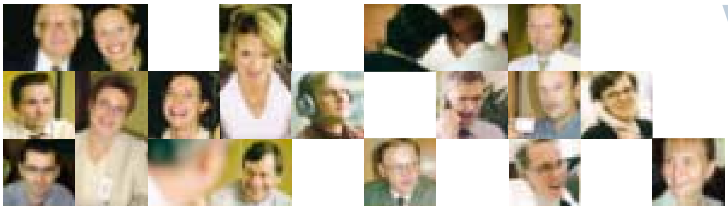
ANNUAL REPORT 2001



WE BUILD VALUE

MetsäTissue

Contents

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Information for shareholders

WELCOME TO THE ANNUAL GENERAL MEETING

Metsä Tissue Corporation will hold its Annual General Meeting on Tuesday 19 March 2002 beginning at 1.00 pm in the auditorium at Metsä Tapiola, address Revontulentie 6, Espoo.

Shareholders wishing to attend the Annual General Meeting must be registered in the list of shareholders maintained by Finnish Central Securities Depository Ltd no later than 8 March 2002.

Shareholders wishing to attend the Annual General Meeting must inform the company by 4.00 pm on Friday 15 March 2002 at the latest either by writing to Metsä Tissue Corp., Leena Mantere, Itälahdenkatu 15-17, 00210 Helsinki, Finland, by phoning +358 10 469 5041 or by e-mail to leena.mantere@metsatissue.com. Any letters of attorney must be submitted at the same time.

The invitation to the Annual General Meeting was published in Helsingin Sanomat on 27 February 2002.

DIVIDEND

At 31 December 2001, Metsä Tissue Corporation had unrestricted shareholders´equity of EUR 40.9 million. Distributable funds accounted for EUR 12.4 million. The parent company had distributable unrestricted equity of EUR 38.9 million.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.10 per share be distributed for the financial period ending 31 December 2001. Shareholders registered in the list of shareholders maintained by Finnish Central Securities Depository Ltd at 22 March 2002 are entitled to receive dividend for the 2001 financial period. The Board of Directors proposes to the Annual General Meeting that the dividend payment date will be 5 April 2002.

INTERIM REPORTS

Metsä Tissue publishes interim reports in Finnish and English. In 2002, interim reports will be published as follows:

January - March: 26 April
January - June: 30 July
January - September: 29 October

Annual reports and interim reports can be ordered from:

Metsä Tissue Corp.
Corporate Communications
Itälahdenkatu 15-17
FIN-00210 Helsinki, Finland
Tel. +358 1046 16, fax +358 10 469 4199
E-mail: info@metsatissue.com

Annual reports, interim reports and stock exchange notices can be found on the company´s home pages on the Internet at: www.metsatissue.com

CHANGES OF NAME OR ADDRESS

We kindly request that shareholders notify their bank or book entry register of any changes of name or address.

Metsä Tissue Group

Our strategic objective is to be the leading European tissue company on selected markets in Europe north of the Alps. These markets have over 200 million consumers.

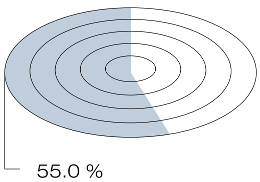
Our profitability targets are to achieve an operating margin of over 10 per cent and a balance sheet structure that ensures a capital turnover of at least two. To achieve these targets will require substantial cost savings in the near future. In terms of growth, our target is to raise turnover by a third by the end of 2003. To meet our growth target we shall have to make much better use of our existing production capacity and to strengthen production of Away-from-Home products in continental Europe. Reaching our growth target also means entering into strategic alliances.

Investments will be directed primarily at our own brand names. We shall also continue to build profitable business partnerships based on our customers' brand names. We shall work hard to ensure that we are an innovative and reliable partner to our customers.

We want to offer investors a better than average return on their investment, and we aim to be a challenging and rewarding employer.

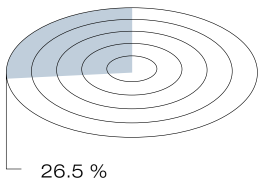
Our strong values will guide our activities and help us to make the right decisions. By further developing our competitive advantages together with our entire workforce we shall succeed no matter how strong the competition. The "We Build Value" process launched during 2001 will help us to achieve these targets.

BUSINESS AREAS



CONSUMER

Turnover: EUR 359.3 million.
Customers: Private households, wholesalers and retailers.
Brands: Lambi, Serla, Leni and Mola.
Products: Bathroom tissue, household towels, tissue handkerchiefs and facial tissue.
Main markets: Nordic countries, continental Europe (Germany, Poland, Switzerland, France, Benelux countries and Austria), the UK and Ireland.

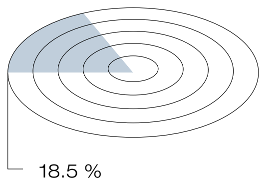


AWAY-FROM-HOME

Turnover: EUR 173.5 million.
Customers: Health care, industry, public services and other services.
Brands: Katrin and Saga.
Products: Bathroom tissue, paper towels, facial tissue, industrial wipes and dispensing systems.
Main markets: Nordic countries, continental Europe (Germany, Poland, Switzerland, France, Benelux countries and Austria), the UK and Ireland.

TABLE TOP

Customers: Private households and large-scale consumers in the services sector, such as restaurants. **Brand**: Fasana. **Products**: Napkins and tablecloths. **Main markets**: Continental Europe. **Mill**: Stotzheim (Germany).



BAKING & COOKING

Customers: Retailers, specialist wholesalers, the food industry and independent converters.
Brands: Serla, Katrin and Gourmanda.
Products: Greaseproof baking and cooking papers.
Main markets: Nordic countries and other European countries.
Mill: Mänttä (Finland).

OTHER OPERATIONS

Products: Tissue base paper and other products.

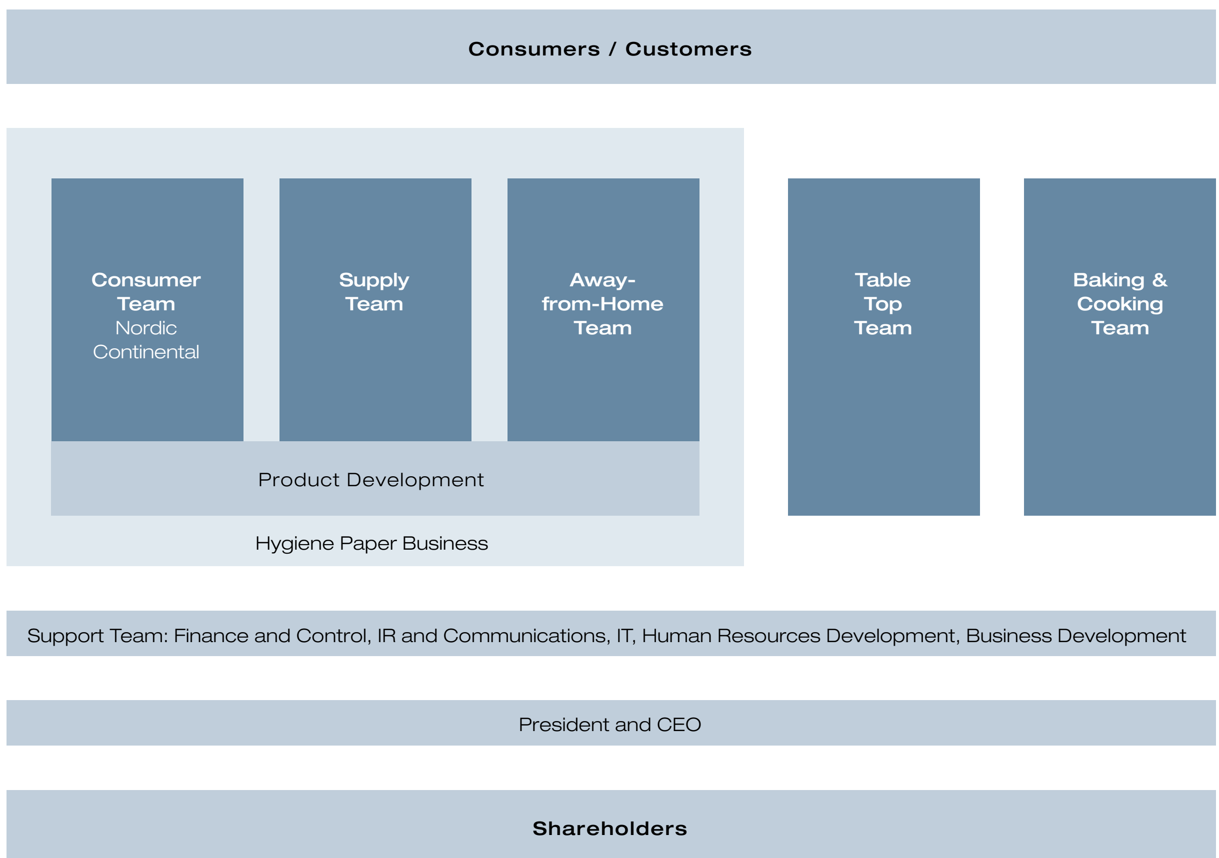
Metsä Tissue's organization

Metsä Tissue's organization was revised in June 2001 in line with the company's new strategy. The existing strong local organizations were replaced by a structure that provides greater support for unified activities. Metsä Tissue's business operations are handled by four business areas and a Supply Team.

The Consumer Team is responsible for the sale and marketing of consumer products. The Away-from-Home Team handles the sale and marketing of products to large-scale consumers. The napkins business and the Stotzheim mill together form the Table Top Team, which is responsible for the manufacture, sale and marketing of napkins. The duties of the Baking & Cooking Team are the production of baking and cooking papers at the Mänttä mill together with the related sales and marketing. The Supply Team was created to pass on knowhow and skills and to raise efficiency levels. The Supply Team is responsible for product manufacture, product development and mill development work for the hygiene paper businesses. It also handles purchasing and logistics for all the business areas. It is also the job of the Supply Team to ensure that products are of high quality and are manufactured in the most cost-effective way.

Joint support functions – financing and control, IT, communications and investor relations, human resources development and business development – are provided by the Support Team, which thus serves the whole Metsä Tissue group.

ORGANIZATION



Corporate Governance

GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders is the company´s highest decision-making body. Its duties include adopting annually the company´s profit and loss account and balance sheet, deciding on the payment of dividend, and electing the members of the Board of Directors. The Annual General Meeting must be held before the end of June each year. In practice, Annual General Meetings have been held in March.

BOARD OF DIRECTORS

Under the Articles of Association, Metsä Tissue Corporation´s Board of Directors consists of at least four and at most eight members elected by a general meeting of shareholders. The term of office of a Board member begins at the end of the general meeting of shareholders at which he/she was elected and continues until the end of the next Annual General Meeting. The Board of Directors elects from among its number a Chairman and a Vice Chairman.

In accordance with the Companies Act, it is the duty of the Board of Directors to supervise the company´s administration and the proper management of its operations. It is also the duty of the Board to make decisions regarding matters that, in terms of the extent and nature of the company´s activities, are of an unusual and far-reaching nature.

The Board of Directors normally meets once a month. In 2001, the Board held 8 meetings.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

The company´s President and CEO is appointed by the Board of Directors. The duty of the CEO is to direct the business operations of the company in accordance with the instructions and directions of the Board of Directors. Hannu Anttila has been President and CEO since 1 November 1998.

SALARIES AND REMUNERATIONS

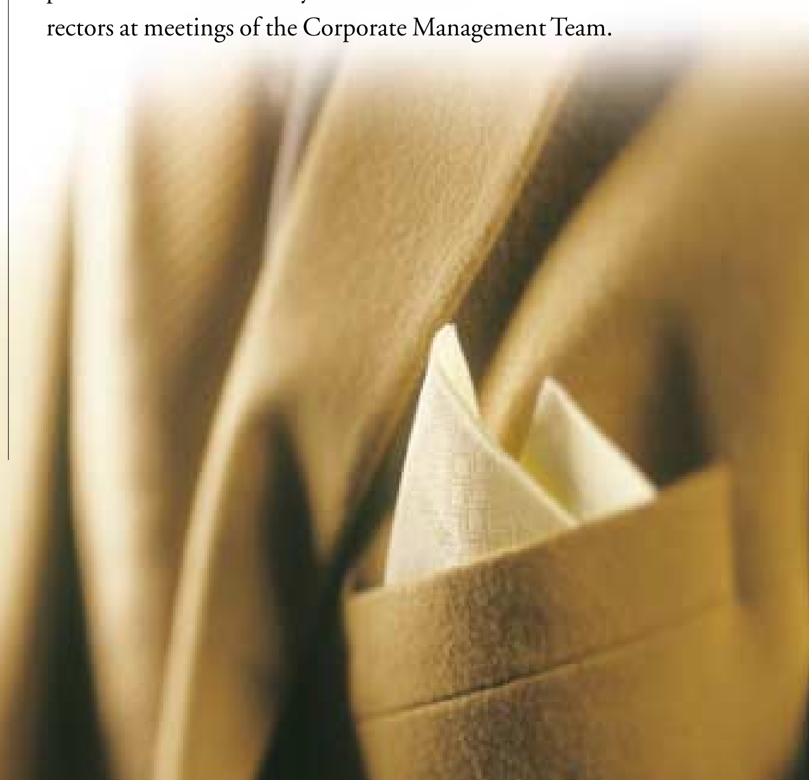
The remunerations paid to the members of the Board of Directors are confirmed by the general meeting of shareholders for one year ahead. Salaries, fees and benefits in kind paid to the members of the Board of Directors and to the CEO in 2001 totalled EUR 342,896.65.

Fees paid to the Board of Directors in 2001 totalled EUR 137,661.65. Hannu Anttila, the company´s President and CEO received salary, fees and benefits in kind totalling EUR 205,235 in 2001.

BUSINESS ORGANIZATION

The Metsä Tissue Group comprises the parent company Metsä Tissue Corporation and subsidiaries in the UK, Denmark, France, Germany, Norway, Poland, Spain and Sweden. Metsä Tissue's business operations are handled by four business areas and a Supply Team. The business areas are Consumer Team, Away-from-Home Team, Table Top Team and Baking & Cooking Team. The Supply Team is responsible for production and product development of hygiene paper products and for purchasing and logistics for all teams.

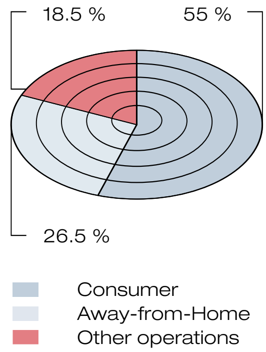
Business management is the responsibility of the Group's President and CEO. Important issues are prepared for consideration by the CEO or the Board of Directors at meetings of the Corporate Management Team.



