good throughout the year. Liquid funds and investments totalled EUR 238 million at the end of the year (382). In addition to this, Metsä-Serla had about EUR 1.35 billion available in committed credit facilities at 31 December 1999. To cover its short-term financing needs, Metsä-Serla had at its disposal non-committed commercial paper programmes and credit lines totalling around EUR 0.8 billion.

At the end of the year, 33 per cent of Metsä-Serla's long-term loans were denominated in foreign currencies. 65 per cent of the loans were subject to variable rates of interest and the rest to fixed rates of interest. The average interest rate on Metsä-Serla's loans at 31 December 1999 was 5.0 per cent.

The equity ratio at the end of the year was 47.0 per cent (45.9) and the gearing ratio 55 per cent (56). Interest-bearing net liabilities were EUR 1,273 million (1,233).

EUR million	1999	1998
Turnover	4 235.6	3 523.3
Operating profit	393.6	386.6
Profit before extraordinary items	302.9	306.8
Parsonnel at end of year	15 645	15 221



The Euro and the Year 2000

By the start of 2000, Metsä-Serla's bookkeeping systems had been modified to accommodate the euro, which was introduced as the bookkeeping currency as of 1 January 2000 in all business units located in the euro area, with the exception of Metsä Tissue.

The transition to the year 2000 was completed without any significant disruptions to Metsä-Serla's information systems. Extensive preparations were nevertheless necessary as almost all systems involving information technology required some degree of updating. As part of the project the company updated its information systems and introduced more efficient business concepts.

Business groups

The Paper Group's main products are coated magazine papers (LWC), coated and uncoated fine papers, and specialities. These are used principally for magazines, high-quality printed products, advertising publications and annual reports.

The Paper Group improved its turnover by 26 per cent to EUR 1,705 million (1,356). The increase is due largely to deliveries by UK Paper, which became part of the Paper Group at the beginning of the year. Operating profit was EUR 227.1 million (180.1). The improved profitability is attributable to greater delivery volumes, notably by the fine paper mills. Sales prices in foreign currencies were lower than the previous year for both magazine papers and fine papers.

The Packaging Group produces and markets paperboards for high-quality consumer packagings as well as corrugated board raw materials for demanding end-uses. Other products include consumer and transport packagings made from corrugated board and cartonboard, and chemi-thermomechanical pulp for the production of hygiene products.

The Packaging Group's profitability was slightly weaker than the previous year, operating profit falling to EUR 103.9 million (116.5). Turnover was little changed at EUR 1,082 million (1,064).

The decision to close Simpele carton plant was made on 24 January 2000. No viable options for continuing production at the mill have been found following the collapse in exports to Russia. The mill will be run down in stages and finally closed by the end of November 2000.

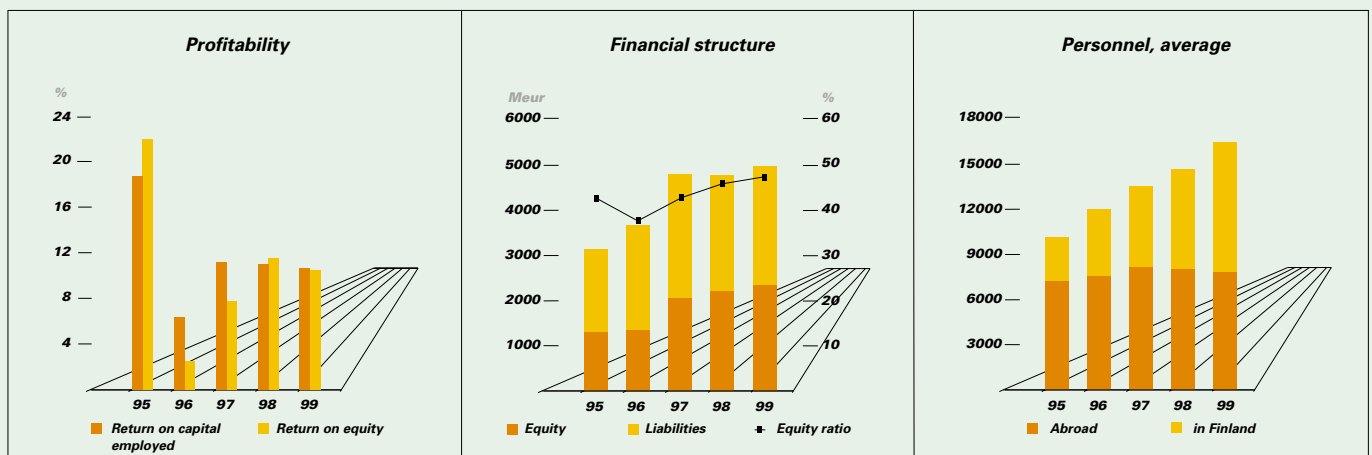
Metsä Tissue is the Nordic region's leading tissue manufacturer with 45 per cent of the market. In Europe, Metsä Tissue is the leading manufacturer of papers for baking and cooking, while in Germany it is the country's second largest tissue manufacturer.

Metsä Tissue's turnover for 1999 was EUR 586 million (343). Operating profit was EUR 16.2 million (24.7). The necessary increases in product prices could not be introduced at the same rate as rising raw material costs.

Operating profit for Metsä-Serla's Merchating and Trading Group improved to EUR 6.4 million (3.4). Turnover was EUR 679 million (459). The higher turnover is due mainly to Guppy Paper, which became part of the group at the beginning of the year. Trading developed better than forecast in the markets of Asia, South America and the United States. In Europe, business did not come up to expectations.

Metsä-Serla's subsidiary Oy Metsä-Botnia Ab is responsible for supplying chemical pulp to its parent company's paper and board mills. In addition to Metsä-Botnia, the Pulp Group includes a share in the associated company Oy Metsä-Rauma Ab. The group is one of Europe's biggest producers of bleached chemical pulps.

The Pulp Group improved its operating profit to EUR 106.9 million (82.3). Operating profit was reduced by the cost of hedging foreign currency sales revenues, which was EUR 66 million higher than the year before. The group's turnover was EUR 747 million (711).



Changes in Group structure

The purchase of UK Paper, which was agreed on in 1998, was completed early in the year. In May, Metsä-Serla acquired the business operations of the Danish packaging company D-Display A/S. In June, the Greek corrugated box manufacturer Cartonpack S.A. become a wholly owned Metsä-Serla subsidiary.

At the beginning of July, Metsä-Botnia redeemed the 3 per cent of Metsä-Rauma's shares owned by Oyj Kyro Abp, while in August Metsä-Serla sold its 10 per cent interest in Finnforest to Metsäliitto Osuuskunta.

In September, the shareholders of Pohjolan Voima Oy reorganized the company's electricity sales to outside consumers. This resulted in a profit for Metsä-Botnia of EUR 6.9 million on the sale of shares.

In October, Metsä-Serla reached agreement with the estate of the now bankrupt company that sold Biberist paper mill. Metsä-Serla has agreed to pay an additional CHF 6.7 million for the mill, bringing the final price of the Biberist acquisition to CHF 83.4 million.

In December, Metsä-Serla purchased the share capital of the German paper and board sheeting company PVA Papierverarbeitung GmbH.

Investment

Metsä-Serla's gross capital expenditure for 1999 was EUR 422 million (412). Company acquisitions accounted for EUR 192 million of this.

Work to modernize the paper machines at Plattling magazine paper mill was completed. The mill's total production capacity has risen by 10 per cent and the quality of its rotogravure paper has improved.

In spring, UK Paper launched a EUR 20 million investment programme aimed at removing production bottlenecks and raising the efficiency of its paper machines.

The rebuild of the press section of Kemi's board machine was completed in April at a cost of EUR 20 million. The rebuild has improved the surface smoothness and printing properties of the mill's board. Also, the machine's capacity has risen by 25,000 t/a.

The Tampere and Nokia corrugated board mills are to combine their operations into a single 50,000 t/a corrugated board production unit at Tampere. A new corrugated board machine and printing line were installed at the Tampere mill towards the end of the year.

The lime kiln investment at Kemi pulp mill was completed in the summer. This has raised the mill's production capacity by 40,000 t/a. Investments in oxygen delignification and pulp washing and in a shoe press for the pulp drying line were completed during the year at Äänekoski pulp mill. This has reduced the mill's waste water discharges and raised production capacity by 60,000 t/a. The electrostatic precipitator project for the recovery boiler at Kaskinen pulp mill was also completed.

In autumn, it was decided to build a new fibre line at Joutseno pulp mill. The recovery boiler and chemicals recovery system were rebuilt in October 1998. The new fibre line will cost around EUR 250 million. The aim is to raise the mill's production capacity from 410,000 to 600,000 t/a.

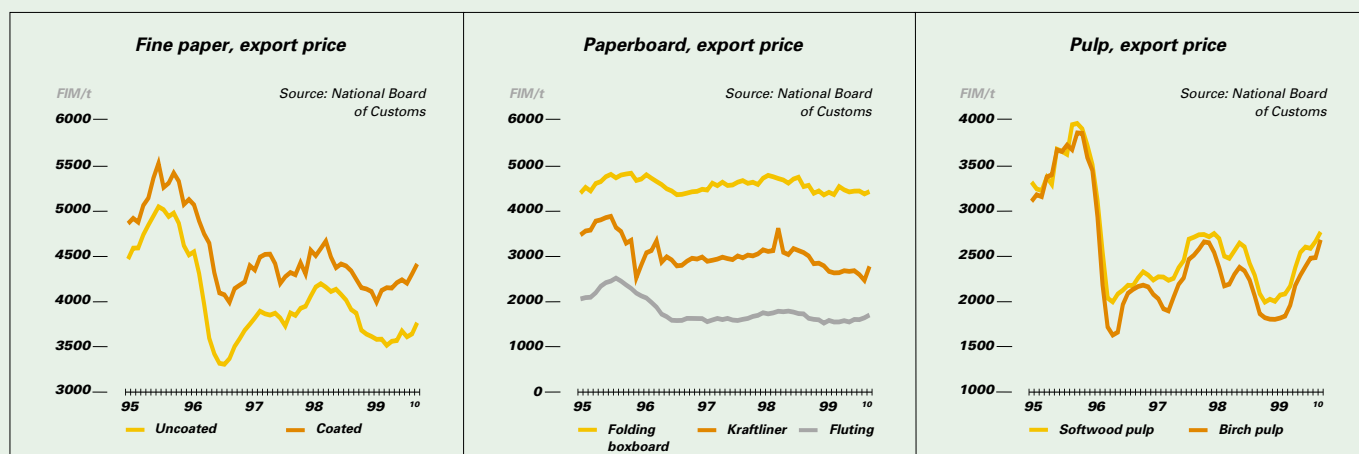
Personnel

In 1999, Metsä-Serla and its subsidiaries had an average of 16,367 employees (14,611). The number at the end of the year was 15,645 (15,211), of whom 8,367 (7,721) were employed outside Finland.

Outlook

The anticipated drop in demand for Metsä-Serla's main products early in 2000 has not materialized. Growth in demand for Metsä-Serla's main products, especially paper, will remain good both in Europe and worldwide. Average foreign currency prices for the most important products are expected to be higher than in 1999.

Metsä-Serla's financial result for 2000 is forecast to be better than in 1999.



Metsä-Rauma operates the largest single-line softwood sulphate pulp mill in the world. It is also the first mill ever to be built exclusively for production of totally chlorine-free (TCF) pulp. The mill started production in March 1996.

On 1 July 1999, Metsä-Rauma's shareholders exercised their option under the shareholders' agreement by redeeming minority shareholdings in the company. Metsä-Rauma is now owned 45.6% by UPM-Kymmene Corporation, 27.8% by Metsä-Serla Corporation, 23.6% by Metsäliitto Osuuskunta and 3.0% by Oy Metsä-Botnia Ab.

Business environment

Two distinct phases were evident in the market for chemical pulp. During the early part of the year demand was extremely weak and prices remained at around USD 460/t. Downtime at the mills combined with the running down of some old capacity improved the situation in the spring, while better economic growth and the "millennium phenomenon" provided a boost later in the year. Pulp prices rose steadily in line with demand to end the year at USD 600/t.

Turnover and profits

Turnover for 1999 was EUR 217 million (209). Operating profit was EUR 33.9 million, 15.6 per cent of turnover (37.0 million and 17.7%). On average, pulp prices were slightly higher than the year before, and sales volumes showed growth of 8.7 per cent. Metsä-Rauma's production for the year was 515,000 tonnes (482,000), some 70 per cent of which was sold to the shareholder companies.

Profit before extraordinary items was EUR 20.6 million (22.1). The slightly smaller profit is due to losses on the hedging of foreign currency exposure.

The equity ratio at the end of the year was 43.5 per cent (37.4) and the gearing ratio 89 per cent (134).

Wood consumption

Wood consumption was 3.0 million cubic metres (2.9), comprising 2.0 million cubic metres of softwood logs (1.9) and 1.0 million cubic metres of sawmill chips (1.0). Finnish wood accounted for 95 per cent of the total (96). Although trading in wood raw material was not as brisk as expected, the mills were well supplied and standing reserves were normal at the end of the year.

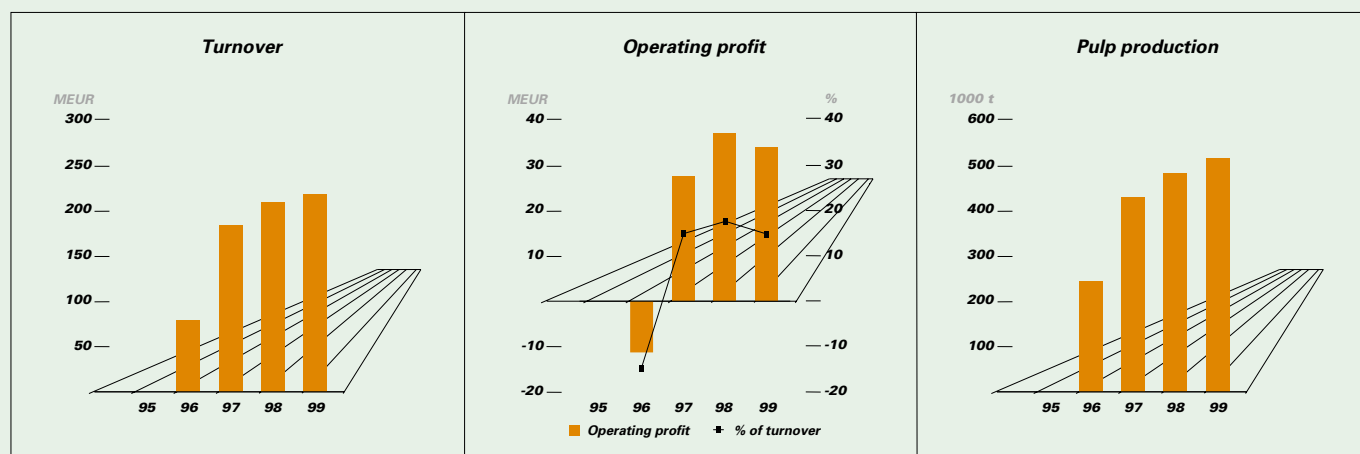
The environment

The emphasis in research and development work was on improving pulp quality, cutting production costs and reducing emissions of malodorous sulphur-containing gases. Environment-related information is presented in an environmental report published jointly by Metsä-Botnia and Metsä-Rauma.

Outlook

Global pulp stocks are currently low and demand is expected to remain strong during the early part of the year. Special attention will be given to pulp quality consistency and to process reliability. A much better financial result is expected in 2000.

EUR million	1999	1998
Turnover	217.0	208.6
Operating profit	33.9	37.0
Profit before extraordinary items	20.6	22.1
Personnel at end of year	184	187



/// Other subsidiaries ///

Biowatti Oy

Biowatti is an energy company specializing in wood-based fuels. Its main fuels are sawdust, bark and forest chips. The company's biggest customers are industrial and municipal power plants and local heat-generating plants. Biowatti is also responsible for supplying the Metsäliitto Group's mills with wood for energy production.

Biowatti procures its wood raw material in the form of by-products from the Group's mills, private sawmills and other wood-processing plants. The necessary chipping, crushing and other treatments are carried out by the company.

Biowatti had a turnover of EUR 27.9 million (21.9) and an operating profit of EUR 1.8 million (1.7). Deliveries of wood-based fuels during 1999 was the equivalent of 2,300 GWh (2,100). Sawdust deliveries were 0.9 million cubic metres (0.2). The number of employees at the end of the year was 32 (19).

The year's most important investment was the acquisition of the industrial premises of Turenki sugar mill and their conversion for the production of wood pellets. Production began at the beginning of August. At the beginning of June, Biowatti took over the job of procuring energy wood for the city of Kitee, including the related organization and delivery contracts.

The most notable new fuel delivery contracts were those signed with Kajaani and Pietarsaari power stations. Biowatti has also agreed to begin supplying all raw material and fuel needed by the Pihlava mills in Pori from January 2000.

Several wood-fired power plants are currently being planned for Finland. As a renewable fuel, wood is today seen as an important means in energy production of reducing carbon dioxide emissions to the atmosphere.

Oy Metsäliitto International Ltd

Metsäliitto International is concerned mainly with project work and imported wood, together with the related international wood trading, and feasibility studies for projects on behalf of Metsäliitto Group companies.

The project department seeks to support the activities of Finnforest and the Forest Business Area by producing jointly agreed and commissioned reports for the purposes of strategic and operative planning.

The imported wood department works together with Russian suppliers and Metsäliitto's subsidiaries to secure supplies of imported wood raw material to Metsäliitto's units. Of the target of 1.55 million cubic metres set for 1999, 1.48 million cubic metres was delivered. Preparations were made during the year to deal with the growing volumes of imported wood raw material.

Studies conducted in relation to the Rosenthal mill did not lead to a favourable outcome, and negotiations ended in autumn without result.

Turnover for 1999 was EUR 25.6 million and operating profit was EUR 0.8 million. The company's subsidiaries Metsind in Estonia and Metsäholz in Germany met their volume and financial targets. At the end of the year Metsäliitto International had 44 employees (40 in 1998).

The main goals set for 2000 are to provide even stronger support for Finnforest's strategic and operative development. The increasing volumes and variety of imports will provide new challenges as competition in this field intensifies.

Metsäliitto-Yhtymän Tehdasmittaus Oy

The company handles wood reception and measurement for Metsäliitto's production plants.

In 1999, the company expanded its activities to cover 16 mills compared with seven previously. Turnover was EUR 4.3 million (0.8) and operating profit EUR 0.1 million (loss of 0.1 million). At the end of the year the company had 61 employees (34). The company received a total of 7.9 million cubic metres of wood during the year (2.4).

A new reception sampling system was introduced for fibre plants. Work during 2000 will include harmonizing log measuring equipment and the related software for the Group's sawmills, further development of the ISO 9002 quality system, and specification of a transport and reception system for mechanical wood-processing plants.

Metsämannut Oy

Metsämannut is responsible for managing Metsäliitto's land and forest and some of its buildings. Metsämannut also offers its services to associations and private forest owners outside the Metsäliitto Group. The company manages 204,000 hectares of forest (200,000), in which 280,000 cubic metres of wood were felled during the year (315,000).

Metsämannut is coordinating the Group's aspen cultivation project and is responsible for procuring seedlings and promoting contract cultivation. A total of 225 hectares were planted with aspen (150). In 2000, the area will be 400 hectares.

The company is also working with the National Board of Antiquities to survey and assess the historical value of buildings belonging to the Metsäliitto Group. During the year some 200 sites were inventoried in areas where the Group has its mills. A report on these will be produced early in 2000.

Metsämannut had a turnover of EUR 4.4 million (4.0) and an operating profit of EUR 0.2 million (0.2). The number of employees at the end of the year was 31 (29).

/// Personnel ///

The development of human resources plays a key role in maintaining and improving the Group's competitiveness. Human resources and personal competence will continue to play an increasingly important role -alongside efficient production and raw materials - in the achievement of financial targets.

The key areas in the Group's personnel policy are the recruitment of competent employees, training and on-the-job development, motivation and the maintenance of working capacity. The number of people retiring each year is rising as those born during the population boom years reach retirement age. This means the Group must step up its recruitment processes.

Work related to personnel development in 1999 included continued efforts by Metsä-Serla to make its working capacity activities more effective, management training at Metsä-Serla Academy, and professional training at Metsä Institute Silva. At Finforest, the emphasis was on training aimed at supervisors and encouraging teamwork. Metsä-Botnia has extended its incentive scheme to cover the entire workforce.

Metsäliitto Osuuskunta conducted a 'working atmosphere' survey and instigated several personnel development projects. The questionnaire designed to gauge satisfaction among wood sellers was continued for the second year.

In 1999, a survey covering the entire Group was started with the aim of finding out which areas of expertise will be of particular importance for the Group's future competitiveness. The values of the Group and its sub-groups are being defined as part of the survey. Work is also being done to harmonize the management and personnel incentive schemes employed in Finland and abroad. The idea is that rewards should be based on the results achieved in each unit and on personal performance. The objective is to treat everyone in the same way as far as possible.

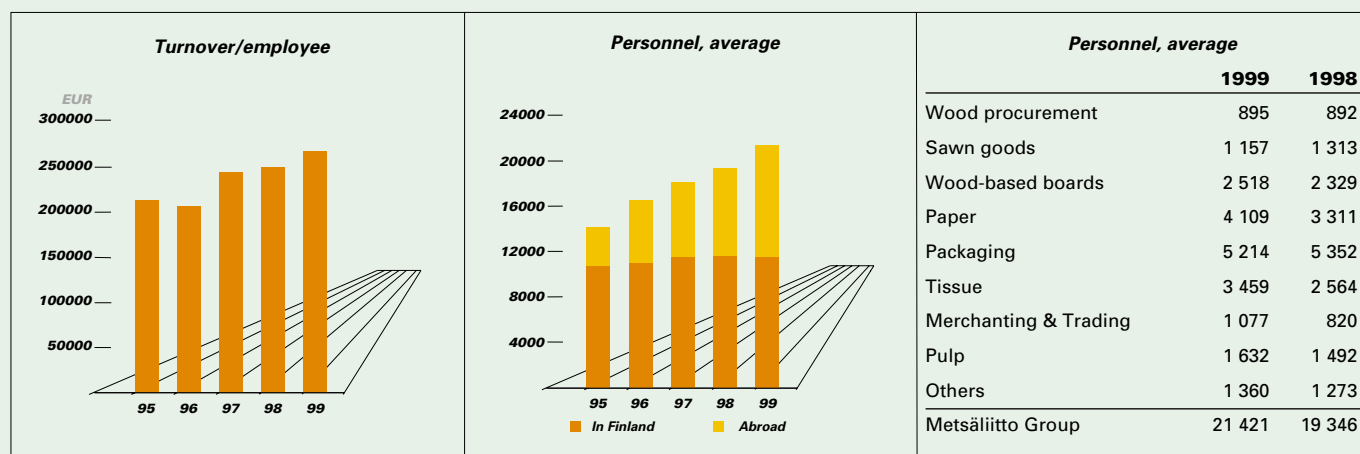
The information systems serving personnel administration are also being updated. This is essential if the Group is to meet the challenges that will be put before management and, in particular, personnel administration in the future. Extending personnel administration to better encompass the Group's units abroad is another important challenge, as about half of the entire workforce is currently employed outside Finland.

