OWNERSHIP STEERING
GOVERNMENT OFFICE

2010 Annual Report of the Ownership Steering Department in the Prime Minister's Office

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1 Preface by the Minister

Year 2010 was a period of budding growth following the severe recession. While a number of encouraging signals were discernible in Finland, we failed to reach the highest rankings in international comparisons. As an export driven-country, we are dependent on the changes in the global economy. This was also reflected in the performance of State-owned companies.

Even though the State, as an owner, refrained from major changes in its direct shareholdings during the past year, a number of minor arrangements were made. Governia Oy acquired a minority interest in Raskone Ltd and its wholly-owned subsidiary Easy Km Ltd in its entirety. The State sold its minority holding in Silta Oy to Sampo plc. Additionally, Labtium Oy was re-established as a subsidiary of VTT Expert Services Ltd.

Solidium Oy, a company founded to administer holdings in listed companies in which the State held a minority interest, invested in Tieto Corporation and sold part of its shares in Sponda Plc and all the shares in Tikkurila Oyj. Solidium had become a minority shareholder in Tikkurila when it demerged from Kemira and was listed as an independent company.

Solidium's establishment was one of the most significant achievements during the electoral period. A highly skilled and strong Finnish owner, the company underlines the importance of head offices and product development to Finland.

Financially, the positive trend held up during the past year reflecting the developments in the economy in general. The market capitalisation of the State's portfolio grew and income from dividends developed favourably. While the total dividend yield fell slightly short of the 2009 level, it was still at par with the revenues generated by the companies on the main list of the Nasdaq OMX Helsinki Stock Exchange.

The preceding electoral period was the first time when centralised ownership steering was exercised. To many people, it came as a surprise that ownership steering was from to time over-politicized as a result of centralisation. Throughout the electoral period, the State pursued a predictable and transparent long-term policy even though political pressures were exerted in an attempt to influence the business operations of the companies. This is contrary to the ownership policy practised over the past 20 years and at variance with the equal treatment of shareholders required under the Limited Liability Companies Act.

The future will pose new challenges to ownership steering. As an owner, the State must give due consideration for the changing needs of on-budget activities and make use of the tools available to an owner to support the companies in attaining the growth objectives established for the 2010s. I believe that past experiences will guide us in taking the right decisions to promote entrepreneurship, growth and development throughout Finland.

Jyri Häkämies
The Minister responsible for Ownership Steering
May 2007 – May 2011

2 Introduction

This annual report provides an overview of State ownership steering in companies for which the State Ownership Steering Department in the Prime Minister's Office was responsible in 2010.

At the beginning of 2010, the State Ownership Steering Department was responsible for such steering in respect of 29 companies, of which three were listed companies and two with a special mission (Solidium Oy and Governia Oy). Two new State-owned companies commenced operations at the beginning of 2010, namely Opetusalan koulutuskeskus Educode Oy and Suomen Lauttaliikenne Oy, in respect of which responsibility for ownership steering rests with the Prime Minister's Office. Additionally, the State owns 17 companies with a special mission where responsibility for ownership steering lies with the ministries responsible for the fields of activity that the companies are engaged in. HAUS Kehittämiskeskus Oy (Finnish Institute of Public Management) was converted into a State-owned in-house company through the enactment of a specific law on 1 January 2010 and transferred to the Ministry of Finance's administrative sector. The State enterprise Finavia was re-incorporated as Finavia Corporation as of the beginning of 2010.

During 2010, the State divested its holdings in Silta Oy and transferred its holdings in Labtium Oy to the Technical Research Centre of Finland VTT. In December 2010, ownership steering in respect of Helsinki Business and Science Park Oy Ltd was reassigned from the Ministry of Education and Culture to the Prime Minister's Office. Consequently, at the end of 2010, the State Ownership Steering Department administered State shareholdings in a total of 28 companies, three of which were listed. At the end of the year, the number of special-mission companies for which other ministries were responsible was 17 as the State sold its stake in Suomenlinnan Liikenne Oy in 2010 and as a new State-owned limited company called Certia Oy commenced operations at the beginning of May 2010. Originally established as a government agency in 2008, Certia the Service Center of Universities was incorporated as a limited company as part of the university reform.

From the autumn of 2009, Solidium Oy has been included in the Ownership Steering Department's reports in connection with the portfolio analysis. Solidium publishes its own annual report. Its first full financial year was 1 July 2009 to 30 June 2010. Additionally, Solidium publishes an interim report for the period 1 July to 31 December.

3 State ownership steering

3.1 Goals of ownership steering

As an owner, the State seeks to maximise the overall financial and social benefit in the management of its assets. In market-based companies, the purpose of State ownership steering is to achieve the best possible financial result at any given time. This is evaluated in terms of profitability and the long-term growth of shareholder value. In companies entrusted with special State assignments, the State as an owner has primarily social goals, although it is also a general goal that operations are profitable.

At the same time, the management of State holdings must be controllable and enjoy public confidence - the basis for this being that the State acts as a consistent and predictable owner whose holdings contribute to the long-term development of the company involved.

Aside from consistency, the activities of the State as an owner must be as transparent as possible. Its policies must enjoy confidence on the securities market in order to ensure that the State's involvement as a major owner will not diminish the value of the listed companies included in its investment portfolio. At the same time, the business associates and competitors of market-based companies must be able to trust that the companies enjoy no special privileges because of State shareholdings.

Additionally, State ownership steering must be exercised in a manner that permits contacts between the companies and the State in its capacity as a major owner. However, transparency must be accompanied by strict compliance with insider trading rules; meticulous treatment of companies' plans and business secrets; and non-disclosure of the State's business secrets concerning the management of its ownership policy.

3.2 Framework for ownership steering

The State's actions as an owner are governed by the State Shareholdings and Ownership Steering Act (1368/2007, hereinafter 'Ownership Steering Act') enacted at the beginning of 2008. The Ownership Steering Act governs the State's actions as an owner in all companies, both listed and non-listed alike.

More generally, State ownership steering and the activities of State-owned companies are regulated by the principle that the State, in its capacity as an owner, shall comply with the laws enacted by the State, in its capacity as legislator, and that all the companies wholly or partially owned by the State shall abide by the same norms as Finnish companies with a different ownership base.

Consequently, the State ownership policy and related norms and decisions apply, a priori, equally to listed and non-listed companies. While the State ownership policy is consistent, there are significant differences in the exercise of ownership steering between listed and non-listed companies since ownership steering must give due consideration to the public disclosures, securities market legislation and related application rules as well as the large number of owners associated with listed companies.

Another difference between these two types of companies is that some of them perform a specific special function assigned by the central Government; the company may thus focus on fulfilling such a special function as well and as efficiently as possible rather than aiming at maximum financial performance. However, most of the companies operate on market terms and seek to generate a profit. As all the listed companies operate purely on a market basis, no distinction is made between them in terms of regulation or principles of ownership steering based on the size of the State holding.

As well as applicable legislation, State ownership steering is governed by the Government Programme and resolutions and the positions adopted by the Cabinet Committee on Economy Policy.

From the point of view of daily ownership steering activities, the key document is the 'Resolution on State Ownership Policy' passed by the Government in June 2007, which outlines the main principles and operating practices of the State's ownership steering. The resolution is to be complied with in ownership policy decision-making and in the discharge of related duties.

The opinions issued by the Cabinet Committee on Economic Policy also include the statements on competitive remuneration at State-owned and associated companies. The statement is applied when the State determines its position on the arrangements to be made at market-based State-owned companies. Where possible, the same policies are pursued in respect of the State's associated companies. Responsibility for application of, and compliance with, this instruction in respect of the State rests with the Board of Directors. The latest instruction on such remuneration was issued in September 2009.

3.3 Key events in ownership steering

At the beginning of 2010, a new State-owned company, Opetusalan koulutuskeskus Educode Oy, was established to carry on the operations of Opeko, the National Centre for Professional Development in Education. The State owns the entire share capital of Educode Oy. Responsibility for ownership steering in respect of the company was transferred from the Ministry of Education and Culture to the Prime Minister's Office. Educode Oy is a company of experts specialised in personnel and organisation development. It provides educational, consulting and development services including support and additional services in related fields.

In December 2009, the Government in general session passed a resolution on the partial demerger of Destia Ltd to spin off its ferry operations in order to create an independent company wholly and directly owned by the State. Suomen Lauttaliikenne Oy, which commenced operations on 1 January 2010, operates ferry and water transportation services in Meri-Suomi and Järvi-Suomi.

In September 2010, the State exercised its right of first refusal to buy shares in Raskone Ltd. The shares representing a 15% interest in the company were acquired by Governia Oy, a wholly State-owned company.

A restructuring of ownership was carried out between State-owned companies in November when Raskone Ltd sold all the shares in its wholly owned company Easy Km Ltd to Governia Oy. Easy Km offers leasing financing and administrative services for commercial vehicles and company cars. Most of its customers represent the public-sector.

In December, the State sold its shares in Silta Oy, equivalent to 10.14 per cent of the company's share capital and votes, to Sampo plc, another shareholder in the company. Silta Oy provides payroll, pension foundation, pension fund and personnel fund management services; recruitment and outplacement services; and specialist services for human resources management.

In December 2010, the State-owned Labtium Oy was transferred to VTT Expert Services Ltd, a fully state-owned company, as a contribution in kind. VTT Expert Services Ltd is administered by the Technical Research Centre of Finland VTT. The purpose of the restructuring was to create a more competitive laboratory company with a wider range of activities, while improving Labtium's capabilities to respond to the demand for laboratory services in the mining and mineral extraction sector.

In 2010, the dividends paid to the State by the companies in respect of which ownership steering is exercised by the Ownership Steering Department in the Prime Minister's Office totalled EUR 863.2 million (EUR 593.8 million in 2009). The cash dividends and capital repayments paid to Solidium by the companies transferred to Solidium amounted to EUR 338 million in 2010 (EUR 311 million). Additionally, Solidium received sharedividends to a value of EUR 102 million. The dividends received by the State in 2010 include dividends from Solidium in the amount of EUR 356.0 million. Solidium did not pay any dividends to the State in 2009. Of the dividends received by Solidium in 2009, EUR 7 million was reinvested in the purchase of shares in Elisa Corporation and a total of EUR 106 million in the share issues launched by Sponda and Kemira. Additionally, funds were used to cover Solidium's establishment costs and set aside for potential future share purchases. Of all the companies in respect of which ownership steering is exercised by the Prime Minister's office, the biggest dividends in 2010, on cash basis, were received from Fortum amounting to EUR 450.9 million (EUR 450.9 million) and Neste Oil amounting to EUR 32.1 million (EUR 102.8 million). A total of 11 non-listed companies paid dividends to the

State in 2010 totalling EUR 24.1 million. Of these, the biggest dividends were received from Gasum Corporation, 10.5 million and Vapo Oy, EUR 6.0 million. In 2009, seven of the non-listed companies paid dividends to the State, the total being EUR 30.5 million. Of these, the biggest dividends were received from Itella, EUR 10.0 million, Vapo, EUR 7.2 million and Destia, EUR 4.6 million.

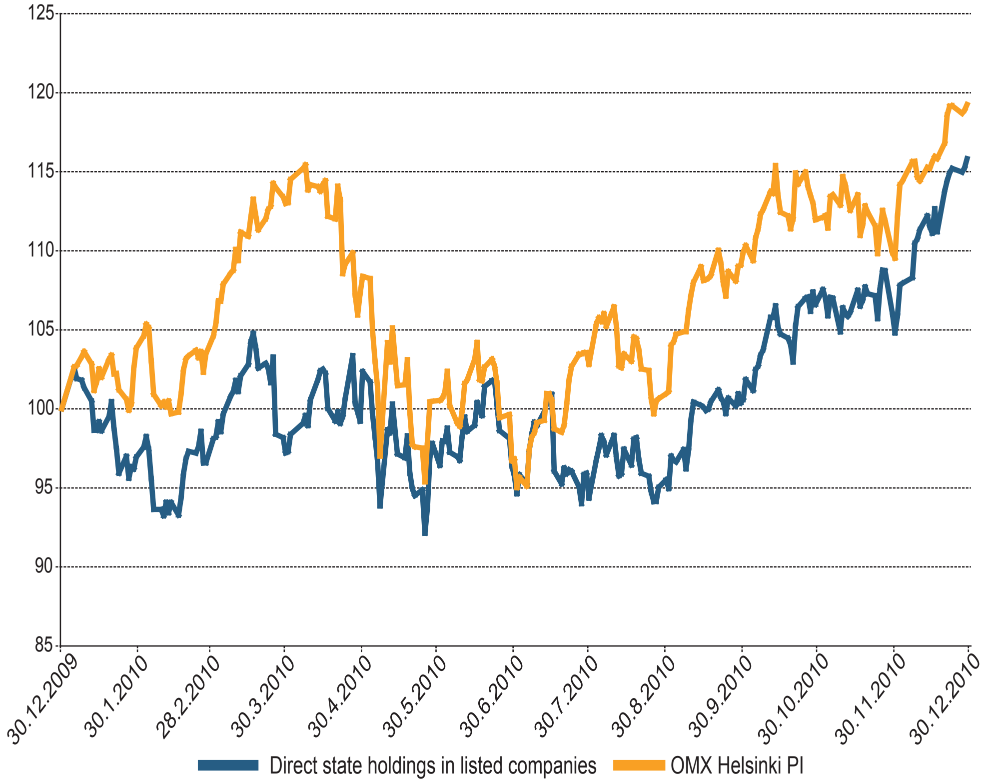
4 State's share portfolio

This section provides an analysis of the State's share portfolio during 2010. Solidium Oy's share portfolio is also discussed in its company review in Section 5.