The year in brief

- Metsä Tissue's turnover rose by 6.6 per cent to EUR 649.6 million (EUR 609.2 million in 2000). Some 2 percentage points of the increase was due to growth in sales volumes and about 5 percentage points to higher average sales prices for products.
- Profit before extraordinary items was EUR 27.1 million, compared with a loss of EUR 21.7 million for the year before. Earnings per share were EUR 0.80 (loss of EUR 0.64).
- The improved financial result is attributable primarily to greater business stability, lower costs and higher sales prices.
- The cash flow from operations after investments reached EUR 65.5 million (-38.1 million), allowing the gearing ratio to be reduced to 123.2 per cent (198.8).
- Business operations were integrated and made more efficient, and this improved cost-effectiveness. The effects were particularly clearly seen in business in continental Europe.
- Previous investments were utilized and no major new investments were made.
- Metsä Tissue continues to operate as a stock exchange listed company following the European Commission's ruling, which prevented the sale of a majority interest in the company to SCA.
- As a result of the We Build Value process, strategic goals were set for the group, its organizational structure was developed, and the common values that guide activities were defined together with the company's employees.

Turnover by Business Area



KEY FIGURES	2001	2000
Turnover, MEUR	649.6	609.2
Operating profit/loss, MEUR	36.5	-11.9
Profit/loss before extraordinary items, MEUR	27.1	-21.7
Profit/loss for the period, MEUR	24.1	-19.3
Return on equity (ROE), %	20.2	-14.9
Return on capital employed (ROCE), %	10.3	-3.1
Interest-bearing net liabilities, MEUR	174.1	239.2
Equity ratio, %	31.5	24.9
Gearing, %	123.2	198.8
Gross capital expenditure, MEUR	21.1	22.7
Cash flow from operations after investments, MEUR	65.5	-38.1
Earnings/loss/share, EUR	0.80	-0.64
Shareholders' equity/share, EUR	4.70	3.95
Dividend/share, EUR	0.10*)	-
Personnel at year-end	2 923	3 048

*) Board of Directors' proposal to the general meeting of shareholders

Review by the President & CEO

In my review last year, I stated that 2001 had been designated as a year in which we would utilize our resources to the full. In practice, this has meant restoring stability to our activities, refraining from large investments and, in particular, integrating and making more efficient our operations in Germany.

Of the results achieved through our determined efforts I particularly want to mention the fact that we exceeded our profit target and that our cash flow after investments was some 10 per cent of turnover.

Last financial period we fell somewhat short of our sales targets in terms of both volumes and prices. Overall, though, turnover increased rather faster than market growth. We strengthened the positions of our own brand names in both the Consumer and Away-from-Home businesses. Looking to the future, it is also vital that our Mola brand name is successfully launched on the Polish consumer market.

The return of stability to our operations has greatly improved internal efficiency, as reflected not just by lower costs but in particular by improved delivery accuracy. The fall in raw material prices during the last few months of the year helped to restore profitability to an almost satisfactory level. In relative terms, the biggest improvement in profitability was recorded by the Table Top business area, which was just about in profit after previously making a heavy loss.

Following the launch of the We Build Value process last spring, we have set strategic goals for the group, developed our organizational structure and, together with our employees, defined the values that now guide our activities. Our employees thus have a clear picture of where we are going and how *we intend to achieve our goals. After such a long period of uncertainty I cannot over-emphasize the importance of this strategic process for the more unified and efficient operations of our company in the future.*

The market for tissue products continues to be extremely difficult due to the sluggish growth in demand combined with substantial over-capacity. The creation of the euro area is likely to encourage greater consolidation in the retail trade and to give it a stronger European identity. We must respond to this by providing an even better service to both local customers and to rapidly expanding international customers.

Our focus during the present year will primarily be on improving cost-effectiveness and boosting our product development. We shall be investing more in marketing and in developing our converting operations, while at the same time seeking to reduce our level of indebtedness.

Despite uncertainty about the future general economic trend, we have set ourselves the target of an increase in turnover that is marginally above the growth predicted for the market in general, and also for a slightly better financial result than in 2001.

Helsinki, February 2002

Hannu Anttila

Quarterly development

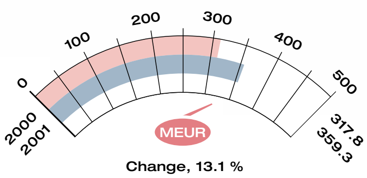
- Metsä Tissue enjoyed improved profitability in 2001. The profit and cash flow targets set for 2001 were achieved.
- The fall in prices for the main raw materials improved profitability, especially during the second half of the year.
- In consumer products, the company's market shares were maintained in the Nordic countries, while in continental Europe sales volumes rose slightly.
- Sales volumes for the Away-from-Home business area were almost the same as for the previous year. Profit improved thanks to a focusing of operations and to a decrease in costs.
- In the Baking & Cooking business area, further converted products accounted for a higher proportion of sales, and there was a slight increase in sales volumes.
- Sales by the Table Top business area rose 10 per cent and, after previously making a heavy loss, business was in profit.

QUARTERLY DEVELOPMENT 2000-2001

TURNOVER			**2001**					2000		
MEUR	1-12	10-12	7-9	4-6	1-3	1-12	10-12	7-9	4-6	1-3
Consumer	359.3	91.6	91.1	89.0	87.5	317.8	84.2	80.2	75.1	78.3
Away-from-Home	173.5	42.7	42.2	44.4	44.1	165.4	44.4	42.5	39.5	39.1
Other operations	121.0	30.8	28.1	30.4	31.6	133.3	35.0	34.5	31.0	32.9
Internal sales	-4.2	-1.9	-0.5	-0.8	-0.9	-7.4	-3.2	-0.7	-0.8	-2.7
Total	649.6	163.3	161.0	163.0	162.3	609.2	160.3	156.5	144.8	147.5

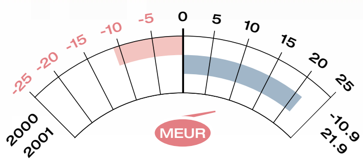
OPERATING PROFIT/LOSS			**2001**					2000		
MEUR	1-12	10-12	7-9	4-6	1-3	1-12	10-12	7-9	4-6	1-3
Consumer	21.9	8.4	6.8	4.5	2.3	-10.9	-1.9	-0.1	-5.8	-3.0
Away-from-Home	12.1	4.0	4.1	2.5	1.6	0.7	1.2	1.2	-1.8	0.2
Other operations	3.7	1.8	0.4	0.7	0.9	-0.6	1.5	0.2	-2.0	-0.3
Other/eliminations	-1.3	-0.3	-0.1	-0.4	-0.3	-1.1	-0.4	-0.3	-0.2	-0.1
Total	36.5	13.8	11.1	7.2	4.4	-11.9	0.3	0.9	-9.8	-3.3
Operating margin, %	5.6	8.4	6.9	4.4	2.7	-1.9	0.2	0.6	-6.8	-2.3
Net exchange gains/losses	1.0	0.5	-1.0	0.6	0.9	0.8	0.4	0.3	-0.1	0.2
Other financial income and expenses	-10.3	-1.8	-2.5	-2.9	-3.2	-10.6	-3.2	-2.8	-2.3	-2.3
Profit/loss before extraordinary items	27.1	12.5	7.6	4.9	2.1	-21.7	-2.5	-1.6	-12.2	-5.4

Turnover

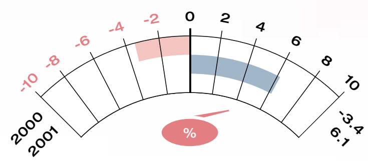


Change, 13.1 %

Operating profit/loss



Operating margin



Consumer Team

For a better everyday life

Metsä Tissue's Consumer business produces and markets bathroom tissue, household towels, tissue handkerchiefs and facial tissue for household use. The main markets are the Nordic countries and continental Europe, notably Germany, Switzerland, France and Poland.

Metsä Tissue's consumer products are designed to improve everyday life in private households by offering consumers not just perfect products but also products of the right quality for each purpose. Consumers can choose from a wide selection ranging from luxurious super-premium products, through good quality mid-priced products to less expensive discount products.

Metsä Tissue's market share in the Nordic countries is around 45 per cent, which makes it the undisputed market leader. Most of the turnover in the Nordic countries comes from sales of strong brand name products. Metsä Tissue is seeking growth in the markets of continental Europe.

Metsä Tissue is well-known to retailers as a trustworthy and innovative partner. Besides supplying its own brands, the company develops brand name tissue products in close consultation with its customers.

The company's Consumer business was reorganized into two separate market teams in 2001, one responsible for the Nordic countries, the Baltic countries, Russia, Poland and the Czech Republic, and the other for other continental European countries and the UK.

Metsä Tissue's main competitors are SCA, Kimberly-Clark, Georgia-Pacific, Procter & Gamble and several Italian producers that are becoming stronger players in the market.

STRONG BRAND NAMES IN THE NORDIC COUNTRIES

Metsä Tissue's consumer product brands are Lambi, Serla and Leni. Branded products accounted for 75 per cent of the Consumer business's sales in the Nordic countries in 2001. The company's success in the Nordic countries is based on strong consumer product brands coupled with

close and broad collaboration with its customers. Metsä Tissue and its customers together develop the optimum ways to handle logistics, sales and marketing for the whole product category.

There has been a clear shift in consumer habits in the Nordic countries, with steady growth in demand for high-quality products. This is being reflected as an increasing polarization of the tissue market. There is a strengthening demand for high-quality super-premium products and inexpensive discount products. At the same time, sales of mid-priced basic products have fallen. The Leni brand name has strengthened its position as a high-quality super-premium product in Sweden and Norway. Leni's success has further strengthened Metsä Tissue's position as the market leader in super-premium products.

High-quality Lambi products are the undisputed market leader in their own category in the Nordic countries. Last year, Lambi products were given a new visual appeal, which has boosted sales. The new, larger pack has been well received by the market. The new Lambi Akrobat centre-pull paper towels were launched on the Swedish and Norwegian markets. The product is extremely versatile: the wall-mounted dispenser can easily be removed for use by those who are travelling. This, and the innovative nature of the product, has made

Akrobat a popular choice with consumers.

The Serla product family was successfully expanded last year with the introduction of new family-sized packs. Several brand name products launched by Metsä Tissue last year have also enjoyed success.

CLOSE COOPERATION IN CONTINENTAL EUROPE

Metsä Tissue's consumer products are manufactured in the Nordic countries, Germany and Poland. Brand name products enjoy a significant market share in continental Europe. Metsä Tissue and its customers work closely together to develop and produce brand name products that are sold under the customer's own brand.

Demand for high-quality products is also rising in continental Europe. During 2001, sales of high-quality products increased in Germany, France and in the Benelux countries, while in Switzerland sales were unchanged. Responding to its consumers' needs, Metsä Tissue launched new high-quality products on the market.

The new products introduced on the market were the Kitchenroll 2000 kitchen towel and the Vitess and Topp brands of high-quality, environmentally friendly bathroom tissue. Vitess bathroom tissue is sold under the customer's own brand. Topp, which is developed according to the same concept, carries Metsä Tissue's own label. Another new product introduced last year was soft, border-embossed tissue handkerchiefs packed in new package sizes.

TRUE ENVIRONMENTAL FRIENDLINESS

Metsä Tissue's consumer products are genuinely friendly to the environment. All brand products sold in the Nordic countries fulfil the strict requirements set by the region's environmental label, the Nordic Swan, or the Swedish Bra Miljöval label relating to the origin of the raw materials, water and energy consumption, and environmental emissions. The environment is also respected in Germany, where all Metsä Tissue products carry the country's official environmental label known as "Blauer Engel" (Blue Angel). In Germany, the Ministry of the Environment specifies the criteria for each individual product. The organization responsible for product safety, RAL, verifies compliance with the product safety criteria and certifies the products. Metsä Tissue has applied for the European Union's environmental label for its products sold in continental Europe. The requirements for this label cover all stages of production.

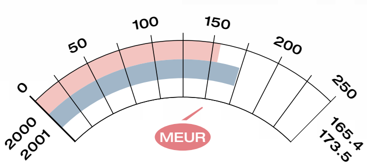
MARKET OUTLOOK

The market outlook for 2002 is rather good. While growth in demand for tissue paper is expected to be slow in the Nordic countries, turnover is expected to rise due to strengthening demand for higher-quality products. The consumer products market is expected to grow faster in continental Europe than in the Nordic countries.

In the future, Metsä Tissue's Consumer Team will place greater emphasis on high product quality and on development of the product assortment in line with market expectations. The key starting-point is consumers' needs. Sustainable success will be sought by making production more competitive and activities in general more efficient. Improvements in key account management will continue. In continental Europe, the company is aiming at greater cost-effectiveness by improving logistics. Products will increasingly be stored in centralized warehouses, from where distribution will be more efficient.

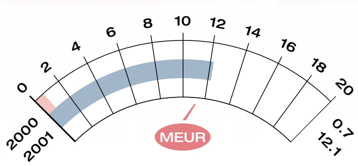
The Consumer business area had a turnover of EUR 359.3 million (317.8) and an operating profit of EUR 21.9 million (-10.9) in 2001. Taken all round, it was a good year for the business's products. A fall in production costs after the first quarter, coupled with improved efficiency, benefited the financial result for the year.

Turnover

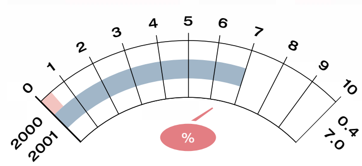


Change, 4.9 %

Operating profit



Operating margin



Away-from-Home Team

Less is more

Metsä Tissue's Away-from-Home business sells and markets tissue paper products and their dispensers to large-scale consumers in health care, industry, the service sector and public services. The main markets are the Nordic countries and continental Europe. Sales to the UK and the Baltic countries have also gained in importance.

Metsä Tissue is a strong player in the European away-from-home market. In the Nordic countries Metsä Tissue is the market leader.

Metsä Tissue's sales and marketing network for away-from-home products covers the most important markets of Europe. The centralized delivery and distribution system ensures that products reach their correct destination efficiently and on time.

During 2001 Metsä Tissue strengthened its position on the German market. Deliveries in Poland also showed growth.

QUALITY IS PERFORMANCE

Metsä Tissue's away-from-home business focuses on high-quality tissue products. Katrin products, which are produced from virgin fibre and recycled office paper, have continued to represent a growing proportion of sales. Metsä Tissue's own product brands account for 86 per cent of sales in the Nordic countries and for 56 per cent elsewhere in Europe. The Katrin product family also includes a range of dispensers designed for various purposes.