The Group's growth and the expansion of its business activities are giving employees greater opportunities for self-development. Job rotation both nationally and internationally, and arranging career planning will help make more effective use of human resources potential in the Group's business activities.

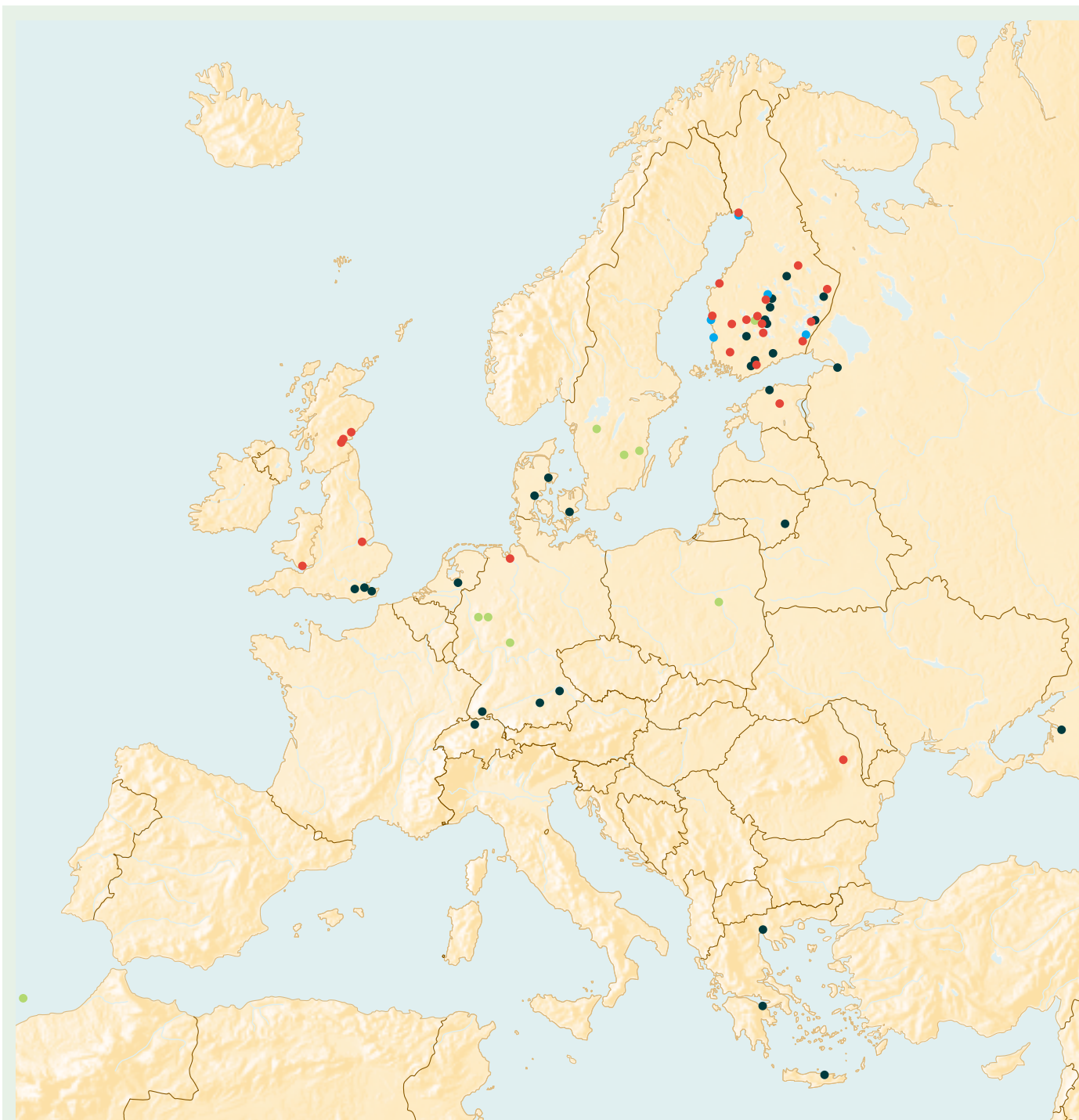
In 1999, the Metsäliitto Group had an average of 21,421 employees (19,346 in 1998). Of these, 11,516 worked in Finland (11,567) and 9,905 abroad (7,779). The number of employees at the end of the year was 20,854 (19,927), of whom 9,737 worked outside Finland (8,823).

Personnel, average

	<i>in Finland</i>	<i>Abroad</i>	<i>Total</i>
Metsäliitto	895		895
Finforest	2 404	1 271	3 676
Metsä-Serla	7 759	8 608	16 367
Metsä-Rauma	193		193
Biowatti	25		25
ML International	15	26	41
Others	225		225
Total	11 516	9 905	21 421



/// Production plants ///



● **Metsä-Serla:**

Jyväskylä, Järvenpää, Kirkniemi,
 Kuopio, Kyröskoski, Nokia, Simpele,
 Tampere, Tohmajärvi, Vihti,
 Äänekoski
Denmark: Naestved, Randers, Vejle
Estonia: Jöelähtme
Great Britain: Belvedere (Kent),
 Kemsley, Sittingbourne
The Netherlands: Winschoten
Greece: Corinth, Crete, Thessaloniki
Germany: Albbruck, Dachau, Plattling
Russia: St. Petersburg, Kuban
Switzerland: Biberist
Lithuania: Vilnius

● **Finnforest:**

Iisalmi, Kaskinen, Kemi, Keuruu,
 Kiihtelysvaara, Kolho, Kyrö,
 Kyröskoski, Lappeenranta, Lohja,
 Merikarvia, Punkaharju, Renko,
 Suolahti, Teuva, Vilppula
Great Britain: Boston, Leven,
 Grangemouth, Newport
Romania: Comănești
Germany: Bremen
Estonia: Paide

● **Metsä Tissue:**

Mänttä
Sweden: Mariestad, Pauliström,
 Kvillsfors
Poland: Warsaw
Germany: Kreuzau, Raubach, Stotzheim
Spain: Gran Canaria

● **Metsä-Botnia:**

Joutseno, Kaskinen, Kemi, Äänekoski

● **Metsä-Rauma:**

Rauma

Metsä Finance

The subsidiary Metsä Group Financial Services Ltd (Metsä Finance) operates as the Metsäliitto Group's internal bank, providing the Group with financial services. Its purpose is to manage the Group's financial risks, to optimize the financial net, to maintain adequate liquidity, to negotiate new financing and handle investor relations. The company employs a staff of 19.

Financial markets in 1999

The main event of 1999 was the introduction of the European single currency, the euro. Technically, the new currency functioned perfectly, and the goals set for it – price stability and a common monetary policy – were achieved fairly well. On capital markets, the euro even overtook the US dollar as the currency for new loans. On currency markets, however, the euro weakened considerably against all the main currencies: by 22 per cent against the Japanese yen, 14 per cent against the US dollar, and 12 per cent against the pound sterling. This was partly explained by the stronger economic growth in the United States, though more important reasons were Europe's structural problems and the lack of political conviction, as exemplified by the demise of the European Commission in the spring. The conflict in Kosovo also adversely affected the euro. For the Finnish export industry and economy, the introduction of the euro came at an extremely fortuitous time: a weakish currency combined with low interest rates.

Recovery of the world economy during 1999 was reflected in sharp rises both in raw material prices and on stock markets. The much improved prospects prompted the central banks to take anti-inflationary measures. The US Federal Reserve Bank raised its steering rate of interest three times, the Bank of England raised its rate twice, and the European Central Bank cancelled out its half a per cent reduction in interest rates in the spring by raising interest rates by the same amount late in the autumn. Fear of inflation also raised long-term interest rates in both the United States and Europe.

Financial risk management

Aside from profitability, the Metsäliitto Group's primary objective is to secure a strong, well-structured balance sheet. The goal is to maintain an average equity ratio of 45 per cent and a gearing ratio of under 80 per cent.

The risks associated with financing are managed in accordance with the policy endorsed by the boards of directors and senior management of Group companies. The policy contains detailed instructions for managing foreign currency exposure and interest rate, liquidity and counterparty risks, and for employing derivative instruments. The purpose is to hedge against any major financing-related risks, achieve a balanced cash flow, and give the Group's business units time to adjust their operations to changing conditions.

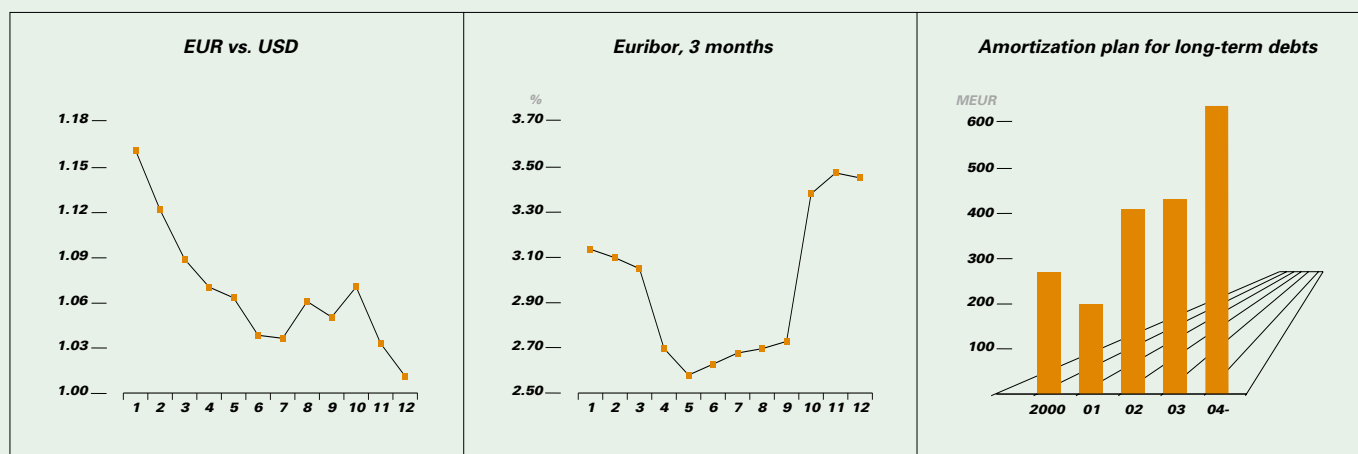
Foreign currency exposure

While the Metsäliitto Group's costs are incurred largely in Finland, corresponding sales revenues are denominated in currencies other than Finnish markka. Sales revenues can therefore vary with changes in exchange rates, even though production costs remain unchanged. Also, prices for products are often quoted in currencies other than Finnish markka. This foreign currency exposure comprises accounts receivable and payable, orders received, and a certain portion of the budgeted net foreign currency flows. The principal hedging instruments used are foreign currency denominated loans, forward foreign exchange contracts and options.

The Group's annual foreign cash flow is about EUR 1.5 billion. The main currencies involved are the US dollar and the pound sterling. A strengthening of the dollar and pound has a positive impact on the Group's financial results, while a weakening has an adverse effect, both after a certain delay. The Group's policy is to hedge its foreign currency exposure for an average of six months ahead, although this may vary from 0 to 12 months, depending on the currency and the company concerned. The extent of the exposure varies with the exchange rates and expectations prevailing at any given time, differences in interest rates between currencies, and the impact on the Group's financial results of changes in a particular exchange rate.

At the end of the year, the foreign currency exposure was hedged for an average of 5 months ahead, having varied between 5 and 8 months during the year. Foreign currency exposures in dollars and pounds were hedged for averages of 4 and 10 months ahead.

In managing its foreign currency exposure, the Group uses value-at-risk analysis. The risk calculated in this way reflects the maximum exchange rate losses at a given probability over a specified period.



The calculations employ historical volatilities and correlations for a period of one year, and are performed using Monte Carlo simulation.

A risk attached to the translation of assets denominated in foreign currencies arises on consolidation of shareholders' equity of foreign subsidiaries into euros in the Group's accounts. This risk is hedged through foreign currency denominated loans and derivatives. The Group's policy is to hedge at least 50 per cent of foreign equity exposure, provided this is possible in practice. At the end of 1999, 83 per cent of foreign equity was hedged.

Under the Metsäliitto Group's accounting practice, exchange differences arising from foreign exchange derivatives (forward contracts and options) used to hedge foreign currency exposure are entered as adjustments to turnover, while exchange differences on foreign currency denominated loans are entered under exchange gains/losses in financial items. The exchange differences arising are allocated over the hedging period (4 - 6 months).

Interest rate risks

Changes in interest rates pose risks to the Group in the form of price risks and reinvestment risks. Price risks relate to the change in the value of balance sheet items, and reinvestment risks relate to future changes in interest rates on receivables and debts. Interest rate risk mainly concerns interest-bearing receivables and debts.

The aim is to hedge the main interest rate risks. How quickly changes in interest rates are reflected in the net financial expenses item of the profit and loss account depends on the period for which investments, loans and derivatives are subject to fixed rates of interest before they are repriced. Interest rate risks are managed using forward interest rate agreements and futures, interest rate swaps and options.

Based on the Group's total net interest rate position, the time to repricing at the end of the year was 16 months and the average rate of interest 5.0 per cent. During the year, the time to repricing varied between 15 and 17 months. The estimated effect on the Group's net interest expenses of a one per cent change in interest rates during 2000 is around EUR 10 million based on the position at 31 December 1999.

Liquidity risk

Liquidity risk is defined as the risk that the Group's funds and borrowing facilities become insufficient to meet the business needs, or that extra costs are incurred in arranging the necessary financing. The Group's liquidity risk is monitored by estimating the need for liquidity 12 months ahead and comparing this with the total liquidity available.

The Group's liquid funds and investments totalled EUR 0.4 billion at the end of the year. In addition to this, the Group had at its disposal committed credit facilities of around EUR 1.5 billion.

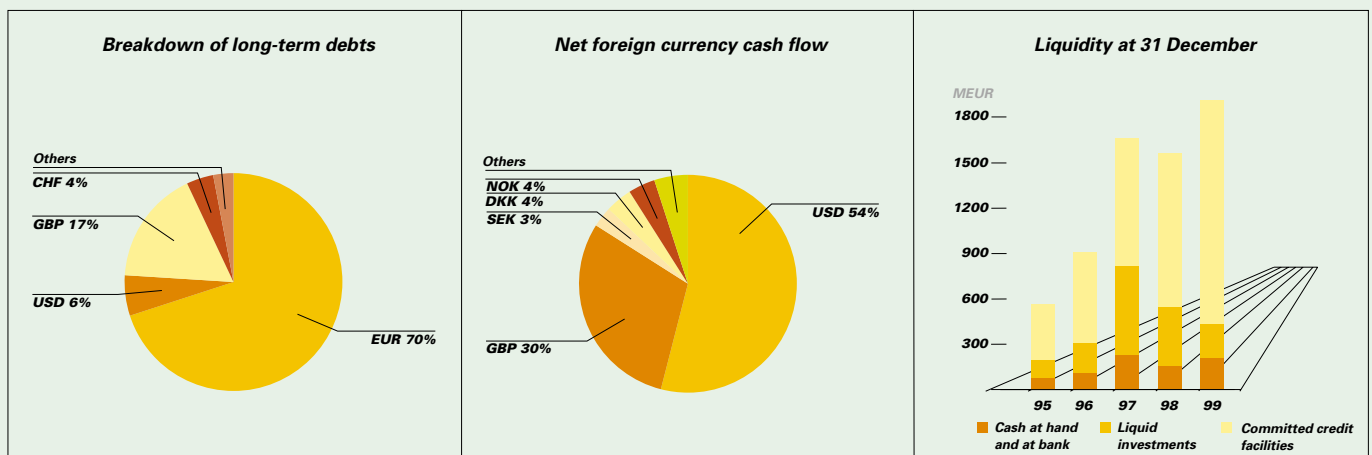
To cover its short-term financing needs, the Group had available both domestic and foreign commercial paper programmes and non-committed forward credits totalling around EUR 0.8 billion. Interest-bearing liabilities at the balance sheet date were roughly EUR 2.2 billion.

To make its liquidity management more efficient, during 1999 the Group introduced a centralized euro-denominated liquidity management and payments system. The increasing use of the euro in invoicing will improve liquidity management.

Investment policy and counterparty risk

Financial instruments carry the risk that the Group may incur losses should the counterparty be partially or completely unable to meet its commitments. Such counterparty risk is managed by entering into financial transactions only with parties with good credit ratings and within specified limits. No losses were incurred during the year due to financing-related credit risks.

Of the Group's total liquidity at the end of 1999, EUR 432 million was in the form of liquid funds. The secure and profitable investment of these funds is provided for in the Group's financial policy, which specifies the investment instruments and markets and the management of counterparty risk. Instruments and markets are chosen in such a way that, when necessary, investments can be converted into cash quickly and at low cost. As the Group has chosen as its counterparties only financial institutions with the highest credit ratings, no failure on the part of these institutions to meet their commitments is anticipated.



In spite of the weak market early in the year, the Metsäliitto Group's profit before extraordinary items reached the same level as in 1998. The turn came after the summer, when prices for chemical pulp, paper and paperboard began to rise. Profit in relation to turnover was just over one percentage point below the previous year's figure, while the return on capital employed slipped from 11.9 to 11.1 per cent.

Business environment

In wood trading, an open price arrangement was introduced in March, allowing buyers and sellers to start negotiations on a neutral basis. As no understanding on price expectations was reached, Metsäliitto made its own decision. Accordingly, prices were cut by an average of 1.5 per cent from those prevailing at the start of the year, although pricing for stands harvestable when ground conditions are difficult was improved.

1999 was a difficult year financially for the sawmills. Over-supply, lower product prices and high raw material costs meant that sawmilling operations made a loss. This was particularly true of redwood production.

The market for birch plywood was strongly contested because of increased supplies from Russia and the Baltic countries. In Germany, the volume of construction rose, but demand from the transport vehicle industry was weak. The market for conifer plywood was good from spring onwards and prices showed a modest strengthening.

Demand for Metsä-Serla's papers was, for the most part, good all year. The exception was magazine papers, demand for which was relatively weak during the first half of the year. There were no significant increases in sales prices for magazine papers, and average prices in foreign currencies were 3 per cent lower than the year before.

Demand for fine paper was much better than in 1998. Prices rose, most notably during the second half of the year, but despite this foreign currency sales prices for coated grades fell by an average of 5 per cent and for uncoated fine papers by 9 per cent on the previous year.

Demand for folding boxboard began to improve during the second half of the year, but for the year as a whole European demand was only one per cent up on 1998. Demand for wallpaper baseboard was weak all year. Sales prices for both board grades were lower than the year before.

For corrugated boxes, the trend in both demand and prices varied within Europe from one market to another. Demand for packaging raw materials picked up towards the end of the year, but on average sales prices were well down on 1998.

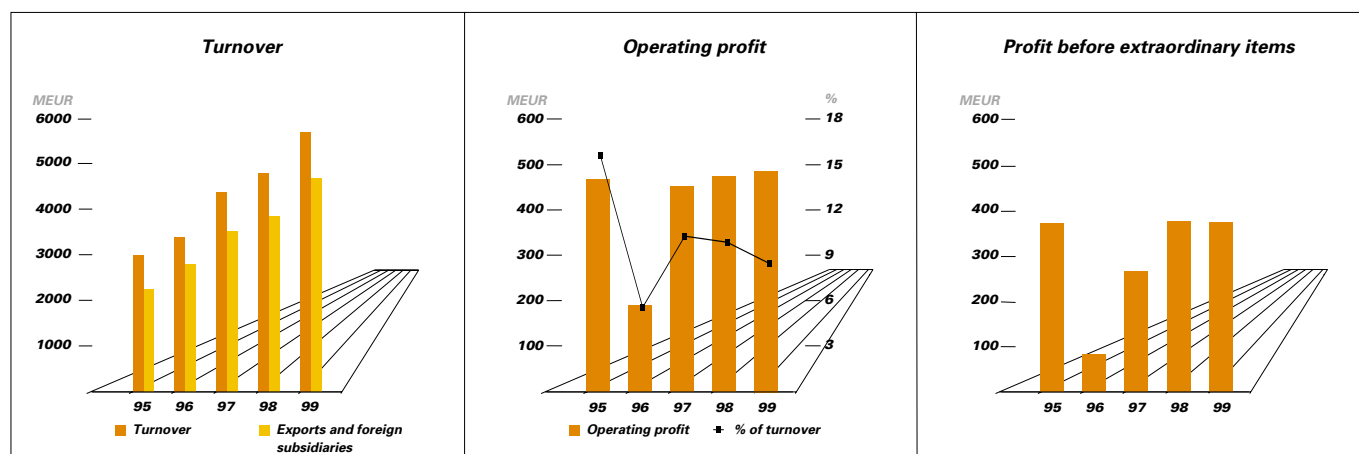
Demand for tissue in the Nordic countries and Europe was unchanged on 1998. With production capacity increasing faster than demand, price competition in Europe has intensified. Profitability was reduced by the higher cost of chemical pulp and other fibre raw materials.

Market pulp was in good demand from spring onwards and the mills returned high capacity utilization rates. Start-up of new paper machines in China and Indonesia resulted in substantial increases in consumption of both short-fibre and long-fibre pulp. Capacity utilization rates were also high at fine paper mills in Europe and the United States. Market pulp prices rose steadily during the year. The price of softwood pulp was USD 460/t in January, USD 520 in the summer and USD 560 in September. In January 2000, the price had reached USD 630/t.

Turnover

Metsäliitto Group turnover was EUR 5,704 million, up 19 per cent on the 1998 figure of EUR 4,795 million. The growth in turnover is largely attributable to the companies acquired at the end of 1998. These were the British fine paper manufacturer UK Paper Plc and the German tissue manufacturers Halstrick GmbH and Strepp GmbH.

The domestic contribution to turnover was EUR 1,016 million, or 18 per cent (940 million and 20 per cent). Exports and foreign subsidiaries accounted for EUR 4,688 million (3,855). The EU countries together accounted for 79 per cent (78).



Financial results

The Group's operating profit was EUR 486.6 million, 8.5 per cent of turnover (473.9 million and 9.9 per cent). Operating profit includes other operating income of EUR 53.7 million (37.9 million), including gains of EUR 17.2 million from the sale of fixed assets (11.1).

Net financial expenses were EUR 113.3 million, 2.0 per cent of turnover (99.4 million and 2.1 per cent). Financial items include net exchange losses of EUR 12.1 million (gains of 12.8 million). Exchange differences arise from loans in dollars and pounds taken to hedge the Group's foreign currency exposure.

Profit before extraordinary items was EUR 373.3 million (374.5). Extraordinary income totalled EUR 43.9 million (19.6), which includes the cumulative effect of EUR 39.4 million of the change in the procedure for calculating the Group's deferred tax. Extraordinary expenses were EUR 2.9 million (2.9).