4.1 Movement in the market capitalisation of the portfolio

Share prices in the Nasdaq OMX Helsinki Stock Exchange continued to rise in 2010 with the general index going up by nearly 19%. During 2010, the combined market capitalisation of the State's direct holdings in listed companies increased from EUR 10.4 billion to EUR 12.1 billion, or 15.7%. No changes took place in the State's direct holdings in listed companies in 2010.

Figure 1: Movement in the market capitalisation of State's direct holdings in listed companies and the Nasdaq OMX Helsinki Stock Exchange general index in 2010



Fortum's share price developed favourably in 2010 increasing by 19% while Finnair's share price went up by 34%. In contrast, Neste Oil performed less vigorously with the share price falling by 3.8%.

Table 1a: Direct state holdings in listed companies at 31 Dec 2010 and 31 Dec 2009

	31.12.2010			31.12.2009		
	State shareholding %	Market value of holding €m	Weight in portfolio, %	State shareholding %	Market value of holding €m	Weight in portfolio, %
Finnair	55.8%	360.4	3%	55.8%	268.2	3%
Fortum	50.8%	10,159.5	84%	50.8%	8,554.2	82%
Neste Oil	50.1%	1,535.1	13%	50.1%	1,595.5	15%
Total		**12,055.0**			**10,417.8**	

Table 1b: Indirect state holdings in listed companies through Solidium at 31 Dec 2010 and 31 Dec 2009

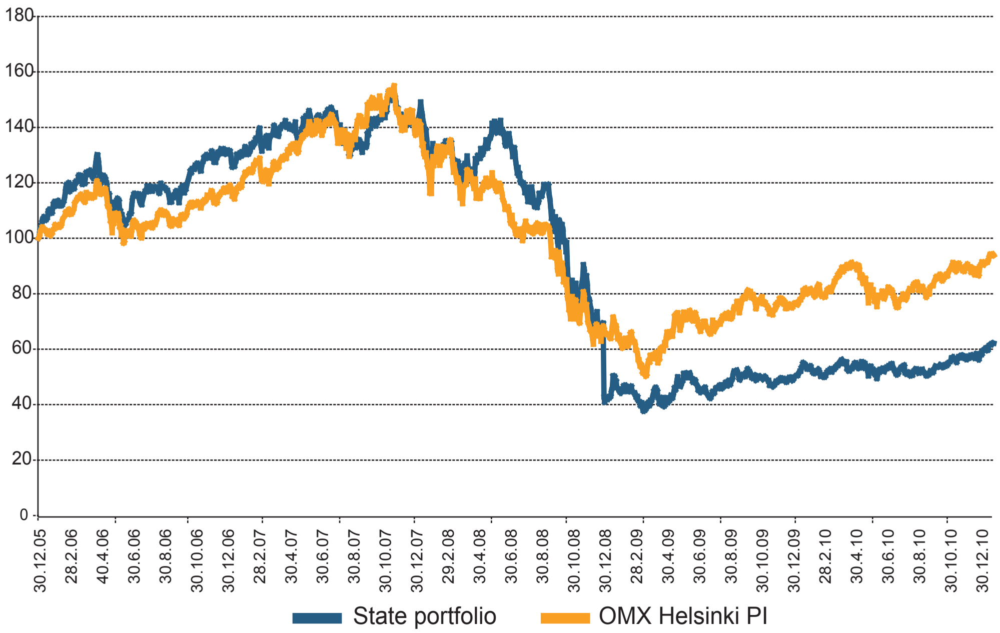
	31.12.2010			31.12.2009		
	Solidium's shareholding %	Market value of holding €m	Weight in portfolio, %	Solidium's shareholding %	Market value of holding €m	Weight in portfolio, %
Elisa	10.1%	273.4	3%	10.0%	265.4	3%
Kemira	16.7%	303.0	3%	16.7%	269.1	3%
Metso	10.4%	656.1	7%	10.4%	386.6	5%
Outokumpu	30.9%	783.4	8%	31.0%	748.4	10%
Rautaruukki	39.7%	974.5	11%	39.7%	898.3	11%
Sampo	14.1%	1,589.6	17%	14.1%	1,349.3	17%
Sponda	15.2%	163.6	2%	34.3%	259.8	3%
StoraEnso	12.3%	758.2	8%	12.3%	527.7	7%
TeliaSonera	13.7%	3,669.0	40%	13.7%	3,123.8	40%
Tieto	10.3%	105.0	1%			
Total		**9,275.7**			**7,828.4**	

Major changes in Solidium's share portfolio included the listing of Tikkurila Oyj in the Nasdaq OMX Helsinki Stock Exchange in spring 2010 and divestment of holdings in the company in December 2010; acquisition of a 10% interest in Tieto Corporation by Solidium in spring 2010; and the sale of a 19% interest in Sponda Plc.

The movement in the market capitalisation of the State's portfolio during 2006–2010 is captured in Figure 2 showing a significant fall in the value of direct holdings in listed companies in the latter half of 2008. This is mostly due to an overall decline in share prices as a result of the economic downswing and the fact that the State's shareholdings in eight non-strategic listed companies were transferred to Solidium Oy, a wholly State-owned company, on 11 December 2008. Direct holdings were retained in the strategically significant listed companies Finnair

Plc, Fortum Corporation, and Neste Oil Corporation. As a result, the movement in market capitalisation over the past five years presented in the following figures is not fully comparable over the entire reporting period.

Figure 2: Movement in the market capitalisation of the State's listed share portfolio and the Nasdaq OMX Helsinki general index in 2006–2010



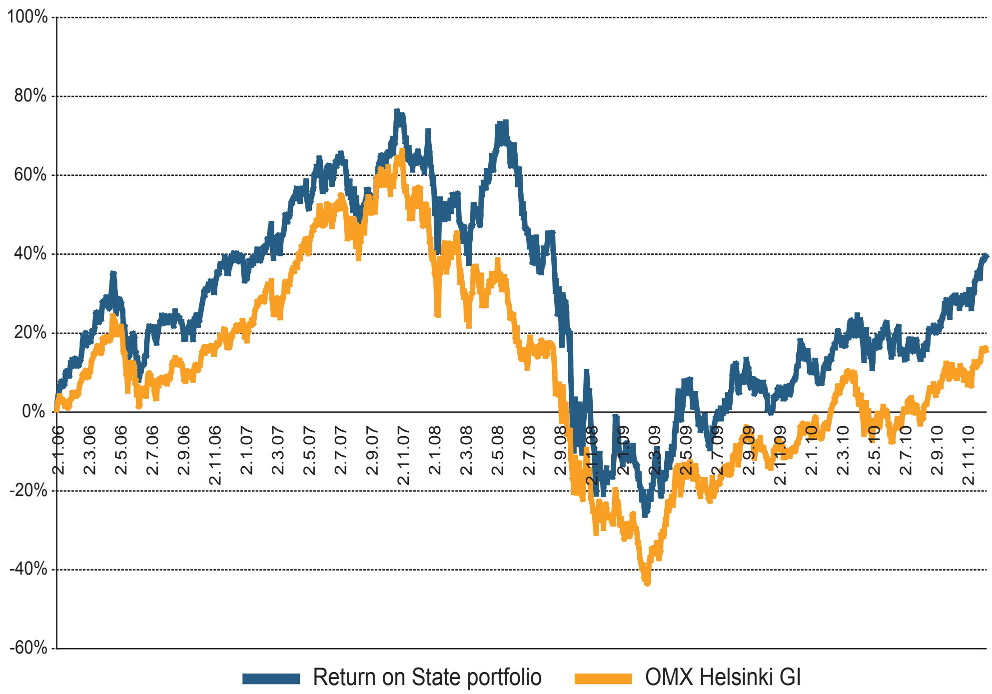
4.2 Return on the shares in listed companies

Figure 3 illustrates that the cumulative returns on direct State holdings in listed companies[1] exceeded the Nasdaq OMX Helsinki gross index during 2006–2010. In 2010, the return on State's portfolio of shares held directly in listed companies was 21.2% while the gross index over the same period reached 23.5%.

An analysis of the State's current direct holdings shows that cumulative return over 2006–2010 was 44%. Fortum performed well during the measurement period generating a cumulative return of 89.4%. In contrast, the returns from Finnair and Neste Oil remained negative.

1 Solidium-held companies are included in the calculation up until 11 December 2008, Elisa up until 11 June 2009.

Figure 3: Cumulative return on State's listed share portfolio during 2006–2010



4.3 Movement in the market capitalisation and total enterprise value of listed companies relative to industry average

Figure 4 illustrates the movement in the total enterprise value and market capitalisation of listed companies relative to the industry average. Total enterprise value has been determined with due regard to the change in market capitalisation, dividends paid and contributions of capital that reduce the total enterprise value.

The movement in the total enterprise value of the company can be read on the y-axis, the starting level being the horizontal 100-point line. If a company has generated positive enterprise value, it appears above the 100-point line.

The movement in the company's share price relative to the rest of the industry[2] can been seen on the x-axis, the starting level being the vertical 100-point line. If the share price outperforms the rest of the industry, the company appears to the right of the 100-point line. The best performers are shown in the top right-hand corner of the matrix and the poorest performers in the bottom left-hand corner.

Sampo, Fortum, Sponda, Elisa, TeliaSonera and Metso achieved an increase in market capitalisation exceeding the industry average.

2 See Annex 2 for the reference indices used.

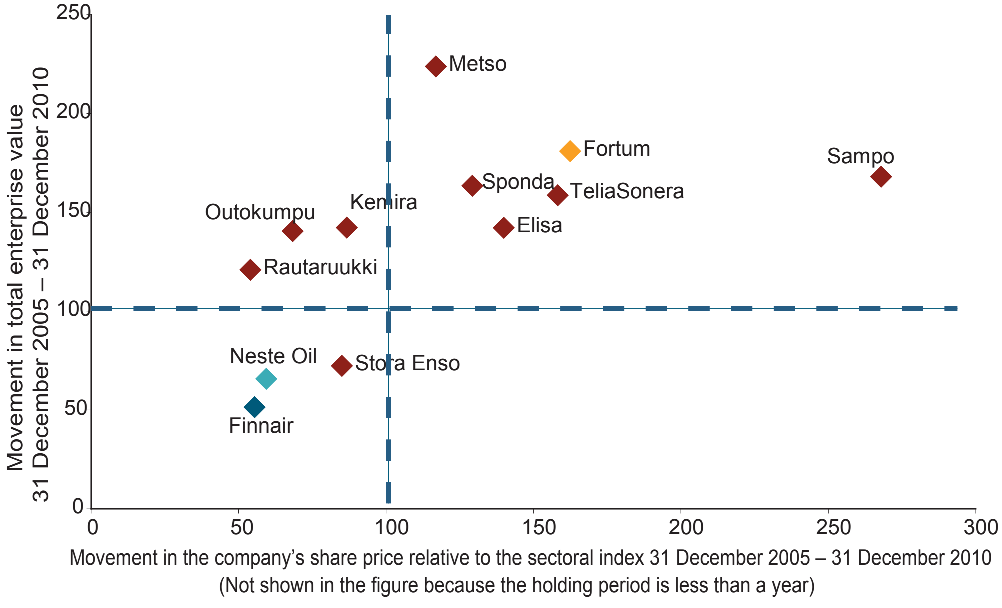
In contrast, the movement in the total enterprise value of StoraEnso, Finnair and Neste Oil was negative. Moreover, the change in the market capitalisations of these companies fell short of the industry index.

Underlying the solid increase in Fortum's total enterprise value are the positive movement in its market capitalisation and the dividends paid by the company. At the end of 2010, the company's market capitalisation was 44% higher than at the beginning of the measurement period. Total dividends paid by the company over the period exceed EUR 5 billion. Fortum's market capitalisation has exceeded the industry average practically throughout the entire measurement period.

Finnair's share price, just like the share prices throughout the entire industry, was depressed by the reduced demand for business travel services due to the financial crisis. While the fall in the share price was reversed during 2010, the company's market capitalisation still remains substantially below the level prevailing at the beginning of the measurement period. Another factor impeding the growth in total enterprise value is that Finnair has not paid any dividends since 2007 combined with the share issue launched at the end of 2007, by which Finnair sought to finance its growth strategy.