High-performance Katrin towels are designed for demanding purposes and for hygiene use. Produced from virgin fibre, Katrin products are both absorbent and gentle to the skin. They can help to reduce hygiene risks in sectors such as the food industry and health care, where the repeated careful drying of hands is just as important a hygiene requirement as the repeated washing of hands.

A properly designed dispenser allows towels to be removed hygienically. The Katrin Progress series of durable, easy-care dispensers launched in autumn 2000 has been well received.

Saga towels, which are intended for the mainstream segment, are another series of Metsä Tissue products.

LESS IS MORE

The design of Katrin products is based on the "Less is More" concept. The comprehensive range of high-quality products and dispensers offers the optimum solution in terms of economy for every use. The right product used in the right way means savings. Absorbent, high-performance tissue produced from virgin fibre is consumed far less than that made from recycled fibre.

Paper consumption can also be regulated by the dispenser. For example, a dispenser that gives one sheet at a time results in much less paper being used.

High-performance Katrin products also save time at all stages of the paper supply chain from purchasing, goods reception and storage through to the cleaning and tidying of washrooms and toilets.

Lower paper consumption means lower environmental loadings throughout the product's life cycle from production of the raw material to disposal of the used end-product. Metsä Tissue's away-from-home products have

been awarded the Nordic Swan label, the requirements for which cover raw material chain of custody, energy consumption and emissions from production processes.

SECURE DELIVERIES TO A GROWING MARKET

Metsä Tissue's main competitors in the away-from-home market are SCA, Kimberly-Clark and Georgia-Pacific. Competition intensified during 2001 with the arrival of new production capacity on the market.

The strong trend towards consolidation and globalization is affecting the market. Not only must deliveries be reliable, but there must also be enough production capacity to cope with major fluctuations in order volumes. Metsä Tissue manufactures its away-from-home products in Finland, Sweden, Germany and Poland. Efficient logistics is one of the most important factors steering the use of manufacturing capacity. The distribution of Metsä Tissue's products is handled from distribution centres and product stocks.

The long-term prospects for growth on the European away-from-home market are good. There is growth potential not just in new emerging markets but also in established markets. In the latter case, people are spending more and more time away from home, which means increasing demand for services and thus for away-from-home tissue products.

In 2001, Metsä Tissue's Away-from-Home business area produced a turnover of EUR 173.5 million (165.4) and an operating profit of EUR 12.1 million (0.7). Both turnover and profit developed favourably as a result of the greater efficiency of operations and improved cost effectiveness. The events of September 11th affected the entire market during the last part of the year.

Table Top Team

Attractive and practical table settings

Metsä Tissue's Table Top business designs, manufactures, sells and markets napkins – both uni-colour and decorated for households and large-scale consumers. The products are sold under Metsä Tissue's Fasana brand name and customers' brand names.

Metsä Tissue is vigorously developing its Table Top business. During 2001 the business was given its own organizational structure and business strategy. The goal is to develop Metsä Tissue into Europe's leading napkin manufacturer and to make Fasana an even stronger brand name.

Table Top products are manufactured in Stotzheim, Germany, in the middle of Europe's most densely-populated and affluent market. The most important markets after the German-speaking countries are other continental European countries and northern Europe. In Germany, napkin sales are handled by the Table Top Team, whereas in the Nordic countries and the UK products are sold through the Consumer and Away-from-Home Teams.

The Table Top business developed favourably in 2001. Sales rose by 10 per cent, well in excess of market growth, and profitability showed a substantial improvement.

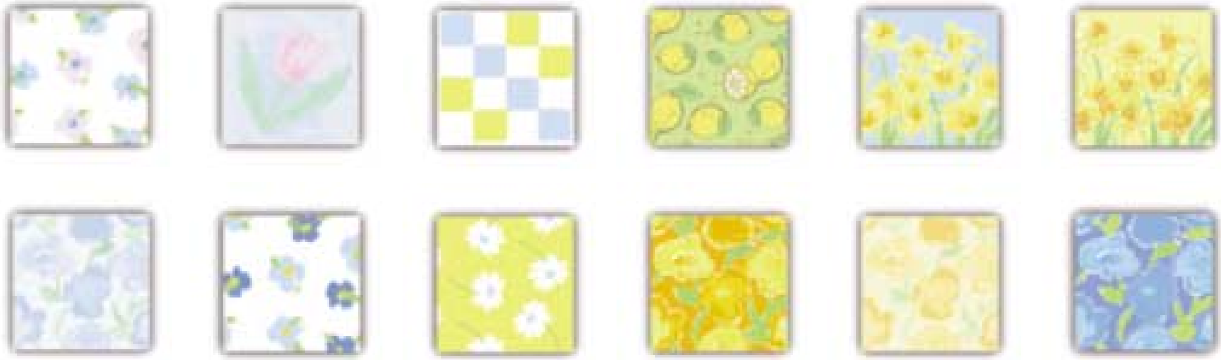
QUALITY PRODUCTS FOR A GROWING MARKET

Demand for Table Top products in Europe is showing dynamic growth. The market has been growing at around 5 per cent annually, and napkins account for under 10 per cent of total European consumption of tissue products. Germany is one of the biggest markets with a share of about one-fifth.

The fact that Metsä Tissue controls the entire Table Top napkin chain from design through to sales and marketing gives it an important edge over its competitors. As Germany's leading supplier of uni-colour napkins to households and the country's only supplier of coloured tissue base paper, Metsä Tissue is a strong player on the market for high-quality uni-colour napkins.

Metsä Tissue is the leading manufacturer of uni-colour and decorated napkins sold under customer brands. The position of quality products sold by retailers is being further strengthened by the fact that discount stores have now started to sell napkins under their own labels.

The Fasana brand name is the flagship of Metsä Tissue's Table Top strategy. German consumers who buy their napkins from retail stores are already familiar with the Fasana brand name. The image of Fasana as a quality product is being strengthened by creating the prerequisites for the manufacture of top-quality decorated napkins alongside uni-colour napkins. A range of high-quality products to be marketed under the name Fasana



Professional is being created for large-scale consumers. The main customers in this segment are restaurants, hotels and the wholesalers and chains supplying the catering trade.

TABLE SETTINGS FOR ALL OCCASIONS

An attractive table setting creates the right feeling for every meal. Visual design is the key, but napkins must also meet other demands such as those relating to hygiene.

The Fasana range has table top products that are both attractive and practical for every occasion. Designs that tempt the imagination to wander – perhaps to warm Mediterranean climes, gardens ablaze with flowers, the bounty of autumn or perhaps the coming of spring.

Efficient production plays a key role in a brand name strategy. The Stotzheim mill is being developed into an even more efficient manufacturer of Fasana products. Efficiency levels will also be raised in both the consumer and away-from-home segments by exploiting synergies with the highly efficient logistics, sales and marketing of Metsä Tissue's hygiene products.

At Metsä Tissue, efficiency is an integral part of activities geared to protecting the environment. The environmental impacts of Table Top products are verified regularly by the independent German research institute ISEGA.

EXPERTISE THE KEY IN CUSTOMER COLLABORATION

Information to and from customers travels fast and effectively in Metsä Tissue's Table Top Team. Metsä Tissue's sales organization offers customers in-depth knowledge of the entire napkin business. The most effective way to develop this product category is by working together.

Retail stores are the outlets for Metsä Tissue's Table Top consumer products. The trend towards larger retail chains and ownership consolidations has greatly reduced the number of customers. In Germany, the three largest retail chains account for 80 per cent of napkin sales to households. These chains represent 60 per cent of Metsä Tissue's sales.

Collaboration with major customers developed well during 2001. Product availability improved considerably. More and more consumers were able to choose Metsä Tissue's napkins and in this way bring more pleasure to their mealtimes.

Baking & Cooking Team

Happier baking and cooking

Metsä Tissue's baking and cooking papers are used not just by households but also by bakeries, the food industry and other large-scale consumers. Households are well acquainted with the Serla brand name, while large-scale consumers are more familiar with the Katrin brand. Gourmanda, the youngest member in the product family, was launched in Scandinavia.

Baking and cooking papers produced from renewable natural resources offer consumers a hygienic and environment-friendly option to products made from non-renewable raw materials.

The main markets for Metsä Tissue's baking and cooking papers are the Nordic countries and continental Europe. In 2001, Metsä Tissue's sales in continental Europe, its main market, increased faster than the average growth in the market.

The proportion of products converted in-house was again increased by around 10 per cent during the year. Products converted by Metsä Tissue itself currently account for half of the business's turnover, the other half being derived from sales of base paper to independent converters. During the year, the focus of sales has been exclusively on cooking papers. Sales of special papers, which in 2000 contributed some 5 per cent of turnover, were discontinued completely during 2001.

The environmental friendliness of the Baking & Cooking business area's products has been guaranteed by the Nordic Swan label since 1999. The label imposes

strict requirements on the raw materials used in production, environmental loadings and consumption of both water and energy.

GROWTH BASED ON QUALITY AND EFFICIENCY

The market for baking and cooking papers will remain fairly stable during 2002. Further growth in both turnover and sales volumes is expected in 2002, particularly in view of the increasing proportion of high-quality products.

The future also offers new opportunities. Changes in consumer habits have created new consumer groups for baking and cooking papers among all age groups but especially among the young. The growing sales and marketing of semi-frozen goods, in particular, could lead to greater use of baking papers not just during production but also in households for baking and cooking and for heating up ready-made foods. Baking and cooking papers have long been available under the Serla brand name. These papers make cooking easier, more hygienic and more environment-friendly. The new-look packs comply with the consumer's image of this quality brand.

During the coming year, the Baking & Cooking Team will emphasize the importance to customers of two key factors: the efficiency of the supply chain and product quality. Raising the efficiency of production and reducing water consumption in the production process are two areas to which priority is being given. The competitive situation could well change as a result of the formation towards the end of 2001 of Nordic Paper A/S through the merger of Petterson Scanproof A/S and Union A/S.

Supply Team

Working together for excellence

Metsä Tissue's Supply Team is responsible for the company's production – from materials purchasing and product manufacture to the delivery of products to the customer.

The Supply Team works to promote Metsä Tissue's capability to serve its customers operating throughout Europe. Centralization of purchasing, logistics, product development, mill development and IT systems development allows the mills to concentrate on achieving peak performance.

In working together, the mills place special emphasis on greater operating efficiency, and coordination of technical investments. Common standards and measurements of performance form the basis on which the mills can set their own targets for excellence in jointly defined priority areas. These are safety, quality, accuracy of deliveries, capacity utilization rate, environmental affairs, stock turnover and production efficiency. Cross-learning and benchmarking help the mills in deciding the goals for development programmes and in seeking to achieve them.

EFFICIENCY TOGETHER

The daily work of the Supply Team spans both countries and units. Product development is centred at Competence Center Tissue (CCT) in Raubach, Germany. CCT projects are aimed at boosting the competitive standing of both products and production. Competence levels continued to be raised at CCT in 2001, and collaboration with the business teams was further intensified. Common standards, measurements and reporting practices are being introduced for evaluation of results.

The Supply Team has identified significant potential savings and these are being pursued at all mills. Savings will be made by improving productivity, capacity utilization rates and planning. Efficiency will be boosted by streamlining the product assortment in conjunction with the Away-from-Home Team and the Consumer Team.

Management of major investments at the group level increases Metsä Tissue's bargaining power as a buyer of technology, eliminates duplication of work, and enables the mills to

devote their efforts to bringing about agreed improvements in daily operations.

By acting as a group the mills can make more effective use of their resources. In future, the joint machine data and spare parts register will be a case in point. With information and parts more readily available, unscheduled downtime and spare part costs can be reduced.

Efficient logistics enables the business teams to serve customers better, while at the same time allowing savings to be made throughout the entire company. In IT, the aim is to create a common structure that will support, guide and control the teams.

FOCUSED TARGETS

Daily development work at the mills focuses on specific priority areas. Common standards and measurements are being introduced to guide target-setting at individual mills. The main goal of work safety programmes is to provide all employees with a safe working environment. Safety is also a tool for keeping mills and working routines in perfect order, which in turn boosts production efficiency. The requirement for uniform quality at all mills is at the core of quality work.

A demanding long-term target has been set for improving delivery accuracy, and common targets have been set to achieve a faster stock turnover. All mills employ the same system to measure and benchmark production efficiency.

ENVIRONMENTAL EFFICIENCY

Environmental efficiency is being promoted on the one hand by reducing emissions and waste water volumes and on the other through improved utilization of materials. The criteria of the Nordic Swan label set the minimum standard for activities at the mills. All mills except that in Poland currently meet the new criteria for the Swan label. Daily work at the mills is guided by environmental management systems certified under ISO 14001. Carrying out the development programmes included in these systems is reducing environmental impacts.

Metsä Tissue's products are made from virgin fibre as well as recycled fibre. Virgin fibre for the group's Nordic mills is obtained mainly from Finland and Sweden. The new Swan label criteria include the requirement that a minimum of 15 per cent of the virgin fibre raw material used must originate from certified, well-managed forests. In Finland, 95 per cent of forests have been certified in accordance with the Pan-European Forest Certification Scheme (PEFC). In Sweden, PEFC and Forest Stewardship Council (FSC) certification covers half of the country's forests. The virgin fibre used as raw material by Metsä Tissue's mills in Finland and Sweden fully meets the Swan label criteria, and the proportion of certified raw material is increasing.

Another prominent feature of the drive towards greater environmental efficiency is the increasing use of biofuels in energy production. Technology has been developed for burning deinking and effluent treatment plant sludge for energy generation. At Katrinefors in Sweden, a new heat and power plant fuelled mainly on logging residues was started up in November 2001. The power plant has also been burning sludge since last December. At Mänttä, Finland, a feasibility study was conducted into the burning of deinking sludge at the mill's power plant, where domestic milled peat is currently the primary fuel, followed by sawdust and wood chips.

Among other environmental initiatives during 2001, a project aimed at reducing water consumption by 25 per cent was started at Mänttä. At the Swedish mills, the waste water treatment processes were optimized to reduce environmental impacts. In Germany, effluent treatment was improved to reduce the chemical oxygen demand (COD) of the effluents, and improvements were also made to the safe handling of chemicals.

PRODUCTION CAPACITIES

	Capacity, t/a	
Mill	Tissue	Baking & Cooking papers
Mänttä	100,000	25,000
Katrinefors	77,000	
Pauliström	22,000	
Nyboholm	23,000	
Warsaw	20,000	
Raubach	40,000	
Stotzheim	20,000	
Kreuzau	123,000	

RAISING EFFICIENCY

Investments totalled about 50 per cent of depreciation and were targeted at boosting efficiency, eliminating bottlenecks and supporting product development.