Profit before taxes and minority interest was EUR 414.3 million (391.2). Taxes were EUR 119.5 million (120.3) and minority interest was EUR 156.5 million (148.2). Profit for the financial period was EUR 138.2 million (122.7).

The practice for entering exchange differences in the accounts was changed at the beginning of the year. Exchange differences arising from foreign currency denominated loans and foreign currency derivatives are now allocated to the hedging period (6 months). Previously, realized exchange differences were recorded in the profit and loss account as they arose, and only unrealized exchange differences were booked concurrently with the hedged cash flow. The change of practice improved profit for the year by about EUR 11 million. The figures for 1998 have not been adjusted to reflect the new practice.

Financing

A euro-denominated cash management and payments system was introduced during the year. The system allows the entire Group's liquidity to be managed by Metsä Group Financial Services Ltd (Metsä Finance), the Group's internal bank.

The Metsäliitto Group's financial position and liquidity were good throughout the year. In line with the financial strategy, the amount of liquid funds and investments was kept small and liquidity was maintained through the use of committed credit lines.

The Group's total liquidity at the end of December was EUR 1.9 billion (1.6). The balance sheet shows liquid assets and investments totalling EUR 432 million (542). At the end of the year the Group also had committed credit facilities not shown in the balance sheet totalling EUR 1,483 million (1,024). The Group also has around EUR 800 million available in non-committed domestic and foreign commercial paper programmes and forward credits.

Net interest-bearing liabilities at the end of the year were EUR 1,708 million (1,489 million at 31 December 1998).

During the year, Finnforest negotiated credit line agreements for EUR 60 million and floated a capital note loan. The loan is a serial issue totalling EUR 150 million and carrying a coupon of 7.50%. The amount of the first tranche was EUR 70 million.

Metsä Tissue signed an agreement for a 5-year syndicated multi-currency loan worth EUR 75 million, and Metsäliitto Osuuskunta signed a 5-year credit line agreement for FIM 300 million.

Metsä Finance increased the amount of its domestic commercial paper programme from EUR 165 million to EUR 350 million. This is the first Finnish commercial paper programme which the European Central Bank has classified as an eligible asset under its Tier 1 list. This means that debt issued under the programme serves as security against central bank credits in all EMU countries.

Metsä Finance established a EUR 150 million Belgian corporate note programme, mainly for investors in mainland Europe.

At the end of 1998, Metsä-Serla established a EUR 1 billion Medium Term Note programme allowing the company to issue short, medium and long-term bonds in various currencies. Notes totalling EUR 245 million have so far been issued under the programme.

Standard & Poor's have given Metsä-Serla's long-term loans a rating of BBB and Metsä Finance's short-term credits a rating of A2. The ratings given by Moody's Investor services are Baa2 and P2, respectively. The purpose of gaining credit ratings is to assist the Group to raise funds on international markets and to diversify its sources of financing.

Turnover, MEUR	1999	1998	Operating profit, MEUR	1999	1998	Personnel, average	1999	1998
Wood procurement	1 070.6	1 038.5	Wood procurement	21.1	23.0	Wood procurement	895	892
Sawn goods	486.6	447.7	Sawn goods	-1.7	3.7	Sawn goods	1 157	1 313
Wood-based boards	657.8	628.5	Wood-based boards	39.0	40.9	Wood-based boards	2 518	2 329
Paper	1 704.6	1 356.1	Paper	227.1	180.1	Paper	4 109	3 311
Packaging	1 082.2	1 064.0	Packaging	103.9	116.4	Packaging	5 214	5 352
Tissue	585.7	342.8	Tissue	16.2	24.7	Tissue	3 459	2 564
Merchanting & Trading	678.7	459.5	Merchanting & Trading	6.4	3.4	Merchanting & Trading	1 077	820
Pulp	881.3	685.7	Pulp	141.3	82.2	Pulp	1 632	1 492
Others & internal sales	-1 443.8	-1 227.9	Other	-66.7	-0.5	Other	1 360	1 273
Metsäliitto Group	5 703.7	4 794.9	Metsäliitto Group	486.6	473.9	Metsäliitto Group	21 421	19 346

Metsäliitto Osuuskunta's members' capital increased by EUR 25.0 million (43.9) to stand at EUR 322.8 million at the end of the year (297.8). Additional members' capital was accepted from August onwards in conjunction with wood sales.

Key figures

The return on the Group's capital employed was 11.1 per cent (11.9) and the return on equity 11.2 per cent (12.5). The equity ratio was 44.2 per cent (42.8) and the gearing ratio 63 per cent (63).

Investment and company acquisitions

Capital investment for the Metsäliitto Group was EUR 517 million, 9.1 per cent of turnover (577 million and 12.0 per cent).

The purchase of UK Paper was completed at the beginning of January 1999. The cost of the acquisition was GBP 94 million (EUR 134 million). It included the New Thames and Sittingbourne fine paper mills, a deinking plant, the paper merchants Guppy Paper, and a half share in the energy company Grovehurst.

In accordance with the shareholder agreements signed in conjunction with the formation of Oy Metsä-Rauma Ab in 1994, Metsäliitto Osuuskunta redeemed the 3 per cent of Metsä-Rauma shares held by Tapiola insurance company, while Metsä-Botnia, a member of the Metsä-Serla Group, redeemed Oyj Kyro Abp's 3 per cent shareholding in Metsä-Rauma. The share purchases took effect on 1 July 1999 and mean that the Metsäliitto Group companies now owns 54.4 per cent of Metsä-Rauma's shares.

At the end of June, Metsä-Serla purchased the remaining 33 per cent of Silva International Paper Holdings B.V., which owns the Greek corrugated board manufacturer Cartonpack S.A. Metsä-Serla also strengthened its corrugated board business by acquiring the business operations of the Danish company D-Display A/S.

In accordance with a letter of intent signed in December 1998, Finnforest purchased the Austrian plywood merchant Baillou. The company has a turnover of roughly EUR 50 million. Ownership of the share capital was transferred in July.

On 31 August 1999, Metsäliitto Osuuskunta bought Metsä-Serla's 10 per cent holding in Finnforest Oy. The deal marked the end of the process whereby the Metsäliitto Group has transferred all its mechanical wood-processing operations to Finnforest Corporation.

Metsä-Serla reached agreement with the estate of the now bankrupt company that sold Biberist paper mill. In order to avoid protracted and expensive legal proceedings, Metsä-Serla agreed to an addition of CHF 6.7 million to the price, bringing the final price of the Biberist sale to CHF 83.4 million (EUR 52 million).

It was decided to build a new fibre line at Joutseno Pulp's mill to raise capacity from the present 410,000 t/a to 600,000 t/a. The increase in capacity concerns long-fibre reinforcement pulp, all of which will go to the shareholder companies. The investment will be completed in summer 2001 at an estimated cost of EUR 250 million.

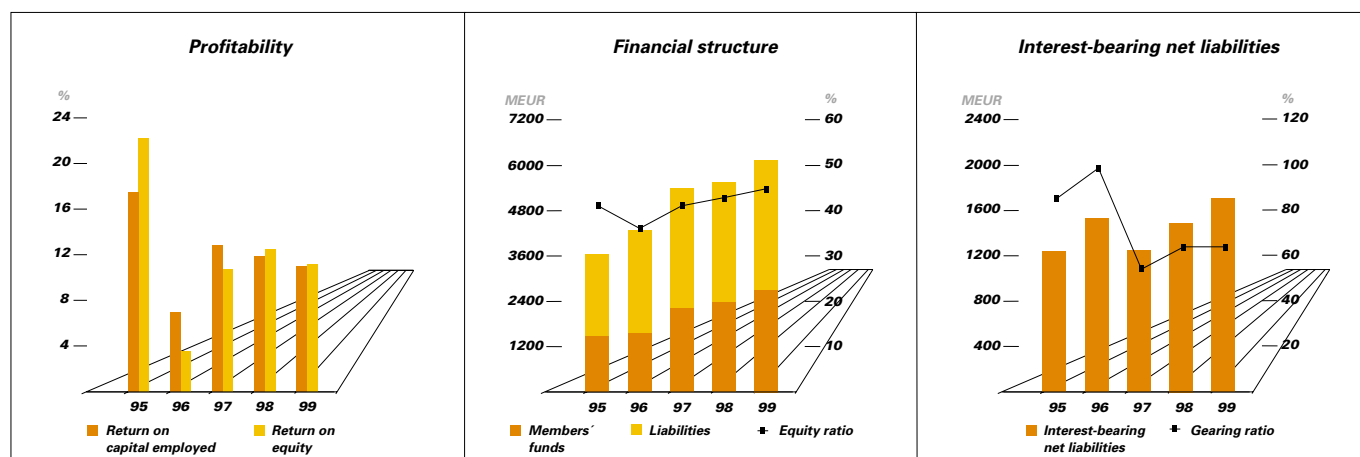
Organization

The Metsäliitto Osuuskunta subsidiaries Finnforest Oyj, Oy Metsä Timber Ltd and Metsäliitto SW Ltd were combined to form a single group under the name Finnforest. The purpose is to strengthen Metsäliitto's product development work and marketing in the mechanical wood-processing sector. It is planned to merge the companies with Finnforest at the beginning of April 2000.

The administrative and financial functions of the Metsäliitto Group and its parent company Metsäliitto Osuuskunta were combined in August. This has clarified the organizational structure and strengthened group management.

Wood procurement and wood markets

During January and February, trading in wood raw material was based on the pricing principles agreed in spring 1998. In March, representatives of buyers and sellers met in an attempt to reach a mutual understanding on wood prices, and Metsäliitto introduced an open price arrangement to ensure a neutral basis for the negotiations.



The negotiations ended without result, and on 7 April 1999 Metsäliitto's Board of Directors put forward its own price initiative, cutting prices by an average of 1.5 per cent from those prevailing at the start of the year.

This price arrangement got trading off to a reasonable start, though too slowly in view of the targets set. Low initial reserves and sluggish wood trading caused production losses at the sawmills. Problems also arose from the decline in the market for redwood, which prompted sawmills to focus more on whitewood. The shift in trading towards heavy logs pushed prices up, especially during the autumn.

Wood purchases for the year were 15.9 million cubic metres (15.3), some 1 million cubic metres below target. At the end of the year pulpwood reserves were satisfactory, but reserves of softwood logs were well below normal.

Wood imports were 1.5 million cubic metres (1.3). Most of this was birch and aspen pulpwood. The shortage of sawlogs led to greater imports of spruce logs at the end of the year. The amounts involved were only modest, but the imported spruce logs were considerably heavier than Finnish logs.

No significant new wood supply agreements were signed during the year. Existing agreements for logs were reviewed critically, and volumes were limited in view of the difficult situation. A similar review will have to be made in 2000 in order to secure supplies of logs to Finforest. Demand for logs is likely to remain strong, and wood trading will have to be brisk and without disruptions throughout the winter if the mills are to be fully supplied.

The purchasing target for 2000 is around 17 million cubic metres, i.e. some one million cubic metres more than was purchased in 1999.

The environment

After several years of preparation, forest certification has now begun in Finland. The first such certificates were awarded at the end of the year to seven forest areas covering a total of about 13 million hectares. Metsäliitto took part in the work of all the regional certification committees and was itself subject to audits.

Metsäliitto Osuuskunta has gained certificates for its quality and environmental management systems relating to wood procurement (ISO 9002 and ISO 14001). Regular training is given to both the Group's and its contractors' harvesting and transport workers. The environmental programme is reviewed annually, and activities are assessed both internally and through inspections by an independent outside body.

Metsäliitto's subsidiaries Finforest, Metsä-Serla and Metsä-Botnia will publish their own environmental reports.

Research and development

Äänekoski board mill completed development work that will allow product quality to be significantly improved through the use of PCC pigments. Several joint projects were carried out aimed at achieving lighter packagings and creating product safety standards for fibre-based packagings.

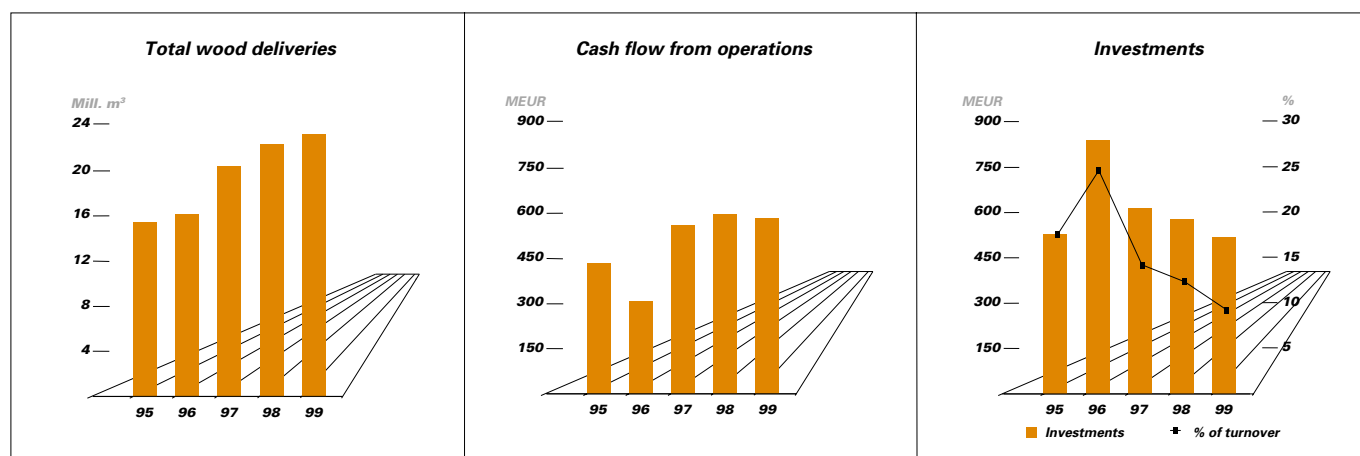
On the pulping side, the most important research and development work concerned choosing the technology for Joutseno Pulp's new fibre line and developing the quality of softwood reinforcement pulp. The impregnation of wood chips with chemicals was studied in conjunction with the National Technology Agency of Finland. The results will offer ways to improve pulp quality and simplify the cooking stage.

The project aimed at the development of papers for digital printing was completed. The key issue in relation to print quality is management of the electrical properties of both the paper and its surface.

Investment in research and development totalled EUR 17 million.

Personnel

Metsäliitto and its subsidiaries had an average total of 21,421 employees in 1999 (19,346). Of these, 11,516 (11,567) worked in Finland and 9,905 (7,779) abroad. The number of employees at the end of the year was 20,854 (19,927), of whom 9,737 (8,823) were located outside Finland. The parent company had an average of 895 employees (892). Metsäliitto's 50 per cent owned associated companies had 1,565 employees at the end of the year (1,628).



The euro

The Metsäliitto Group is introducing the euro as its bookkeeping currency in stages. Metsä-Botnia and Metsä-Rauma have been using the euro since the beginning of 1999, and Metsä-Serla changed over to the euro on 1 January 2000. Finncor's units will introduce the euro during 2000. Metsäliitto Osuuskunta will not change over to the euro until 1 January 2002.

The Year 2000

The Group's units made the transition to the new millennium without any notable problems. Planning and preparations for repairs and modifications concerning information technology had started back in 1997. The Group's information systems and operating concepts were also updated.

Metsäliitto Osuuskunta

Metsäliitto Osuuskunta's turnover was EUR 1,071 million (1,039). Operating profit was EUR 21.1 million, 2.0 per cent of turnover (23.1 million and 2.2 per cent). Profit before extraordinary items improved to EUR 69.3 million (54.5). Financial items include EUR 41.5 million in dividends received (32.9). The return on capital employed was 12.5 per cent (12.9) and the equity ratio was 68.4 per cent (66.2).

Finncor Oyj

The new Finncor Corporation had a turnover of EUR 1,139 million (1,049). Operating profit was EUR 38.6 million, 3.4 per cent of turnover (44.8 million and 4.3 per cent). Profit before extraordinary items was EUR 15.7 million (26.3). The return on capital employed was 6.4 per cent (8.9). The equity ratio, calculated to include capital loans, was 43.6 per cent (32.0).

Metsä-Serla Corporation

Metsä-Serla returned a turnover of EUR 4,239 million (3,523) and an operating profit of EUR 393.6 million (386.6). Operating profit was 9.3 per cent of turnover (11.0). Profit before extraordinary items was EUR 302.9 million (306.8). Metsä-Serla's return on capital employed was 10.7 per cent (11.0) and the equity ratio was 47.0 per cent (45.9).

Oy Metsä-Rauma Ab

Turnover for the full year was EUR 217 million (209) and operating profit EUR 33.9 million (37.0). Operating profit was 15.6 per cent of turnover (17.7). Profit before extraordinary items was EUR 20.6 million (22.1). The equity ratio at 31 December was 43.5 per cent (37.4).

Events occurring after the closing of accounts

Metsäliitto Group, Södra Group of Sweden and the Republic of Latvia have agreed to establish a company to investigate the possibility of building a modern chemical pulp mill in Latvia. The mill would have a production capacity of 600,000 t/a of bleached sulphate pulp.

A final decision on the estimated USD 900 million investment will be taken in 2002 at the latest.

At its meeting on 3 February 2000, the Board of Directors decided to suspend its index-linked capital note loan issued in conjunction with wood purchases. The final date for subscriptions was 1 March 2000. By the end of December 1999, notes had been issued to a total value of EUR 90.6 million.

Outlook

In 1999, the forest industry continued its restructuring in both Europe and North America. Consolidations and other arrangements between companies are likely to continue during the present decade. However, on the global scale consolidation in the forest industry is still minor and the companies themselves are fairly small in size. In relation to turnover, the Metsäliitto Group figures among the world's 15 biggest forest industry companies.

The profitability of sawmilling is expected to improve this year. Order stocks for whitewood are currently satisfactory, but the situation for redwood remains weak. However, redwood prices are no longer falling, and whitewood prices are expected to continue their modest rise. Measures were introduced at the end of 1999 to change the Group's sawmilling business so that each sawmill will in future specialize in only one wood species. The market for birch plywood is likely to remain difficult. However, with the improved economic prospects and growth in construction in Europe, expectations for this year are optimistic. Demand for conifer plywood looks like remaining satisfactory and prices could strengthen slightly.

Magazine papers are expected to remain in good demand, at least during the first quarter. Demand for coated fine papers is also forecast to remain brisk.

Demand and prices for packaging boards improved towards the end of 1999. Demand is forecast to remain good during the early part of 2000. In the case of wallpaper baseboard, production cuts will have to be made.

Metsä Tissue's financial result for 1999 was reduced by the cost of developing the business operations and marketing of acquired companies. Measures designed to improve profitability will continue this year. There is pressure to raise sales prices in response to higher raw material costs.

Production of fine paper has risen, and as a result demand for chemical pulp is expected to remain good and prices could continue to rise. This is supported by the fact that, in December, Norscan stocks held by Nordic and North American pulp producers stood at only 1.2 million tonnes.

Economic growth is likely to remain strong in the industrial countries during 2000. The Metsäliitto Group expects turnover to reach around EUR 6.5 billion. Profit before extraordinary items is also expected to be better than in 1999.

Espoo, March 2000
BOARD OF DIRECTORS

/// Consolidated profit and loss account ///

	1.1.-31.12.1999		1.1.-31.12.1998	
	EUR mill.	%	EUR mill.	%
Turnover (1)	5 703.7	100.0	4 794.9	100.0
Change in stocks of finished goods and in work in progress	-60.1		16.7	
Share of profit from associates (2)	-1.7		8.8	
Other operating income (3)	53.7		37.9	
Materials and services				
Raw materials and consumables				
Purchases during financial year	-2 829.9		-2 441.4	
Change in stocks	1.1		11.2	
Costs of external services	-376.5		-334.6	
Employee costs (4)	-869.0		-723.3	
Depreciation and reduction in value (5)	-331.3		-272.2	
Other operating expenses	-803.3		-624.0	
	-5 208.9		-4 384.3	
Operating profit	486.6	8.5	473.9	9.9
Financial income and expenses (6)				
Income from other financial investments	2.6		4.8	
Net exchange gains/losses	26.4		42.3	
Other interest and similar income (7)	-12.1		12.8	
Interest expense and similar charges	-130.2		-159.2	
	-113.3	-2.0	-99.4	-2.1
Profit before extraordinary items	373.3	6.5	374.5	7.8
Extraordinary items (8)				
Extraordinary income	43.9		19.6	
Extraordinary expenses	-2.9		-2.9	
	41.0		16.8	
Profit before tax and minority interest	414.3	7.3	391.2	8.2
Taxation (9)	-119.5		-120.3	
Profit before minority interest	294.7		270.9	
Minority interest	-156.5		-148.2	
Profit for the financial period	138.2	2.4	122.7	2.6

/// Consolidated balance sheet ///

Assets	31.12.1999		31.12.1998	
	EUR mill.	%	EUR mill.	%
Fixed assets				
Intangible assets (10)				
Intangible rights	36.6		17.9	
Purchased goodwill	35.7		34.3	
Consolidation goodwill	69.3		37.7	
Other capitalized expenditure	15.5		19.6	
Construction in progress	1.4		8.6	
	158.4	2.6	118.0	2.1
Tangible assets (10)				
Land and waters	298.3		262.8	
Buildings	792.8		705.2	
Plant and equipment	2 195.4		1 994.6	
Other tangible assets	37.8		25.5	
Construction in progress	91.4		58.8	
	3 415.6	55.9	3 046.8	54.9
Financial investments (11) (13)				
Investments in associated companies	127.3		172.3	
Amounts owed from associated companies	3.3		27.1	
Other investments	90.1		95.9	
Other receivables	13.4		11.9	
	234.1	3.8	307.2	5.5
Fixed assets total	3 808.1	62.3	3 472.1	62.5
Current assets				
Inventories				
Raw materials and consumables	276.5		227.8	
Finished goods and work in progress	389.7		394.1	
Advance payments	36.9		44.7	
	703.1	11.5	666.7	12.0
Long-term receivables (15)				
Amounts owed from associated companies	2.4		2.2	
Loan receivables	2.0		0.9	
Deferred tax receivables (23)	18.9			
Accrued income (16)	1.5		1.6	
Short-term receivables (15)				
Accounts receivable	971.7		719.0	
Amounts owed from associated companies	8.3		10.2	
Loan receivables	1.1		1.0	
Other receivables	87.8		98.2	
Accrued income (16)	73.3		37.7	
	1 166.9	19.1	870.8	15.7
Current financial assets (18)				
Cash at bank and in hand	227.0	3.7	388.0	7.0
	205.2	3.4	154.3	2.8
Current assets total	2 302.2	37.7	2 079.8	37.5
Assets total	6 110.3	100.0	5 551.9	100.0