Neste Oil's total enterprise value has been negatively affected by a falling share price as well as lower dividends. At the end of 2010, the company's market capitalisation was 50% lower than at the beginning of the measurement period. The movement in Neste Oil's market capitalisation has lagged behind the industry index since the first quarter of 2008.

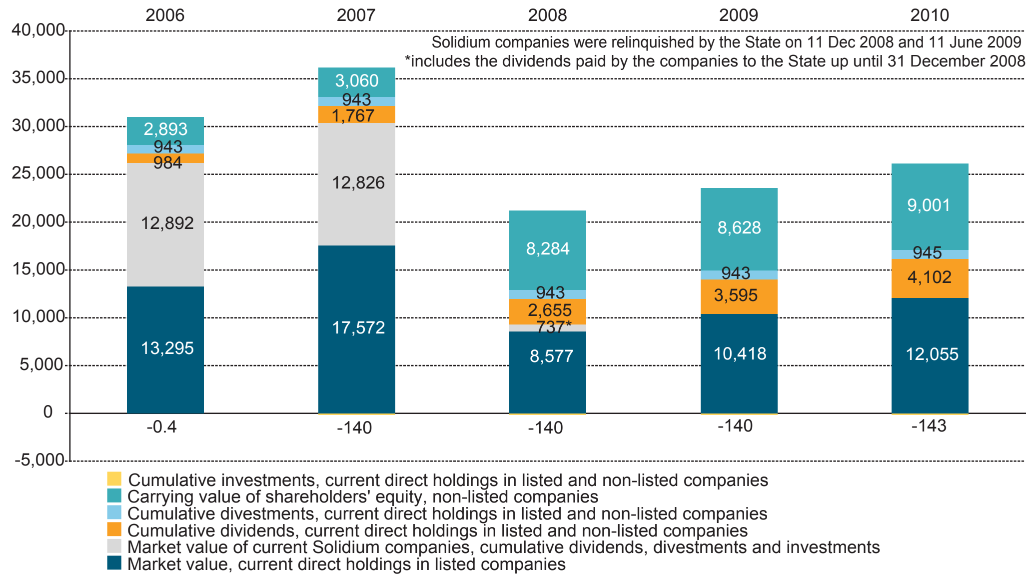
Figure 4: Movement in total enterprise value and market capitalisation of companies with direct state holdings and Solidium-owned companies



4.4 Movement in the total value of the portfolio during 2006–2010

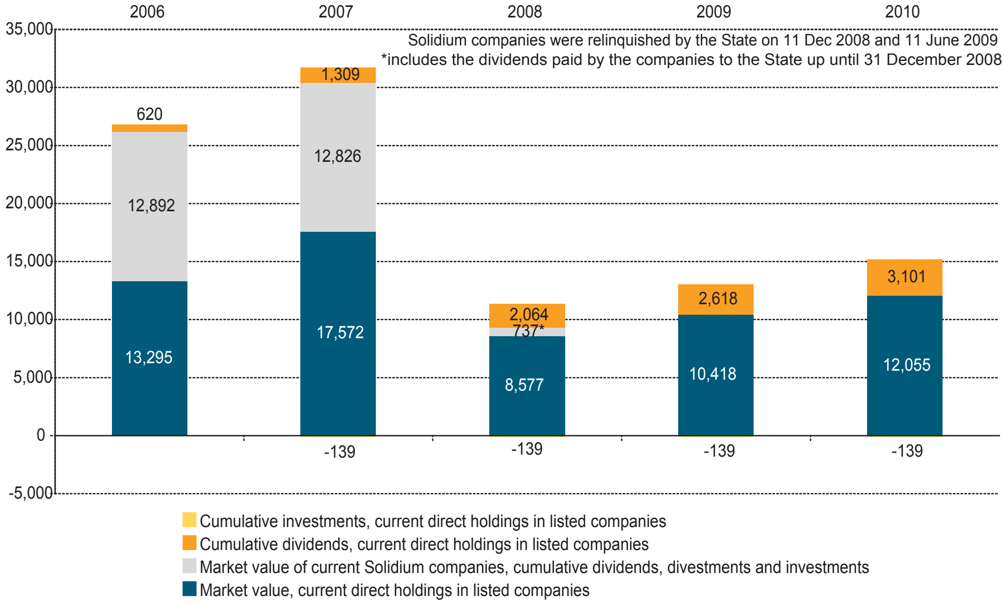
Figure 5 shows the movement in the entire State share portfolio during 2006-2010 including listed and non-listed companies. For listed companies, the value of shareholders' equity has been determined according to market value, and for non-listed companies according to carrying value. Dividends are recognised on a cash basis. The total value of the portfolio is reduced by the investments made by the State.

Figure 5: Movement in the total value of the portfolio during 2006–2010, EUR million



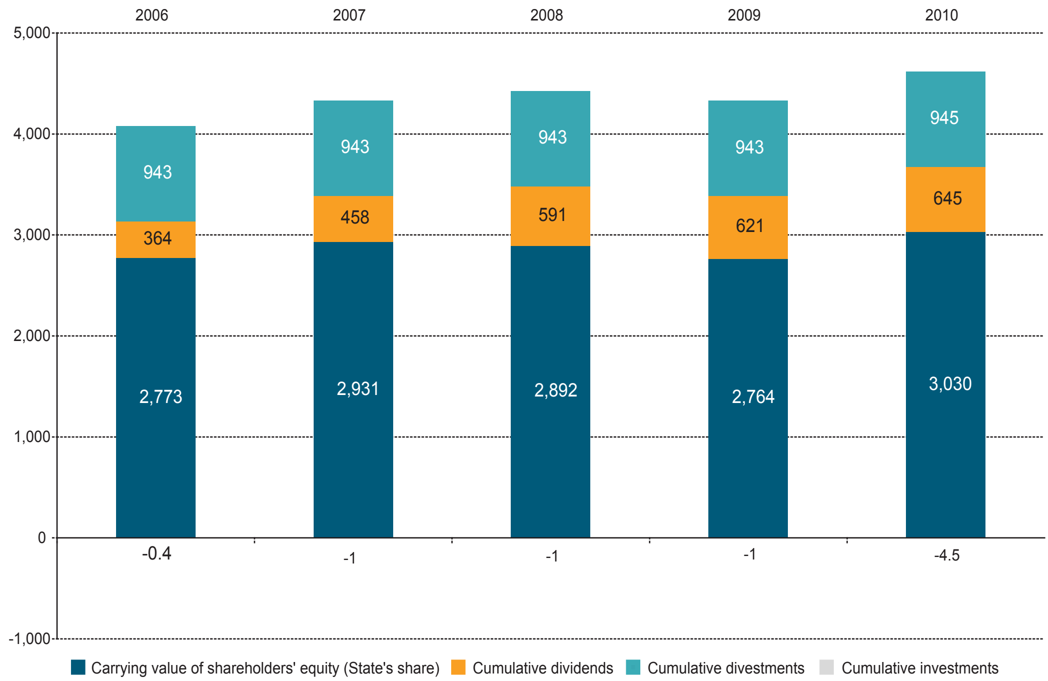
At the end of 2010, the market capitalisation of the State's direct holdings in listed companies was EUR 1.2 billion lower than at the end of 2006. No shares in the companies in which the State held direct holdings were sold during the measurement period. Of the directly held listed companies, the State reinvested EUR 139 million by participating in Finnair's share issue in 2007. Sales of shares in Solidium-held companies totalled EUR 970 million during the measurement period. Additionally, the State sold its interest in Kemira GrowHow for EUR 207 million in 2007 and the shares in OMX Plc for EUR 43 million in 2008. Of the existing Solidium-held companies, the State has injected a total of EUR 264 million in capital during 2006–2008 by investing in Sponda's share issue in 2007 and by purchasing Elisa Corporation shares from Varma Mutual Pension Insurance Company.

Figure 6: Movement in the total value of the State's portfolio of shares held directly in listed companies during 2006–2010, EURm



The movement in the market capitalisation of the non-listed companies included in the State's share portfolio is presented in figure 7. The carrying values of Governia Oy's and Solidium Oy's equity are not included in the figures because of the special nature of the companies. The sale of Kapiteeli Oy in 2006 accounts for a major portion of the cumulative sales proceeds (EUR 943 million) from the divestment of non-listed companies. In 2010, the State sold its interest in Silta Oy for EUR 1.4 million. From 2006 to 2010, the non-listed companies paid the State total dividends of EUR 645 million. The low dividends paid in 2009 and the companies' improved financial performance in 2010 increased the carrying value of the shareholders' equity to over EUR 3 billion.

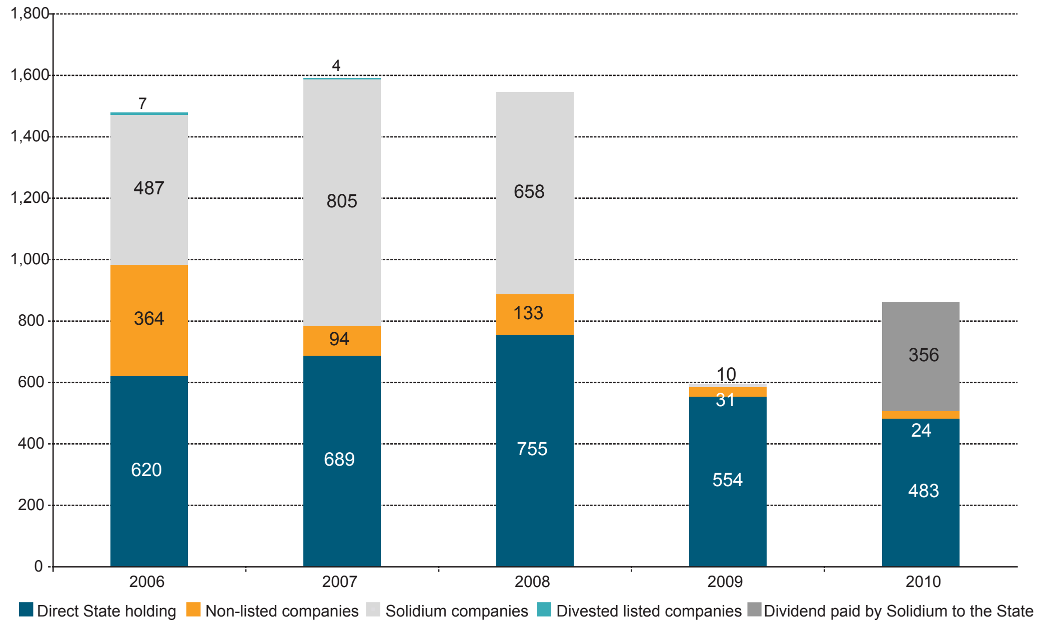
Figure 7: Movement in the total enterprise value of non-listed companies during 2006–2010, EUR million



4.5 Dividend yield and payout ratio

Over the past five years, the cash dividends paid by market-based companies in which the State has holdings have developed as indicated in Figure 8. As a result of the EUR 356 million dividend paid by Solidium, the aggregate dividends received by the State in 2010 increased year-on-year. However, the dividends from directly held listed companies fell by EUR 70.7 million because of the substantial drop in Neste Oil's dividends. The dividend paid by Fortum remained at the same level as in 2009. Similarly, the aggregate dividends paid by non-listed companies declined from EUR 31 million to EUR 24 million mainly because Itella and Destia did not pay any dividends in 2010.