The savings programmes introduced earlier were continued and new programmes were started at all mills. Costs were reduced in both Finland and Germany by increasing the production and usage of deinked fibre. Plans for increased converting efficiency were prepared at Mänttä.

In Poland, the power plant and maintenance work were outsourced. Converting efficiency rose by 25 per cent and paper machine production by 10 per cent.

NEW PRODUCTS

In the Nordic countries new big Serla packs were introduced. Lambi products were upgraded, the new Lambi Akrobat towels and dispensers were brought onto the market in Sweden and Norway. In Poland, sales of Mola Eko products rose rapidly, and Mola household towels with printed patterns were introduced. In Germany, a new high-quality bathroom tissue was introduced along with tissue handkerchiefs in new pack sizes. A new super-soft bathroom tissue was developed for the UK market.

We Build Value

The purpose of the We Build Value process is to bring greater unity to Metsä Tissue by creating, together with the company's employees, a commonly agreed set of values. The aim is to get employees to understand the company's strategy and the importance of its values from the point of view of their own work and the company as a whole.

The main talking point at Metsä Tissue during the first quarter of 2001 concerned the company's ownership. The letter of intent signed the previous year relating to the sale of Metsä Tissue to the Swedish company SCA naturally aroused doubts in the minds of the employees about the company's future. When, in January 2001, it emerged that the sale would not go ahead as planned, Metsä Tissue's management began working on a plan for a revision of the company's strategy. As part of this process, Metsä Tissue's competitive advantages were analysed and the company's key values discussed. Building a common identity emerged as the key challenge for Metsä Tissue's future success.

In June 2001, a process embracing the whole of the Metsä Tissue group was launched under the name We Build Value. Its purpose was to ensure that all employees understand the company's strategy, and also to create a set of common values. The aim was to include in the process as many employees as possible in order to secure their commitment.

The theme chosen for the We Build Value process was construction. The programme for Metsä Tissue's value building process began with a tour of the mills by the President and CEO, during which he described the goals of the programme. Every Metsä Tissue employee received a Builder's Handbook describing the company's business environment, its strengths and strategic goals, and tracing the course of the We Build Value process. The book was published in five languages, as were all other publications relating to the programme.

The process itself was based on a series of workshops, during which participants analysed Metsä Tissue's values and competitive advantages by means of examples and through their own work. The aim was to stimulate ideas for translating competitive advantages into practice and to gain a clear picture of how the values work in real-life situations. The driving force behind the process was provided by a group of 40 "Construction Managers" representing different workplaces. After attending a preparatory seminar, it was their job to arrange local workshops. Thirty such workshops were arranged during the autumn in Finland, Sweden, Norway, Denmark, the UK, Germany and Poland. These were attended by altogether 215 Metsä Tissue people.

The results of these workshops were reported regularly through internal bulletins. The idea of publishing these in rapid succession was to keep interest high, to stress the importance of the process, and to encourage belief in the future. In each bulletin the company's President and CEO confirmed his strong commitment to the process.

Towards the end of the year, the "Construction Managers" met to discuss the results of their work during the autumn. They finalized Metsä Tissue's values and their definitions and chose six development projects

designed to put the competitive advantages into practice. The projects will begin right at the start of 2002.

The second phase of the We Build Value process will begin early in 2002, during which Metsä Tissue's values and their definitions as well as the competitive advantages earmarked for further development will be presented to all employees at all workplaces. A booklet containing the same information will also be published, and at the same time the values will be put into practice. By the end of May 2002, the entire workforce will have begun to assimilate the values and will have analysed the importance of the company's competitive advantages from the point of view of their own work and of the company as a whole. Also, an extensive training programme will be launched for top and middle management, one aim being to integrate these values into Metsä Tissue's management system.

METSÄ TISSUE'S VALUES

Creating value means that we offer the best solutions for our customers and create a partnership from which both parties benefit. We shall achieve healthy growth and better than average profitability. We are professionals striving for real quality, and we play an active role in society building.

Trust means that we deliver what we promise and do not promise what we cannot deliver. We are a reliable partner and we communicate promptly and openly. We are always ready to listen to others – everyone has a duty to exert an influence.

Continuous improvement means that we are always ready to change. We encourage new ideas. We are proactive and we react fast to customers' expectations. We are continuously developing our cost structure. We demand and we reward, and we learn from mistakes.

We do it means that only through a strong commitment can we achieve positive results. We focus on continuity and long-term partnerships. Only by working together are we strong. Our history provides excellent examples of how we have succeeded by never giving up.

Shares and shareholders

BREAKDOWN OF SHAREHOLDINGS AT 28 DECEMBER 2001

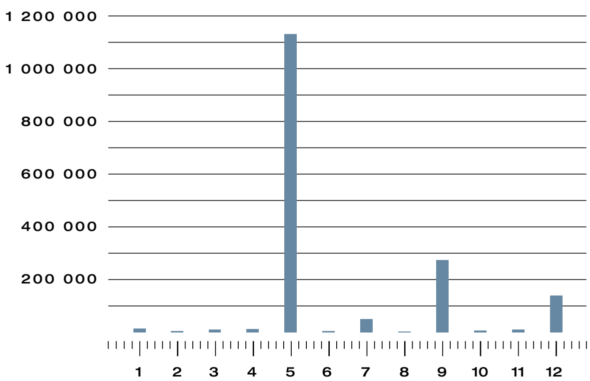
Shares	Number of shareholders	% of all shareholders	Number of shares owned	% of all shares and votes
1-100	477	31.69	40,488	0.13
101-1,000	892	59.27	367,770	1.23
1,001-10,000	99	6.58	235,279	0.78
10,001-100,000	24	1.59	833,118	2.78
Over 100,000	13	0.86	28,523,345	95.08
Total	1,505	100	30,000,000	100

MAIN SHAREHOLDERS AT 28 DECEMBER 2001

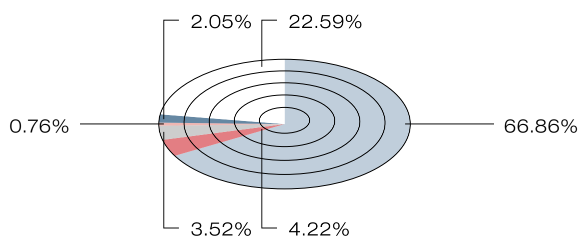
Name	Number of shares	% of shares and votes
1. M-real Corp.	19,675,000	65.58
2. SCA Mölnlycke Holding BV	5,781,200	19.27
3. Varma-Sampo Mutual Pension Insurance Company	724,400	2.41
4. Nordea Foresta	299,300	1.00
5. Nordea Life Insurance Finland Ltd	252,445	0.84
6. Mutual Insurance Company Pension-Fennia	199,300	0.66
7. OP-Pirkka Mutual Fund	182,600	0.61
8. OP-Metsä Mutual Fund	167,400	0.56
9. Metsäliitto Osuuskunta	161,100	0.54
10. OP-Tuotto Mutual Fund	105,000	0.35

At 28 December 2001, foreign investors held 6,777,650 of the company´s shares, representing 22.59 per cent of the shares and votes.

VOLUMES TRADED 2001 (NUMBER OF SHARES)



SHAREHOLDERS BY GROUP AT 28 DECEMBER 2001



	Number of shares
Companies	20,057,480
Financial institutions and insurance companies	1,267,445
Public bodies	1,057,200
Non-profit organizations	226,630
Households	613,595
Foreign investors *	6,777,650

* Also includes nominee-registered shares.

SHARES AND SHARE CAPITAL

At 31 December 2001, the company's fully paid-in share capital, as registered in the Trade Register, was EUR 51,000,000.

The total number of shares is 30,000,000. Each share has a nominal value of EUR 1.70. Each share entitles the holder to one vote at a general meeting of shareholders, and all shares carry the same right to receive dividend. The company's minimum share capital is EUR 50,456,378 and the maximum share capital is EUR 201,825,512.

The share capital may be increased or decreased between these limits without amendment to the Articles of Association.

SHARE LISTING AND SHARE PERFORMANCE

The company´s shares are quoted on HEX Plc, Helsinki Exchanges under the heading "other industry". The number of the company´s shares traded during 2001 was 1,680,290. The year´s highest quotation was EUR 12.00 and the lowest EUR 6.70. The average quotation was EUR 8.38. At the balance sheet date the shares were quoted at EUR 8.77, giving the company a market capitalization of EUR 263,100,000.

At the balance sheet date, Metsä Tissue had 1,505 registered shareholders. M-real Corporation holds 65.58 per cent of the shares and international investors 22.59 per cent.

Trend in share price, EUR	2001	2000
Highest	12.00	14.20
Lowest	6.70	9.50
At end of period	8.77	13.00
Average	8.38	12.43

MANAGEMENT OPTIONS SCHEME

The Annual General Meeting of 20 March 1998 approved a proposal to issue 1,000,000 share options to key personnel within Metsä Tissue Corporation. The company will issue the maximum 1,000,000 options, of which 300,000 will bear the letter A, 300,000 the letter B and 400,000 the letter C. Each option entitles the holder to subscribe one Metsä Tissue Corporation share, nominal value EUR 1.70.

The subscription period under A options began on 1 April 2001. The subscription period under B options begins on 1 April 2002 and under C options on 1 April 2003. The subscription period under all options ends on 30 April 2004. The subscription price is EUR 12.61 per share.

Exercise of all options would increase the share capital by 1,000,000 new shares, i.e. by EUR 1,700,000. The shares offered for subscription under the options scheme represent 3.2 per cent of the company's shares and 3.2 per cent of the votes. At 31 December 2001, a total of 31 people held directors' share options.

MANAGEMENT SHAREHOLDINGS

The members of the Board of Directors own 500 Metsä Tissue shares. President and CEO Hannu Anttila owns 75,000 of the company´s 1998 share options. The members of the Board of Directors do not hold options. The members of the Corporate Management Team hold a total of 500 Metsä Tissue shares.

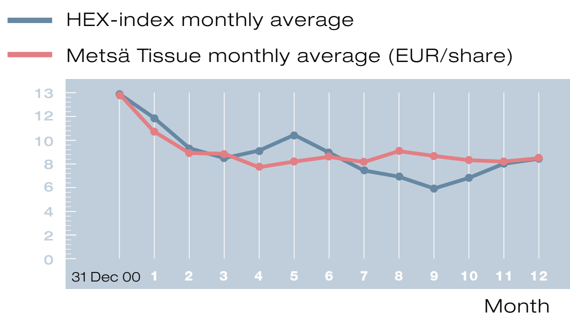
BOARD´S AUTHORITY TO RAISE THE SHARE CAPITAL

The Board of Directors has no current authorization to raise the company´s share capital or to issue convertible bonds or bonds with equity warrants.

VOLUMES TRADED ON HEX PLC, HELSINKI EXCHANGES

	2001	2000
Number of shares	1,680,290	1,789,385
% of total shares	5.6	6.0
Number of shares at year-end	30,000,000	30,000,000
Market capitalization at year-end (EUR)	263,100,000	390,000,000
Number of shareholders	1,505	1,479

SHARE PERFORMANCE IN 2001



Board of Directors

Back row from left: Jussi Länsiö, Jouko M. Jaakkola, Ari Heiniö, Curt Lindbom.
Front row from left: Arimo Uusitalo, Antti Oksanen.

INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS

Antti Oksanen, b.1944
Chairman of the Board • President of Metsäliitto Group • President and CEO of Metsäliitto Osuuskunta • Vice Chairman of the Board of Metsäliitto Osuuskunta • Chairman of the Boards of M-real Corporation and several other Metsäliitto Group companies • Member of the Board of Myllykoski Paper Oy • Vice Chairman of the Supervisory Board, Tapiola Mutual Pension Fund Company

Arimo Uusitalo, b.1942
Vice Chairman of the Board • Farmer • Chairman of the Board of Metsäliitto Osuuskunta and Raisio Group • Vice Chairman of the Boards of Finnforest Corporation and M-real Corporation • Member of the Board of Oy Metsä-Botnia Ab

Ari Heiniö, b. 1945
Member of the Board • Chairman of the Board of Silta Oy • Member of the Boards of Finnair Oyj and Bodim Port Oy • Member of the Supervisory Board of Alma Media Corporation

Jouko M. Jaakkola, b. 1944
Member of the Board • President and CEO of M-real Corporation • Member of the Boards of Map Merchants Ltd, Oy Metsä-Botnia Ab, Myllykoski Paper Oy, Papierfabrik Albbruck GmbH&Co. KG and Larox Corporation • Chairman of the Board of M-real alliance Ltd. • Chairman of the Supervisory Board of Zanders Feinpapiere AG

Curt Lindbom, b. 1942
Member of the Board • Senior Advisor, CapMan Capital Management Oy • Chairman of the Boards of Aurajoki Oy, Cumasa Oy, Finndomo Oy, Kultajousi Oy, Lohja Caravans Oy, Moilasen Leipomo Oy, Save International Oy, Turo Tailor Oy, Tiimari Oy and Royal-Rest Oy • Member of the Boards of Alcap Oy, Karelia Yhtymä Oyj, Finnforest Corporation, Junttan Oy and Moelven SA • President of Mezera Oy

Jussi Länsiö, b. 1952
Member of the Board • Managing Director of Hartwall Plc • Chairman of the Board, Finnish Federation of the Brewing and Soft Drinks Industry, Vice Chairman of the Boards of Finnish Food and Drink Industries' Federation, CBMC Confédération des Brasseurs du Marché Commun • Member of the Boards of Sonera Corporation, Baltic Beverages Holding AB and Jokerit HC Oy

Jorma Vaajoki, b.1949
Resigned from the Board of Directors on 30 November 2001

Corporate Management Team and Auditor

Hannu Anttila, b. 1955
President and CEO • Hannu Anttila has 75,000 Metsä Tissue Corporation 1998 share options

Per Hellström, b. 1950
Senior Vice President, Planning and Control, Supply Team • Per Hellström has 50,000 Metsä Tissue Corporation 1998 share options

Paavo Liestalo, b. 1958
Senior Vice President, Consumer Nordic • Paavo Liestalo has 50,000 Metsä Tissue Corporation 1998 share options

Kari Muttilainen, b. 1955
Senior Vice President, Away-from-Home • Kari Muttilainen has 50,000 Metsä Tissue Corporation 1998 share options

Raija Mörö, b. 1958
Senior Vice President, Baking & Cooking, General Manager, Mänttä mill • Raija Mörö has 50,000 Metsä Tissue Corporation 1998 share options

Antti Pokki, b. 1946
Senior Vice President, Business Development, Managing Director (Metsä Tissue GmbH) • has 50,000 Metsä Tissue Corporation 1998 share options