/// Consolidated balance sheet ///

Members' funds and liabilities	31.12.1999		31.12.1998	
	EUR mill.	%	EUR mill.	%
Members' funds (19)				
Members' capital	113.5		104.1	
Additional members' capital	209.3		193.7	
Share premium account	27.5		26.7	
Revaluation reserve	0.7		0.1	
Other reserves	19.0		17.3	
Equity in previous years' untaxed reserves	181.8		144.0	
Contingency reserve	0.0		6.7	
Translation differences	-5.4		-5.0	
Retained earnings	346.7		268.3	
Profit for the financial period	138.2		122.7	
	1 031.3	16.9	878.6	15.8
Capital note loans	289.1	4.7	222.8	4.0
Members' funds total	1 320.4	21.6	1 101.4	19.8
Minority interest	1 378.5	22.6	1 266.1	22.8
Provisions for future costs (20)	47.5	0.8	60.4	1.1
Liabilities (21) (22)				
Long-term liabilities (24)				
Bonds and debentures	534.7		296.9	
Loans from financial institutions	1 094.9		1 120.6	
Pension premium loans	22.5		121.5	
Deferred tax liabilities (23)	283.0		280.5	
Other long-term liabilities	91.8		148.8	
Accruals and deferred income (26)	11.1		8.2	
	2 038.0	33.4	1 976.5	35.6
Short-term liabilities (25)				
Bonds and debentures	0.0		13.1	
Loans from financial institutions	322.8		246.7	
Pension premium loans	6.0		103.9	
Advance payments	3.7		3.0	
Accounts payable	412.9		340.9	
Bills of exchange payable	0.3		0.2	
Amounts owed to associated companies	9.9		22.2	
Other short-term liabilities	198.9		179.7	
Accruals and deferred income (26)	371.5		237.9	
	1 325.8	21.7	1 147.6	20.7
Liabilities total	3 363.8	55.1	3 124.0	56.3
Members' funds and liabilities total	6 110.3	100.0	5 551.9	100.0

/// Cash flow statement ///

	Group		Parent	
	1999 EUR mill.	1998 EUR mill.	1999 EUR mill.	1998 EUR mill.
Cash flow from operations				
Operating profit	485.8	473.9	21.1	23.1
Depreciation	331.3	272.2	3.4	2.9
Change in provisions for future costs	-24.3	1.1	-0.3	-1.6
Financial income and expenses	-113.3	-99.4	48.2	31.4
Extraordinary items	1.6	16.8	5.9	-5.6
Taxation	-101.7	-69.0	-15.3	-13.6
	579.4	595.5	62.9	36.4
Change in working capital				
Inventories (increase-/decrease+)	36.0	-53.2	7.4	-2.6
Current receivables (increase-/decrease+)	-118.3	-151.3	-23.6	-14.0
Interest-free liabilities (increase+/decrease-)	-7.6	-34.7	-13.1	54.9
	-89.9	-239.3	-29.3	38.3
Total cash flow from operations	489.5	356.3	33.6	74.7
Capital investments				
Capital investments	-517.1	-576.9	-32.6	-97.9
Sale of fixed assets and other changes	22.7	59.3	7.6	2.1
	-494.4	-517.6	-25.0	-95.8
Cash flow after capital investments	-4.9	-161.3	8.6	-21.1
Financing				
Interest-bearing liabilities (increase+/decrease-)	-144.7	-107.4	-0.9	63.8
Interest-bearing receivables (increase-/decrease+)	20.5	17.6	-23.4	-2.8
Dividends	-57.3	-48.0	-17.3	-14.5
Increase in members' funds	31.8	38.1	25.0	43.9
Capital note loan	44.5	0.0	0.0	0.0
	-105.2	-99.7	-16.6	90.4
Change in liquid funds	-110.1	-260.9	-8.0	69.3
Group	31.12.99	Change	31.12.98	Change
Interest-bearing liabilities	2 153.3	88.3	2 064.9	-40.1
Interest-bearing receivables	13.4	-20.5	34.0	-17.6
Liquid funds	432.1	-110.1	542.3	-260.9
Interest-bearing net liabilities	1 707.7	219.0	1 488.7	238.4

/// Parent company profit and loss account ///

	1.1.-31.12.1999		1.1.-31.12.1998	
	EUR mill.	%	EUR mill.	%
Turnover	1 070.6	100.0	1 038.5	100.0
Other operating income (3)	2.9		3.1	
Materials and services				
Raw materials and consumables				
Purchases during financial year	-796.6		-783.6	
Change in stocks	0.6		8.4	
Costs of external services	-189.2		-174.9	
Employee costs (4)	-33.9		-34.3	
Depreciation and reduction in value (5)	-3.4		-2.9	
Other operating expenses	-29.9		-31.2	
	-1 052.4		-1 018.5	
Operating profit	21.1	2.0	23.1	2.2
Financial income and expenses (6)				
Interest income from Group companies	40.7		31.7	
Interest income from associated companies	0.0		0.7	
Income from other financial investments	7.3		8.3	
Other interest and similar income	11.6		7.7	
Net exchange gains/losses (7)	0.4		0.1	
Interest expense and similar charges	-11.9		-17.0	
	48.2	4.5	31.4	3.0
Profit before extraordinary items	69.3	6.5	54.5	5.2
Extraordinary items (8)				
Extraordinary income	14.7		4.0	
Extraordinary expenses	-15.8		-9.6	
	-1.1		-5.6	
Profit before appropriations and taxes	68.2	6.4	48.9	4.7
Change in depreciation reserve	1.0		-0.2	
Taxation (9)	-19.5		-13.6	
Surplus for the financial period	49.7	4.6	35.1	3.4

/// Parent company balance sheet ///

Assets	31.12.1999		31.12.1998	
	EUR mill.	%	EUR mill.	%
Fixed assets				
Intangible assets (10)				
Intangible rights	3.3		3.7	
Other capitalized expenditure	0.2		0.8	
Construction in progress	0.7		0.2	
	4.3	0.5	4.7	0.5
Tangible assets (10)				
Land and waters	0.1		0.0	
Buildings	0.3		0.4	
Plant and equipment	4.3		4.8	
Other tangible assets	0.1		0.2	
	4.8	0.5	5.5	0.6
Financial investments (11) (13)				
Shares in Group companies	414.9		370.3	
Amounts owed from Group companies	179.0		103.2	
Investments in associated companies	1.5		18.0	
Amounts owed from associated companies	3.0		13.0	
Other investments	13.4		18.8	
Other receivables	0.0		0.0	
	611.8	65.3	523.2	59.5
Fixed assets total	620.9	66.3	533.4	60.7
Current assets				
Inventories				
Raw materials and consumables	51.7		51.1	
Advance payments	34.3		42.3	
	86.0	9.2	93.4	10.6
Long-term receivables (15)				
Loan receivables	0.6		0.0	
Deferred tax receivables (23)	0.1		0.0	
Accrued income (16)	1.5		1.5	
Short-term receivables (15)				
Accounts receivable	20.3		15.5	
Amounts owed from Group companies	65.4		85.5	
Amounts owed from associated companies	2.6		5.5	
Loan receivables	0.2		0.0	
Other receivables	0.1		0.8	
Accrued income (16)	10.4		6.9	
	101.3	10.8	115.7	13.1
Current financial assets (18)	122.4	13.1	130.9	14.9
Cash at bank and in hand	6.2	0.7	5.8	0.7
Current assets total	315.9	33.7	345.7	39.3
Assets total	936.9	100.0	879.1	100.0

/// Parent company balance sheet ///

Members' funds and liabilities	31.12.1999		31.12.1998	
	EUR mill.	%	EUR mill.	%
Members' funds (19)				
Members' capital	113.5		104.1	
Additional members' capital	209.3		193.7	
Other reserves				
General reserve I	3.9		3.9	
General reserve II	15.0		13.3	
Contingency reserve	0.0		6.7	
Retained surplus	170.4		147.6	
Surplus for the financial period	49.7		35.1	
Members' funds total	561.9	60.0	504.4	57.4
Appropriations				
Depreciation reserve	1.9	0.2	2.9	0.3
Provisions for future costs (20)	2.0	0.2	2.3	0.3
Liabilities (21) (22)				
Long-term liabilities (24)				
Bonds and debentures	90.6		87.6	
Loans from financial institutions	5.0		6.7	
Pension premium loans	9.9		11.3	
Other long-term liabilities	0.0		0.4	
Accruals and deferred income (26)	9.3		6.5	
	114.8	12.3	112.6	12.8
Short-term liabilities (25)				
Loans from financial institutions	2.1		1.9	
Pension premium loans	1.4		1.4	
Advance payments	1.9		2.1	
Accounts payable	84.9		91.0	
Amounts owed to Group companies	134.3		116.3	
Amounts owed to associated companies	5.3		18.4	
Other short-term liabilities	11.0		9.7	
Accruals and deferred income (26)	15.6		16.2	
	256.4	27.4	256.9	29.2
Liabilities total	371.2	39.6	369.5	42.0
Members' funds and liabilities total	936.9	100.0	879.1	100.0

The Metsäliitto Group's consolidated financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations in force in Finland.

Accounting currency

The accounts for 1999 have been prepared in Finnish markka. For the purposes of this Annual Report the official accounts have been translated into euros.

Principles of consolidation

Subsidiaries

The consolidated financial statements include the accounts of Metsäliitto Osuuskunta and those subsidiaries in which the parent company controlled, directly or indirectly, over 50 per cent of the voting rights or in which it has management control. Subsidiaries acquired or established during the financial period have been consolidated from their date of acquisition or establishment. Companies divested are included up to the date of disposal.

Housing and property subsidiaries have been excluded from the consolidated financial statements; their exclusion has no material effect on the Yhtymä's financial results or unrestricted members' funds.

The accounts of foreign subsidiaries have been consolidated using uniform accounting principles in accordance with Finnish accounting practice.

The acquisition method of consolidation has been adopted in the elimination of intra-Group shareholdings. The amount of goodwill, being the excess of acquisition cost over the fair value of net assets of acquired companies, which can be considered to raise the value of fixed assets above the subsidiary's balance sheet value has been allocated to fixed assets and depreciated according to plan for the appropriate heading. The unallocated portion is stated as goodwill. Goodwill arising on the purchase of production capacity or significant market shares is amortized on a straight-line basis over a period not exceeding ten years; other goodwill is amortized over five years.

All intra-group balances, transactions and unrealized profits have been eliminated. Gains from the sale of fixed assets between subsidiaries prior to the formation of the Metsäliitto Group (in 1992) has not been eliminated.

Minority interests are separated from the results and members' funds figure, and are presented as distinct items.

Associated companies

Those companies in which Metsäliitto Osuuskunta controls, either directly or indirectly, 20-50 per cent of the shares and voting rights are dealt with as associated companies. Associated companies are consolidated using the equity method. The Group's share of the results of such companies, less amortization of goodwill, is shown in the consolidated profit and loss account under "Share of profit from associates". The difference between the acquisition cost and the

Group's share of the equity, together with the net increase in assets since acquisition, is added to the acquisition cost of the associated company.

Companies in which the parent company has a 50 per cent interest have been consolidated using the proportional method. For each such company, the appropriate lines in the profit and loss account, balance sheet and notes to the accounts have been entered in the consolidated financial statements to reflect the 50 per cent ownership. The method of consolidation has no effect on items listed under shareholders' equity.

Goodwill arising on interests in associated companies represents the excess of the cost of investment over the Group's share of the net assets, as at the date when the associated company was first included in the consolidated financial statements. Such goodwill is amortized in five years or during their expected useful lives over a period not exceeding ten years.

Interests in associated companies which are not material to consolidated profits or members' funds have been excluded from the financial statements. Associated companies are listed in the notes to the accounts.

Foreign currencies

In translating items denominated in foreign currency into Finnish markka the rate of exchange quoted by the European Central Bank at the balance sheet date has been used. Balance sheets in the national currencies of the euro area have been translated using irrevocable conversion factors fixed by the European Central Bank.

The profit and loss accounts of foreign subsidiaries have been translated into Finnish markka at average rate of the financial period and the balance sheets at the exchange rate on the balance sheet date. Translation differences arising in the elimination of intra-Group shareholdings have been entered under unrestricted shareholders' equity.

Business transactions denominated in foreign currencies are entered using the exchange rate on the day of the transaction. For Group companies based in Finland, receivables and liabilities in foreign currencies have been translated into Finnish markka at the exchange rate on the balance sheet date.

From January 1998, exchange differences arising on translation of foreign currency bank accounts have been used to adjust turnover instead of being entered as exchange differences under financial items, as previously.

Realized exchange differences arising from derivative agreements used in hedging foreign currency sales or purchases are recorded as adjustments to corresponding item. Unrealized exchange differences and, from January 1999, realized exchange differences, arising from loans and derivatives used to hedge the future cash flow are booked concurrently with the hedged cash flow according to the hedge accounting principal.

Pensions and pension funding

Statutory pension cover for employees of the parent company and its subsidiaries in Finland is provided by payments to insurance companies. In addition, some salaried employees have supplementary pension arrangements, which are either funded (by contributions to insured schemes or to the Metsäliitto Employees' Pension Foundation) or unfunded. The Metsäliitto Employees' Pension Foundation has no unfunded shortfall based on the current value of its assets.

Contributions to the funded schemes, which are based on wage and salary costs, are charged in the profit and loss account on an accrual basis. Unfunded pension liabilities are included in the balance sheet under "Provisions for future costs", with a corresponding amount included in the fixed assets. The costs of unfunded pension liabilities will be charged to income in the year 2000 at the latest. Foreign subsidiaries make pension arrangements in accordance with local practice.

Turnover

Turnover is calculated as gross sales revenues less indirect sales taxes, trade discounts, reclamation costs and exchange differences on sales. Freight costs and other sales and delivery costs are recorded as operating expenses.

Establishment costs and R&D expenses

Establishment costs as well as research and development costs are expensed as incurred.

Inventories

Inventories are valued at the lower of cost and net realizable value at the end of the financial period. Cost is determined on either a FIFO or an average cost basis. Cost is calculated to include the variable cost of manufacture and an appropriate portion of the fixed costs of acquisition and manufacture.

Fixed assets and depreciation

Fixed assets are stated at cost less depreciation according to plan.

Depreciation according to plan is calculated on a straight-line basis so as to write off the cost of fixed assets over their expected useful lives. Depreciation is based on the following expected useful lives:

Buildings	20-40 years
Heavy machinery	20-40 years
Light machinery and equipment	4-15 years
Other assets	3-10 years

Land, buildings and investments also include certain revaluations. No depreciation is made in respect of the purchase cost of land and water areas and revaluations.

Leasing

Operating lease payments are in general treated as rentals. Major assets held under finance leases are included in fixed assets and the capital element of the leasing commitments is included under liabilities. Significant profits on sales and leaseback arrangements, together with the associated deferred tax receivable, are allocated to the accounts over the duration of the contract concerned.

Extraordinary income and expenses

Substantial income and expenses arising on transactions of an abnormal nature, such as divestment of businesses, are presented in the profit and loss account as extraordinary items. Extraordinary items also includes credits or charges to income arising from changes in accounting principles and current practices.

Appropriations, including untaxed reserves

Taxable profit is based on profit before taxes and appropriations as increased or reduced by appropriations to or from untaxed reserves or accumulated depreciation difference. Certain appropriations are only deductible for tax purposes if they are recorded in the financial statements of the taxable entities within the Group. In the financial statements of the parent company (and other taxable entities), these appropriations to or from untaxed reserves or accumulated depreciation difference are recorded as an adjustment to profits before appropriations and taxes in arriving at the profit for the financial period, and accumulated appropriations are shown as a separate reserve in the balance sheet without tax effect. On consolidation, these appropriations are tax affected in the profit and loss account and the accumulated tax effect is recorded as a deferred tax liability in the balance sheet with the after-tax balance of appropriations included as part of unrestricted members' funds.

Future costs and losses

Future costs and losses which are certain or likely to be incurred are entered in the profit and loss account as expenses under the appropriate heading. These expenses are included in the balance sheet under "Provisions for future costs" when they are not expected to be matched by any future income; otherwise they are entered as "Accruals and deferred income".

Taxation

The consolidated profit and loss account includes direct taxes for the period calculated according to the accruals convention on the basis of the financial results of Group companies for the period and in accordance with local tax regulations, together with tax payable or refunded in respect of previous financial periods. Income tax also includes the charge or credit for the period in respect of deferred tax. The requirements of the Finnish Accounting Act have been observed in stating deferred taxes. Deferred tax liabilities and claims are calculated from all the material periodization differences and consolidation measures which reflect a difference between taxation and the financial statements and have an impact on earnings as well as from appropriations, applying the tax base for subsequent years, which has been confirmed at the time of closing the books. The balance sheet shows deferred taxes in full and deferred tax claims only to the extent that these can be expected to be utilized in the near future. Previously, tax liabilities were mainly calculated from appropriations, and deferred tax claims were not taken into account. That portion of deferred tax claims attributable to previous financial periods arising from the change in accounting practice has been entered under extraordinary income.

The corporate tax credit arising on intra-group dividends has been eliminated by deducting it from direct taxes.

/// Notes to the accounts ///

Notes to the profit and loss account, EUR million

1. Turnover by countries	Group	
	1999	1998
Britain	1 263.9	961.4
Finland	1 015.8	940.3
Germany	780.8	603.3
France	348.1	295.0
Denmark	185.2	182.3
Italy	173.3	148.0
Sweden	163.2	159.3
Spain	152.5	138.0
The Netherlands	142.8	123.6
Belgium	90.4	64.2
Greece	70.3	57.2
Other EU countries	98.7	90.4
EU total	4 485.0	3 763.2
Other Europe	487.9	416.2
USA	190.2	141.7
Australia	56.0	54.7
China	55.7	81.0
Japan	55.2	43.2
Other countries	373.7	295.0
Metsäliitto Group	5 703.7	4 794.9

Turnover, operating profit and personnel by division is presented in the Report of the Board of Directors

2. Share of profit from associates	Percentage			Share of profit	Goodwill still to be written off
	holdings	Share of profit	Goodwill write-off		
	%				
Oy Metsä-Rauma Ab	48.4	-2.5	0.0	-2.5	0.0
Myllykoski Paper Oy	35.0	12.1	-8.6	3.5	62.8
Other associates		-2.6	-0.1	-2.7	-0.6
Total		7.0	-8.7	-1.7	62.2

3. Other operating income	Group		Parent	
	1999	1998	1999	1998
Rental income	5.4	6.2	1.0	0.9
Gains on disposals of fixed assets	17.2	11.1	0.3	0.5
Service revenue	12.2	9.4	1.5	1.7
Other items	18.9	11.2	0.1	0.0
Total	53.7	37.9	2.9	3.1

4. Employee costs	1999	1998	1999	1998
Wages, salaries and fees for working hours	579.7	466.7	22.7	21.8
Pension expenses	79.3	71.4	3.3	3.2
Contribution to pension foundation	0.0	1.7	0.0	1.7
Other social security expenses	210.0	183.5	7.9	7.7
Total	869.0	723.3	33.9	34.3

Salaries and fees to Group Management

Chief Executive Officers and their deputies	12.0	10.6	0.7	0.6
Board of Directors and their deputies	1.4	1.1	0.2	0.2
Members of other comparable bodies	0.5	0.5	0.1	0.1
Total	14.0	12.2	1.0	0.9

At the end of 1997 a bonus system was introduced to the Group's Top Management. The system is comparable to the bonds with equity warrants issued to the Top Management of Metsä-Serla in 1997.

Pension agreements

The President and the Vice President as well as certain other members of the Group's Management have the right to retire on a pension at the age of 62 years.

The parent company has no liabilities related to current or former members of other comparable bodies.

/// Notes to the accounts ///

5. Depreciation	Group		Parent	
	1999	1998	1999	1998
Depreciation according to plan				
Intangible rights	8.4	4.4	0.9	0.4
Purchased goodwill	5.4	4.6	-	-
Consolidation goodwill	20.6	14.3	-	-
Consolidation reserve	-7.6	-6.9	-	-
Other capitalized expenditure	7.3	8.0	0.6	0.7
Buildings	41.1	31.2	0.0	0.0
Plant and equipment	251.4	213.1	1.7	1.6
Other tangible assets	4.6	3.5	0.1	0.1
Total depreciation and reduction in value	331.3	272.2	3.4	2.9
Depreciation difference	-	-	-1.2	0.0
Total depreciation	-	-	2.2	2.9
6. Financial income and expenses				
Dividend income				
From Group companies	-	-	40.7	31.7
From associated companies	-	-	0.0	0.7
From others	1.3	2.0	0.8	0.5
Total	1.3	2.0	41.5	32.9
Interest income from fixed assets				
From Group companies	-	-	6.0	6.8
From associated companies	0.6	1.2	0.0	0.0
From others	0.7	1.6	0.5	1.0
Total	1.3	2.8	6.5	7.8
Income from investments in fixed assets	2.6	4.8	48.0	40.7
Other interest and similar income				
Interest income from Group companies	-	-	5.7	2.1
Financial income from Group companies	-	-	0.0	0.0
Interest income from other companies	23.7	37.9	4.7	4.2
Financial income from other companies	2.7	4.4	1.2	1.4
Total	26.4	42.3	11.6	7.7
Net exchange gains/losses	-12.1	12.8	0.4	0.1
Interest expense and similar charges				
Interest expense and similar charges	-	-	-1.2	-0.6
Interest expenses to Group companies	-	-	0.0	0.0
Interest expense to other companies	-118.9	-148.8	-8.6	-13.0
Financial expenses to other companies	-11.3	-10.4	-2.1	-3.5
Total	-130.2	-159.2	-11.9	-17.0
Total financial income and expenses	-113.3	-99.4	48.2	31.4

/// Notes to the accounts ///

7. Net exchange gains/losses	Group		Parent	
	1999	1998	1999	1998
Exchange gains/losses on sales				
Exchange differences on derivatives	-76.0	7.0	0.0	0.0
Other exchange differences	38.3	-18.3	0.1	0.0
Total exchange gains/losses on sales	-37.7	-11.3	0.1	0.0
Exchange gains/losses on purchases				
Exchange differences on derivatives	0.0	-0.8	0.0	0.0
Other exchange differences	0.4	-0.2	0.0	0.0
Total exchange gains/losses on purchases	0.4	-1.0	0.0	0.0
Exchange gains/losses on financing				
Exchange gains				
Realized	6.4	108.3	0.5	0.6
Unrealized	4.3	12.5	0.0	0.0
Exchange losses				
Realized	-9.5	-103.5	-0.1	-0.5
Unrealized	-13.3	-4.5	0.0	0.0
Total exchange gains/losses on financing	-12.1	12.8	0.4	0.1
8. Extraordinary items				
Extraordinary income				
Gains from disposals of shares	4.5	7.0	5.3	0.0
Gains from disposals of business	0.0	11.5	0.0	0.0
Deferred taxes/change in accounting principles	39.4	0.0	0.2	0.0
Group contributions, received	-	-	9.2	4.0
Other items	0.0	1.1	0.0	0.0
Total extraordinary income	43.9	19.6	14.7	4.0
Extraordinary expenses				
Group contributions, paid	-	-	15.8	9.6
Losses from disposal of shares	0.4	0.0	0.0	0.0
Other items	2.6	2.9	0.0	0.0
Total extraordinary expenses	2.9	2.9	15.8	9.6
9. Taxation				
Income taxes for the year	101.1	67.9	19.3	13.6
Income taxes for previous years	0.5	1.1	0.1	0.0
Change in deferred tax liability	17.9	51.3	0.1	0.0
Total	119.5	120.3	19.5	13.6
Taxes on ordinary operations	119.1	115.6	19.8	15.2
Taxes on extraordinary items	0.4	4.7	-0.4	-1.6
Total	119.5	120.3	19.5	13.6
Change in deferred tax liabilities				
From appropriations and other periodization differences	16.2	52.8	0.1	0.0
From consolidation	6.6	0.0	0.0	0.0
From translation differences	-1.2	0.0	0.0	0.0
Netting against receivables	5.5	-1.5	0.0	0.0
Total	27.1	51.3	0.1	0.0
Change in deferred tax claims				
From appropriations and other periodization differences	5.2	1.5	0.0	0.0
From consolidation	-1.5	0.0	0.0	0.0
Netting against liabilities	5.5	-1.5	0.0	0.0
Total	9.2	0.0	0.0	0.0
Change in deferred tax total	-17.9	-51.3	-0.1	0.0

The accounting principles concerning deferred taxes have been unified as from the beginning of 1999.