Figure 8: Cash dividends received by the State during 2006–2010, EUR million



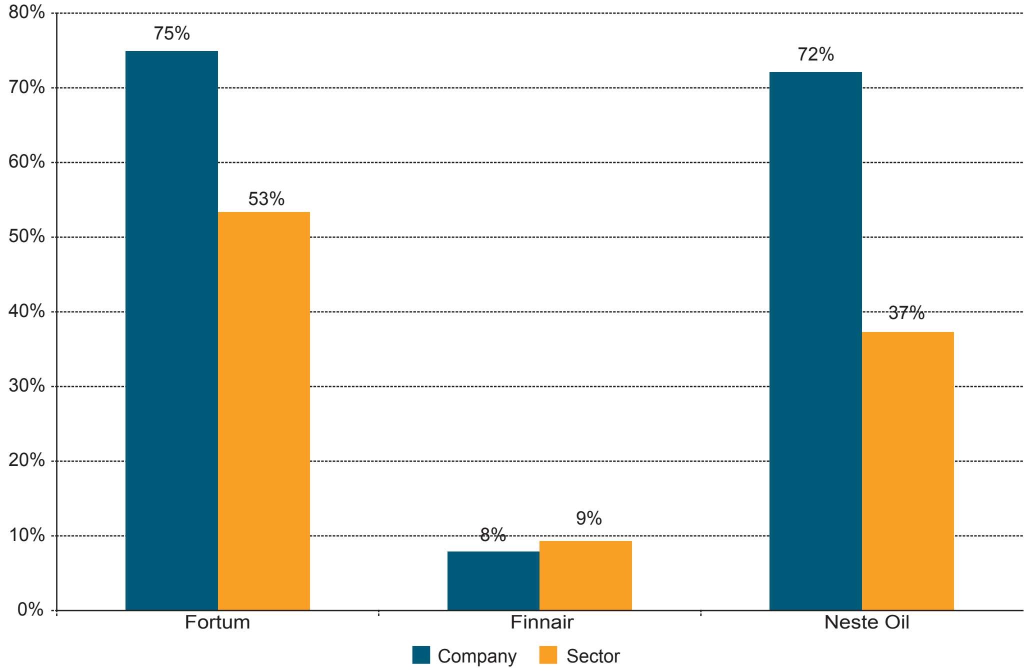
The aggregate dividends paid to the State in spring 2011 by listed companies included in the State's share portfolio out of the profits earned for 2010 amounted to EUR 496 million (up 3%). The financial performance of the companies in this portfolio improved by 5.2% in 2010 while their market capitalisation increased by 15.7% on the year before. As a result, dividend yield (4.1%) from the listed companies in the State's share portfolio for 2010 fell slightly relative to 2009 (4.6%). The dividend yield from the main-list companies on the Nasdaq OMX Helsinki Stock Exchange was in 2010 at the same level as that of listed companies in the State's portfolio, or 4.1% (4.2% in 2009). Similarly, the payout ratio of the listed companies in which the State held shares directly fell in 2010 to 64.9% (66.6% in 2009). For all listed companies on the Helsinki Stock Exchange, the payout ratio dropped from 73.3% in 2009 to 62.5% in 2010.

Of the listed companies with direct State holdings, Fortum distributed a significant percentage of its 2010 profit (68%) as dividends. The aggregate dividends remained unchanged relative to 2009 and the dividend yield was sound (4.4%). Finnair made a loss and did not pay any dividends. Neste Oil's operating income improved and dividend per share increased to EUR 0.35 (EUR 0.25 in 2009). Its dividend yield reached 2.9% (2.0% in 2009).

Considering the average payout ratios over the five-year period, it is safe to say that Fortum and Neste Oil have paid a fair amount of dividends compared to the industry average. Finnair's dividends are close to the industry average.

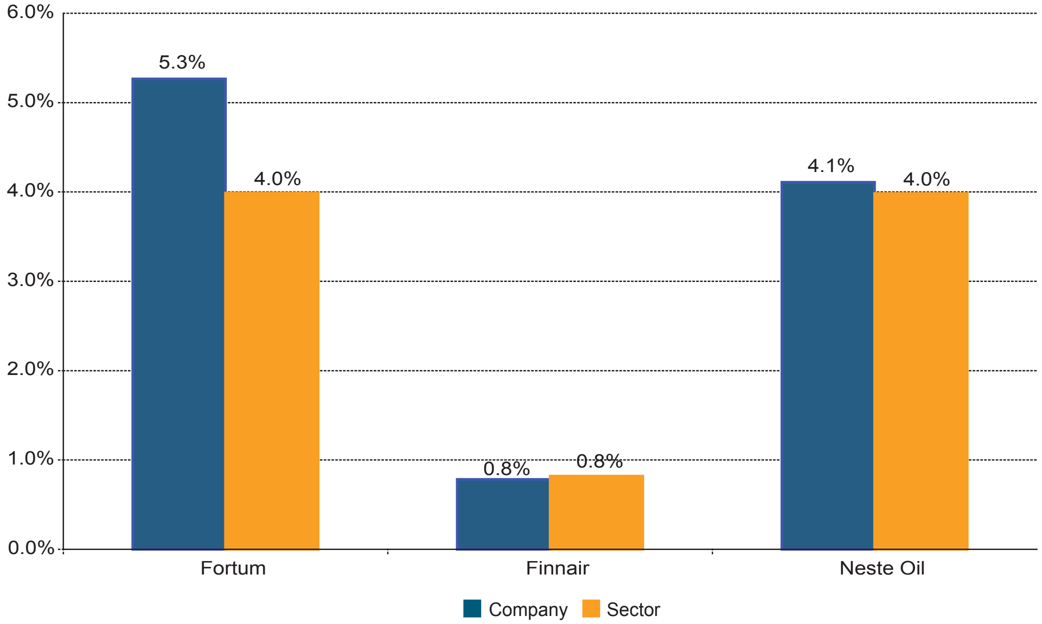
In figures 9 and 10, the companies are compared with same-sector companies listed on stock exchanges across the world.

Figure 9: Average payout ratio of listed companies with direct State holdings during 2006–2010



Of the listed companies directly held by the State, Fortum's dividend yield has clearly exceeded the sector average, while Neste Oil's and Finnair's yields are at par with that of other companies engaged in the same line of business.

Figure 10: Average dividend yield from listed companies with direct State holdings during 2006–2010



5 Company reviews

The companies included in this annual report are quite different in terms of both size and line of business. More information is available to the public on listed companies than on other firms, and the market capitalisation of listed companies can be determined on a daily basis according to the share price. For these reasons, State corporate shareholdings in this annual report are subdivided into the following categories:

- Direct State holdings in listed companies;
- Non-listed companies with net sales exceeding EUR 25 million; and
- Non-listed companies with net sales less than EUR 25 million.
- The companies with a special mission – Solidium Oy and Governia Oy – are discussed separately.

The purpose of this division is to standardise the presentation of the companies falling in each individual category and to highlight the reasons why it is appropriate to attach importance to different matters when evaluating the performance of companies of different sizes. No presentation will be given of individual Solidium-held companies because Solidium Oy publishes its own annual and interim reports. In the annual report on ownership steering, Solidium-portfolio is discussed in the section addressing Solidium Oy as a company.

The data provided in this annual report are based on the information that is publicly available. An attempt has been made to select information on the companies and the share portfolio held by the State that is essential in the eyes of the State Ownership Steering Department. The Ownership Steering Department carries out independent analyses of the companies to formulate its own view of their status and performance. Valuatum Oy's equity analysis platform is used for the analysis work. The key financial indicators presented in the report are ratios calculated by the State Ownership Steering Department using generally accepted formulae. Consequently, the key indicators may differ from those calculated by the companies themselves. One of the reasons for the differences is the items included in the companies' comparable profit.

5.1 Direct State holdings in listed companies

FINNAIR PLC airline company

State shareholding: 55.8%
Chairman of the Board: Harri Sailas
Chief Executive Officer: Mika Vehviläinen
Personnel: 7,616
Principal places of business in Finland: Vantaa

Finnair Plc is a travel industry group offering scheduled flight, holiday travel, travel agency and freight services in Finland and abroad. More than 86% of the consolidated net sales consist of airline traffic comprising scheduled, cargo and charter flights. Finnair enjoys a home-field advantage in traffic between Europe and Asia. The location of Helsinki-Vantaa Airport provides airline passengers with the fastest connections between a number of European and Asian cities. Finnair's quest to take better advantage of its geographical location also in cargo traffic saw the company participate, as a minority shareholder, in a new all-cargo airline established in Finland in early 2011. In 2010, Finnair carried 7.1 million passengers and 123.1 million kilos of freight. Finnair's fleet is one of the most modern in the world.

Following the sharp decline in the previous year, there was a marked recovery in air travel during 2010 with both passenger and cargo demand growing. The capacity in the sector failed to keep pace with the growth in demand, which contributed to the increase in unit revenue. The demand for business travel services, which is of crucial importance to Finnair, developed favourably in traffic between Europe and Asia. With the demand in the Asian cargo market increasing dramatically, Finnair launched regular cargo route traffic to Hong Kong, Seoul and New York with one aircraft being withdrawn from passenger service.

Although Finnair's net sales grew by 10% in 2010, the financial result still stayed in the red. However, profitability clearly improved on the previous year as operational expenses remained nearly unchanged despite the growth in net sales thanks to the efficiency measures implemented over several years. Profitability was adversely affected by the volcanic eruption in Iceland that disrupted air traffic in Europe, and by a ten-day strike by cabin staff that resulted in the cancellation of most of Finnair's flights. These had a negative impact on the operational result in the region of EUR 55 million.

The growth in the demand for airline services is expected to continue this year, but at a considerably slower rate than last year given that the sector is adversely affected by rising fuel costs. Additionally, the catastrophe following the earthquake in Japan has further weakened Finnair's outlook – the company has more weekly flights to Japan than any other European airline company. As competition in the sector is intense, raising the price level would be difficult, especially when a significant increase in supply is also expected this year. This is due, in part, to the fact that a large number of new, previously ordered aircraft will be delivered to airline companies during the year. Finnair must therefore continue to adapt its cost structure and keep its unit costs under control in order to reverse the downward trend in profits. Personnel expenses represent a significant proportion of the Group's expenses. As the stabilisation agreements reached with various personnel groups in 2009 expired at the end of 2010, new arrangements are called for to replace the expired agreements in order to restrain growth in personnel costs. Extensive adaptation measures have been initiated in Technical Services at the beginning of the current year. Fuel costs, which amount to around 20% of Finnair's net sales, will rise this year following the increase in supply and fuel prices. Finnair hedges 75% of the scheduled passenger traffic jet fuel purchases for the following six months. Determined efforts are being made to reduce the amount of emissions per seat, a project in which the modernisation of the company's aircraft has played a part.

The Europe-Asia strategy adopted by the company will continue to be pursued. The growing affluence in Asia creates the necessary preconditions for increasing passenger volumes. To implement the strategy, Finnair needs to engage in cooperation with other companies. With partners, the company will be able to offer comprehensive onward connections and moderately priced feeder traffic for long-haul routes. Without the Asia strategy, Finnair's ability to maintain services from Finland to the rest of Europe would be considerably undermined. Connections to Asia account for more than half of all the scheduled flights offered by Finnair, with more than 60% of the passenger and cargo traffic revenue generated by Asian scheduled traffic.

Finnair completed the extensive modernisation of its fleet last year. Five new Airbus aircraft were added to the long-haul fleet, part of which is leased for a fixed period. A total of 15 out of the 63 aircraft in the company's fleet are used for long-haul traffic, most of which are less than two years old. The fleet investments have been financed with long-term loans and through finance leasing arrangements. At the end of 2010, Finnair's gearing adjusted for leasing liabilities was 79.6% and equity ratio 36.2%. The company's solvency is good in comparison with the industry as a whole.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	2,023	1,838
Operating income*	EURm	-13	-115
Operating income %	%	-0.7	-6.3
Total assets	EURm	2,412	2,457
Market capitalisation at period end	EURm	646	481
Equity ratio	%	36.2	34.2
Gearing**	%	79.6	90.0
Return on equity	%	-2.7	-12.8
Return on investment	%	-0.4	-8.5
Personnel, total		7,616	7,945
Personnel, Finland		6,865	7,207
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

* *The operating income reported by the State Ownership Steering Department includes changes in the value of derivatives, capital gains, etc.*

** *includes estimates of leasing payments over the next 7 years*

COMPETITORS

Company	Country	Net sales, EURm
Air France – KLM*	France-Netherlands	20,994
Lufthansa	Germany	27,324
British Airways*	UK	8,980
SAS	Sweden	4,273

** Net sales in the financial period ending in March 2010*

REPORTED INVESTMENTS

The estimated need for investments in 2011 is EUR 50 million.