Hubert Schönbein, b. 1953
Senior Vice President, Consumer Continental • Hubert Schönbein has 50,000 Metsä Tissue Corporation 1998 share options

Anne Silfverberg, b. 1956
Senior Vice President, Human Resources Development • Anne Silfverberg has no Metsä Tissue share options

Olli-Matti Tahvanainen, b. 1948
Senior Vice President, Table Top • Olli-Matti Tahvanainen has 50,000 Metsä Tissue Corporation 1998 share options

Lars Warvne, b. 1955
Chief Operating Officer, Supply Team, Managing Director (Metsä Tissue AB) • Lars Warvne has 50,000 Metsä Tissue Corporation 1998 share options

AUDITOR

SVH Pricewaterhouse Coopers Oy, Authorized Public Accountants; responsible for the audit **Göran Lindell**, APA

Contact information

Corporate office

Metsä Tissue Corp.
Itälahdenkatu 15-17
FIN-00210 Helsinki
FINLAND
Tel. + 358 10 4616
Fax + 358 10 469 4949

Sales offices

Denmark

Metsä Tissue A/S
Mårkaervej 5
DK-2630 Taastrup
Tel. + 45 43 713 811
Fax + 45 43 710 811

Finland

Metsä Tissue Corp.
Itälahdenkatu 15-17
FIN-00210 Helsinki
Tel. + 358 10 4616
Fax + 358 10 469 4199

Metsä Tissue Corp.
Tehtaankatu 16
FIN-35800 Mänttä
Tel. + 358 10 464 7999
Fax + 358 3 474 6201

France

Metsä Tissue S.A.R.L
8-10, Rue de la Ferme
F-92100 Boulogne
Billancourt
Tel. + 33 1 55 20 08 20
Fax + 33 1 55 20 08 25

Germany

Metsä Tissue GmbH
Consumer products
D-56316 Raubach
Tel. + 49 2684 6090
Fax + 49 2684 609 100

Metsä Tissue GmbH
Consumer products
Theo-Strepp Strasse 2-6
D-52372 Kreuzau
Tel. + 49 2422 560
Fax + 49 2422 4940

Metsä Tissue GmbH
Away-from-Home products
Bahnhofstrasse 60
D-59379 Selm-Bork
Tel. + 49 2592 660
Fax + 49 2592 661 92

Metsä Tissue GmbH
Table Top products
Adolf-Halstrick-Str.
D-53881 Euskirchen-
Stotzheim
Tel. + 49 2251 8120
Fax + 49 2251 812 292

Metsä Tissue Holding GmbH
Königsteiner Str. 86 a
D-65812 Bad Soden
Tel. + 49 6196 652 469
Fax + 49 6196 652 470

Great Britain

Metsä Tissue Limited
Marcar House
13 Parkshot
Richmond upon Thames
Surrey TW9 2RJ - UK
Tel. + 44 208 332 2842
Fax + 44 208 332 2852

Norway

Metsä Tissue AS
Drammensveien 147 A
N-0213 Oslo
Tel. + 47 22 129 100
Fax + 47 22 546 940

Poland

Metsä Tissue Sales S.A.
ul. Mirkowska 45
PL-05-520
Konstancin-Jeziorna
Tel. + 48 22 754 8000
Fax + 48 22 754 8110

Sweden

Metsä Tissue AB
Klarabergsviadukten 70, B7
(World Trade Center)
Box 70385
S-107 24 STOCKHOLM
Tel. + 46 8 402 1390
Fax + 46 8 209 228

Metsä Tissue AB
Katrinefors mill
Holländaregatan 4
S-542 88 Mariestad
Tel. + 46 501 640 00
Fax + 46 501 103 10

Switzerland

M-real Schweiz AG
Wiesenstrasse 7-9
CH-8008 Zürich
Tel. + 41 1 387 8030
Fax + 41 1 387 8035

Mills

Finland

Mänttä mill
Tehtaankatu 16
FIN-35800 Mänttä
Tel. + 358 1046 479 99
Fax + 358 3 474 2957

Germany

Kreuzau mill
Theo-Strepp Strasse 2-6
D-52372 Kreuzau
Tel. + 49 2422 560
Fax + 49 2422 4940

Raubach mill
D-56316 Raubach
Tel. + 49 2684 6090
Fax + 49 2684 609 400

Stotzheim mill
Adolf-Halstrick-Str.
D-53881 Euskirchen-
Stotzheim
Tel. + 49 2251 8120
Fax + 49 2251 812 209

Poland

Warsaw mill
ul. Mirkowska 45
PL-05-520
Konstancin-Jeziorna
Tel. + 48 22 754 8000
Fax + 48 22 754 2800

Spain

Tissu Canarias S.A.
C/. Josefina Mayor, 5
Poligono
Industrial El Goro
35.219 Telde
Las Palmas de Gran Canaria
Tel. + 34 928 700 200
Fax + 34 928 700 077

Sweden

Katrinefors mill
Holländaregatan 4
S-542 88 Mariestad
Tel. + 46 501 640 00
Fax + 46 501 103 10

Pauliström mill
S-570 19 Pauliström
Tel. + 46 383 734 000
Fax + 46 383 730 026

Nyboholm mill
S-570 16 Kvillsfors
Tel. + 46 383 734 100
Fax + 46 383 461 146

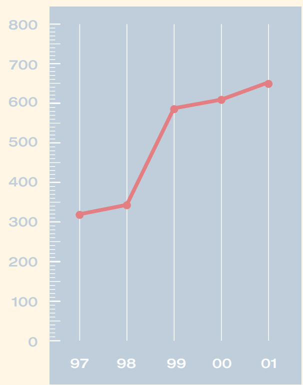
Financial statements

1 January - 31 December 2001

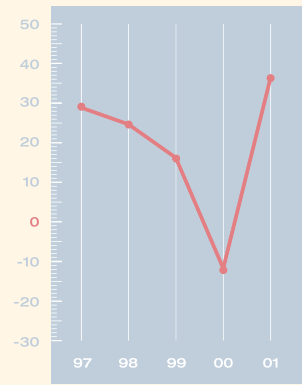
Annual reports and interim reports can be ordered from:
Metsä Tissue Corp., Corporate Communications, Itälahdenkatu 15-17, FIN-00210 Helsinki, Finland
Tel. +358 1046 16, fax +358 10 469 4199, e-mail: info@metsatissue.com

WE KINDLY REQUEST THAT SHAREHOLDERS NOTIFY THEIR BANK OR BOOK ENTRY REGISTER OF ANY CHANGES OF NAME OR ADDRESS.

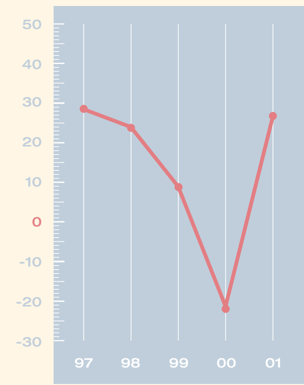
Turnover
(MEUR)



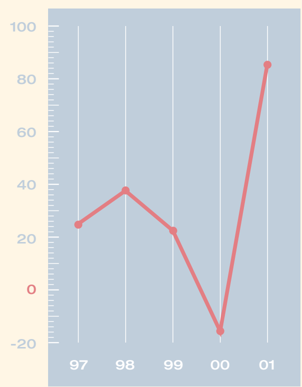
Operating profit/loss
(MEUR)



Profit/loss before extraordinary items
(MEUR)



Cash flow from operations
(MEUR)

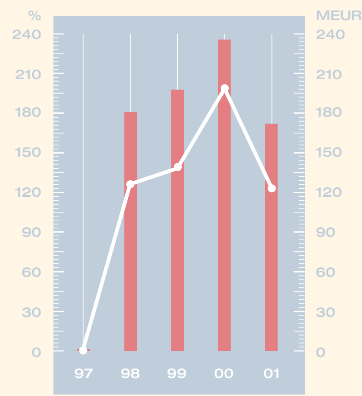


Equity ratio
%

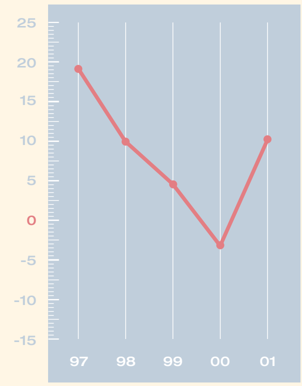
○ Equity ratio, %
■ Shareholders' equity, MEUR

Gearing
%

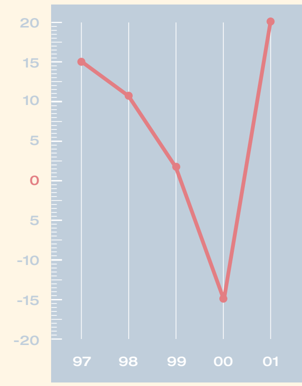
○ Gearing, %
■ Net interest-bearing liabilities, MEUR



Return on capital employed
%

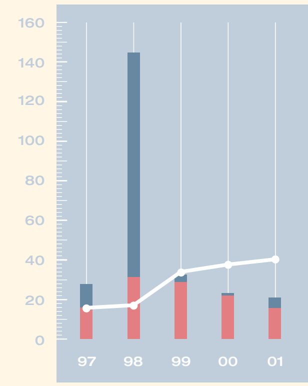


Return on equity
%



Capital expenditure and depreciation (MEUR)

■ Other capital expenditure
■ Company acquisitions
○ Depreciation



Report of the Board for the financial period

1 January - 31 December 2001

GENERAL

Metsä Tissue is a European tissue manufacturer whose main market consists of Europe north of the Alps. The company is the market leader for tissue products in the Nordic countries and Europe's fourth largest tissue supplier. Metsä Tissue's main products are bathroom tissue, kitchen towels, paper towels, industrial wipes, napkins and handkerchiefs. The company is also the European market leader in greaseproof products for baking and cooking.

Metsä Tissue's business operations are organized into four business areas and a Supply Team. The business areas are Consumer Team (consumer products), Away-from-Home Team (products for large institutional customers), Table Top Team (napkins) and Baking & Cooking Team (products for baking and cooking). The Supply Team is responsible for the mills, their production, product development and mill development work for the hygiene paper businesses and for purchasing and logistics for the group as a whole. For reporting purposes, the Table Top business area is included in the figures for the Consumer and Away-from-Home business areas, while the Baking & Cooking business area is included in Other Operations.

In the Nordic countries the market for consumer tissue products is dominated by branded products. Metsä Tissue's Lambi, Serla and Leni are the leading brand names in this market. In continental Europe, retailers' own brands hold a strong position in the market. Most of the tissue products supplied by Metsä Tissue for the consumer markets in continental Europe carries the trade's own brand names.

For the away-from-home market, Metsä Tissue offers its range of high-quality Katrin products throughout Europe. The range also includes dispensers to make more effective use of the products. Katrin is the leading brand in the Nordic away-from-home market.

TURNOVER AND RESULTS

Consolidated turnover rose 6.6 per cent on the previous year to reach EUR 649.6 million (609.2 million). Of the increase, roughly 2 percentage points is attributable to growth in sales volumes and about 5 percentage points to higher sales prices.

Operations showed an operating profit of EUR 36.5 million, compared with an operating loss of EUR 11.9 million for this period last year. Operating profit was 5.6 per cent of turnover (-1.9). The improved financial result is due primarily to greater business stability, higher sales prices for products and lower costs. Operating profit was reduced by provisions of EUR 6.1 million made for reorganization of operations over the next two years.

Depreciation was EUR 40.1 million (37.4 million). The increase in depreciation is due largely to the investments completed at the end of 2000.

Net financial expenses were EUR 9.3 million, 1.4 per cent of turnover (9.8 million and 1.6 per cent). Financial expenses were reduced through loan repayments and by the fall in interest rates towards the end of the year.

Profit before extraordinary items was EUR 27.1 million, 4.2 per cent of turnover (loss of 21.7 million, -3.6 per cent). In previous years, the part separated to the minority in Metsä Tissue´s Polish subsidiary has totalled EUR 2.4 million. Following redemption of the minority interest in this subsidiary, these losses have been re-entered in the consolidated profit and loss account during 2001.

Profit after taxes and minority interests was EUR 24.1 million (loss of 19.3 million). In the accounts, tax for the period is reduced by deferred tax receivables of EUR 5.8 million on tax-deductible losses in respect of the subsidiaries in Germany.

MAIN EVENTS DURING THE FINANCIAL PERIOD

The ruling issued by the European Commission at the end of January 2001 prevented M-real from selling its majority interest in Metsä Tissue to the Swedish group SCA. Metsä Tissue thus continues operations as a stock exchange listed company.

The main emphasis during 2001 was on making basic operations more stable and more efficient. Programmes aimed at improving cost-effectiveness were implemented at all mills, among the measures being development of the product portfolio and rationalization investments. The effects of bringing greater stability and efficiency to operations have been particularly apparent in continental Europe.

As a result of the We Build Value process introduced last June, strategic goals were set for the group, its organizational structure was developed, and the values that now guide activities were defined together with the company's employees. The group's internal business practices and organizational structure were changed with effect from 1 July 2001 by replacing the existing strong local organizations by a structure that provides greater support for the group's unified international operations.

KEY FIGURES

Earnings per share for the financial year were EUR 0.80 (loss of 0.64). Capital invested in business operations at the end of the year was EUR 342.3 million (378.9 million). The return on capital employed was 10.3 per cent (-3.1). Return on equity was 20.2 per cent (-14.9).

FINANCIAL SITUATION AND LIQUIDITY

The cash flow from business operations was good during 2001, and the group's financial solidity improved considerably. The cash flow from operations before investments was EUR 85.7 million (-15.4 million). The equity ratio was 31.5 per cent (24.9) and the gearing ratio was 123.2 per cent (198.8).

The group's interest-bearing liabilities fell thanks to the good cash flow and stood at EUR 200.9 million at the end of the year (258.6 million).

Liquidity was good throughout the year. Liquid funds at 31 December were EUR 26.3 million (18.8 million). In addition, the group had EUR 74.8 million in unutilized credit facilities (14.5 million), of which EUR 70.5 million were committed and EUR 4.3 million uncommitted.

Of the group's interest-bearing liabilities, 94 per cent were tied to a maximum of 12-month variable market interest rates and the rest to fixed interest rates. The average rate of interest on the group's interest-bearing liabilities at the end of the financial period was 3.76 per cent (5.40).

THE MARKET

Tissue sales in Europe are currently just over 5 million tonnes annually. The tissue markets served by Metsä Tissue represent around 3.5 million tonnes. Metsä Tissue's share of these markets is roughly 10 per cent. As a result of the weakening of the general economic situation, growth in demand for tissue has momentarily slowed down somewhat. In terms of volumes, the market is growing by 0-1 per cent a year in the Nordic countries, by 1-2 per cent in continental Europe, and by 5-7 per cent in Poland. The increase in tissue manufacturing capacity has recently exceeded growth in demand.