The accumulated effect as per 1 January 1999 was EUR 39.4 million / FIM 234.1 million.

This amount has been entered under extraordinary income in the 1999 profit and loss account.

/// Notes to the accounts ///

Notes to the balance sheet, EUR million

10. Intangible and tangible assets

GROUP	Intangible rights	Purchased goodwill	Consolidation goodwill	Consolidation reserve	Other capitalized expenditure	Advance payments	Total
Intangible assets							
Acquisition cost 1.1.	43.4	45.4	205.2	-83.2	48.6	0.6	260.0
Increase	28.7	3.0	50.3	-0.8	2.6	1.1	84.9
Decrease	-3.3	-0.3	-16.7	0.0	-1.0	0.0	-21.3
Transfers between items	0.3	0.0	0.0	0.0	0.3	-0.3	0.3
Acquisition cost 31.12.	69.0	48.2	238.8	-84.0	50.5	1.4	323.8
Accumulated depreciation 1.1.	-25.5	-7.0	-112.1	29.4	-28.7	0.0	-144.0
Accumulated depreciation on decrease	1.6	0.0	10.2	0.0	0.9	0.0	12.8
Depreciation for the period	-8.4	-5.4	-21.4	8.4	-7.3	0.0	-34.3
Deduction in value	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation 31.12.	-32.4	-12.5	-123.3	37.8	-35.1	0.0	-165.4
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Book value 31.12.1999	36.6	35.7	115.5	-46.2	15.5	1.4	158.4
Book value 31.12.1998	17.9	34.3	91.6	-53.9	19.6	8.6	118.0

The consolidation goodwill and the consolidation reserve are presented in the Group balance sheet as a net value of EUR 69.3 million / FIM 412.0 million.

GROUP	Land and waters	Buildings	Plant and equipments	Other tangible assets	Advance payments	Total
Tangible assets						
Acquisition cost 1.1.	112.9	892.3	3 391.2	46.0	66.4	4 508.8
Increase	32.2	120.8	418.3	18.5	140.0	729.9
Decrease	-1.2	-11.4	-94.6	-0.6	-37.9	-145.7
Transfers between items	0.0	6.8	71.5	-0.7	-77.1	0.5
Acquisition cost 31.12.	143.9	1 008.5	3 786.4	63.2	91.4	5 093.4
Accumulated depreciation 1.1.	-0.5	-220.4	-1 394.8	-20.3	0.0	-1 636.0
Accumulated depreciation on decrease	0.0	8.5	55.2	-0.4	0.0	63.3
Depreciation for the period	0.2	-41.1	-251.4	-4.7	0.0	-297.0
Deduction in value	0.7	0.0	0.0	0.0	0.0	0.7
Accumulated depreciation 31.12.	0.4	-253.0	-1 591.0	-25.4	0.0	-1 869.1
Revaluation 1.1.	154.1	37.3	0.0	0.0	0.0	191.3
Increase	0.0	0.0	0.0	0.0	0.0	0.0
Decrease	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation 31.12.1999	154.1	37.3	0.0	0.0	0.0	191.3
Book value 31.12.1999	298.3	792.8	2 195.4	37.8	91.4	3 415.7
Book value 31.12.1998	262.8	705.2	1 994.6	25.5	58.8	3 046.8

Capitalized interest expenses not yet written off were EUR 2.2 million / FIM 18.8 million for "Buildings" (2.5 MEUR / 14.7 MFIM), EUR 9.0 million / FIM 53.4 million for "Plant and equipment" (11.1 MEUR / 66.1 MFIM) and EUR 11.5 million / FIM 68.2 million for "Other tangible assets". There are no corresponding figures for the parent company. During 1999 no interest expenses have been capitalized.

/// Notes to the accounts ///

10. Intangible and tangible assets

PARENT	Intangible rights	Other capitalized expenditure	Advance payments	Total
Intangible assets				
Acquisition cost 1.1.	7.6	2.8	0.2	10.6
Increase	0.6	0.1	0.5	1.1
Decrease	0.0	0.0	0.0	0.0
Transfers between items	0.0	0.0	0.0	0.0
Acquisition cost 31.12.	8.1	2.9	0.7	11.7
Accumulated depreciation 1.1.	-3.9	-2.1	0.0	-6.0
Accumulated depreciation on decrease	0.0	0.0	0.0	0.0
Depreciation for the period	-0.9	-0.6	0.0	-1.5
Deduction in value	0.0	0.0	0.0	0.0
Accumulated depreciation 31.12.	-4.8	-2.7	0.0	-7.4
Revaluation	0.0	0.0	0.0	0.0
Book value 31.12.1999	3.3	0.2	0.7	4.3
Book value 31.12.1998	3.7	0.8	0.2	4.7

GROUP	Land and water	Buildings	Plant and equipment	Other tangible assets	Total
Tangible assets					
Acquisition cost 1.1.	0.0	0.7	16.9	0.7	18.2
Increase	0.1	0.0	1.7	0.0	1.8
Decrease	0.0	-0.1	-1.5	0.0	-1.5
Transfers between items	0.0	0.0	0.0	0.0	0.0
Acquisition cost 31.12.	0.1	0.6	17.1	0.7	18.5
Accumulated depreciation 1.1.	0.0	-0.3	-12.0	-0.4	-12.8
Accumulated depreciation on decrease	0.0	0.0	1.0	0.0	1.0
Depreciation for the period	0.0	0.0	-1.7	-0.1	-1.9
Deduction in value	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation 31.12.	0.0	-0.3	-12.7	-0.5	-13.6
Revaluation 1.1.	0.0	0.0	0.0	0.0	0.0
Increase	0.0	0.0	0.0	0.0	0.0
Decrease	0.0	0.0	0.0	0.0	0.0
Revaluation 31.12.1999	0.0	0.0	0.0	0.0	0.0
Book value 31.12.1999	0.1	0.3	4.3	0.1	4.8
Book value 31.12.1998	0.0	0.4	4.8	0.2	5.5

11. Market value from financial investment in fixed assets

Stock exchange listed shares had a book value of EUR 347.2 million / FIM 2 064.6 million and a market value of EUR 878.5 million / FIM 5 223.1 million. The figures include Metsä-Serla Corporation shares, book value EUR 238.3 million / FIM 1 416.7 million and market value EUR 619.8 million / FIM 3 685.2 million. In addition, the book value of the shares of Metsä-Serla's subsidiary Metsä Tissue Corporation was EUR 98.0 million / FIM 582.9 million and market value EUR 249.0 million / FIM 1 480.4 million.

12. Loan receivables from management

Loan receivables from the managing directors of Group companies, members of the Board of Directors and their deputies were EUR 0.34 million / FIM 2.03 million (EUR 0.32 million / FIM 1.93 million).

/// Notes to the accounts ///

13. Financial investments

GROUP	Invest- ments in associates	Other shares	Receivables from associates	Other receiv- ables	Total
Financial investments					
Acquisition cost 1.1.	131.7	52.4	27.2	11.9	223.3
Increase	13.4	23.4	0.0	2.7	39.5
Decrease	-1.2	-7.3	-13.9	-0.1	-22.4
Transfers between items	-16.7	16.7	-10.0	0.0	-10.0
Acquisition cost 31.12.1999	127.3	85.2	3.3	14.6	230.3
Revaluation/Deduction	0.0	4.9	0.0	-1.2	3.8
Book value 31.12.1999	127.3	90.1	3.3	13.4	234.1

PARENT	Shares in Group companies	Invest- ments in associates	Receivables Other from Group shares companies	Receivables from associates	Other receiv- ables	Total
Financial investments						
Acquisition cost 1.1.	370.3	18.0	18.8	103.2	13.0	523.2
Increase	29.0	0.2	0.6	65.9	0.0	95.7
Decrease	-1.1	0.0	-5.9	0.0	0.0	-7.1
Transfers between items	16.7	-16.7	0.0	10.0	-10.0	0.0
Acquisition cost 31.12.1999	414.9	1.5	13.4	179.0	3.0	611.8
Revaluation/Deduction	0.0	0.0	0.0	0.0	0.0	0.0
Book value 31.12.1999	414.9	1.5	13.4	179.0	3.0	611.8

14. Revaluations

Group	1999 1.1.	Increase	Decrease	1999 31.12.
Land	154.1	0.0	0.0	154.1
Buildings	37.3	0.0	0.0	37.3
Investments	6.7	0.0	-1.8	4.9
Total	198.1	0.0	-1.8	196.3

Revaluations are based on estimates by independent valuers of the current value of assets at the dates of valuation.
Deferred tax regarding revaluations was EUR 56.9 million / FIM 338.1 million. The parent company has made no revaluations.

15. Long-term and short-term receivables

Long-term receivables	Group		Parent	
	1999	1998	1999	1998
Amounts owed from associated companies				
Loan receivables	2.4	2.2	0.0	0.0
Other receivables	0.0	0.0	0.0	0.0
Other receivables				
Loan receivables	2.0	0.9	0.6	0.0
Deferred tax claims	18.8	0.0	0.1	0.0
Other receivables	0.0	0.0	0.0	0.0
Accrued income	1.5	1.5	1.5	1.5
Total long-term receivables	24.7	4.6	2.3	1.5

/// Notes to the accounts ///

15. Long-term and short-term receivables

Short-term receivables	Group		Parent	
	1999	1998	1999	1998
Amounts owed from Group companies				
Accounts receivable	-	-	35.7	20.4
Loan receivables	-	-	18.6	61.9
Other receivables	-	-	2.2	0.4
Accrued income	-	-	8.9	2.9
Amounts owed from associated companies				
Accounts receivable	5.6	7.6	2.6	5.5
Loan receivables	1.6	1.4	0.0	0.0
Other receivables	0.7	0.0	0.0	0.0
Accrued income	0.4	1.2	0.0	0.0
Other receivables				
Accounts receivable	971.7	719.0	20.3	15.5
Loan receivables	1.1	1.0	0.2	0.0
Other receivables	87.8	98.2	0.1	0.8
Accrued income	73.3	37.7	10.4	6.9
Total short-term receivables	1 142.2	866.2	99.0	114.1

16. Accrued income	Group		Parent	
	1999	1998	1999	1998
Long-term				
Unfunded pension obligation	1.5	1.5	1.5	1.5
Other	0.0	0.0	0.0	0.0
Total	1.5	1.5	1.5	1.5
Short-term				
Interest	13.2	6.1	1.9	1.7
Insurance	5.0	5.8	0.0	0.0
Tax	10.0	7.1	7.5	4.0
Other	45.2	18.7	0.9	1.2
Total	73.3	37.7	10.4	6.9

17. Interest-bearing financial assets

Loan receivables and other fixed assets	7.0	28.4	179.0	113.1
Cash and other current assets	438.5	547.8	148.3	198.8
Total	445.6	576.2	327.3	312.0

18. Current financial assets

Other investments				
Market value	228.6	391.6	124.1	134.5
Book value	-227.0	-388.0	-122.4	-130.9
Difference	1.6	3.7	1.6	3.7

/// Notes to the accounts ///

	Group		Parent	
	1999	1998	1999	1998
19. Members' funds				
Members capital 1.1.	104.2	93.1	104.2	93.1
Participation shares	7.8	8.8	7.8	8.8
Transferred to participation shares from dividend on members' capital	2.8	3.4	2.8	3.4
Participation shares of ex-members	-1.3	-1.2	-1.3	-1.2
*) Members' capital 31.12.	113.5	104.1	113.5	104.1
Additional members' capital 1.1.	193.7	161.0	193.7	161.0
Increase in additional members' capital	15.6	32.7	15.6	32.7
***) Additional members' capital 31.12.	209.3	193.7	209.3	193.7
Share premium account 1.1.	26.7	27.8	-	-
Increase/Decrease	0.8	-1.1	-	-
Share premium account 31.12.	27.5	26.7	-	-
Revaluation reserve 1.1.	0.1	0.5	-	-
Increase/Decrease	0.6	-0.4	-	-
Revaluation reserve 31.12.	0.7	0.1	-	-
General reserve I 1.1.	3.9	3.8	3.9	3.8
Membership fees	0.0	0.2	0.0	0.2
General reserve I 31.12.	3.9	3.9	3.9	3.9
General reserve II 1.1.	13.3	10.6	13.3	10.6
Transferred from retained earnings	1.7	2.7	1.7	2.7
General reserve II 31.12.	15.0	13.3	15.0	13.3
Other reserves 1.1.	0.1	0.0	-	-
Increase/Decrease	-0.1	0.1	-	-
Other reserves 31.12.	0.0	0.1	-	-
Reserves total 31.12.	19.0	17.3	19.0	17.2
Contingency reserve 1.1.	6.7	6.7	6.7	6.7
Transferred to retained earnings	-6.7	0.0	-6.7	0.0
Contingency reserve 31.12.	0.0	6.7	0.0	6.7
Retained earnings 1.1.	530.0	428.8	182.7	164.8
Transferred from contingency reserve	6.7	0.0	6.7	0.0
Dividends paid	-17.2	-14.4	-17.3	-14.5
Transferred to general reserve II	-1.7	-2.7	-1.7	-2.7
Change in translation differences	2.3	-5.0	-	-
Other increase / decrease	3.2	0.5	-	-
Profit for the financial period	138.2	122.7	49.7	35.1
Retained earnings 31.12.	661.4	530.0	220.1	182.7
Capital note loans				
Capital note loans 1.1	222.8	222.8	-	-
Increase / decrease	66.4	0.0	-	-
Capital note loans 31.12.	289.1	222.8	-	-
TOTAL MEMBERS' FUNDS	1 320.4	1 101.4	561.8	504.4
*) Unpaid participation shares				
Total called-up members' capital	185.7	181.6	185.7	181.6
Participation shares paid	-113.5	-104.2	-113.5	-104.2
Unpaid participation shares	72.2	77.4	72.2	77.4

**) Of the additional members' capital eur 11.2 million / FIM 66.4 million is due on 1 July 2000.

Metsä-Serla Corporation's convertible subordinated capital note loan

The loan is a convertible subordinated capital note loan in compliance with Chapter 5 of the Companies Act. The loan principal is USD 350 million, divided among 350,000 convertible notes, nominal value USD 1,000 each. The loan carries interest at 4.375% and the subscription price for shares is FIM 57.9375 each. On conversion, the Finnish markka (FIM) equivalent value of the USD denominated notes will be calculated using the exchange rate 1 USD = FIM 5.2738. Conversion of all notes to shares will result in a maximum increase in the company's share capital of FIM 318,393,020.

Holders of the convertible notes have the right to subscribe Metsä-Serla Corporation's Serie B shares during the period 15 January 1998 to 1 October 2002. Provided that the terms specified in the agreement are met, Metsä-Serla Corporation has the right to redeem the loan as of 15 October 2000. USD 250 million of the convertible subordinated capital note loan was subscribed by Finnish and foreign investors and USD 100 million by Metsäliitto Osuuskunta. The total amount of the loan shown in Metsä-Serla Corporation's balance sheet is FIM 1,845.8 million, of which Metsäliitto Osuuskunta's share is FIM 521.2 million.

Finnforest Corporation's capital note loan

The loan is a capital note loan in compliance with Chapter 5 of the Companies Act. Notes with a nominal value of EUR 70 million were issued during 1999. Notes will be issued to a maximum nominal value of EUR 150 million. The amount raised by the end of 1999 was FIM 393.4 million, of which subscribers outside the Metsäliitto Group accounted for FIM 264.1 million. The notes carry a fixed 7.5% coupon and mature on 8 December 2009, when the loan will be repaid to its full nominal value of FIM 416.3 million. The loan is unsecured. In the event of the company being wound up or going into liquidation, payment of the loan capital plus interest will be subordinate to settlement of all other debts. The loan carries priority equal at least to that of any other capital note loans or similar instruments the company may issue in the future.

Oy Metsä-Rauma Ab's capital note loan

Oy Metsä-Rauma Ab's biggest shareholders have provided the company with a capital note loan, in compliance with Chapter 5 of the Companies Act, in proportion to their respective shareholdings. The amount raised at the end of 1999 was FIM 268.0 million, of which shareholders outside the Metsäliitto Group accounted for FIM 130.0 million. The notes carry a coupon of 9.0% and mature on 23 October 2010. The loan will be repaid in one or more instalments between 1997 and 2010.

Mittaportti Oy's capital note loan

Mittaportti Oy's shareholders have provided the company with a capital note loan in compliance with Chapter 5 of the Companies Act. The amount raised by the end of 1999 was FIM 1.6 million, of which shareholders outside the Metsäliitto Group accounted for FIM 0.4 million. The notes carry a coupon of 9.0% and mature on 18 December 2010. The borrower has the right to repay the loan either in part or in full before maturity without costs.

20. Provisions for future costs Group	1999	Increase	Decrease	1999
	1.1.			31.12.
Provision for unfunded pension obligations	1.6	0.0	0.0	1.5
Provision for pension obligations	32.7	4.6	-24.6	12.6
Provision for taxes	0.0	0.9	0.0	0.9
Provision for unemployment pension insurance	9.0	3.7	-1.6	11.1
Provision for reorganization of businesses	7.1	15.6	-9.3	13.5
Provision for rental costs	4.8	0.0	-0.3	4.6
Other provisions	5.1	2.0	-3.9	3.3
Total	60.4	26.8	-39.6	47.5
Parent				
Provision for unfunded pension obligations	1.6	0.0	0.0	1.5
Provision for unemployment pension insurance	0.7	0.0	-0.3	0.4
Total	2.3	0.0	-0.3	2.0

/// Notes to the accounts ///

21. Liabilities	Group		Parent	
	1999	1998	1999	1998
Long-term				
Non-interest bearing	295.5	294.6	9.3	6.5
Interest bearing	1 742.5	1 681.9	105.5	106.1
Total	2 038.0	1 976.5	114.8	112.6
Short-term				
Non-interest bearing	915.0	764.5	250.4	250.5
Interest bearing	410.8	383.1	6.0	6.4
Total	1 325.8	1 147.6	256.4	256.9

Metsäliitto Osuuskunta's capital note loan

The notes are being issued continuously up to the maximum amount of FIM 1,000,000,000. At the end of 1999, notes to a nominal value of FIM 538.8 million had been issued. Applications to subscribe the notes are being accepted according to procedures and at times specified by Metsäliitto Osuuskunta. The notes may also be offered for subscription as payment for wood raw material purchased by Metsäliitto Osuuskunta from forest owners. The issue price is floating.

During 1999 the highest subscription price was 114 and the lowest 109. The index-linked capital note loan issued in conjunction with wood purchases has been suspended. The final date for subscriptions was 1 March 2000.

The capital loan is classified in equity as a preferred loan and the principal will be repaid in full on 16 April 2008 provided the conditions for redemption set out in the terms of the issue are met.

Holders of notes qualify for the following

1. Annual interest at a fixed 6.75% paid on the principal and on interest due but outstanding, on additional interest and additional return up to the date of maturity at 16 April 2008.
2. Additional annual interest may be declared per note (nominal value FIM 1,000) equal to three times the dividend declared on Metsä-Serla Corporation Series B shares for the financial period preceeding the date of payment of such additional interest.
3. At maturity, an additional return per note (nominal value FIM 1,000) equal to three times the trade-weighted average quotation for Metsä-Serla Corporation Series B shares calculated over a period of 30 days ending 10 days before the redemption date, however not exceeding FIM 474.84.

Other bonds and debentures

Specified in Metsä-Serla's Annual Report

-Metsä-Serla 445.2 223.3

Bonds with equity warrants

Specified in Metsä-Serla's Annual Report

1994-1999 0.0 0.0

1997-2000 0.1 0.1

22. Long-term liabilities with amortization plan

	Bonds and debentures	Loans from financial institutions	Pension premium loans	Other loan	Total
2000	0.1	203.9	6.0	56.6	266.7
2001	61.9	133.6	1.6	0.9	198.2
2002	176.9	228.4	1.1	0.8	407.3
2003	0.0	425.8	1.1	1.2	428.0
2004	10.0	156.4	0.6	0.4	167.4
2005-	285.8	162.3	18.1	2.6	468.4
Total at 31 December 1999	534.7	1 310.3	28.5	62.5	1 936.0

/// Notes to the accounts ///

23. Deferred tax liabilities and tax receivables	Group		Parent	
	1999	1998	1999	1998
Deferred tax liabilities				
From appropriations and other periodization differences	331.2	300.9	0.0	0.0
From consolidation	6.6	0.0	0.0	0.0
Netting against tax receivables	-54.8	-59.8	0.0	0.0
Total	283.0	241.1	0.0	0.0
Change in accounting principles	0.0	39.4	0.0	0.0
Total	283.0	280.5	0.0	0.0
Deferred tax receivables				
From appropriations and other periodization differences	33.9	20.4	0.1	0.0
From consolidation	39.7	39.4	0.0	0.0
Netting against tax liabilities	-54.8	-59.8	0.0	0.0
Total	18.9	0.0	0.1	0.0

Untaxed reserves consist mainly of the accumulated difference between total depreciation made and depreciation according to plan for the Group's domestic subsidiaries. Deferred tax on untaxed reserves is calculated in accordance with the rate of taxation in the country concerned (Finland 29%). Deferred tax arising from other periodization differences relates mainly to provisions for future costs.

Deferred tax receivables totalling EUR 54.9 million / FIM 326.7 million are not shown in the balance sheet because it is uncertain whether or not they will be utilized.