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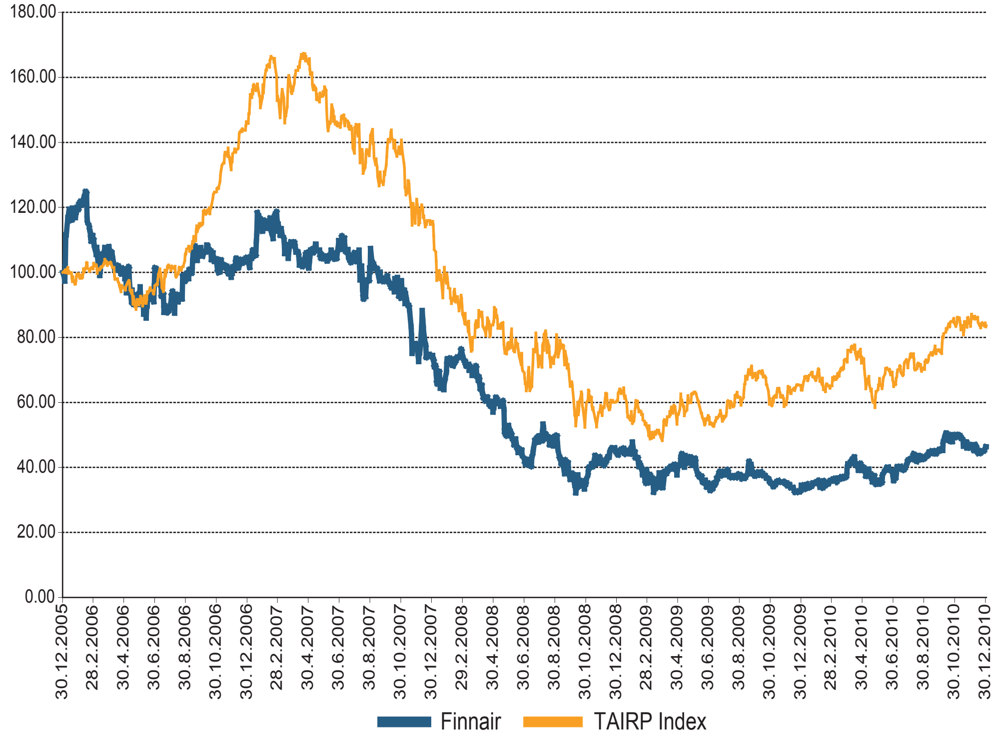
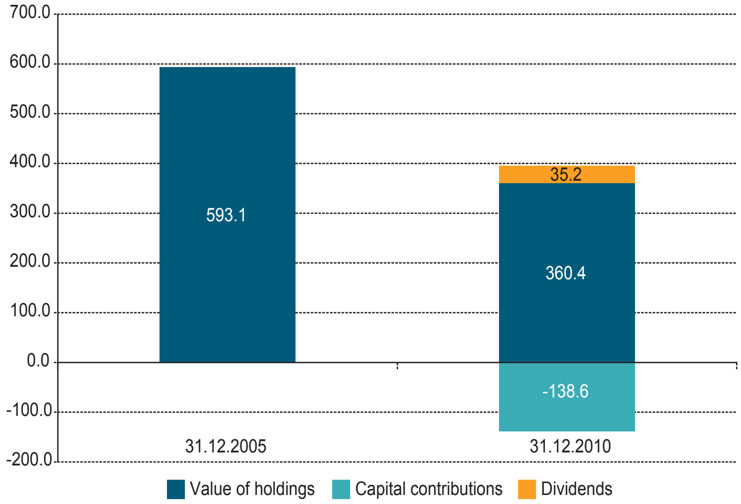


YIELD TO THE STATE, EUR million



The yield to the State was -15.4% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

FORTUM CORPORATION utilities

State shareholding: 50.8%
Chairman of the Board: Matti Lehti, from 31 March 2011 Sari Baldauf
Chief Executive Officer: Tapio Kuula
Personnel: 10,585
Principal places of business in Finland: Espoo, Imatra, Inkoo, Joensuu, Järvenpää, Kauttua, Kokkola, Kuusamo, Leppiniemi, Lohja, Loviisa, Naantali, Nokia, Oulu, Pori, Vaasa, and Vantaa.

Fortum Corporation's operations are based in the Nordic countries, Russia and the Baltic Rim area. Future growth opportunities are identified in the fast-growing energy markets being deregulated in Europe and Asia. Fortum announced its new strategy in September 2010.

Fortum is a leading energy company in the Nordic countries and other parts of the Baltic Rim area. In the Nordic countries, the company ranks first in heat generation and distribution, second in electricity sales, and third in production. Around 90% of the electricity produced by Fortum in the EU is generated by hydropower and nuclear power. This production is carbon dioxide-free. If Fortum's entire production is taken into account, the proportion of carbon dioxide-free production in normal conditions falls to around 70%. In 2010, Fortum's Power Division generated a total of 46.3 TWh of electricity in the Nordic countries, equivalent to around 13% of the total Nordic power generation capacity of 370 TWh. Of the Nordic electricity market's 14 million customers, Fortum's share of distribution customers is around 11% and electricity customers 9%.

Fortum's carbon dioxide emissions in Europe amounted to 74 g/kWh (five-year average) with the industry average in Europe at 350 g/kWh.

Fortum's strategy is based on three key elements. Fortum is to leverage its strong Nordic core – the majority of the company's earnings are currently generated by power and heat production in the Nordic countries. Fortum finds that the region offer limited growth potential through greenfield investments. In the long term, the company seeks to secure its competitive position in this market while pursuing growth in the integrating European power market.

Another key element in Fortum's strategy is to create solid earnings growth in Russia, which has the world's fourth highest demand for electricity and thus is a growth market for electricity production. In the long-term, Russia will play an increasingly prominent role in Fortum's business. Additionally, the company expects that the integrating Russian and EU power markets, coupled with the restructuring taking place in power and heat production, will offer growth opportunities for the company.

The third key element is to build a platform for future growth. According to Fortum, the focus of growth in electricity demand has shifted to Asia's fast growing and emerging economies where the liberalisation of power markets is advancing and the need for private capital growing. Fortum will tap into its in-depth CHP competence in production by using bio-based, renewable raw materials in its current market area. In exploring the potential for growth in the Asian markets, Fortum relies on sustainable energy solutions.

Fortum's financial performance was sound in 2010. The company's comparable operating income fell to EUR 1,833 million (EUR 1,888 million). This was due to the Power Division, whose performance was weakened by reduced hydropower generation and issues related to the availability of nuclear power in Sweden. The price of the wholesale electricity sold was EUR 49.7/MWh, almost the same as in the previous year (49.8). The division's result weakened by EUR 156 million. The Heat Division's result improved by EUR 44 million; that of the Distribution Division by EUR 45 million; and the Russian Division by EUR 28 million. In contrast, the result of Electricity Sales declined by EUR 11 million. The strong Swedish krona was reflected in the income statement as additional revenues of EUR 103 million.

The price of the wholesale electricity sold by Fortum remained at EUR 3.3 below the Nord Pool system price of EUR 53.0/MWh (35.0) as a result of the hedging transactions undertaken by the company. Fortum's hedging rate for 2011 is 70% at the price of EUR 45/MWh and 40% for 2012 at the price of EUR 44/MWh.

The Russian Division's comparable operating income was EUR 8 million (-20). According to the company, the result of the Russian Division will only show significant improvement when the plants foreseen in the new investment programme are taken into service. The company has accelerated the investment programme by about one year in response to the developments in the Russian capacity market. The Russian wholesale electricity market was completely deregulated at the beginning of 2011.

Fortum sold its shares in Federal Grid Company (Fortum's stake 0.119%) and in Kurgan Generating Company (49% of the voting rights) at the beginning of 2010. During the third quarter, Fortum divested its 31% interest in Joint Stock Company Saint-Petersburg Sale Company. The divestments yielded a capital gain of EUR 46 million in total.

On 19 April 2011, Fortum, the Finnish State and Ilmarinen Mutual Pension Insurance Company signed a deed of sale by which Fortum will sell its 25% shareholding in the power transmission company Fingrid at the price of EUR 325 million. Fortum signed an agreement on the sale of its district heating operations and heat production facilities outside the Stockholm region. The deal worth EUR 220 million was closed on 31 March 2011. Fortum decided to discontinue the carbon dioxide recovery and storage project at its Meri-Pori power plant.

Fortum's gearing is 78% (70%). Cash flow from operating activities fell to EUR 1,437 million (2,264). This was mainly due to the strengthening of the Swedish krona and the translation of SEK-denominated Group debts. The ratio between Fortum's gearing and EBITDA was 3.0 (2.6), which is in line with the Group's financial target.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	6,296	5,435
Operating income	EURm	1,708	1,782
Operating income %	%	27.1	32.8
Total assets	EURm	21,964	19,841
Market capitalisation at period end	EURm	20,015	16,850
Equity ratio	%	39.9	42.9
Gearing	%	78.1	70.3
Return on equity	%	16.0	16.4
Return on investment	%	11.8	12.2
Personnel. total		10,585	11,613
Personnel. Finland		2,796	2,700
Total dividends paid	EURm	888.4	888.3
Dividends received by the State	EURm	450.9	450.9

COMPETITORS

Company	Country	Net sales, EURm
E.ON	Germany	92,863
Enel	Italy	71,943
EDF	France	65,165
RWE	Germany	50,722
Iberdrola	Spain	30,341
Vattenfall	Sweden	23,765
Statkraft	Norway	3,755
Verbund	Austria	3,307

REPORTED INVESTMENTS

Fortum's capital expenditure in 2010 totalled approximately EUR 1.2 billion. The company expects its capital expenditure in 2011 and 2012 to reach EUR 1.6–1.8 billion, excluding potential acquisitions. Fortum's total capital expenditure in 2013–2014 is estimated at EUR 1.1–1.4 billion. The company has accelerated the investment programme by about one year in response to the developments in the Russian capacity market.

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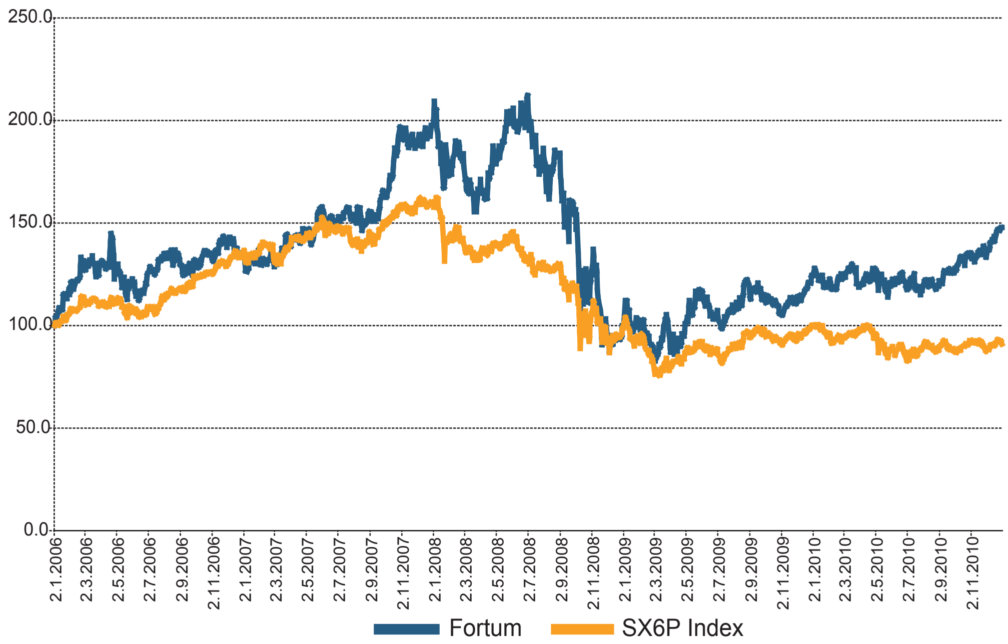
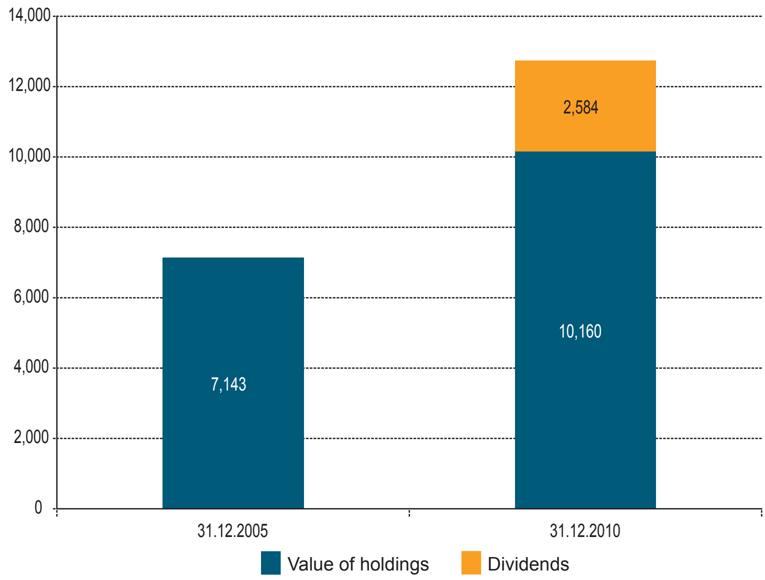


YIELD TO THE STATE, EUR million



The yield to the State was 12.2% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

NESTE OIL CORPORATION energy industry

State shareholding: 50.1%
Chairman of the Board: Timo Peltola
Chief Executive Officer: Matti Lievonen
Personnel: 4,874
Principal places of business in Finland: Espoo, Naantali and Porvoo

Neste Oil Corporation is a refining and marketing company focusing on advanced clean motor fuels. The company seeks growth in both conventional oil refining and in the production of top-quality diesel made of renewable raw materials. Neste Oil's oil refineries are located in Porvoo and Naantali. With a combined distillation capacity of 260,000 barrels of crude oil per day, they are able to produce around 15 million tonnes of fuels per year. The company's NExBTL diesel production capacity is 1.2 million tonnes a year. In 2011, the capacity will increase to approximately 2 million tonnes a year.

Neste Oil has two business areas: Oil Products & Renewables and Oil Retail. The company's strategic goal is to secure its position as a leading supplier of cleaner motor fuels. Its strategic foundation consists of delivering high-quality products for cleaner traffic, expanding the feedstock base, and leveraging its refining expertise.