The European tissue market has been considerably fragmented, with almost every country forming its own market. Extremely fierce competition in the retail trade, particularly in continental Europe, coupled with consolidations in this business and the introduction of the euro in January 2002, provide a basis for greater harmony in the marketplace.

Having risen sharply during the previous year, prices for the main raw materials fell during 2001. The price of chemical pulp, Metsä Tissue's main raw material, in euros was on average 16 per cent below that for the previous year. There was also an appreciable drop in the prices of recycled paper in continental Europe following the previous year's peak levels.

BUSINESS AREAS

Turnover for the Consumer business area rose by 13.1 per cent to EUR 359.3 million (317.8 million). Operating profit was EUR 21.9 million, 6.1 per cent of turnover (-10.9 million and -3.4 per cent). The growth in turnover is due largely to price rises introduced in the second half of the previous year. Sales volumes were up slightly in continental Europe but were unchanged in the Nordic countries. The growth in sales volumes was achieved by new high-quality products. The company's own brand names strengthened their position in the Nordic market. In Poland, the position of the company's Mola brand products improved in line with the targets.

The Away-from-Home business area produced a turnover of EUR 173.5 million, an increase of 4.9 per cent on the previous year's EUR 165.4 million. Operating profit was EUR 12.1 million, 7.0 per cent of turnover (0.7 million and 0.4). In terms of volumes, product sales were almost the same as the previous year, despite the fall-off in demand on away-from-home markets following the events of 11 September. The improvement in operating profit was achieved primarily through more focused activities and decreases in costs. Katrin products accounted for a greater proportion of total sales.

Turnover from Other Operations fell to EUR 121.0 million (133.3 million). Operating profit was EUR 3.7 million, 3.1 per cent of turnover (loss of 0.6 million and -0.5). The Baking & Cooking business area increased its sales of further converted products in proportion to total sales and focused on baking and cooking papers. Sales volumes were up slightly on the previous year, while profitability was also somewhat better. The volume of tissue base paper sales was unchanged on the year before, but there was a clear fall in prices during the first half of the year.

Sales by the Table Top business area were 10 per cent up on the year before. Cost-effectiveness was improved and, having previously made a heavy loss, operations showed a profit. The business area worked to develop both marketing and sales, with particular attention to its Fasana brand products.

INVESTMENTS

In Metsä Tissue's long-range plan, 2001 was designated a year in which existing resources would be utilized to the full. This meant there would be no major new investments, and investments in fixed assets accordingly comprised smallish replacement and rationalization projects designed to improve cost-effectiveness.

Investment during the period totalled EUR 21.1 million (22.7 million), of which EUR 5.1 million (0.5 million) was used for share acquisitions and EUR 16.0 million (22.2 million) for acquisition of fixed assets.

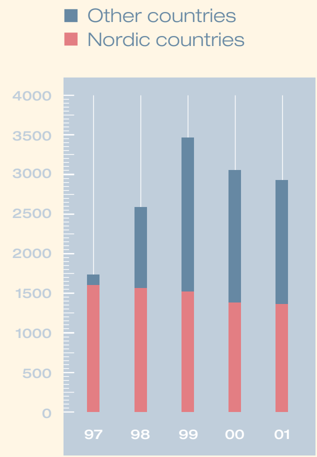
During the period, Metsä Tissue redeemed the 20.4 per cent minority interest in its Polish subsidiary Metsä Tissue S.A. for EUR 5.1 million on the basis of an agreement signed in 1997. This brought Metsä Tissue's interest in the company up to 99.7 per cent.

In addition to the actual investments, in spring 2000 the Katrinefors mill and the city of Mariestad embarked on an investment project to build a power plant to use the mill's deinking waste and wood chips as fuel. The project, which cost EUR 23 million, is being carried out by Katrinefors Kraftvärme AB, in which Metsä Tissue has a 50 per cent interest. Energy generation at the new power plant began towards the end of 2001 as planned. Metsä Tissue's responsibility in the project is limited to a long-term purchasing agreement.

PERSONNEL

The Metsä Tissue group had an average of 3,000 employees (3,205) during the financial period. The number at the end of December was 2,923 (3,048). Employees by country:

	31 Dec. 2000	*31 Dec. 2001*	*Average (2001)*
Finland	673	672	704
Other Nordic countries	700	685	718
Germany	1,279	1,280	1,274
Poland	358	253	268
Other countries	38	33	36
Total	3,048	2,923	3,000



GENERAL MEETING OF SHAREHOLDERS, BOARD OF DIRECTORS AND AUDITORS

Metsä Tissue Corporation held its Annual General Meeting on 13 March 2001. The following persons were elected members of the Board of Directors: Ari Heiniö, Curt Lindbom, Jouko M. Jaakkola, Jussi Länsiö, Antti Oksanen, Arimo Uusitalo and Jorma Vaajoki. The term of office of members of the Board of Directors extends until the end of the Annual General Meeting to be held in 2002. The Board elected Antti Oksanen as its Chairman and Arimo Uusitalo as its Vice Chairman. Jorma Vaajoki resigned his membership of the Board on 30 November 2001.

SVH Pricewaterhouse Coopers Oy (authorized public accountants) were re-elected as the company's auditors, with Göran Lindell, APA, responsible for the audit.

Hannu Anttila was President and CEO of Metsä Tissue during the year.

OUTLOOK FOR 2002

Growth in demand for tissue products in the near future is expected to be slower, on average, than in recent years because of the general economic situation. New production capacity on the European tissue market, together with increasing competition within the retail trade, will make the market more difficult. The trend towards consolidation in the retail business is expected to continue.

Metsä Tissue will continue its programmes introduced at all mills designed to improve cost-effectiveness and further develop its converting operations. Increasing emphasis will be given to product development. Prices for the main raw materials are expected to show a modest rise during the next year.

Metsä Tissue has set itself the target for 2002 of improving profit before extraordinary items compared with 2001. The group intends to further improve its solidity.

Espoo, 5 February 2002

BOARD OF DIRECTORS

Consolidated profit and loss account

1 000 EUR

	1 Jan.-31 Dec. 2001	1 Jan.-31 Dec. 2000
Turnover	649 635	609 173
Change in stocks of finished goods and		
work in progress +/-	-7 767	16 993
Interest in associated companies(1)	-1 226	-986
Other operating income(2)	5 185	5 519
Materials and services		
Raw materials and consumables		
Purchased during the financial period	268 892	322 122
Change in stocks	2 980	3 325
External services	7 781	8 051
Employee cost(3)	135 954	131 282
Depreciation and value adjustments(4)	40 112	37 386
Other operating expenses	153 631	140 407
	609 349	642 574
Operating profit/loss	36 479	-11 874
Financial income and expenses(5)(6)		
Income from affiliated and associated companies	14	59
Income from other investments held as non-current assets	63	110
Other interest and financial income	693	107
Net exchange gains and losses	997	846
Interest and other financial expenses	-11 113	-10 970
	-9 345	-9 848
Profit/loss before extraordinary items	27 133	-21 722
Extraordinary items		
Extraordinary income		
Extraordinary expenses		
Profit/loss before taxes	27 133	-21 722
Direct taxes(7)	-668	1 995
Profit/loss before minority interest	26 466	-19 726
Minority interest	2 394	-379
Profit/loss for the financial period	24 072	-19 347

Consolidated balance sheet

1 000 EUR

	31 Dec. 2001	31 Dec. 2000
Assets		
Non-current assets		
Intangible assets[8]		
Intangible rights	1 464	2 171
Goodwill	10 966	12 523
Consolidated goodwill	5 867	7 113
Other capitalized expenditure	473	758
Advance payments and work in progress		
	18 771	22 564
Tangible assets[8]		
Land and water	8 675	8 805
Buildings and constructions	62 100	67 038
Machinery and equipment	149 111	166 255
Other tangible assets	343	389
Advance payments and work in progress	5 859	4 679
	226 087	247 165
Financial investments[9][22]		
Shares in associated companies	4 979	5 535
Other shares and participations	310	286
Other receivables	3	205
	5 291	6 026
Current assets		
Inventories		
Raw materials and consumables	22 160	25 416
Finished products/goods	46 892	55 089
	69 052	80 505
Receivables[10][11][12]		
Accounts receivable	86 744	86 278
Amounts owed by affiliated companies	7 100	2 955
Amounts owed by associated companies	542	560
Deferred tax receivable	5 849	
Other receivables	4 645	15 614
Prepayments and accrued income	1 973	2 448
	106 854	107 855
Cash at bank and in hand	22 295	18 838
Assets, total	448 350	482 955

Consolidated balance sheet

1 000 EUR

	31 Dec. 2001	31 Dec. 2000
Shareholders' equity and liabilities		
Shareholders' equity(13)		
Share capital	51 000	51 000
Share premium account	48 898	48 898
Legal reserve	172	172
Equity in untaxed reserves from previous years	35 420	36 821
Retained earnings	-18 598	930
Profit/loss for the financial period	24 072	-19 347
	140 964	118 475
Minority interest	348	1 865
Provisions for liabilities and changes(14)	13 382	5 823
Liabilities(15)(16)(17)(18)(19)(20)		
Long-term liabilities		
Loans from financial institutions	122 294	150 288
Pension premium loans	10 235	10 468
Deferred tax liability	15 075	18 883
Other liabilities	21 659	23 621
	169 262	203 260
Short-term liabilities		
Loans from financial institutions	2 716	10 382
Pension premium loans	574	598
Advances payments	762	916
Accounts payable	30 793	30 392
Bills of exchange payable	118	180
Amounts owed to affiliated companies	41 181	63 249
Amounts owed to associated companies	988	1 206
Other liabilities	19 345	21 626
Accruals and deferred income	27 917	24 983
	124 394	153 532
Liabilities, total	293 656	356 792
Shareholders' equity and liabilities, total	448 350	482 955

Consolidated cash flow statement

1 000 EUR

	1 Jan.-31 Dec. 2001	1 Jan.-31 Dec. 2000
Funds from operations		
Operating profit/loss	36 479	-11 874
Depreciation according to plan	40 112	37 386
Change in provisions for future costs	7 559	-3 685
Net financial items	-9 345	-9 848
Direct taxes	-9 731	1 349
	65 074	13 328
Change in working capital		
Inventories (- = increase, + = decrease)	11 453	-12 866
Current receivables (- = increase, + = decrease)	10 834	-13 831
Non-interest-bearing current liabilities (+ = increase, - = decrease)	-1 696	-2 030
	20 591	-28 727
Cash flow from operations	85 665	-15 399
Changes in fixed assets		
Capital expenditure	-21 057	-22 713
Disposals and other changes in fixed assets	932	676
	-20 125	-22 037
Cash flow after capital expenditure	65 540	-37 436
Financing		
Change in interest-bearing liabilities (+ = increase, - = decrease)	-57 632	40 310
Change in interest-bearing receivables (- = increase, + = decrease)	208	4 236
Dividend	0	-3 532
Other items, including translation differences	-671	-1 602
	-58 095	39 412
Change in liquid funds	7 445	1 976

Parent company profit and loss account

1 000 EUR

	1 Jan.-31 Dec. 2001	1 Jan.-31 Dec. 2000
Turnover[6]	194 372	184 468
Change in stocks of finished goods and work in progress +/-	-2 360	3 487
Other operating income[2]	1 795	2 538
Raw materials and services		
Raw materials and consumables		
Purchased during the financial period	95 846	106 404
Change in stocks	973	215
External services	10 463	10 601
Employee costs[3]	40 165	34 779
Depreciation and value adjustments[4]	10 055	9 228
Other operating expenses	29 480	31 413
	186 982	192 640
Operating profit/loss	6 826	-2 147
Financial income and expenses[5][6]		
Income from affiliated and associated companies	23 943	4 745
Income from other investments held as non-current assets	6	5
Other interest and financial income	5 453	6 240
Net exchange gains and losses	684	706
Value adjustments of financial investments	-16 092	
Interest and other financial expenses	-8 309	-7 432
	5 686	4 264
Profit before extraordinary items	12 511	2 116
Profit before appropriations and taxes	12 511	2 116
Change in untaxed reserves	4 048	2 296
Direct taxes[7]		
For financial period	-3 548	
For previous periods	-375	-120
Profit for the financial period	12 636	4 293

Parent company balance sheet

1 000 EUR

	31 Dec. 2001	31 Dec. 2000
Assets		
Non-current assets		
Intangible assets[8]		
Intangible rights	459	768
Other capitalized expenditure	10	77
Advance payments and work in progress		
	469	845
Tangible assets[8]		
Land and water	259	259
Buildings and constructions	9 161	10 040
Machinery and equipment	40 857	46 933
Other tangible assets	38	41
Advance payments and work in progress	690	148
	51 005	57 421
Financial investments[9][22]		
Shares in affiliated companies	135 421	130 359
Receivables from affiliated companies	128 727	108 773
Interests in affiliated companies	3 981	4 991
Other shares and participations	300	285
Other receivables	0	205
	268 429	244 612
Current assets		
Inventories		
Raw materials and consumables	3 236	4 209
Finished products/goods	14 307	16 666
	17 542	20 875
Receivables[10][11][12]		
Accounts receivable	27 059	24 209
Amounts owed by affiliated companies	10 973	8 352
Amounts owed by associated companies	31	22
Other receivables	1 010	2 808
Prepayments and accrued income	689	982
	39 761	36 374
Cash at bank and in hand	3 538	2 373
Assets, total	380 744	362 500

Parent company balance sheet

1 000 EUR

	31 Dec. 2001	31 Dec. 2000
Shareholders' equity and liabilities		
Shareholders' equity(13)		
Share capital	51 000	51 000
Share premium account	48 898	48 898
Retained earnings	26 242	21 949
Profit for the period	12 636	4 293
	138 776	126 141
Untaxed reserves		
Accumulated depreciation difference	26 756	30 804
Provisions for liabilities and charges(14)	6 976	2 801
Liabilities(15)(16)(17)(18)(19)(20)		
Long-term liabilities		
Loans from financial institutions	121 987	149 879
Pension premium loans	5 112	5 686
	127 099	155 565
Short-term liabilities		
Loans from financial institutions	2 500	1 250
Pension premium loans	574	598
Advance payments	740	833
Accounts payable	7 300	7 242
Amounts owed to affiliated companies	59 150	26 928
Amounts owed to associated companies	987	1 206
Other liabilities	2 081	1 931
Accruals and deferred income	7 805	7 202
	81 137	47 190
Liabilities, total	208 236	202 755
Shareholders' equity and liabilities, total	380 744	362 500

Parent company cash flow statement

1 000 EUR

	1 Jan.-31 Dec. 2001	1 Jan.-31 Dec. 2000
Funds from operations		
Operating profit/loss	6 826	-2 147
Depreciation according to plan	10 055	9 228
Change in provisions for liabilities and charges	4 175	33
Net financial items	5 686	4 264
Direct taxes	-3 924	-120
	22 818	11 258
Change in working capital		
Inventories (- = increase, + = decrease)	3 333	-3 272
Current receivables (- = increase, + = decrease)	600	2 324
Non-interest-bearing current liabilities (+ = increase, - = decrease)	2 706	-5 569
	6 640	-6 517
Cash flow from operations	29 458	4 740
Changes in fixed assets		
Capital expenditure	-8 541	-58 732
Disposals and other changes in fixed assets	1 210	192
	-7 330	-58 539
Cash flow after capital expenditure	22 128	-53 799
Financing		
Change in interest-bearing liabilities (+ = increase, - = decrease)	2 774	47 285
Change in interest-bearing receivables (- = increase, + = decrease)	-19 749	9 660
Dividend	0	-3 532
	-16 975	53 413
Change in liquid funds	5 153	-386

Accounting principles

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Metsä Tissue Corporation and all those subsidiaries in which the parent company controls, either directly or indirectly, over 50 per cent of the voting rights. The financial period for all such companies is the calendar year.