24. Long-term liabilities	Group		Parent	
	1999	1998	1999	1998
Amounts owed to Group companies				
Bonds and debentures	-	-	0.0	0.0
Other liabilities	-	-	0.0	0.0
Amounts owed to associated companies				
Other liabilities	0.0	0.0	0.0	0.0
Liabilities to others				
Bonds and debentures	534.7	296.9	90.6	87.6
Loans from financial institutions	1 094.9	1 120.6	5.0	6.7
Pension premium loans	22.5	121.5	9.9	11.3
Accounts payable	0.0	0.0	0.0	0.0
Deferred tax	283.0	280.5	0.0	0.0
Other long-term liabilities	91.8	148.8	0.0	0.4
Accruals	11.1	8.2	9.3	6.5
Total long-term liabilities	2 038.0	1 976.5	114.8	112.6
25. Short-term liabilities				
Amounts owed to Group companies				
Advance payments	-	-	106.7	93.5
Accounts payable	-	-	9.9	10.6
Other short-term liabilities	-	-	1.9	12.1
Accruals	-	-	15.7	0.0
Amounts owed to associated companies				
Advance payments	4.5	17.8	4.5	17.8
Accounts payable	4.7	3.9	0.1	0.1
Other short-term liabilities	0.7	0.5	0.7	0.5
Accruals	0.0	0.1	0.0	0.0
Liabilities to others				
Bonds and debentures	0.0	13.1	0.0	0.0
Loans from financial institutions	322.8	246.7	2.1	1.9
Pension premium loans	6.0	103.9	1.4	1.4
Advance payments	3.7	3.0	1.9	2.1
Accounts payable	412.9	340.9	84.9	91.0
Bills of exchange payable	0.3	0.2	0.0	0.0
Other short-term liabilities	198.9	179.7	11.0	9.7
Accruals	371.5	237.9	15.6	16.2
Total short-term liabilities	1 325.8	1 147.6	256.4	256.9

/// Notes to the accounts ///

26. Accruals and deferred income	Group		Parent	
	1999	1998	1999	1998
Long-term				
Premium on capital note loan	6.1	6.5	6.1	6.5
Additional income on capital note loan	3.1	0.0	3.1	0.0
Commitments for compensation	1.6	1.6	0.0	0.0
Other	0.2	0.1	0.0	0.0
Total	11.1	8.2	9.3	6.5
Short-term				
Wages, salaries and social expenses	80.6	80.1	10.6	9.4
Interest expense	34.3	35.3	0.5	4.5
Purchases	47.2	25.3	0.0	0.0
Taxes	87.5	13.1	0.0	0.0
Other	121.9	84.0	4.5	2.3
Total	371.5	237.9	15.6	16.2
27. Securities and guarantees				
<i>For own loans</i>				
Assets pledged as security for				
Loans from financial institutions	12.2	10.8	6.7	8.6
Pension premium loans	0.0	4.0	0.0	0.0
Other liabilities	0.7	0.1	0.0	0.0
Assets pledged	7.0	21.6	1.5	1.1
Mortgages as securities for				
Loans from financial institutions	480.8	365.5	0.0	0.0
Pension premium loans	0.0	32.3	0.0	0.0
Other liabilities	1.5	0.0	0.0	0.0
Mortgages	515.4	419.0	0.0	0.0
<i>As security for own liabilities</i>				
Assets pledged	21.1	22.1	21.1	22.1
<i>For Group companies</i>				
Assets pledged	0.0	0.0	0.0	18.2
Guarantees	0.0	0.0	154.4	137.9
<i>For associated companies</i>				
Assets pledged	0.0	9.7	0.0	9.7
Mortgages	0.3	0.3	0.0	0.0
Guarantees	1.5	27.0	0.0	11.6
<i>For others</i>				
Assets pledged	0.3	0.3	0.0	0.0
Mortgages	0.0	0.1	0.0	0.0
Guarantees	29.2	2.5	0.0	0.0
<i>Other liabilities</i>				
Bills of exchange	1.9	2.7	0.0	0.0
Pension liabilities	0.1	0.1	0.0	0.0
Others	9.6	22.6	0.0	0.0
<i>Leasing commitments</i>				
Payments due in following year	14.3	15.3	0.1	0.0
Payments due in subsequent years	78.1	60.2	0.1	0.0
Total				
Mortgages	515.7	419.3	0.0	0.0
Assets pledged	28.4	53.6	22.6	51.1
Guarantees	30.7	29.5	154.4	149.6
Bills of exchange	1.9	2.7	0.0	0.0
Pension liabilities	0.1	0.1	0.0	0.0
Other liabilities	9.6	22.6	0.0	0.0
Leasing commitments *)	92.4	75.5	0.2	0.0
Total	678.8	603.3	177.2	200.7

*) Leasing commitments don't include financial lease agreements.

/// Notes to the accounts ///

Financial lease agreements	1999	1998
The values of the assets in Metsä-Serla's balance sheet		
Land	0.5	0.5
Plant and equipment	21.9	22.2
Buildings	3.4	3.8
	25.9	26.5
Liabilities from financial lease agreements		
Short-term	3.6	2.3
Long-term	38.5	40.2
	42.1	42.5
Corresponding payments		
Year 1999	0.0	4.6
Year 2000	4.7	4.6
Year 2001	4.7	4.6
Year 2002	4.7	4.6
Year 2003	4.5	4.6
Year 2004	4.0	4.6
payments due in subsequent years	22.5	22.8
	45.3	50.7

Group	1999			1998
Liabilities due to open derivative contracts	Gross amount	of which converted contracts	Unrecognized valuation difference	Gross amount
I Interest rate derivatives				
Forward agreements	2 919.0	2 784.0	0.0	4 558.3
Options				
Purchased	1 563.5	1 531.4	0.0	241.7
Sold	1 531.4	1 531.4	0.0	699.9
Interest rate swap agreements	464.0	0.0	-15.3	481.8
II Currency derivatives				
Forward agreements	649.4	21.7	-12.1	1 368.8
Options				
Purchased	417.9	140.0	-6.2	868.0
Sold	460.9	140.0	-2.2	1 145.6
Currency swap agreements	0.0	0.0	0.0	0.0
III Equity derivatives				
Equity swap agreements	0.0	0.0	0.0	16.9

With reference to the syndicated loan raised by Metsä-Rauma, the company's shareholders have undertaken, in accordance with the loan terms and conditions, to see that certain conditions relating to equity ratio etc. are fulfilled, each in an amount proportional to its shareholding, however not exceeding FIM 500 million.

The Metsäliitto Group owns 54.41% of Metsä-Rauma's shares. Long-term loans receivable also includes FIM 138.0 million in capital notes, pursuant to Section 5 of the Companies Act, issued by Metsä-Rauma's main shareholders in proportion to their shareholdings. The loan carries interest at 9% and matures in 15 years from 23 October 1995. The loan will be repaid in full in one or more instalments during the period 1997 to 2010.

/// Parent company shares at 31 Dec. 1999 ///

SUBSIDIARIES	Number of shares	Parent company's holding	Group's holding	Nominal value in thousands	Book value
					FIM 1 000
Subsidiaries					
Biowatti Oy	72 000	90.0	94.6	3 600	3 600
Finnforest Corporation	30 000 000	100.0		300 000	352 296
Itä-Suomen Puutoimitus Oy	650	100.0		325	2 743
Kiinteistö Oy Metsätapiola	36 528	59.9		3 653	68 872
Oy Metsä-Botnia Ab	468	0.7	21.3	4 680	8 751
Metsä Group Financial Services Oy	24 500	49.0	69.1	24 500	29 397
Metsämannut Oy	60	60.0	73.9	60	60
Oy Metsä-Rauma Ab	2 269 440	23.6	35.2	113 472	140 502
Metsä-Serla Corporation	54 650 535	*) 64.7 (1)		546 505	1 416 698
Oy Metsäliitto International Ltd	5 000	100.0		5 000	5 000
Metsäliitto SW Ltd	25 000	100.0		25 000	25 000
Metsäliitto-Yhtymän Tehdasmittaus Oy	100	25.0	84.8	100	100
Oy Metsä Timber Ltd	6 000 000	100.0		300 000	373 367
Metsä Tissue Corporation	161 100	0.5	26.3	1 611	6 263
Mittaporhti Oy	1 000	33.3	41.4	50	50
MMM Logisware Oy	1 500	33.3	46.4	150	2 266
Puukonttori Oy	10	100.0		1	1
Suomen Metsäosuus Oy	500 000	100.0		29 729	29 729
Vantaan Silva-Stadion Oy	337 000	50.0	100.0	16 850	2 004
Total shares in subsidiaries				FIM	2 466 699
				EUR	414 869

*) Calculated from number of votes.

1) Holding 39.3 % by number of shares

OTHER SHARES AND INVESTMENTS	Number of shares	Parent company's holding	Group's holding	Nominal value in thousands	Book value
					FIM 1 000
Associated companies					
Oy Herttovuo Ltd	255	33.8		25	25
Laitaatsillan telakka Oy	600	33.3		357	1 010
Liettu Oy	15	30.0		15	15
Metsäteho Oy	40	24.0		200	400
Perkaus Oy	2 500	33.3		30	34
Suomen Metsäsijoitus Oy	7 500	25.0		7 500	7 500
Vaakamitta Oy	50	50.0		50	50
Total shares in associated companies				FIM	9 034
				EUR	1 519
Other investments					
Devecap Oy	27 000	11.7		27	200
Golfsarfvik Oy	2	0.0		50	273
Neomarkka Oyj	1 205 305	19.9		60 265	64 323
Misawa Homes of Finland Oy	400	2.1		400	400
Uittokalusto Oy	53	15.9		53	1 936
Housing and property companies					11 625
Telephone shares					785
Other investments					168
Total shares in other investments				FIM	79 710
				EUR	13 406

/// Major shares and investments of sub-groups ///

	Number of shares	Percentage holding		Nominal value in thousands		Book value FIM 1 000
Metsä-Serla Corporation						
Shares and participations in Metsäliitto Group						
Biowatti Oy	6 400	6.6		320		320
Metsäliitto Osuuskunta	179 171			3 583		3 608
Subsidiaries						
Alakoski Oy	5 278	52.8		5		158
Amerpap Oy	5 600	100.0		28 000		28 056
Oy Board International Ab	796	100.0		80		685
Eastpac Oy	30	100.0		15		15
Forest Alliance Oy	10 000	100.0		10 000		19 903
Oy Hangö Stevedoring Ab	113	75.3		565		16 053
Oy Metsä-Botnia Ab	35 286	52.3		352 860		1 467 930
Metsä Group Financial Services Oy	25 500	51.0		25 500		30 600
Metsä Tissue Corporation	19 675 000	65.6		196 750		576 654
Neopac Oy	22 000	100.0		11 000		33 519
Savon Sellu Oy	200 010	100.0		20 001		70 001
Takon Kotelotehdas Oy	330 101	100.0		33 010		37 769
AB Medienos Plausas	2 772 670	99.0	LTL	27 773		63 282
A/S Neopac Elkson	5 000	100.0	EEK	5 000		1 886
A/S Röntgaslill	3	100.0	EEK	10 000		3 748
Carl Jonsson Papper A/S	7 800	100.0	NOK	1 950		5 197
Forest Alliance Scandinavia AS	50	100.0	NOK	50		32
Forest House B.V.	400	100.0	NLG	40		84
Grafiskt Papper Norden AB	11 000	100.0	SEK	957		1 917
Metsä-Serla AG.	188	100.0	CHF	94		141
Metsä-Serla Holding GmbH		100.0	DEM	50		196 955
Metsä-Serla Holdings Plc	114 750 000	100.0	GBP	14 750		1 012 808
Metsä-Serla NL Holding B.V.	5 350	100.0	NLG	4 650		25 362
Neopac A/S	189 000	100.0	DKK	18 900		66 558
QAO Komsomolets	290 013	92.2	MRUR	26 101		33 320
Price & Pierce Holdings B.V.	28	70.0	NLG	28		21 019
Silva International Paper Holdings B.V.	1 000	100.0	NLG	1 000		81 277
Associated companies						
Kemi Shipping Oy	140 000	50.0		1 400		483
Metsäliitto-Yhtymän Tehdasmittaus Oy	100	25.0		100		100
Metsämannut Oy	40	35.2		40		40
Oy Metsä-Rauma Ab	2 953 920	29.3		147 696		174 799
Mittaportti Oy	800	26.7		40		40
MMM Logisware Oy	1 500	33.3		2		3 008
Myllykoski Paper Oy	105 000	35.0	EUR	21 000	FIM	726 439
Mäntän Energia Oy	2 000	41.4		1 000		1 000
Paperinkeräys Oy	18 186	20.2		182		182
Plastiroll Oy	39	39.0		39		500
Simon Turvejaloste Oy	10	33.3		100		101
Oy Transfennica Ab	43 132	37.1		4 313		20 963
Yhteistoiminta Oy	50	50.0		200		203
Fin-Trans A/S	267	24.1	DKK	134		306
Ultimatic Systems GmbH	70	30.6	CHF	700		11 344
Varant N.V.	8 896	26.6	BEF	8 896		3 658
Varma Services Ltd	2 980	28.3	GBP	3		1 756
Other investments						
Keräyskuitu Oy	4 378	14.6		4 378		4 586
Keskuslaboratorio Oy	1 282 105	21.4		1 282		2 192
MSC Metsa Speciality Chemicals Oy	600 000	19.2		18 000		60 000
Pohjolan Voima Oy	1 373 697	3.3		13 723		171 530
Sato-Yhtymä Oy	32 110	32.1		16 677		

/// Major shares and investments of sub-groups ///

	Number of shares	Percentage holding		Nominal value in thousands	Book value FIM 1 000
Finnforest Corporation					
Subsidiaries					
Metsikko Oy	3 000	100.0		3 000	3 230
Vantaan Silva-Stadion Oy	337 000	50.0		6	2 003
Oy Metsä Prima Ltd.	100	100.0		50	80 053
Foriela Oy	200 000	100.0		10 000	29 972
Gottfried Lauprecht Holzwerkstoffe GmbH		100.0	DEM	5 000	53 196
Interpan Ltd	43 200 000	100.0	GBP	43 200	314 728
McCausey Wood Products Inc.	500 000	100.0	USD	500	1 879
Plyfa Holding AB	2 580	100.0	SEK	2 580	10 901
Rambois S.A.	4 000	100.0	FRF	400	12 917
Baillou Holzhandelsgesellschaft GmbH		100.0	ATS	500	23 174
Bligh Boards Ltd	1 000 000	100.0	GBP	1 000	78 424
Interpan UK Ltd	30 000 000	100.0	GBP	30 000	286 911
Göteborgs Trä och Faner AB	2 500	100.0	SEK	250	17 362
Kristian Staerk A/S	5 000	100.0	DKK	500	1 873
Göteborgs Trä och Faner Sverige AB	50 000	100.0	SEK	5 000	17 362
Rambert S.A.	18 000	100.0	FRF	2 250	15 792
Associated companies					
Kumpuniemen Voima Oy	21	33.3		1 050	1 050
Metsäliitto-Yhtymän Tehdasmittaus Oy	100	25.0		100	100
Metsäliitto Iberica S.L.		50.0		9	9
Fanerintressenter i Hassela AB	450	45.0	SEK	450	230
Other investments					
Biowatti Oy	1 600	2.0		80	80
Sato-Yhtymä Oy	17 906			5 071	5 071
L.A.Lund A/S	250	5.0	NOK	250	3 452
Metsä Timber Corporation					
Subsidiaries					
Oy Botnia Wood Ab		100.0		83 526	166 622
Metsä Tapio Oy	230	100.0		230	35 670
Saha-Tapio Oy	1	100.0			17
Soinlahden Saha Oy	15 000	100.0		7 650	49 707
Metsä Timber France S.A.	2 494	99.8	FRF	249	457
Metsä Timber Danmark A/S	2 000	100.0	DKK	2 000	586
Metsä Timber GmbH	100	100.0	DEM	100	298
Metsä Timber Eesti AS	500	100.0			3 777
Woodward & Dickerson			USD	1 000	5 064
Associated companies					
Metsäliitto Iberica S.L.		50.0	ESP	250	9
Metsäliitto-Yhtymän Tehdasmittaus Oy	100	25.0		100	0
Koski Timber Oy		49.0		9 800	9 800
Porin Pituuspaketointi Oy	890	29.6		890	1 109
Other investments					
Oy Mäntyluoto Transport Trading Ltd	300	11.1		30	271
Pohjois Hämeen Puhelin Oy	645				130
Puuinfo Oy	11	9.2		11	104
Suomen Puututkimus Oy	6	12.5		150	302
Investments of other subsidiaries					
Ab Vörå Finncambi Oy	500	25.5		500	500
Metsäwatti Oy	50	100.0		50	50
Metsäliitto UK Ltd	8 000 000	100.0	GBP	8 000	73 016
Burt Boulton & Haywood Ltd	500 000	100.0	GBP	500	24 795
Scantrepo Oy	2 800	23.3		140	719
Luxi Wood Oy	150	100.0		15	8
AS Metsind	25 000	100.0	EEK	2 500	2 055
Metsä Holz GmbH		100.0	DEM	800	2 512
Mittaportti Oy	200	6.7		50	10

/// Proposal for the distribution of the surplus ///

Metsäliitto Osuuskunta

At the disposal of the Representative Council

surplus of the period		295 643 171.69
retained surplus from previous years		<u>1 012 978 719.02</u>
Total		<u>FIM 1 308 621 890.71</u>

The Board of Directors proposes,

under Section 11, Section 1, a transfer to general reserve II of in additional	14 782 158.58 <u>841.42</u>	14 783 000.00
a dividend of 6.0 % be distributed on paid-in members' capital and on paid-in additional members' capital	39 231 162.06 <u>70 382 107.56</u>	109 613 269.62
to be retained on the surplus and deficit account		<u>1 184 225 621.09</u>
total		<u>FIM 1 308 621 890.71</u>

If the Representative Council approves the above proposal,
the members' funds will be

Members' capital	674 809 820.56
Additional members' capital	1 244 330 700.00
General reserve I	23 425 607.08
General reserve II	104 171 000.00
Contingency reserve	0.00
Surplus and deficit account	<u>1 184 225 621.09</u>
Total	<u>FIM 3 230 962 748.73</u>

Espoo, 8 March 2000

Arimo Uusitalo

Antti Oksanen
President, CEO

Heikki Asunmaa

Carl G. Björnberg

Timo Haapanen

Pentti Jormanainen

Tapani Kantola

Kullervo Karjalainen

Statement by the Supervisory Board

The Supervisory Board has examined the financial statements of Metsäliitto Osuuskunta and the consolidated financial statements for 1999, and has approved them for submission to the Auditors and to the Annual General Meeting. The Supervisory Board recommends that the surplus for the period be dealt with as proposed by the Board of Directors.

The terms of the following members are due to expire: Aarne Hedetniemi, Esko Kinnunen, Juhani Laaksonen, Martti Niiranen, Kyösti Moilanen, Eero Pelto-Arvo, Teuvo Raivio, Seppo Reijonen, Olav Store and Erkki Vainionpää.

At the disposal of the Representative Council are also the seats of Heikki Asunmaa and Pekka Vedenpää (deceased). Heikki Asunmaa became a member of the Board of Directors in November 1999.

According to the age rule of the by-laws, the seat of Tauno Pirttijärvi is at the disposal of the Representative Council from 1 January 2001. If Teuvo Raivio is re-elected, according to the age rule also his seat is at the disposal of the Representative Council from 1 January 2001.

Espoo, 8 March 2000

On behalf of the Supervisory Board

Runar Lillandt
Chairman

Pertti Vuopala
Secretary

Auditor's Report

To the Annual General Meeting of Metsäliitto Osuuskunta

We have audited the accounting, the financial statements and the corporate governance of Metsäliitto Osuuskunta for the period 1.1.- 31.12.1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. The purpose of our audit of corporate governance is to examine that the members of the Supervisory Board and Board of Directors and the President have legally complied with the rules of the Finnish legislation.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Supervisory Board and Board of Directors and the President can be discharged from liability for the period audited by us. The proposal by the Board of Directors for the distribution of the surplus equity is in compliance with applicable law.