In a scenario-based study carried out by Neste Oil in 2010, the company defined economic growth, oil prices, environmental legislation, fuel economy, the vehicle pool, and the take-up of biofuels as the key factors shaping its operating environment. Over the past few years, Neste Oil has made major investments, particularly in renewable fuel in line with its strategy for growth. The largest investments have now been completed. Years 2010 and 2009 were the peak years in terms of investments.

Neste Oil's renewable fuel production capacity:

Finland	170,000 tonnes	2007	(currently 190,000 tonnes)
Finland	170,000 tonnes	2009	(currently 190,000 tonnes)
Singapore	800,000 tonnes	2010	
Rotterdam	800,000 tonnes	2011	

At the end of 2010, the company commissioned the world's largest renewable diesel plant in Singapore. Another facility of the same size in Rotterdam is due to go on stream in mid-2011. Neste Oil is also seeking growth on the base oil market. The company holds a 45% stake in a new base oil plant in Bahrain, scheduled to be commissioned in the second half on 2011.

The European Union's Renewable Energy Directive will require renewable energy to account for at least 10% of the energy used in road traffic and transport by 2020. The directive was adopted in June 2009 and Member States were required to incorporate it into their national legislation by the end of 2010. Although implementation of the directive was delayed in most EU Member States, particularly as far as sustainability-related legislation is concerned, the basic goal was achieved. Under the directive, the biofuels to be placed in the market must be produced sustainably. In practice, a verification system approved by the European Commission is necessary to confirm this. Neste Oil has filed for registration of a voluntary scheme for verifying the sustainability of its biofuels with the EU. The Renewable Fuels Standard introduced in the United States is a volume-based biofuel mandate. The implementation of biofuel legislation in the EU and other key market areas may influence the speed at which demand for these fuels develops.

The ramp-up of the renewable fuels business will continue at Neste Oil in 2011. Sales volumes of renewable diesel are expected to increase following the increase in the volumes from the Singapore plant and the foreseen commissioning of the Rotterdam plant. However, Neste Oil expects the comparable operating income of the Renewable Fuels segment to remain negative in 2011.

Demand for petroleum products is dictated by economic development. A recovery is under way, which is reflected in diesel refining margins in particular. The movement in product margins favours advanced refining companies like Neste Oil.

In 2010, Neste Oil's comparable operating income totalled EUR 240 million (EUR 116 million), including an insurance compensation payment of EUR 48 million received in February and the costs arising from a maintenance turnaround totalling EUR 65 million. Performance was improved during the last quarter in particular, with the company's comparable operating income exceeding the year-on-year figure by EUR 119 million.

Oil Products nearly doubled their profit in 2010. Oil Retail's result improved and remained at a good level. Renewables' profitability was eroded by increased fixed costs; the narrower price differential between rapeseed oil and palm oil; and legislative flaws in certain countries concerning the use of feedstocks.

The cash flow from operating activities totalled EUR 1,105 million (EUR 177 million) reaching EUR 191 million (EUR -708 million) after investments. The improvement in the cash flow was mainly due to changes in the operating capital.

Investments in 2010 amounted to EUR 897 million and are expected to total around EUR 300 million in 2011.

Neste Oil's total refining margin stood at USD 8.14/bbl (USD 7.35/bbl). At year-end, the total refining margin rose to USD 9.67/bbl. Reference refining margin was 4.36 (3.14), 4.77 at year-end. Neste Oil's spread in respect of the reference refining margin was USD 5/bbl at year-end. Diesel margins were 60% higher compared with the previous year.

Neste Oil's gearing fell by 12 percentage points during the year. The company's target debt ratio to total capital is 25–50%. The 2010 figure was 42.6% (46.3%).

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	11,892	9,636
Operating income	EURm	323	335
Operating income %	%	2.7	3.5
Total assets	EURm	6,664	5,700
Market capitalisation at period end	EURm	3,064	3,185
Equity ratio	%	36.4	39.0
Gearing	%	74.2	86.3
Return on equity	%	9.9	10.1
Return on investment	%	7.7	9.1
Personnel, total		4,874	5,092
Personnel, Finland		3,431	3,668
Total dividends paid	EURm	89.9	64.2
Dividends received by the State	EURm	45.0	32.1

COMPETITORS

Company	Country	Net sales, EURm
OMV	Austria	23,323
Petroplus holding	Switzerland	15,662
MOL	Hungary	15,615
Hellenic Petroleum	Greece	8,477
Saras	Italy	8,530
Motor Oil Hellas	Greece	6,184
ERG	Italy	5,383

REPORTED INVESTMENTS

Neste Oil's investments are expected to reach around EUR 300 million (EUR 892 million), of which maintenance investments will account for 176 million (245 million), strategic investments for EUR 113 million (633 million), and productivity investments for EUR 11 million (14 million).

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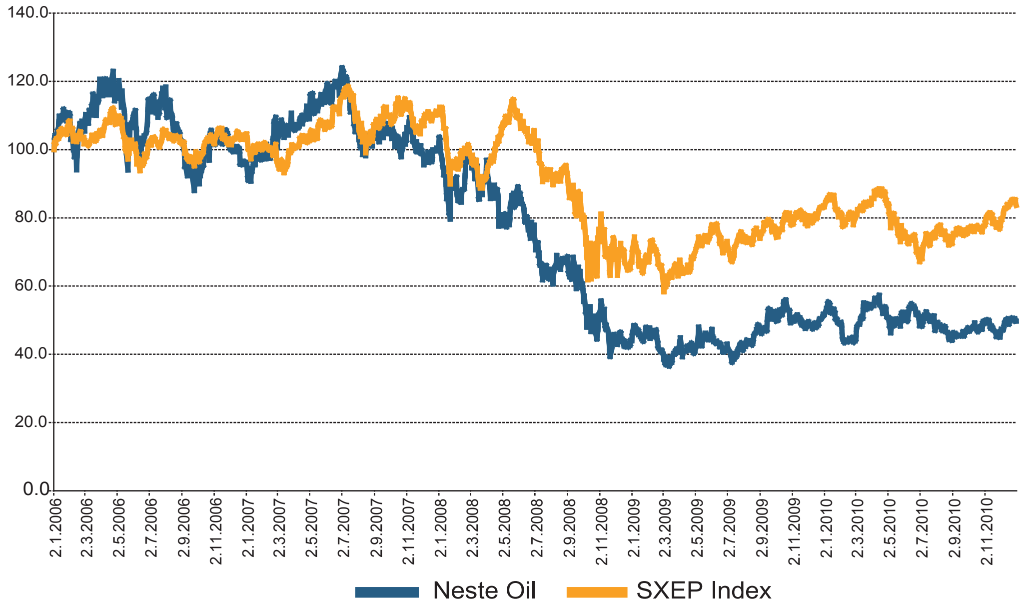
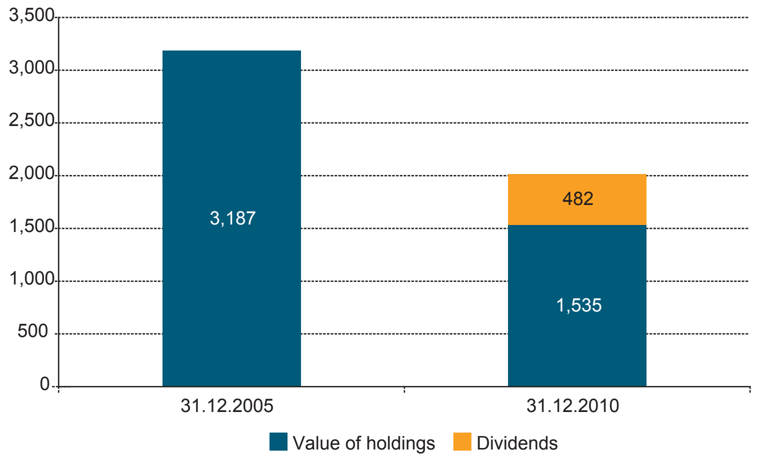


YIELD TO THE STATE, EUR million



The yield to the State was 1.3% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

5.2 Non-listed companies operating on market terms with net sales exceeding EUR 25 million

ALTIA PLC production and sale of alcohol

State shareholding: 100.0%
Chairman of the Board: Jarmo Leppiniemi
Chief Executive Officer: Antti Pankakoski
Personnel: 1,151
Principal places of business in Finland: Helsinki, Koskenkorva, Rajamäki

Altia Plc is a wine and spirits service company producing, distributing, marketing and selling its own as well as supplier brands in the Nordic and Baltic countries.

The total sales of alcoholic beverages in Finland decreased by 3.2% (-3.0%) in 2010. Three tax increases carried out in Finland over the past two years are reflected in the development of the sales of alcoholic beverages. Total sales grew by 1.2% (7.6%) in Sweden and 1.6% (4.0%) in Norway.

Altia acquired a product portfolio from Pernod Ricard for EUR 82 million. The transaction was closed in April. Altia's net sales totalled EUR 487.9 million (407.3). Net sales decreased by 2.9% in Finland but increased by 51.8% in foreign markets. The effect of the transfer of business was EUR 91.2 million and that of exchange rates EUR 15 million. If these items are excluded, the company's net sales amounted to EUR 381.7 million. Net sales fell by 6.3% on the previous year.

Altia's operating income exclusive of non-recurring items amounted to EUR 32.4 (11.6) million. The company's financial performance improved by EUR 8.9 million as a result of the inclusion of the outcome of the acquisition in the May-December figures.

Additionally, performance was further improved because of the strengthening of the Swedish and Norwegian krona; fall in the price of barley; more competitive raw material contracts; and other actions to cut down on costs.

Net finance costs in 2010 were EUR 3.1 (6.6) million while in 2009 they were increased by exchange rate losses.

The company's gearing increased by 21.6 percentage points to 75.8% (54.2%). The company will take steps to improve efficiency in managing its operating capital and to reduce its amount. Operating capital in proportion to net sales increased during 2010 as a result of acquisition made.

Altia acquired a 19.9% minority interest in Chemigate Oy, a company established through the acquisition of BASF's starch business operations in Finland in a management buyout.

KEY FINANCIAL INDICATORS

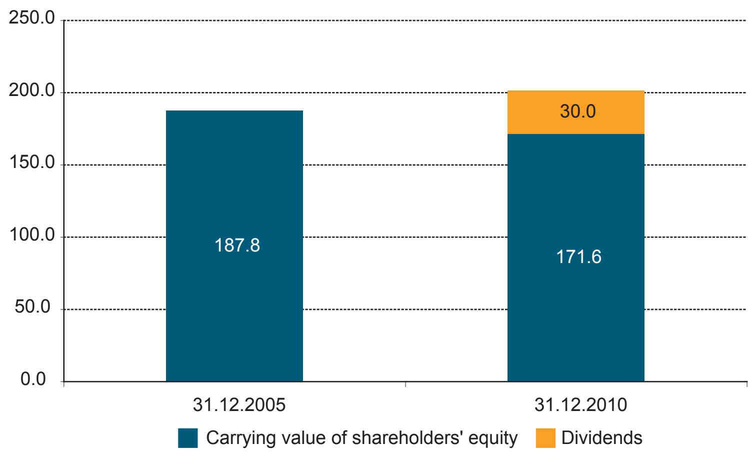
		2010	2009
Net sales	EURm	487.9	407.3
Operating income	EURm	32.6	15.6
Operating income %	%	6.7	3.8
Total assets	EURm	581.1	398.4
Equity ratio	%	29.6	34.5
Gearing	%	75.8	54.2
Return on equity	%	16.7	4.1
Return on investment	%	11.0	6.0
Personnel, total		1,151	947
Personnel, Finland		551	586
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

COMPETITORS

Company	Country	Net sales, EURm*
Arcus	Norway	209

** At the 31 Dec 2010 exchange rate (EUR/NOK) of 7.79*

YIELD TO THE STATE, EUR million



The yield to the State was 0.4% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

AREK OY system development services for pension insurance

State shareholding: 9.0%
Chairman of the Board: Jukka Rantala
Chief Executive Officer: Matti Ylilammi
Personnel: 39
Principal places of business in Finland: Helsinki

Arek Oy is a limited company operating in the insurance sector that builds and maintains information systems used for managing employment pension insurance and provides system services through information systems shared by the various actors in the pensions industry. The company's business model is based on the acquisition and co-ordination of information system projects and methodology-based system development. The company is co-owned by private and public-sector pension insurers and the Finnish Centre for Pensions.

Arek's original mission was to build the earnings and accrual system required under the new legislation enacted at the beginning of 2007. Following completion of the system, Arek went on to provide other services for pension insurers, seeking to make cost-effective use of its infrastructure as a producer and developer of shared information system services. Arek's most important system development projects during 2010 were designed to accelerate the process of pension determination in accordance with the comprehensive employment pension cover and to enable advance provision of advice. As well as improving system availability, the company focused on cost effectiveness and the management of the operational risks associated with information systems.