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

The purchase method of consolidation has been used in the elimination of intra-Group shareholdings. Goodwill, consisting of the excess of purchase consideration over the fair value of the net assets of acquired companies, is amortized on a straight-line basis, in most cases over a period of five years. Goodwill in respect of the substantial investments made in Germany is amortized over ten years. All intra-Group balances, transactions and unrealized profits have been eliminated.

Minority interest has been disclosed separately from shareholders' equity in the consolidated balance sheet and has been recorded as a separate deduction in arriving at the profit for the period in the consolidated profit and loss account.

Interests in associated companies with a material impact on the Group's profits and shareholders' equity are entered under "Interests in associated companies" in the consolidated income statement. The figures presented also include amortization of goodwill. Associated companies that are not material to the Group's profits and shareholders' equity have not been consolidated.

FOREIGN CURRENCIES

The profit and loss accounts of foreign subsidiaries have been translated into euros at the average of the Bank of Finland's buying and selling rates for the financial period. The balance sheets have been translated using the average of the Bank of Finland's buying and selling rates at 31 December 2001. This does not apply to currencies within the euro area, which are translated into euros according to the fixed conversion rates announced by the European Central Bank. Translation differences arising on consolidation are entered under unrestricted equity.

Transactions in foreign currencies are recorded using the exchange rates prevailing at the date of the transaction. For Group companies based in Finland, assets and liabilities in foreign currencies are translated into euros using the average of the Bank of Finland's buying and selling rates at the balance sheet date. Exchange rate differences arising on such translations are recorded in the profit and loss account either as adjustments to sales or purchases or as net exchange gains/losses under financial income and expenses.

Unrealized exchange differences arising from derivative agreements used to hedge sales in foreign currencies are recorded as adjustments to turnover.

TURNOVER

Turnover is calculated after deduction of indirect sales taxes, trade discounts, bonuses, refunds and exchange differences on sales. Freight costs and other sales and delivery costs are recorded in the profit and loss account under operating expenses.

PENSIONS AND PENSION FUNDS

Statutory pension coverage for employees of the parent company and its subsidiaries in Finland is arranged through pension insurance companies. Foreign subsidiaries make their own pension arrangements in accordance with local practice.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred.

LEASING

Payments made under leasing contracts are charged against profit as rental costs. Major assets held under financial leases are included in fixed assets and the capital element of the leasing commitments is included under liabilities in the balance sheet.

INVENTORIES

Inventories are valued at the lower of cost and net realizable value at the balance sheet date. Cost is determined on a weighted average cost basis. Cost is calculated to include the variable cost of manufacture and an appropriate proportion of the fixed costs of purchase and manufacture.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation according to plan. Depreciation charged in the profit and loss account is calculated on a straight-line basis so as to write off the cost of fixed assets over their expected useful lives.

The principal annual rates adopted are as follows:

Buildings and constructions	2.5 - 5%
Machinery and equipment	5 -33%
Other items	10 -33%
Goodwill on consolidation	10 -20%

EXTRAORDINARY INCOME AND EXPENSES

Substantial income or expenses arising from transactions of an abnormal nature is presented in the profit and loss account as extraordinary items. Changes in accounting principles and practices are also included in extraordinary items.

APPROPRIATIONS

In the consolidated financial statements, appropriations to or from untaxed reserves and accumulated depreciation difference are recorded as an adjustment to profit before appropriations and taxes in the country in question 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 effected 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 shareholders' equity.

FUTURE COSTS AND LOSSES

Future costs and losses to which the Group is committed and which are likely to be realized are included in the profit and loss account under the appropriate expense heading and in the balance sheet under provisions for future costs whenever the exact amount or date of occurrence is not known, otherwise under accruals and deferred income.

DIRECT TAXES

The consolidated profit and loss account shows direct taxes for each period calculated according to the accruals convention on the basis of the financial results of Group companies for each such period and in accordance with local tax regulations, together with tax payable or refunded in respect of previous financial periods. Income taxes also include the charge or credit for each period in respect of deferred tax. Deferred tax liabilities are shown as required by the Finnish Accounting Act.

Notes to the accounts

1 000 EUR

1. Share of profits of associated companies

	Holding %	Share of profit for financial period	Goodwill amorti-zation	Share of companies profit	Remaining goodwill
Mäntän Energia Oy	25.0	-58		-58	
Ultimatic Systems GmbH	46.7	-133	-99	-232	498
Zaklady Papiernicze w Krapkowicach S.A.	24.8	-1 048	113	-935	-1 966
		-1 239	14	-1 226	-1 468

2. Other operating income

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Rental income	371	603	37	41
Gains on disposals of fixed assets	672	237	29	33
Service revenues	352	691	1 423	2 148
Other items	3 790	3 988	305	315
	5 185	5 519	1 795	2 538

3. Employee costs

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Wages and salaries	91 079	91 852	20 102	20 001
Pension expenses	15 488	8 800	10 223	5 677
Other social expenses	29 387	30 630	9 840	9 101
	135 954	131 282	40 165	34 779
Salaries and fees to members of Board of Directors and managing directors				
Managing director and his deputy	1 775	1 474	197	161
Members and deputy members of Board of Directors	138	138	138	137
	1 913	1 612	335	299

The President and CEO of the parent company has the right to retire at the age of 62.

4. Depreciation

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Depreciation according to plan				
Intangible rights	812	821	309	362
Purchased goodwill	1 557	1 573		
Consolidation goodwill	2 425	1 245		
Other capitalized expenditure	354	227	67	88
Buildings and constructions	5 286	5 315	879	882
Machinery and equipment	29 581	28 124	8 797	7 893
Other tangible assets	97	81	3	3
Total depreciation according to plan	40 112	37 386	10 055	9 228
Depreciation difference			-4 073	-2 162
Total depreciation	40 112	37 386	5 982	7 066
Depreciation difference at beginning of period			30 804	33 100
Depreciation difference			-4 073	-2 162
Depreciation difference on assets sold			25	-134
Depreciation difference at period end			26 756	30 804

5. Financial income and expenses

	Group		Parent company	
	2001	2000	**2001**	2000
Dividend income				
From affiliated companies			23 929	4 733
From associated companies	14	59	14	12
Other	63	110	6	5
Income from non-current financial assets	77	169	23 949	4 750
Other interest and financial income				
Other interest income from affiliated companies			5 363	6 134
Other interest income from others	693	107	90	106
Other financial income	1 326	1 207	1 006	1 023
	2 019	1 314	6 459	7 263
Income from non-current financial assets and other interest and financial income	2 096	1 483	30 408	12 013
Value adjustments of financial investments				
From Group companies			-16 092	
Interests and other financial expenses				
Interest expenses to affiliated companies	-2 793	-1 237	-683	-428
Interest expenses to others	-8 290	-8 784	-7 476	-6 865
Other financial expenses	-358	-1 310	-471	-456
	-11 441	-11 331	-8 630	-7 749
Financial income and expenses total	-9 345	-9 848	5 686	4 264

6. Exchange gains and losses in profit and loss account	Group		Parent company	
	2001	2000	**2001**	2000
Exchange differences on sales				
Exchange differences on derivatives	482	-2 735	-407	-2 735
Other exchange differences	2 062	311	273	235
	2 544	-2 424	-134	-2 500
Exchange differences on purchases				
Exchange differences on derivatives		2 641		2 641
Other exchange differences	-548	-42	12	-23
	-548	2 599	12	2 618
Exchange differences on financing				
Exchange gains				
Realized	964	1 013	960	1 008
Unrealized	361	178	46	15
Exchange losses				
Realized	-287	-311	-281	-293
Unrealized	-41	-34	-41	-24
	997	846	684	706
Exchange gains and losses total	2 993	1 021	562	824

7. Direct taxes				
Income taxes for the period	-9 393	-1 878	-3 548	
Income taxes for previous periods	-338	3 227	-375	-120
Change in deferred taxes				
Change in deferred tax liability	82	-20		
Change in deferred tax receivable	8 981	666		
	-668	1 995	-3 923	-120

In relation to taxation for the companies in Germany and Poland, the deferred tax receivable on tax deductible losses has been included in the 2001 accounts to the extent that such receivables are likely in the near future to give rise to taxable income against which deferred tax receivable can be set. In previous years, the deferred tax receivable has not been included in the accounts.

8. Intangible and tangible assets

Group

	Intangible rights	Goodwill	Consolidated goodwill	Other capitalized expenditure	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Work in progress
Acquisition cost 1 Jan.	5 763	14 496	10 576	2 599	8 805	112 398	397 848	653	4 679
Increases and translation differences during the period	120		1 179	89	-130	739	7 192	32	3 591
Transfers between items						31	2 345	35	-2 411
Decreases during the period	-4					-776	-2 524	-28	
Acquisition cost 31 Dec.	5 879	14 496	11 755	2 688	8 675	112 392	404 861	692	5 859
Accumulated depreciations 1 Jan.	-3 603	-1 973	-3 463	-1 861		-45 782	-227 767	-278	
Accumulated depreciations on transfers and decreases						776	1 598	26	
Depreciation for the period	-812	-1 557	-2 425	-354		-5 286	-29 581	-97	
Accumulated depreciations 31 Dec.	-4 415	-3 530	-5 888	-2 215		-50 292	-255 750	-349	
Book value 31 Dec. 2001	1 464	10 966	5 867	473	8 675	62 100	149 111	343	5 859
Book value 31 Dec. 2000	2 171	12 523	7 113	758	8 805	67 038	166 255	389	4 679

The acquisition cost of fixed assets of companies acquired by the group through share purchases is entered under the group’s accumulated acquisition costs and accumulated depreciation under the group’s accumulated depreciation. The machinery and equipment account includes EUR 144,864,000 for production machinery and equipment.

Parent company

	Intangible rights	Goodwill	Consolidated goodwill	Other capitalized expenditure	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Work in progress
Acquisition cost 1 Jan.	3 133			1 722	259	16 292	95 040	69	148
Increases during the period							2 638		690
Transfers between items							148		-148
Decreases during the period							-462		
Acquisition cost 31 Dec.	3 133			1 722	259	16 292	97 364	69	690
Accumulated depreciations 1 Jan.	-2 365			-1 645		-6 252	-48 107	-28	
Accumulated depreciations on transfers and decreases							397		
Depreciation for the period	-309			-67		-879	-8 797	-3	
Accumulated depreciations 31 Dec.	-2 674			-1 712		-7 131	-56 507	-31	
Book value 31 Dec. 2001	459			10	259	9 161	40 857	38	690
Book value 31 Dec. 2000	768			77	259	10 040	46 933	41	148

The machinery and equipment account includes EUR 40,358,000 for production machinery and equipment.

9. Financial investments

	Shares in affiliated companies	Shares in associated companies	Other shares and participations	Receivables from affiliated companies	Receivables from associated companies	Other receivables	Total
Group							
Acquisition cost 1 Jan.		5 535	286			205	6 026
Increases during the period			150			3	153
Decreass during the period		-556	-126			-205	-887
Book value 31 Dec.		4 979	310			3	5 291
Parent company							
Acquisition cost 1 Jan.	130 359	4 991	285	108 773		205	244 613
Increases during the period	5 062		150	48 378			53 590
Decreases during the period		-1 010	-135	-28 424		-205	-29 774
Book value 31 Dec.	135 421	3 981	300	128 727		0	268 429

10. Receivables from the management

There are no loans receivable from the members of the Board of Directors and the managing director or their deputies.