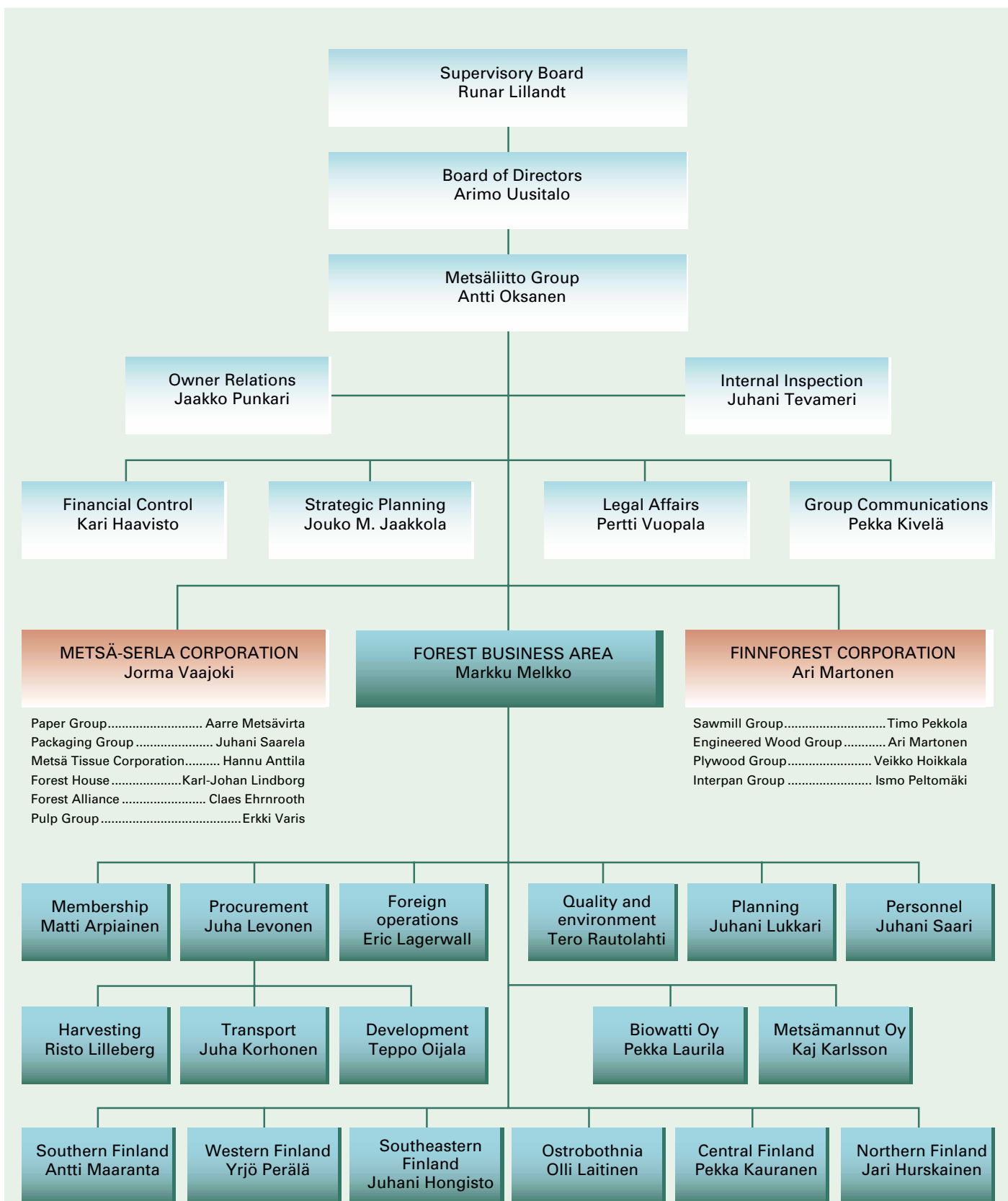
Espoo, 10 March 2000

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Ilkka Haarlaa
Authorised Public Accountant

Göran Lindell
Authorised Public Accountant

/// Metsäliitto Group and Forest Business Area organization ///



/// Profit and loss account, Balance sheet, FIM million ///

PROFIT AND LOSS ACCOUNT

FIM million	METSÄLIITTO GROUP				METSÄLIITTO OSUUSKUNTA			
	1999	%	1998	%	1999	%	1998	%
Turnover	33 912.5	100.0	28 509.0	100.0	6 365.7	100.0	6 174.7	100.0
Share of profit from associates	-10.2		52.6					
Other operating income	319.1		225.1		17.3		18.5	
Operating expenses	-29 358.4		-24 350.3		-6 237.5		-6 038.7	
Depreciation	-1 969.8		-1 618.5		-20.0		-17.1	
Operating profit	2 893.2	8.5	2 817.9	9.9	125.5	2.0	137.4	2.2
Financial income	172.7		279.6		354.3		287.4	
Net exchange gains/losses	-72.0		75.9		2.6		0.4	
Financial expenses	-774.3		-946.8		-70.6		-101.2	
Profit before extraordinary items	2 219.6	6.5	2 226.6	7.8	411.8	6.5	324.0	5.2
Extraordinary income	260.9		116.8		87.3		23.6	
Extraordinary expenses	-17.4		-17.2		-93.7		-57.0	
Profit before tax and minority interest	2 463.1	7.3	2 326.2	8.2	405.4	6.4	290.6	4.7
Change in reserves					6.1		-1.1	
Taxation	-710.8		-715.5		-115.9		-81.1	
Minority interest	-930.7		-880.9					
Profit/surplus for the financial period	821.6	2.4	729.8	2.6	295.6	4.6	208.4	3.4

BALANCE SHEET

FIM million	METSÄLIITTO GROUP				METSÄLIITTO OSUUSKUNTA			
	1999	%	1998	%	1999	%	1998	%
Assets								
Fixed assets	22 642.0	62.3	20 644.2	62.5	3 691.9	66.3	3 171.3	60.7
Current assets								
Inventories	4 180.4	11.5	3 964.0	12.0	511.3	9.2	555.2	10.6
Other current assets	6 938.2	19.1	5 177.6	15.7	602.3	10.8	687.8	13.1
Liquid funds	2 569.4	7.1	3 224.2	9.8	764.8	13.7	812.5	15.6
Total	36 330.0	100.0	33 010.0	100.0	5 570.3	100.0	5 226.8	100.0
Members' funds and liabilities								
Members' capital and other members' funds	7 851.0	21.6	6 548.6	19.8	3 351.6	60.2	3 016.2	57.7
Minority interest	8 196.4	22.6	7 527.8	22.8				
Provisions for future costs	282.5	0.8	358.9	1.1	11.8	0.2	13.6	0.3
Liabilities								
Long-term	12 124.2		11 751.5		682.5		669.5	
Short-term	7 875.9		6 823.2		1 524.4		1 527.5	
Total	20 000.1	55.0	18 574.7	56.3	2 206.9	39.6	2 197.0	42.0
Total	36 330.0	100.0	33 010.0	100.0	5 570.3	100.0	5 226.8	100.0

/// Five years in figures, FIM million ///

Metsäliitto Group

FIM million	1999	%	1998	%	1997	%	1996	%	1995	%
Turnover	33 913	100.0	28 509	100.0	26 075	100.0	20 232	100.0	17 856	100.0
- change, %	19.0		9.3		28.9		13.3		23.8	
Exports from Finland	14 483		13 409		12 633		10 119		9 511	
Exports and foreign subsidiaries	27 873		22 919		20 938		16 639		13 379	
Operating profit	2 893	8.5	2 818	9.9	2 690	10.3	1 133	5.6	2 790	15.6
Profit before extraordinary items	2 220	6.5	2 227	7.8	1 582	6.1	485	2.4	2 212	12.4
Profit before tax and minority interest	2 463	7.3	2 326	8.2	2 524	9.7	856	4.2	2 195	12.3
Fixed assets	22 642	62.3	20 644	62.5	19 379	60.4	17 477	68.6	15 232	70.1
Current assets										
Inventories	4 180	11.5	3 964	12.0	3 647	11.4	3 103	12.2	2 940	13.5
Other current assets	6 939	19.1	5 178	15.7	4 260	13.3	3 196	12.5	2 637	12.2
Liquid funds	2 569	7.1	3 224	9.8	4 776	14.9	1 709	6.7	912	4.2
Total	36 330	100.0	33 010	100.0	32 062	100.0	25 485	100.0	21 721	100.0
Members' funds	6 132	16.9	5 224	15.8	4 353	13.6	2 851	11.2	2 670	12.3
Capital note loans	1 719	4.7	1 325	4.0	1 325	4.1				
Minority interests	8 196	22.6	7 528	22.8	7 510	23.4	6 324	24.8	6 039	27.8
Provisions for future costs	283	0.8	359	1.1	353	1.1	236	0.9	119	0.5
Liabilities	20 000	55.0	18 574	56.3	18 521	57.8	16 074	63.1	12 893	59.4
Total	36 330	100.0	33 010	100.0	32 062	100.0	25 485	100.0	21 721	100.0
Capital employed, average	27 602		26 030		22 973		18 828		17 012	
Return on capital employed, %	11.1		11.9		12.9		7.0		17.5	
Equity, average ¹⁾	13 540		12 308		10 520		8 942		7 710	
Return on equity, %	11.2		12.5		10.8		3.6		22.3	
Equity ratio, %	44.2		42.8		41.3		36.5		41.1	
Equity ratio, % ¹⁾	39.5		38.8		37.1					
Gearing ratio, %	63		63		56		99		84	
Gearing ratio, % ¹⁾	83		80		74					
Interest-bearing liabilities	12 803		12 278		12 516		11 066		8 706	
Interest-bearing financial assets	2 650		3 426		5 082		1 986		1 358	
Interest-bearing net liabilities	10 153		8 852		7 434		9 080		7 348	
Interest-bearing net liabilities as % of turnover	29.9		31.0		28.5		44.9		41.1	
Cash flow from operations	3 445		3 541		3 311		1 815		2 567	
Capital investments	3 075		3 430		3 647		4 984		3 132	
Capital investments as % of turnover	9.1		12.0		14.0		24.6		17.5	
R&D -expenditure	102		95		90		97		98	
Personnel, at end of year	20 854		19 927		18 717		16 455		15 403	
Personnel, average	21 421		19 346		18 100		16 586		14 204	
- of whom in Finland	11 516		11 567		11 537		10 967		10 682	

¹⁾ Capital note loans included in liabilities.

Calculation of key ratios is presented on page 63.

/// Five years in figures, FIM million ///

Metsäliitto Osuuskunta

FIM million	1999	%	1998	%	1997	%	1996	%	1995	%
Turnover	6 366	100.0	6 175	100.0	5 450	100.0	4 178	100.0	4 056	100.0
- change %	3.1		13.3		30.5		3.0		15.6	
Operating profit	126	2.0	137	2.2	171	3.1	123	3.0	123	3.0
Profit before extraordinary items	412	6.5	324	5.2	288	5.3	224	5.4	201	4.9
Profit before appropriation and taxes	405	6.4	291	4.7	367	6.7	98	2.3	312	7.7
Fixed assets	3 692	66.3	3 171	60.7	2 625	63.3	1 869	54.6	1 742	58.1
Current assets										
Inventories	511	9.2	555	10.6	540	13.0	481	14.1	477	15.9
Other current assets	602	10.8	688	13.2	582	14.1	223	6.5	338	11.4
Liquid funds	765	13.7	813	15.5	399	9.6	847	24.8	437	14.6
Total	5 570	100.0	5 227	100.0	4 146	100.0	3 420	100.0	2 994	100.0
Members' capital and other members' funds	3 351	60.2	3 016	57.7	2 632	63.5	2 036	59.5	1 765	59.0
Provisions for future costs	12	0.2	14	0.3	23	0.5	4	0.1	0	0.0
Liabilities	2 207	39.6	2 197	42.0	1 491	36.0	1 380	40.4	1 229	41.0
Total	5 570	100.0	5 227	100.0	4 146	100.0	3 420	100.0	2 994	100.0
Dividends distributed, FIM million	109.6		102.6		86.1		67.5		52.4	
Interest rate paid, % *)	6.0		6.0		6.5		7.0		8.0	
Return on capital employed, %	12.5		12.9		12.0		11.5		12.8	
Return on equity, %	9.2		8.3		8.0		6.6		9.6	
Equity ratio, %	68.4		66.2		73.7		70.9		71.9	
Gearing ratio, %	-38		-39		-43		-35		-29	
Interest-bearing liabilities	663		669		290		333		282	
Interest-bearing financial assets	1 946		1 855		1 425		1 054		788	
Interest-bearing net liabilities	-1 283		-1 186		-1 135		-721		-506	
Capital investments	194		582		255		181		536	
Members	125 372		122 582		119 787		117 783		116 665	
Personnel, average	895		892		931		938		1 049	

*) Board's proposal

Calculation of key ratios

Return on capital employed (%)	=	$\frac{\text{Operating profit} + \text{financial income}}{\text{Total assets} - \text{non-interest bearing liabilities (average)}}$
Return on equity (%)	=	$\frac{\text{Profit before extraordinary items} - \text{taxes}}{\text{Members' funds total} + \text{minority interest (average)}}$
Equity ratio (%)	=	$\frac{\text{Members' funds total} + \text{minority interest}}{\text{Balance sheet total} - \text{advance payments received}}$
Gearing ratio (%)	=	$\frac{\text{Interest-bearing net liabilities}}{\text{Members' funds total} + \text{minority interest}}$
Interest-bearing net liabilities	=	Interest-bearing liabilities – Interest-bearing financial assets
Cash flow from operations	=	Cash flow from operations in the Cash flow statement

Metsäliitto's wood procurement is solidly based on wood production in its members' forests, where there is a long tradition of sustainable management. During the 1990s, the systematic utilization of forest resources has become economically sustainable while at the same time taking increasing account of ecological and social values. In the forest, this has led to more detailed and accurate planning.

Quality and environmental management system

In 1997, Metsäliitto became the first in the world to have its wood procurement activities certified under standards ISO 9002 and ISO 14001. The overriding aim of Metsäliitto's environmental management system is to continuously improve the standard of management of environmental issues. To implement the objectives stated in its environmental policy, Metsäliitto has devised an environmental programme in which concrete targets are clearly defined.

Environmental programme

Data on several hundred key forest habitats has been entered in Metsäliitto's digital mapping system. This will make it easier to identify these sites in future, even during winter. The booklet "Environmental Guidelines for Wood Procurement", which is distributed in conjunction with wood sales, was revised to include the criteria for forest certification.

In recent years, much effort has been put into providing environment-related training for both staff and contractors. New harvesting contractors and their machine operators have received instruction in forest legislation and thinning work, and all contractors have been provided with information explaining how forest certification affects their work. Some 40 Metsäliitto employees passed the nature management examination arranged by the Forestry Development Centre Tapio. Information on forest-related environmental issues has been made freely available, and there has been a dialogue with the authorities, the industry's customers, educational institutions, nature organizations and other interest groups.

Metsäliitto is involved in several development projects aimed at reducing the environmental impact of wood procurement. In most cases the research side of these projects is coordinated by Metsäteho, a company specializing in forest industry research and development work. In some projects Metsäliitto has helped with funding, while in others it has been represented in project steering groups. Metsäliitto has also played an important role in applying new methods in practice. For example, it has greatly increased the treatment of tree stumps following summer felling in risk areas. The treatment is aimed at preventing the spread of root rot, which damages spruce stands in southern Finland and both spruce and pine stands in eastern Finland. The agent used to prevent the spread of root rot is a fungus that occurs naturally in Finnish forests and thus poses no threat to the environment.

Metsäliitto Group environmental policy

Within the Metsäliitto Group, environmental issues are a vital part of business operations, as only a company that manages its environmental affairs in a sustainable way can succeed in the long term.

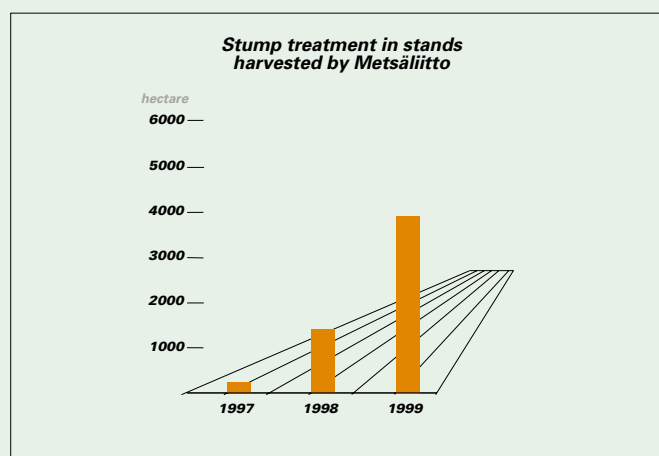
As well as meeting all our obligations, we seek continuously to improve our performance and to reduce the environmental impact of our operations throughout the entire life cycles of our products.

Wood is the Metsäliitto Group's most important raw material. In our wood procurement we take responsibility for ensuring that economic, social and environmental aspects are properly considered both in forest management and in wood harvesting and procurement.

In this way we can develop our operations in accordance with the principle of sustainable development.

This environmental policy statement was approved in March 1998 by the Metsäliitto Group's Board of Directors, which makes an annual appraisal of the need to revise the policy. In practice, the environmental policy is implemented by Metsäliitto Osuuskunta, its subsidiaries and associated companies.

A project organized to promote harvesting during first thinning has allowed the volume harvested in this way to be increased. Metsäliitto works together with its subsidiary Biowatti to promote the use of wood-based fuels. More uses have been found for the long stems obtained from improvement felling in young stands and for forest chips obtained from spruce stands. Renewable Finnish fuels have been used to replace some fossil fuels.



The KULO transport control system was introduced throughout Finland during 1999. Transport is controlled centrally, with routes optimized by computer. By planning more outward/return journeys the distances driven by empty vehicles have been reduced, which in turn has cut emissions.

Finnish forest certification

Work carried out over several years for forest certification has started to bring results. By the end of the year about half of the Finnish forests had a certification and Metsäliitto had made the first deliveries of certified wood to the group's production plants.

Finland now has its own Finnish Forest Certification System. Certification under this system is reliable and unbiased proof that forests and their wildlife are managed and used on a sustainable basis. The system involves group certification on a regional basis and is optional for forest owners. It requires an assessment by an independent third party.

The Finnish Forest Certification System is based on a proposed standard completed in an open process in 1997. This was the work of some 30 organizations representing economic, social and ecological interests. The system employs primarily group certification in a given region because Finnish forestry is based on small-scale private family forestry.

Metsäliitto Osuuskunta is very much in favour of the forest certification process, to which it is also committed in its revised environmental policy. Metsäliitto has been closely involved in the different stages leading up to certification. Metsäliitto representatives assisted with drawing up the proposed standard and were members of the certification committees for the provincial forestry centres. The Group's forests have been certified to the extent that they lie in certified forestry centre areas.

Challenges of the future

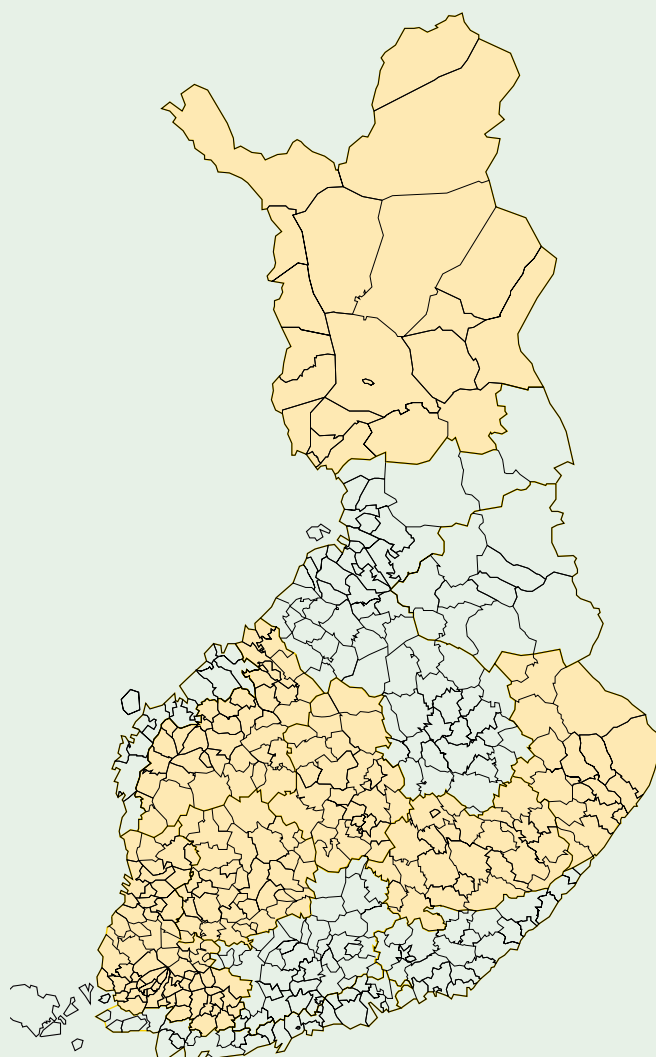
Metsäliitto is involved in completing the certification process in six forestry centre areas. Some of Metsäliitto's felling sites could be subject to follow-up audits in forests already certified, so that once obtained, the certificates will demand a continuously high standard of work.

The guidelines issued by the Forestry Development Centre Tapio on the standard of forest nature management were used by Metsäliitto as the basis for revising its own guidelines for environment-related monitoring. In future, Metsäliitto's monitoring results will be easier to compare with those published by the authorities. Forestry centre inspections conducted over the past three years have shown that the standard of nature management has improved in stands harvested by Metsäliitto.

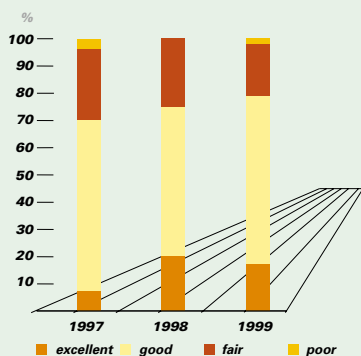
Environmental reports

The Metsäliitto Group companies Metsä-Serla, Metsä-Botnia and Finnforest will publish their own environmental reports.

Certified forest areas



Standard of wildlife management in stands harvested by Metsäliitto



Membership and members

Membership of Metsäliitto Osuuskunta's Board of Directors is open to all private persons and corporations owning at least three hectares of productive forest in Finland.

At the end of 1999, Metsäliitto had 125,372 members. Together they own about 5 million hectares of forest, which is almost half of all private forest in Finland.

Representative Council

Every four years, Metsäliitto's members elect from among their number a Representative Council. The Representative Council holds one yearly General Meeting, at which each representative has one vote.

The General Meeting deals with the following matters:

- adoption of the final accounts and disposal of the trading surplus;
- granting freedom from responsibility to the Board of Directors and Supervisory Board;
- deciding the remunerations to be paid to the Chairman and members of the Supervisory Board and the auditors;
- election of the members of the Supervisory Board and the auditors.

The Representative Council currently has 69 members.

A list of members appears on page 68.

Supervisory Board

The Supervisory Board comprises at least 20 and at most 30 persons elected from among Metsäliitto's members by the Representative Council. In addition to this, Metsäliitto employees may elect up to five members and the Representative Council up to three consultant members.

It is the duty of the Supervisory Board to ensure that Metsäliitto is run in accordance with the by-laws and decisions made, and to see that the decisions of the Representative Council are put into effect.

The duties of the Supervisory Board also include:

- election of the members of the Board of Directors and determination of their salaries and other remunerations;
- election of the President & CEO of the parent company and the Group;
- approval of proposals to expand Metsäliitto's sphere of operations and the launching of new business enterprises;
- examination of the Annual Report and the final accounts submitted by the Board of Directors, and submission of a statement thereon to the Representative Council.

Members of the Supervisory Board are elected for a term of three years. Notwithstanding, the term of office ends at the end of the calendar year in which a member reaches the age of 62. The Supervisory Board currently has 30 forest owner members and four employee representatives. During 1999 the Supervisory Board met 6 times. The members of the Supervisory Board are shown in page 69.

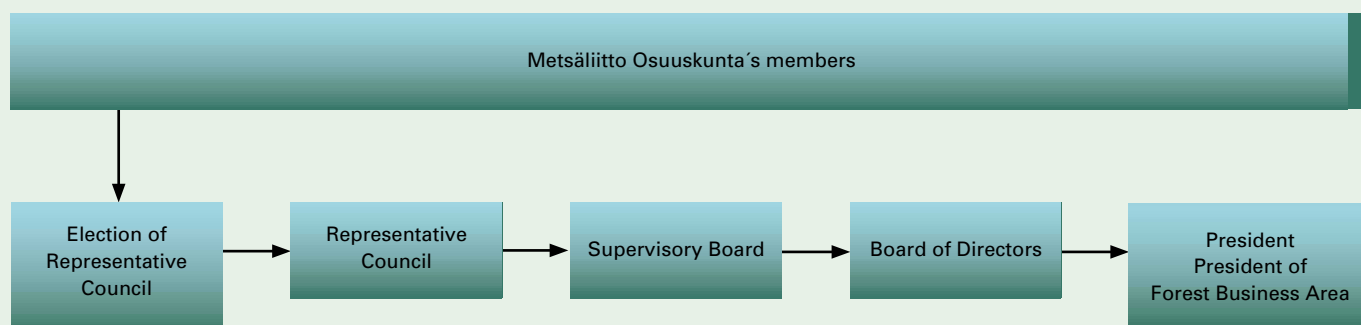
Board of Directors

The Board of Directors comprises between five and eight members, together with the President & CEO. The term of office of a member of the Board of Directors is three years, but ends at the end of the year in which the member reaches the age of 62.

The Board of Directors is responsible for general business management and also for:

- deciding on the admission of members to Metsäliitto;
- hiring and dismissing the directors immediately subordinate to the President & CEO;
- approving the purchasing, relinquishing and mortgaging against debt of real estate;
- deciding the terms and conditions of additional participation shares.

The Board of Directors elects from among its members a Chairman for one year at a time. The terms of one-third of the members expire annually. The members of the Board of Directors are shown on page 5.



President & CEO

In accordance with a decision by the Supervisory Board, Metsäliitto Osuuskunta's President & CEO Antti Oksanen has also acted as President & CEO of the Metsäliitto Group since November 1995.