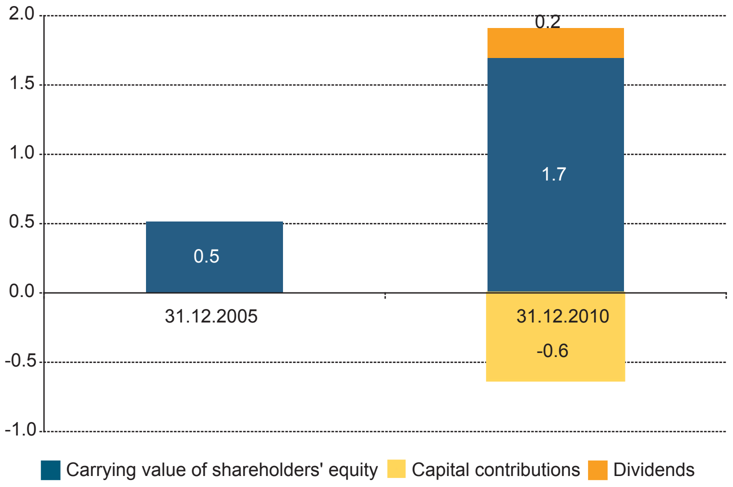
With a nearly 30% increase in net sales, Arek put in an excellent performance in 2010. The growth in net sales and improved profitability were mainly due to the price increases carried out by the company. As a result of better performance, the company's equity ratio improved and its gearing fell. Year 2010 can be deemed exceptional in terms of profitability: in the next few years, return on investment is expected to fall clearly short of the 2010 figures.

Arek's key objectives are to simplify procedures in the pension insurance sector, provide basic services, and effect deliveries in accordance with specific project agreements. The greatest challenges are how to ensure the quality and availability of the system services provided, how to finance the investments and manage the project portfolio.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	67.9	52.4
Operating income	EURm	16.2	-1.2
Operating income %	%	23.9	-2.3
Total assets	EURm	87.1	79.6
Equity ratio	%	25.5	10.4
Gearing	%	138.9	758.9
Return on equity	%	77.9	-35.9
Return on investment	%	23.9	-1.6
Personnel, total		39	34
Personnel, Finland		39	34
Total dividends paid	EURm	2.2	0
Dividends received by the State	EURm	0.2	0

YIELD TO THE STATE, EUR million



The yield to the State was 20.1% a year in the period 31 December 2005 – 31 December 2010 (CAGR, Compound annual growth).

DESTIA LTD infrastructure services

State shareholding: 100%
Chairman of the Board: Karri Kaitue
Chief Executive Officer: Hannu Leinonen
Personnel: 2,096
Principal places of business in Finland: Helsinki, Jyväskylä, Kouvola, Kuopio, Oulu, Rovaniemi, Sulkava, Tampere, Turku and Vaasa

Destia Ltd is a Finnish infrastructure and construction service company that builds, maintains and designs not only traffic routes and industrial and traffic environments but also entire milieus. Its services cover the whole spectrum from comprehensive overground operations to subterranean construction. Destia is the market leader in the infrastructure sector in Finland. International operations are restricted to northern Norway and northern Sweden and carried out as part of the regional operations in Northern Finland.

Destia's goal is to be one of the most profitable companies in the infrastructure sector in Finland. To ensure cost-efficiency, the company streamlined its organisation starting 1 January 2011. Five regional and three operational business units were set up in the company. The operational business units are: Railways, Rocks, and Consulting Services.

In 2010, Destia's net sales declined by 10.6% on the previous year. This was due to the spin-off of the ferry services implemented at the beginning of 2010. Improved profitability was due to the company's solid order backlog and the development programme to reduce fixed costs that progressed according to plan. The net sales generated by the spun-off ferry services business were EUR 30.7 million, operating income EUR 4.4 million and total assets EUR 16.1 million. The change in the number of personnel relative to the previous year was due to the staff reductions carried out in late 2010 and the spin-off of the ferry services.

Destia's largest customers include the Finnish Transport Agency and Centres for Economic Development, Transport and the Environment; cities and municipalities; and, increasingly, industrial companies and businesses. The competition in the Finnish infrastructure sector consists of large, international companies offering a broad range of services, medium-sized companies with nationwide operations specialising in specific fields, and small local companies. Aside from Destia, the major players in the Finnish market include Lemminkäinen, Skanska, YIT, and NCC. Additionally, medium-sized players in the infrastructure sector include companies such as VR Track, Kesälahden Maansiirto, Niska & Nyyssönen and Soraset.

Even though the prospects in infrastructure construction remained poor throughout 2010, the total value of the Finnish civil engineering market increased to EUR 5.5 (5.3) billion. Construction activity was adversely affected by the strained local and central government finances as well as low infrastructure investments by the private sector due to the poor availability of financing and price levels. The impact of the stimulus package approved by the Finnish Government in 2009 will not be felt until 2012 and later.

As in the past, Destia's most significant short-term risks relate to the prevailing market conditions. In particular, demand for construction services has not been restored to the level preceding the downturn, which has led to overcapacity in the sector. The intensity of competition is also reflected in the servicing and maintenance business as new service providers enter the market.

The market situation in the infrastructure sector is expected to remain difficult in 2011 and no growth is foreseen, except in mining. The number of large infrastructure projects commissioned by the State in 2011 is smaller than previously, which will have a substantial impact on the overall market situation. Due to the market conditions, Destia's net sales in 2011 are expected to fall short of the 2010 figures, while operating income is expected to remain unchanged.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	539.2	603.4
Operating income	EURm	8.3	-16.9
Operating income %	%	1.5	-2.8
Total assets	EURm	251.6	274.1
Equity ratio	%	30.4	26.3
Gearing	%	68.4	65.4
Return on equity	%	12.7	-22.9
Return on investment	%	6.2	-11.0
Personnel, total		2,096	2,860
Personnel, Finland		2,025	2,791
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

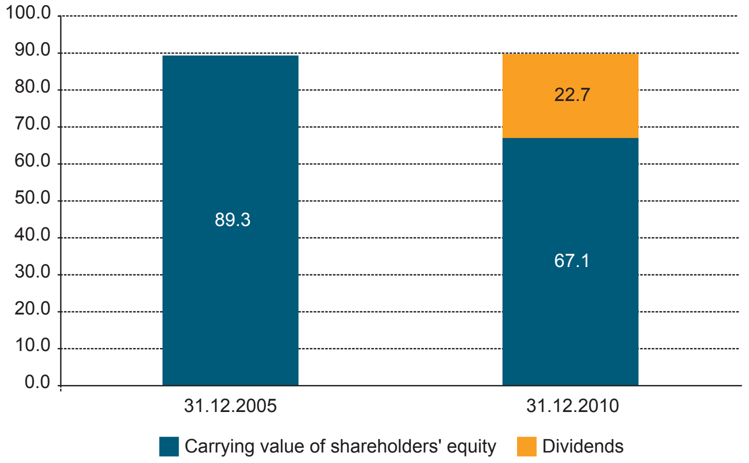
COMPETITORS

Company	Country	Net sales, EURm
Hochtief	Germany	18,166
Skanska	Sweden	13,749
Eiffage	France	13,330
Strabag	Austria	12,552
Colas	France	11,661
Bilfinger Berger	Germany	9,581
Koninklijke BAM	Netherlands	7,611
NCC	Sweden	5,559
Peab	Sweden	4,280
YIT	Finland	3,788
Veidekke	Norway	2,027
Lemminkäinen Corporation	Finland	1,893

REPORTED INVESTMENTS

Gross investments during the financial year totalled EUR 11.7 million (29.4). Of this, EUR 8.5 million (19.4) was used for investments in construction, machinery and equipment, while the remaining EUR 3.2 million (10.0) consisted mainly of the acquisition of the Kaivujyrä Group. Destia sold its traffic information services unit Destia Traffic.

YIELD TO THE STATE, EUR million



The yield to the State was 0.1% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

EDITA PLC graphics industry and marketing communications

State shareholding: 100.0%
Chairman of the Board: Lauri Ratia
Chief Executive Officer: Timo Lepistö
Personnel: 820
Principal places of business in Finland: Helsinki

Edita Oy is a wholly State-owned Nordic communications group. The solutions offered by the company help customers to enhance communications management and improve efficiency. Edita employs around 800 communications experts in Finland, Sweden, Ukraine and India. In its domestic markets of Finland and Sweden, Edita delivers design and production services for communications purposes as well as solutions for graphic production and logistics. In Finland, Edita is the largest book publisher and online services provider specialising in non-fiction. Additionally, Edita has an associated company in India.

Edita Group's net sales remained more or less unchanged, totalling EUR 110.3 (110.9) million. While net sales in Finland decreased by more than EUR 6 million to EUR 57.3 (63.5) million, sales in Sweden increased by nearly EUR 6 million to EUR 53.0 (47.4) million. Finnish companies accounted for 52% (57%) of the consolidated net sales and the Swedish companies for 48% (43%).

The growth in net sales was mainly due to an increase in sales achieved by the Marketing Services (+19.4%), especially in Sweden. Net sales were reduced as a result of lower sales by the Print & Distribution and Publishing business areas.

Despite the reduced sales, the operating income earned by the Publishing business area, EUR 3.6 (3.3) million, generated most of the Group's operating income of EUR 2.7 million. As a result of the loss incurred by Editorial Communication in Finland, the entire business area made a loss of EUR 0.1 (1.1) million. Net sales by Print & Distribution fell to EUR 0.3 (2.8) million. Financial performance by the two units was also affected by the EUR 2.4 million adjustment measures designed to respond to the growing demand for digital communications services. The Group's operating income was reduced by the loss of EUR 1.5 million incurred by other operations.

Aside from the slow recovery of the demand for communications services and intense price competition, the Group's operating income was reduced by the aforementioned adjustment measures. The operating income earned by Marketing Services, Editorial Communication and Print & Distribution was negative in Finland but positive in Sweden.

The Group's cash flow fell slightly to EUR 5.8 million (6.6). Compared to 2009, investments were halved to EUR 3.2 (6.8) million.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	110.3	110.9
Operating income	EURm	2.7	3.7
Operating income %	%	2.5	3.4
Total assets	EURm	88.6	91.4
Equity ratio	%	40.5	37.3
Gearing	%	51.9	59.5
Return on equity	%	4.6	10.6
Return on investment	%	4.6	6.3
Personnel, total		820	890
Personnel, Finland		447	514
Total dividends paid	EURm	0.99	1.74
Dividends received by the State	EURm	0.99	1.74

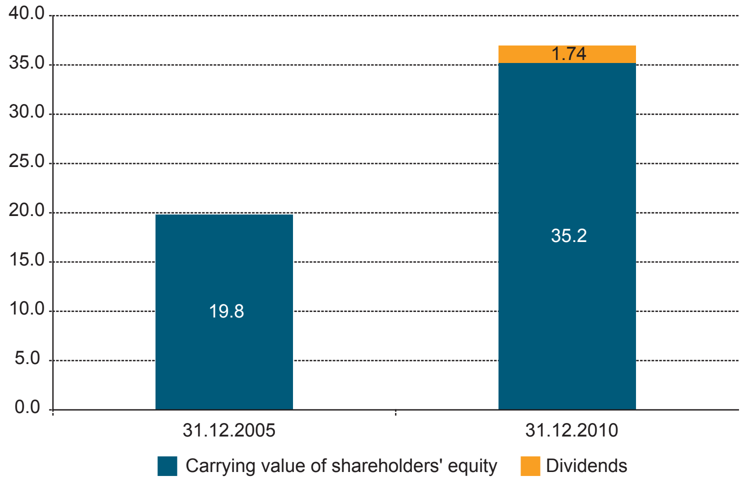
COMPETITORS

Company	Country	Net sales, EURm
Bonnier	Sweden	3,402.5
Sanoma Learning & Literature	Finland	350.1
Alma Media	Finland	311.4
Otava	Finland	223.3
Elanders	Sweden	179.0
Hansaprint	Finland	92.8
Talentum	Finland	81.0

REPORTED INVESTMENTS

Gross capital expenditure totalled EUR 3.3 million (6.8). The most significant investments in 2010 were the acquisition of the Swedish company Kampanjfabriken AB's entire share capital; acquisition of Rolge AB´s business operation from the bankruptcy estate; and the purchase of an envelope printing press by Edita Prima Oy. Edita increased its holding in the Ukrainian company Belinski LLC by 20% and now owns 90% of the company's shares.

YIELD TO THE STATE, EUR million



The yield to the State was 13.3% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

EKOKEM OY AB — waste management services, district heating and power generation

State shareholding: 34.1%
Chairman of the Board: Maija-Liisa Friman
Chief Executive Officer: Timo Piekkari
Personnel: 309
Principal places of business in Finland: Riihimäki

Ekokem Oy is the leading provider of comprehensive environmental services in Finland whose strengths include close understanding of its clients and personalised customer service. Ekokem's core expertise comprises the handling of hazardous waste, other waste recovery, energy production, remediation of contaminated soil and groundwater, and environmental construction.