11. Receivables

	Group		Parent company	
	2001	2000	**2001**	2000
Long-term receivables				
Deferred tax receivable	5 849			
Short-term receivables				
Receivables from others				
Accounts receivable	86 744	86 278	27 059	24 209
Loans receivable				
Other receivables	4 645	15 614	1 010	2 808
Prepayments and accrued income	1 973	2 448	689	982
Receivables from affiliated companies				
Accounts receivable	1 188	2 955	6 985	8 352
Loans receivable	3 988		3 988	
Other receivables	1 924			
Receivables from associated companies				
Accounts receivable	31	22	31	22
Loans receivable	511	538		
	106 854	107 855	39 761	36 374

12. Prepayments and accrued income

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Taxes		16		5
Insurance	135	256	111	235
Leasing	872	1 087		
Other	966	1 089	578	743
	1 973	2 448	689	982

13. Shareholders' equity

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Share capital 1 Jan.	51 000	50 456	51 000	50 456
Increase		544		544
Share capital 31 Dec.	51 000	51 000	51 000	51 000
Share premium account 1 Jan.	48 898	49 442	48 898	49 442
Decrease		-544		-544
Share premium account 31 Dec.	48 898	48 898	48 898	48 898
Legal reserve 1 Jan.	172	134		
Increase/decrease		38		
Legal reserve 31 Dec.	172	172		
Other reserves and retained earnings 1 Jan.	18 404	42 286	26 242	25 481
Dividends		-3 532		-3 532
Transfers to restricted equity				
Change in translation differences	-1 354	-1 021		
Other items	-228	18		
Profit/loss for the financial period	24 072	-19 347	12 636	4 293
Other reserves and retained earnings 31 Dec.	40 894	18 404	38 878	26 242
Shareholders' equity total	140 964	118 475	138 776	126 141
Distributable funds				
Retained earnings	40 894	18 404	38 878	26 242
Untaxed reserves in shareholders' equity	-28 455	-32 937		
Distributable funds	12 439	-14 533	38 878	26 242
Untaxed reserves 31 Dec.	62 959	69 241	26 756	30 804
Deferred tax liability in untaxed reserves	-17 896	-19 696		
	45 063	49 545		
Reserves at the date of acquisition	-16 608	-16 608		
Untaxed reserves in shareholders' equity 31 Dec.	28 455	32 937	26 756	30 804

14. Provisions for liabilities and charges

	1 Jan.	Increase	Decrease	31 Dec.
Group				
Reserve for unemployment costs and similar obligations	2 785	7 164		9 949
Reserve for business termination and restructuring costs	256	245	-256	245
Other items	2 782	621	-215	3 188
	5 823	8 030	-471	13 382
Parent company				
Reserve for unemployment costs and similar obligations	2 732	4 244		6 976
Reserve for effluent disposal	69		-69	
	2 801	4 244	-69	6 976

15. Liabilities

	Group		Parent company	
	2001	2000	**2001**	2000
Long-term				
Non-interest bearing	15 075	18 883		
Interest bearing	154 187	184 377	127 099	155 565
	169 262	203 260	127 099	155 565
Short-term				
Non-interest bearing	77 638	79 334	25 365	21 826
Interest bearing	46 756	74 198	55 772	25 364
	124 394	153 532	81 137	47 190

16. Long-term loans with amartization plan

	Loans from financial institutions	Pension loans	Other loans	Total
Group				
2002	2 716	574		3 290
2003	5 716	552		6 268
2004	92 199	532		92 731
2005	9 804	512		10 316
2006	3 263	366		3 629
2007-	11 312	8 273		19 585
	125 010	10 809		135 819

17. Deferred tax liabilities

	Group		Parent company	
	2001	2000	**2001**	2000
For untaxed reserves	17 896	19 695		
For provisions for liabilities and charges	-2 821	-812		
	15 075	18 883		

18. Long-term liabilities

	Group		Parent company	
	2001	2000	**2001**	2000
Liabilities to others				
Loans from financial institutions	122 294	150 288	121 987	149 879
Pension premium loans	10 235	10 468	5 112	5 686
Deferred tax liabilities	15 075	18 883		
Other interest-bearing liabilities	21 659	23 621		
Other non-interest bearing liabilities				
	169 262	203 260	127 099	155 565

19. Short-term liabilities

	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Liabilities to others				
Loans from financial institutions	2 716	10 382	2 500	1 250
Pension premium loans	574	598	574	598
Advance payments	762	916	740	833
Accounts payable	30 793	30 392	7 300	7 242
Bills of exchange payable	118	180		
Accruals and deferred income	27 917	24 983	7 805	7 202
Other short-term interest-bearing liabilities	3 348	3 413		
Other short-term non-interest bearing liabilities	15 997	18 213	2 081	1 931
Liabilities to affiliated companies				
Accounts payable	1 134	2 969	6 452	4 245
Other short-term interest-bearing liabilities	40 000	59 625	52 698	22 683
Other short-term non-interest bearing liabilities	47	655		
Liabilities to associated companies				
Accounts payable	988	1 206	987	1 206
	124 394	153 532	81 137	47 190

20. Accruals and deferred income	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Accruals of wage, salary and staff costs	7 855	7 716	4 968	4 916
Interests	795	1 111	795	1 111
Accruals of purchases	6 563	5 970		
Insurances	814	228	814	228
Provisions for discounts	6 421	4 770	934	
Others	5 469	5 188	294	947
	27 917	24 983	7 805	7 202

21. Contingent liabilities	Group 2001	Group 2000	Parent company 2001	Parent company 2000
For own liabilities				
Liabilities secured by mortgages				
Loans from financial institutions				
Other loans	1 208	1 167		
Real estate mortgages				
Chattel mortgages	2 440	2 174		
On behalf of Group companies				
Guarantee liabilities	27	28	21 075	22 196
On behalf of others				
Guarantee liabilities		503		
Other liabilities				
As security for own commitments	102	96		
Leasing commitments*				
Payments due in next 12 months	2 693	3 028	720	932
Payments due in subsequent years	3 484	3 501	223	404
Total				
Real estate mortgages				
Chattel mortgages	2 440	2 174		
Guarantees	27	531	21 075	22 196
Other liabilities	102	96		
Leasing liabilities	6 177	6 529	943	1 336
	8 746	9 330	22 018	23 532

* Sum does not include the following leasing liabilities capitalized in the balance sheet

Group	Gross amount 2001	Market value	Unrecognized valuation difference	Gross amount 2000
Liabilities due to open derivative contracts				
Currency derivatives				
Forward agreements	70 842	2 754	1 017	3 887
Options				
Purchased				
Sold				4 000
				4 000
Commodity derivatives				
	26 103			

	Group	
Financial leasing agreements	**2001**	2000
Value of assets in consolidated balance sheet		
Land and water	544	544
Machinery and equipment	2 583	2 984
Buildings	2 090	3 152
	5 217	6 680
Financial lease liabilities		
Short-term	3 124	4 587
Long-term	2 093	2 093
	5 217	6 680
Future leasing payments		
Payments due in next 12 months	1 746	1 805
Payments due in subsequent years	6 439	8 936
Future leasing payments, total	8 185	10 741

Other liabilities

Metsä Tissue's Mariestad mill in Sweden has made a 15-year commitment to purchase process steam from the local energy-generating plant Katrinefors Kraftvärme AB, of which Metsä Tissue owns 50 per cent.

Metsä Tissue Corporation is part of M-real Corporation, a member of the Metsäliitto Group. Metsä Tissue Corporation is the parent company of the Metsä Tissue Group. Annual reports for the Metsäliitto Group and M-real Corporation can be obtained from the companies' head office at Revontulentie 6, Espoo, Finland.

22. Shares and participations

	Domicile	Holdings %	Number of shares	Nominal value 1 000s	Book value 1 000s
Affiliated companies					
Owned by Metsä Tissue Corp.					
Metsä Tissue Holding GmbH	Germany	100.00		126 845 DEM	64 906 EUR
Metsä Tissue Ltd	UK	100.00	100		72 EUR
Metsä Tissue Holding Ab	Sweden	100.00	100 000	10 000 SEK	52 979 EUR
Tissu Canarias S.A.	Spain	63.05	39 092	19 546 ESP	599 EUR
Metsä Tissue Sales S.A.	Poland	100.00	1 000	100 PLN	26 EUR
Metsä Tissue S.A.	Poland	99.72	1 610 438	7 070 PLN	16 831 EUR
Owned by Metsä Tissue Holding AB					
Metsä Tissue AB	Sweden	100.00	2 000 000	200 000 SEK	576 450 SEK
Metsä Tissue A/S	Denmark	100.00	1 000	500 DKK	270 SEK
Metsä Tissue AS	Norway	100.00	6 020	602 NOK	482 SEK
Owned by Metsä Tissue Holding GmbH					
Metsä Tissue GmbH	Germany	100.00		22 520 DEM	52 440 EUR
Metsä Tissue Immobilienverwaltungs GmbH	Germany	100.00		50 DEM	29 EUR
Metsä Tissue S.A.R.L.	France	99.97	3 099	1 550 FRF	315 EUR
Owned by Metsä Tissue GmbH					
Halstrick Polska Sp. Zo.o.	Poland	100.00		1 460 PLN	326 EUR
Halstrick Transportgesellschaft GmbH + Co. KG	Germany	100.00		190 DEM	153 EUR
Strepp France S.A.R.L.	France	100.00	149	50 FRF	20 EUR
Associated companies					
Owned by Metsä Tissue Corp.					
Mäntän Energia Oy	Finland	25.00	1 000	500 FIM	84 EUR
Ultimatic Systems GmbH	Switzerland	46.67	70	70 CHF	1 908 EUR
Zaklady Papiernice w Krapkowicach S.A.	Poland	24.79	461 506	4 616 PLN	1 981 EUR
Owned by Metsä Tissue AB					
Papperåtervinnings AB*	Sweden	33.00	333	33 SEK	75 SEK
Katrinefors Kraftvärme AB*	Sweden	50.00	250	250 SEK	250 SEK
Other shares and holdings					
Owned by Metsä Tissue Corp.					
Housing companies					146 EUR
Other					171 EUR
Owned by affiliated companies					
Owned by Metsä Tissue AB					100 SEK
Owned by Metsä Tissue GmbH					105 EUR

* The companies are not included in the consolidation of associated companies.

Calculation of key ratios

Return on equity, % $$= \frac{\text{Profit before extraordinary items - direct taxes}}{\text{Shareholders' equity + minority interest (average)}}$$

Return on capital employed, % $$= \frac{\text{Profit before extraordinary items + interest expense, net exchange gains/losses and other financial expenses}}{\text{Total assets - interest-free liabilities (average)}}$$

Equity ratio, % $$= \frac{\text{Shareholders' equity + minority interest}}{\text{Total assets - advance payments received}}$$

Gearing ratio, % $$= \frac{\text{Interest-bearing liabilities - liquid assets}}{\text{Shareholders' equity + minority interests}}$$

Earnings per share $$= \frac{\text{Profit before extraordinary items - minority interest - direct taxes}}{\text{Adjusted number of shares (average)}}$$

Shareholders' equity per share $$= \frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at 31 Dec.}}$$

Dividend per share $$= \frac{\text{Dividend}}{\text{Adjusted number of shares at 31 Dec.}}$$

Dividend per profit, % $$= \frac{\text{Dividend per share}}{\text{Earnings per share}}$$

Dividend yield, % $$= \frac{\text{Dividend per share}}{\text{Share price at 31 Dec.}}$$

Price/earnings (P/E) ratio $$= \frac{\text{Adjusted share price at 31 Dec.}}{\text{Earnings per share}}$$

Adjusted average share price $$= \frac{\text{Total traded volume of shares (EUR)}}{\text{Total adjusted traded volume of shares (units)}}$$

Market capitalization = Number of shares x market price at 31 Dec.

Cash flow from operations = Cash flow from operations in cash flow statement

Five years in figures

Profit and loss account (MEUR)	**2001**	2000	1999	1998	1997*
Turnover	649.6	609.2	585.7	342.7	318.4
Other operating income	5.2	5.5	4.0	2.6	1.8
Interests in associated companies	-1.2	-1.0	-0.2	-0.1	-0.1
Operating expenses	577.0	588.2	539.8	303.6	275.5
Depreciation according to plan	40.1	37.4	33.5	16.8	15.4
Operating profit/loss	36.5	-11.9	16.2	24.8	29.3
Interest and other financial expenses, net	-9.3	-9.8	-7.1	-0.7	-0.4
Profit/loss before extraordinary items	27.1	-21.7	9.1	24.1	28.9
Extraordinary items			-1.9	0.0	0.0
Profit/loss before taxes and minority interest	27.1	-21.7	7.2	24.1	28.9
Direct taxes	-0.7	2.0	-6.5	-8.5	-8.3
Profit/loss for the period before minority interest	26.5	-19.7	0.7	15.6	20.5
Minority interest	2.4	-0.4	-0.7	-1.8	0.0
Profit/loss for the period	24.1	-19.3	1.4	17.4	20.5
Balance sheet (MEUR)					
Total assets	448.4	483.0	473.5	462.3	242.5
Shareholders' equity	141.0	118.5	142.3	142.0	137.6
Minority interest	0.3	1.9	2.1	2.7	8.3
Interest-bearing liabilities, short-term	46.8	74.2	32.2	87.5	11.6
long-term	154.2	184.4	186.1	118.6	11.2
Interest-free liabilities, short term	77.6	79.3	81.4	80.1	62.3
long-term	15.1	18.9	19.9	23.0	11.6
Net interest-bearing liabilities					
Interest-bearing liabilities, total	200.9	258.6	218.3	206.1	22.7
Cash and equivalents	22.3	18.9	16.7	20.7	21.5
Other interest-bearing assets	4.5	0.5	9.7	1.8	0.6
Net interest-bearing liabilities, total	174.1	239.2	200.9	183.6	0.6
Return on capital employed and financial situation					
Return on equity, %	20.2	-14.9	1.8	10.8	15.1
Return on capital employed, %	10.3	-3.1	4.6	10.0	19.2
Operating profit/loss, % of turnover	5.6	-1.9	2.8	7.2	9.2
Cash flow from operations	85.7	-15.4	22.7	38.0	25.0
Gearing, %	123.2	198.8	139.1	126.8	0.4
Equity ratio, %	31.5	24.9	30.5	31.3	60.2
Other information					
Capital expenditure	21.1	22.7	32.8	145.2	27.3
Investments, % of turnover	3.2	3.7	5.6	42.4	8.6
Employees, average	3 000	3 205	3 459	2 580	1 725
Employees at 31 Dec.	2 923	3 048	3 355	3 687	1 591
Share-related indicators					
Earnings/loss per share, EUR	0.80	-0.64	0.11	0.58	0.68
Shareholders' equity per share, EUR	4.70	3.95	4.74	4.73	4.59
Adjusted no. of shares, average, 1 000	30 000	30 000	30 000	30 000	30 000
Dividend per share, EUR	0.10**	-	0.12	0.24	0.24
Dividend/profit, %	12.5	0.0	109.1	41.4	34.6
Dividend yield, %	1.14	0.00	0.94	2.98	2.67
Price/earnings (P/E) ratio	10.96	neg.	116.36	13.62	12.90

* The figures for 1997 in this report have been calculated as if the restructuring of the Group on 30 September 1997 had been in force since 1 January 1997.

** Board of Directors' proposal to the Annual General Meeting.

Board of Directors´ proposal for the distribution of profit

The unrestricted shareholders´ equity of the Group at 31 December 2001 is EUR 40,894,000. Funds available for distribution as profit are EUR 12,439,000. The parent company´s distributable unrestricted shareholders´ equity is EUR 38,877,749.11. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0,10 per share be distributed for the financial period ending 31 December 2001.

Espoo, 5 February 2002

Antti Oksanen

Arimo Uusitalo

Ari Heiniö

Jouko M. Jaakkola

Curt Lindbom

Jussi Länsiö

Hannu Anttila
President and Chief Executive Officer

Auditor´s report

TO THE SHAREHOLDERS OF METSÄ TISSUE CORPORATION

We have audited the accounting, the financial statements and the corporate governance of Metsä Tissue Corporation for the period 1 January - 31 December 2001. 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 Managing Director. 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. These standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies´ Act.

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´s 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 Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable assets is in compliance with the Companies´ Act.

Helsinki 14 February 2002

SVH Pricewaterhouse Coopers Oy
Authorized Public Accountants

Göran Lindell
Autohorized Public Accountant