In addition to what is stipulated by law, the duties of the President & CEO include:

- managing the Metsäliitto Group's business activities in accordance with the instructions of the Board of Directors;
- directing the company's planning for the future and monitoring the development of the organization and the efficiency of business activities;
- monitoring and taking an active part in the forest industry's development in Finland and abroad.

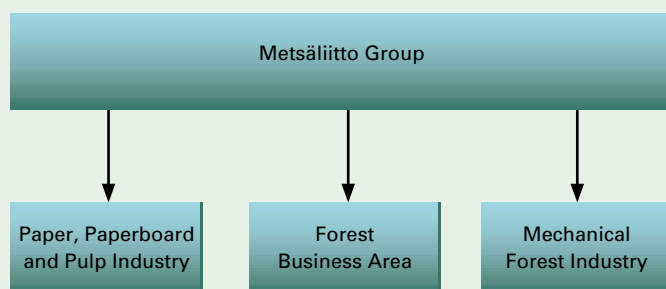
Organization of business operations

The Metsäliitto Group consists of the parent company Metsäliitto Osuuskunta and its subsidiaries. The parent company procures and markets its members' wood raw material, and at the same time acts as a forest industry holding company. Its goals are to increase the Group's shareholder value and to achieve a competitive return on capital employed.

The Group's paper, paperboard and pulp operations are handled by Metsä-Serla Corporation. Mechanical wood processing operations have been combined to form Finnforest Corporation, which manufactures sawn timber and panels and markets wood-based panels. The procurement and marketing of wood raw material is the responsibility of Metsäliitto Osuuskunta's Forest Business Area.

The subsidiaries are responsible for their own business operations. The Group's role is to supply the resources for strategic business planning, financing and capital management.

The Group has a Strategy Forum, whose duty is to assist the President & CEO to manage strategic development, and to prepare matters for consideration by the Board of Directors. The members of the Strategy Forum are shown on page 5.



Accounts and financial reporting

Responsibility for the Group's internal and external accounting is decentralized in the business units and subsidiaries, who are responsible for producing and ensuring the correctness of their own financial information. Metsäliitto Osuuskunta's Finance Department is responsible for producing parent company and consolidated financial statements and for overseeing compliance with the Group's Accounting principles.

Monthly reports are produced to monitor trends in the Group's business activities and earnings.

Information on the economic situation is freely available through the Group's financial review, Annual Report and interim reports (three per year). The publication dates are shown on the inside front cover.

Financial Administration

Metsä Group Financial Services Ltd (Metsä Finance) acts as an internal bank for the Metsäliitto Group and handles all the Group's external financial transactions. Likewise, the Group's subsidiaries use Metsä Finance's services in the same way.

It is the job of Metsä Finance to manage financial risks, to optimize the financial net, to maintain adequate liquidity, to negotiate new financing and to handle relations with investors. Its activities are based on the financial policy approved by each of the boards of directors of the Group's subsidiaries. Its activities are scrutinized by Metsäliitto's Board of Directors and by a Finance Committee representing the Group's top management.

The foreign currency, interest rate, liquidity and counterparty risks associated with business operations are dealt with on pages 26-27.

Salaries and fees

Salaries and fees paid to the President & CEO, Vice Presidents, and members of the Supervisory Board and Board of Directors were EUR 14.0 million in 1999 (EUR 12.2 million in 1998). Personnel costs are analysed on page 42.

The Group has a Salaries Committee, whose job is to coordinate salaries, with particular reference to those paid to the directors of the Group's subsidiaries.

Auditors

The auditors elected by the Representative Council were Ilkka Haarlaa (Authorised Public Accountant) and SVH PricewaterhouseCoopers Oy, with Göran Lindell (APA) responsible for the audit. The Group's internal audit is handled by two directors, one dealing with the mechanical forest business and the other with the paper, paperboard and pulp business.

/// Metsäliitto's Representative Council ///

Every four years, Metsäliitto Osuuskunta's members elect from among their number a Representative Council by postal ballot.

The Council has 69 members and is Metsäliitto Osuuskunta's highest decision-making body.

The Council elects thirty members to the Supervisory Board and the employees elect four members.

As from 16 June 1999, the members of the Representative Council are:

John Berg	Antti Mieskolainen
Johan Björkenheim	Lauri Nevalainen
Veijo Ekonoja	Raimo Ollikainen
Stefan Enegren	Martti Palojärvi
Arto Eskelinen	Tuomas Piesanen
Paavo Haapamäki	Seppo Pohjala
Raimo Hakkarainen	Ossi Pouta
Jaakko Halkilahti	Voitto Purhonen
Mikko Hatanpää	Heikki Pylväs
Erkki Helaakoski	Reijo Pyykkö
Jouni Hirvikallio	Rauno Pyykkönen
Osmo Hirvonen	Veikko Pölkki
Juha Hyvämäki	Mauri Ruuth
Antti Isotalo	Antti Salo
Antti Jaakkola	Esa Silvennoinen
Erkki Jaakkola	Peter Simberg
Seppo Jokela	Veikko Kustaa Simola
Timo Junnila	Timo Sirviö
Hannu Järvinen	Heikki Sipilä from 1 September 1999
Matti Kainulainen	Hannu Soikka
Timo Kalli	Bo Storsjö
Jouko Karjalainen	Heikki Syväjärvi
Ari Kivenmäki	Esko Taipalus to 31 August 1999
Ari Korhonen	Kimmo Tiilikainen
Tapio Koskinen	Matti Tossavainen
Kari Kultalahti	Rauno Tuomaala
Juhani Kumpusalo	Pekka Turtiainen
Albert Käiväräinen	Tuomo Turunen
Markku Laitinen	Seppo Unnaslahti
Hannu Lassila	Tuomo Uutela
Ilkka Lehtinen	Arto Vesterinen
Aimo Lehtiniemi	Pauli Yliaska
Päivi Luostarinen	Matti Ylitalo
Bengt Lövsund	Kari Yläjärvi
Antti Malmberg	Matti Äijö

/// Metsäliitto's Supervisory Board ///

It is the duty of the Supervisory Board to ensure that Metsäliitto Osuuskunta is run in accordance with the by-laws and the decisions of the Supervisory Board, and in the interests of Metsäliitto. The Supervisory Board also ensures that the decisions of the Representative Council are put into effect, and elects the Board of Directors.

The members of the Supervisory Board are:

Runar Lillandt
Chairman

Kyösti Moilanen
Vice Chairman

Heikki Asunmaa to 31. December 1999
Matti Asunta
Leo Autio
Aarne Hedetniemi

Aimo Hyvärinen
Matti Jaakkola
Ilkka Juusela
Saini Jääskeläinen
Marja Kallioniemi

Lauri Kananen
Esko Kinnunen
Unto Kotipalo
Juhani Laaksonen
Henrik Långstedt

Teuvo Mankki
Martti Niiranen
Juhani Ollila
Eero Pelto-Arvo
Tauno Pirttijärvi

Anna-Liisa Pynnönen
Teuvo Raivio
Seppo Reijonen
Olav Store
Mikko Tolonen

Erkki Vainionpää
Pekka Vedenpää, † 13.9.1999
Axel Westersträhle
Ilkka Yliluoma

Employee representatives

Hannu Leppäjärvi
Pertti Matilainen
Markku Melkko
Pekka Peltola

METSÄLIITTO GROUP

Revontulentie 6, 02100 Espoo
P.O.BOX 10, FIN-02020 METSÄ
Tel.Int. +358 1046 01
Telefax +358 1046 94400

METSÄLIITTO OSUUSKUNTA

President and CEO, Antti Oksanen
Senior VP, Strategic Planning,
Jouko M. Jaakkola
Senior VP, CFO, Kari Haavisto
Group Treasurer, Heikki Saarinen
Controller, Henrik Uggeldahl
Senior VP, Inspection, Juhani Tevameri
Senior VP, Information Systems, Erkki Kataja
Senior VP, Owner Relations, Jaakko Punkari
Senior VP, Group Communications and
Public Affairs, Pekka Kivelä
VP, Public Affairs, Mikko Ohela
Information Officer, Anne-Mari Achrén
Senior VP, General Counsel, Pertti Vuopala
Group Legal Counsel, Aapo Nikunen

Finance and Administration

Senior VP, Strategic Planning,
Jouko M. Jaakkola
Financial Director, Harri Turunen
– Financial Accounting, Mirja Karppinen
– Financing, Esko Okko
– Invoicing, Jouko Kallio
– Information Systems, Keijo Asplund
– Materials, Kai Knape
– Job Security and Real Estates Service,
Matti Knuutila
– Office, Marita Frost

Forest Business Area

Forest Business Area Director,
Markku Melkko
– Planning, Juhani Lukkari
– Quality and Environment, Tero Rautolahti
– Foreign Operations, Eric Lagerwall
– Membership Affairs, Matti Arpiainen
– Personnel, Juhani Saari

Procurement Director, Juha Levonen
– Development, Teppo Oijala
– Harvesting, Risto Lilleberg
– Transport, Juha Korhonen

Southern Finland

Wood Procurement Area

AREA FOREST OFFICE
Revontulentie 6, FIN-02100 Espoo
P.O.BOX 10, FIN-02020 METSÄ
Tel.Int. +358 1046 22000
Telefax +358 1046 22090
Area Manager Antti Maaranta
Quality, Pekka Saarentola
Wood Procurement, Tapio Peltoniemi
Transport, Mika Nevalainen
Office, Sini Sivuranta
Contacts, Taina Sairio

HÄMEENLINNA DISTRICT OFFICE

Palokunnankatu 21 B, P.O.BOX 77
FIN-13101 Hämeenlinna
Tel.Int. +358 1046 22300
Telefax +358 1046 22390
District Supervisor Matti Salo

VÄÄKSY DISTRICT OFFICE

Rusthollintie 1 B 10, P.O.BOX 1
17201 Vääksy
Tel.Int. +358 1046 22400
Telefax +358 1046 22490
District Supervisor Pekka Niemi

SALO DISTRICT OFFICE

Turuntie 8, P.O.BOX 94
FIN-24101 Salo
Tel.Int. +358 1046 22500
Telefax +358 1046 22590
District Supervisor Juha Hörkkö

VIHTI DISTRICT OFFICE

Vihdintie 19, FIN-03400 Vihti
Tel.Int. +358 1046 22600
Telefax +358 1046 22690
District Supervisor Jari Terävä

KOUVOLA DISTRICT OFFICE

Savonkatu 23, P.O.BOX 146
FIN-45101 Kouvola
Tel.Int. +358 1046 22700
Telefax +358 1046 22790
District Supervisor Seppo Tuominen

Western Finland

Wood Procurement Area

AREA FOREST OFFICE
Valtakatu 9-11, P.O.BOX 166
FIN-26101 Rauma
Tel.Int. +358 1046 23000
Telefax +358 1046 23090
Area Manager Yrjö Perälä
Quality, Jukka Mäkinen
Wood Procurement, Paavo Iittiläinen
Transport, Hannu Pirinen
Office, Markku Ekdahl
Contacts, Juhani Leivo

RAUMA DISTRICT OFFICE

Valtakatu 9-11, P.O.BOX 166
FIN-26101 Rauma
Tel.Int. +358 1046 23100
Telefax +358 1046 23190
District Supervisor Pekka Kantola

HÄMEENKYRÖ DISTRICT OFFICE

P.O.BOX 5, FIN-39201 Kyröskoski
Tel.Int. +358 1046 23200
Telefax +358 1046 23290
District Supervisor Hannu Leppäjärvi

VIRRAT DISTRICT OFFICE

Pajakuja 1, FIN-34800 Virrat
Tel.Int. +358 1046 23300
Telefax +358 1046 23390
District Supervisor Lauri Hämelähti

TAMPERE DISTRICT OFFICE

Possijärvenkatu 1, P.O.BOX 27
FIN-33401 Tampere
Tel.Int. +358 1046 23500
Telefax +358 1046 23590
District Supervisor Mikko Välikoski

TURKU DISTRICT OFFICE

Ratapihankatu 53, FIN-20100 Turku
Tel.Int. +358 1046 23600
Telefax +358 1046 23690
District Supervisor Matti Krappala

/// Addresses ///

**Southeastern Finland
Wood Procurement Area**

AREA DISTRICT OFFICE
Olavinkatu 46 A, P.O.BOX 84
FIN-57101 Savonlinna
Tel.Int. +358 1046 24000
Telefax +358 1046 24090
Area Manager Juhani Hongisto
Quality, Matti Gynther
Wood Procurement and Harvesting,
Heikki Karhunen
Transport, Reijo Soininen
Office, Arto Kesseli
Contacts, Tellervo Hurskainen

PIEKSÄMÄKI DISTRICT OFFICE
Asemakatu 4,
FIN-76100 Pieksämäki
Tel.Int. +358 1046 24100
Telefax +358 1046 24190
District Supervisor Jussi Sairanen

MIKKELI DISTRICT OFFICE
Porrassalmenkatu 39, P.O.BOX 56
FIN-50101 Mikkeli
Tel.Int. +358 1046 24200
Telefax +358 1046 24290
District Supervisor Vesa Huippa

SAVONLINNA DISTRICT OFFICE
Olavinkatu 46 A, P.O.BOX 84
FIN-57101 Savonlinna
Tel.Int. +358 1046 24300
Telefax +358 1046 24390
District Supervisor Ahti Parviainen

JOENSUU DISTRICT OFFICE
Rantakatu 25 C, 80100 Joensuu
Tel.Int. +358 1046 24400
Telefax +358 1046 24490
District Supervisor Aaro Hoffrén

LAPPEENRANTA DISTRICT OFFICE
Metsäsaimaankatu, FIN-53920 Lappeenranta
Tel.Int. +358 1046 24500
Telefax +358 1046 24590
District Supervisor Jari Makkonen

**Central Finland
Wood Procurement Area**

AREA FOREST OFFICE
FIN-44100 Äänekoski
Tel.Int. +358 1046 26000
Telefax +358 1046 26090
Area Manager Pekka Kauranen
Quality, Tuomo Rantala
Wood Procurement, Eero Poikonen
Transport, Timo Roimela
Office, Esa Simonen
Contacts, Pekka Isomäki
Development, Matti Rossi

VIITASAARI DISTRICT OFFICE
Haapaniementie 16, FIN-44500 Viitasaari
Tel.Int. +358 1046 26100
Telefax +358 1046 26190
District Supervisor Arto Back

IISALMI DISTRICT OFFICE
Kilpivirrantie 7, FIN-74120 Iisalmi
Tel.Int. +358 1046 26200
Telefax +358 1046 26290
District Supervisor Petri Tahvanainen

JYVÄSKYLÄ DISTRICT OFFICE
Kankaankatu 4, P.O.BOX 171
FIN-40351 Jyväskylä
Tel.Int. +358 1046 26300
Telefax +358 1046 26390
District Supervisor Hannu Karjula

KUOPIO DISTRICT OFFICE
Sorsasalo, P.O.BOX 208
FIN-70101 Kuopio
Tel.Int. +358 1046 26400
Telefax +358 1046 26490
District Supervisor Kalle Reipsaari

KEURUU DISTRICT OFFICE
Niilontie 1, P.O.BOX 96
FIN-42701 Keuruu
Tel.Int. +358 1046 26500
Telefax +358 1046 26590
District Supervisor Markku Salmela

**Ostrobothnia
Wood Procurement Area**

AREA DISTRICT OFFICE
Päivöläkatu 38, FIN-60120 Seinäjoki
Tel.Int. +358 1046 25000
Telefax +358 1046 25090
Area Manager Olli Laitinen
Quality, Veikko Hallila
Wood Procurement, Juha Mäntylä
Transport, Sakari Mäki-Kojola
Office, Pentti Toivonen
Contacts, Jyrki Sopanen

CENTRAL OSTROBOTHNIA DISTRICT OFFICE
Asematie 4, P.O.BOX 28
FIN-69101 Kannus
Tel.Int. +358 1046 25100
Telefax +358 1046 25190
District Supervisor Ossi Tolonen

VAASA DISTRICT OFFICE
Myllykatu 15, FIN-65100 Vaasa
Tel.Int. +358 1046 25200
Telefax +358 1046 25290
District Supervisor Per-Henrik Storbäck

SEINÄJOKI DISTRICT OFFICE
Päivöläkatu 38, FIN-60120 Seinäjoki
Tel.Int. +358 1046 25300
Telefax +358 1046 25390
District Supervisor Heikki Sippola

KAUHAJOKI DISTRICT OFFICE
Hyppäntie, P.O.BOX 67
FIN-61801 Kauhajoki
Tel.Int. +358 1046 25400
Telefax +358 1046 25490
District Supervisor Kari Lahdenmäki

**Northern Finland
Wood Procurement Area**

AREA FOREST OFFICE
Poltimontie 9, P.O.BOX 42
FIN-94101 Kemi
Tel.Int. +358 1046 28000
Telefax +358 1046 28090
Area Manager Jari Hurskainen
Quality, Ari Korpi
Wood Procurement, Pentti Pajunen
Transport, Kimmo Uurtamo
Office, Jouni Majava

SODANKYLÄ DISTRICT OFFICE
Metsätalo, FIN-99600 Sodankylä
Tel.Int. +358 1046 28100
Telefax +358 1046 28190
District Supervisor Taisto Niemelä

KEMI DISTRICT OFFICE
Poltimontie 18
FIN-94200 Kemi
Tel.Int. +358 1046 28200
Telefax +358 1046 28290
District Supervisor Aulis Luomanperä

PUDASJÄRVI DISTRICT OFFICE
Toritie 1, P.O.BOX 97, FIN-93101 Pudasjärvi
Tel.Int. +358 1046 28300
Telefax +358 1046 28390
District Supervisor Aimo Hiljanen

RUUKKI DISTRICT OFFICE
Paavolantie, FIN-92430 Paavola
Tel.Int. +358 1046 28400
Telefax +358 1046 28490
District Supervisor Mikko Jussila

KAJAANI DISTRICT OFFICE
Kauppakatu 34-36, P.O.BOX 156
FIN-87101 Kajaani
Tel.Int. +358 1046 28500
Telefax +358 1046 28590
District Supervisor Jari Juntunen

METSÄ-SERLA Corporation
Revontulentie 6, FIN-02100 Espoo
P.O.BOX 20, FIN-02020 METSÄ
Tel.Int. +358 1046 11
Telefax +358 1046 94353
President and CEO Jorma Vaajoki

METSÄ TISSUE Corporation
Revontulentie 8 C, FIN-02100 Espoo
P.O.BOX 25, FIN-02020 METSÄ
Tel.Int. +358 1046 16
Telefax +358 1046 94949
President and CEO Hannu Anttila

Oy METSÄ-BOTNIA Ab
Revontulentie 6, FIN-02100 Espoo
P.O.BOX 30, FIN-02020 METSÄ
Tel.Int. +358 1046 12
Telefax +358 1046 94405
President and CEO Erkki Varis

Oy METSÄ-RAUMA Ab
Maanpääntie 9, P.O.BOX 165
FIN-26101 Rauma
Tel.Int. +358 2 831 81
Telefax +358 2 831 8370
President and CEO Timo Piilonen

METSÄ GROUP FINANCIAL SERVICES Ltd
Revontulentie 6, 02100 Espoo
P.O.BOX 10, 02020 METSÄ
Tel.Int. +358 1046 11
Telefax +358 1046 94695
President and CEO Heikki Saarinen

FINNFOREST Corporation
Revontulentie 8 C, FIN-02100 Espoo
P.O.BOX 50, FIN-02020 METSÄ
Tel.Int. +358 1046 05
Telefax +358 1046 94863
President and CEO Ari Martonen

Oy METSÄ TIMBER Ltd
Revontulentie 8 C, FIN-02100 Espoo
P.O.BOX 60, FIN-02020 METSÄ
Tel.Int. +358 1046 74799
Telefax +358 1046 74790
Managing Director Timo Pekkola

METSÄLIITTO SW Ltd.
FIN-35990 Kolho
Tel.Int. +358 1046 59899
Telefax +358 1046 59503
Managing Director Markku Luhtasela

BIOWATTI Oy
Revontulentie 8 A, FIN-02100 Espoo
P.O.BOX 70, FIN-02020 METSÄ
Tel.Int. +358 1046 08
Telefax +358 1046 58298
Managing Director Pekka Laurila

METSÄMANNUT Oy
P.O.BOX 105, FIN-35801 Mänttä
Tel.Int. +358 1046 59099
Telefax +358 1046 59012
Managing Director Kaj Karlsson

**METSÄLIITTO-YHTYMÄN
TEHDASMITTAUS Oy**
P.O.BOX 27 (Possijärvenkatu 1)
FIN-33401 Tampere
Tel.Int. +358 1046 29000
Telefax +358 1046 29090
Managing Director Olof Thesslund

Oy METSÄLIITTO INTERNATIONAL Ltd
Revontulentie 6, FIN-02100 Espoo
P.O.BOX 15, FIN-02020 METSÄ
Tel.Int. +358 1046 01
Telefax +358 1046 94408
Managing Director Eric Lagerwall

METSÄ HOLZ GmbH
Klosterwall 2, D-20095 HAMBURG
Tel.Int. +4940 3397 9400
Telefax +4940 3397 9403
Managing Director Michael Bergner

AS METSIND
Regati pst. 1-341 A, EE0019 TALLINN
Tel.Int. +3726 398 765
Telefax +3722 238 771
Managing Director Raimo Mäkelä

MMM LOGISWARE Oy
Revontulentie 6, FIN-02100 Espoo
P.O.BOX 40, FIN-02020 METSÄ
Tel.Int. +358 1046 14
Telefax +358 1046 94593
Managing Director Lauri Jämsén

The **Metsäliitto Group** is one of Europe's largest forest industry groupings, and its products are sold worldwide.

To the members of its parent company Metsäliitto Osuuskunta, the Group provides a reliable outlet for all wood raw material at competitive prices. Members also benefit through the dividend distributed from the surplus. Growth in the value of the Group's industrial subsidiaries and associated companies also accrues to the advantage of members.

Finnforest, Metsä-Botnia and Metsä-Serla, the three industrial groups that make up Metsäliitto, are seeking to become European market leaders in their chosen business areas.

Financial information

Financial reports to be published in 2000:

- 3 February Unaudited figures for 1999
- Week 12 Annual Report 1999
- 2 May Interim Report for January-March 2000
- 3 August Interim Report for January-June 2000
- 30 October Interim Report for January-September 2000

All the above reports are published in Finnish, Swedish and English.

They can be ordered through the Internet or by mail from:

Metsäliitto Group / Information

P.O. Box 10

FIN-02020 METSÄ, Finland

Tel. int. +358 1046 01

Telefax +358 1046 94400

<http://www.metsaliitto.com>

Cover picture

A wooden bridge is easier to erect, especially where site conditions are difficult. Components can be built ready at the factory and then brought to the site, for example by helicopter.

Bridge on the river Simme at Wimmis, Switzerland



111 METSÄLIITTO

Metsäliitto Group
P.O. Box 10
FIN-02020 Metsä, Finland
Tel.int. +358 1046 01
Telefax +358 1046 9440
<http://www.metsaliitto.com>