No material development needs are foreseen in Ekokem's core business (advanced thermal treatment of hazardous wastes) since capacity demand in Finland has decreased as a result of the restructuring of the industry. However, the efforts required to ensure a high standard of processing and the increasingly stringent environmental protection regimes call for continuous maintenance and replacement inputs. Ekokem will also face intensifying competition in its core business as an increasing number of companies are offering hazardous waste recovery and processing services. Energy production from waste is a growing business area for the company. During 2010, the company took measures to make more efficient use of the existing fuel capacity at its Riihimäki facility. Additionally, Ekokem launched the construction of another waste-to-energy plant in Riihimäki. Ekokem's second waste-to-energy plant is scheduled to go on stream in the spring of 2012.

Ekokem's net sales in 2010 increased on the previous year by 16% as a result of the recovery of the industry sector. Operating income more than doubled from the previous year. The percentage of consolidated net sales sensitive to business cycles decreased, which will help to stabilise Ekokem's growth and profitability over the next few years.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	109.4	94.3
Operating income	EURm	15.7	7.1
Operating income %	%	14.4	7.5
Total assets	EURm	169.5	160.0
Equity ratio	%	69.1	67.5
Gearing	%	6.6	16.2
Return on equity	%	11.1	4.0
Return on investment	%	12.6	5.5
Personnel, total		309	326
Personnel, Finland		309	326
Total dividends paid	EURm	7.0	3.5
Dividends received by the State	EURm	2.4	1.2

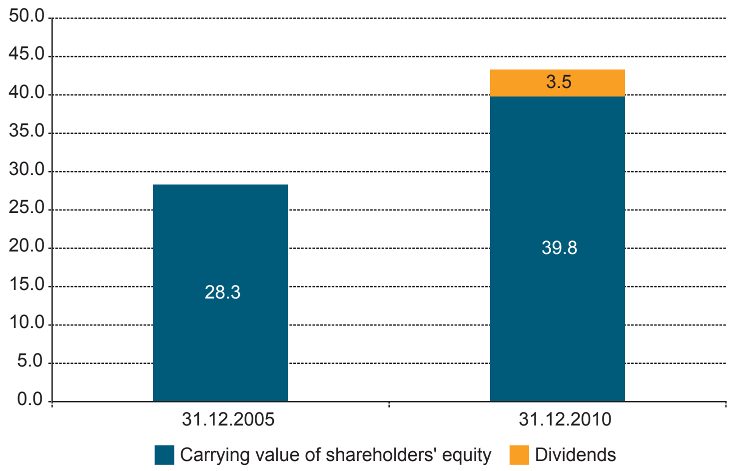
COMPETITORS

Company	Country	Net sales, EURm
Lassila & Tikanoja	Finland	598
Sita Finland (2008)	Finland	approx. 75

REPORTED INVESTMENTS

2nd waste-to-energy plant in Riihimäki, construction started

YIELD TO THE STATE, EUR million



The yield to the State was 8.9% a year in the period 31 December 2005 – 31 December 2010 (CAGR, Compound annual growth).

FCG FINNISH CONSULTING GROUP OY consulting company

State shareholding: 6.1%
Chairman of the Board: Risto Parjanne
Chief Executive Officer: Ari Kolehmainen
Personnel: 847
Principal places of business in Finland: Helsinki

FCG Finnish Consulting Group Oy is a multi-industry consulting company. The Group's services focus on infrastructure, environmental and community planning, training, skills enhancement and international development consulting.

In 2010, the consolidated net sales totalled EUR 66.6 (72.9) million while operating loss reached EUR 2.7 (0.7) million. The Group's balance sheet remained strong despite the weakening of the equity ratio to 64.5% (70.7%).

For FCG, the year 2010 was a period of functional and organisational restructuring and efficiency enhancement. FCG's Finnish companies were merged with the parent company FCG Finnish Consulting Group Oy in November while at the same time the Group's international operations were taken over by the parent company. As a result, procedures and practices related to management, project activities, information systems etc. were harmonised within the company.

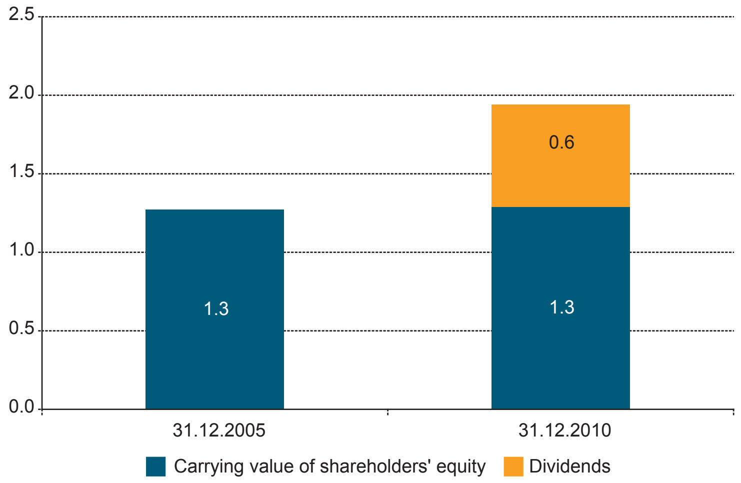
As a result of the restructuring, the company incurred expenses that affected financial performance in 2010 and 2009.

For technical design in particular, the market situation remained difficult in 2010. The company expects the consolidated net sales to increase in 2011 from the year before and the consolidated result for 2011 to be positive. One risk to profits is posed by the difficulty of passing on the personnel costs of the labour-intensive organisation to customers by increasing prices. If the market conditions deteriorate substantially, the company is prepared to respond accordingly. The recession is likely to affect the operations in 2011 as well.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	66.6	72.9
Operating income	EURm	-2.7	0.7
Operating income %	%	-4.1	1.0
Total assets	EURm	40.3	41.6
Equity ratio	%	64.5	70.7
Return on equity	%	-10	1.8
Personnel, total		847	843
Personnel, Finland		753	762
Total dividends paid	EURm	0.91	1.18
Dividends received by the State	EURm	0.055	0.072

YIELD TO THE STATE, EUR million



The yield to the State was 8.8% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

FINGRID OYJ power transmission

State shareholding: 12.3%
Chairman of the Board: Lauri Virkkunen
Chief Executive Officer: Jukka Ruusunen
Personnel: 260
Principal places of business in Finland: Helsinki

Fingrid Oyj's business operations comprise transmission of electricity in the national grid, trade in imbalance power, and sale of emergency reserve power. Aside from its normal business operations, the company is responsible for the electricity transmission system in Finland. Additionally, an obligation has been imposed on the company to develop the operation of the electricity market both within Finland and internationally.

Enjoying a position of a natural monopoly, Fingrid's financial prospects are stable and its operations do not involve any major financial risks. The number of disruptions to the nationwide grid in 2010 was average compared with the previous years.

Grid revenue for 2010 rose as a result of volume growth and increase in the transmission tariff. A major boost to net sales was the 68% increase in the sale of imbalance power from the year before.

The EU's new Electricity Directive for the internal market took effect on 3 September 2009. Under the Directive, electricity production and ownership of distribution and transmission systems must be legally separated by 3 March 2012. At the beginning of 2011, Fortum and Pohjolan Voima reached an agreement with the State of Finland and Ilmarinen Mutual Pension Insurance Company on the purchase of shares in the company. Following the transaction, State shareholding in Fingrid is 53.1% and the share of votes 70.9%.

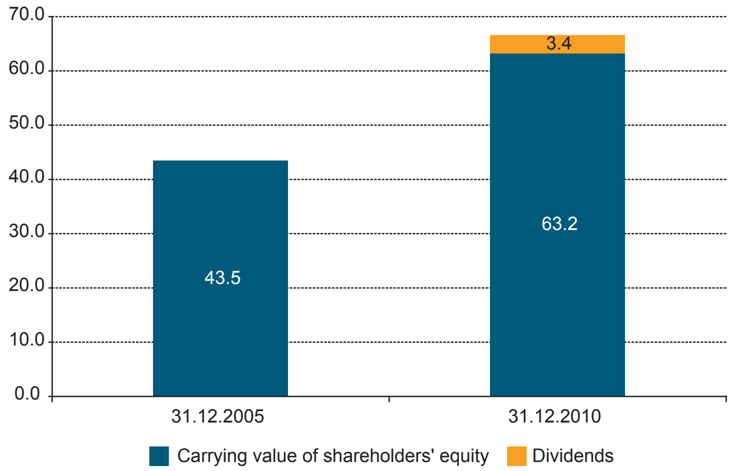
KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	456.3	358.9
Operating income	EURm	74.4	50.8
Operating income %	%	16.3	14.2
Total assets	EURm	1,814.9	1,648.6
Equity ratio	%	28.6	27.2
Gearing	%	166	183
Return on equity	%	8.7	5.7
Return on investment	%	5.1	3.9
Personnel, total		260	251
Personnel, Finland		260	251
Total dividends paid	EURm	6.7	6.7
Dividends received by the State	EURm	3.56	0.8

REPORTED INVESTMENTS

By 2020, the company will implement an investment programme worth about EUR 1.7 billion. The investments will enable the connection of two new nuclear power plant units and 2500 MW of geographically decentralised wind power capacity to the nationwide grid by 2020.

YIELD TO THE STATE, EUR million



The yield to the State was 9.2% a year in the period 31 December 2005 – 31 December 2010 (CAGR, Compound annual growth).

GASUM CORPORATION transmission and wholesale of natural gas

State shareholding: 24%
Chairman of the Supervisory Board: Jorma Eloranta
Chairman of the Board: Antero Jännes
Chief Executive Officer: Antero Jännes
Personnel: 220
Principal places of business in Finland: Espoo and Valkeala

Gasum Corporation's business operations comprise the import, transmission and wholesale of natural gas. Customers include the industry, power-generation plants and small properties. Gasum's business has been relatively stable. Sales of natural gas in 2010 increased by around 4 TWh on the previous year, totalling 44.6 TWh. The selling price of natural gas was higher than in the previous year which, in addition to the growing volume, contributed to the increase in net sales. Operating income declined slightly due to unfavourable index movement.

Over the next few years, the consumption of natural gas will be affected by fuel taxation in particular. According to the change in fuel taxation that took effect at the beginning of 2011, a transition period has been granted for natural gas during which natural gas will be gradually subjected to tax at the full rate equivalent to actual emissions by 2015. The increase in fuel tax may lower the demand for natural gas.

The current situation highlights the importance of other uses of natural gas, such as LNG and motor fuels. In the long term, the production and transmission of biogas in particular will gain in importance. A natural gas liquefaction plant and a storage facility for liquefied natural gas constructed by Gasum in Porvoo were placed in service in the summer of 2010.

As far biogas is concerned, Gasum's strategy is to become Finland's leading biogas supplier. One of the developments serving this purpose is the letter of intent signed between Helsingin Energia and Gasum regarding the development of nationally significant synthetic biogas production in Finland.

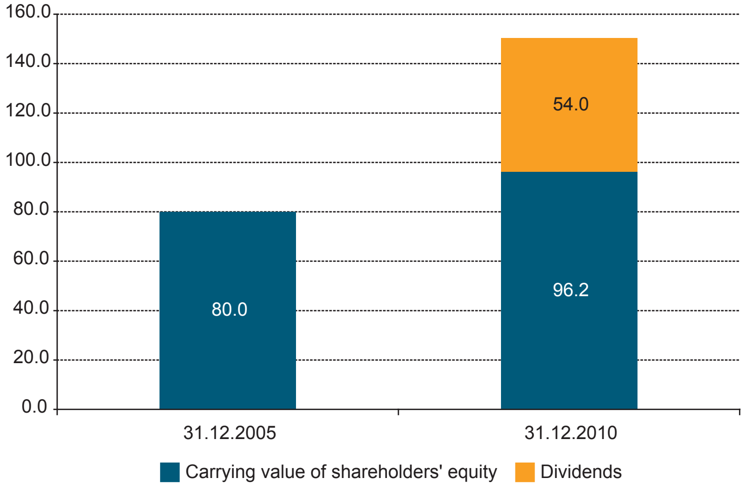
KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	1,240.7	1,064.7
Operating income	EURm	98.4	102.5
Operating income %	%	7.9	9.6
Total assets	EURm	827.1	793.5
Equity ratio	%	48.5	52.4
Gearing	%	32.5	3.4
Return on equity	%	17.2	19.0
Return on investment	%	16.9	23.7
Personnel, total		220	222
Personnel, Finland		220	222
Total dividends paid	EURm	74.2	85.0
Dividends received by the State (PMO's share)	EURm	17.8(9.2)	20.4(10.5)

REPORTED INVESTMENTS

Biogas plant in Nastola, scheduled to start production in 2012.

YIELD TO THE STATE, EUR million



The yield to the State was 13.5% a year in the period 31 December 2005 – 31 December 2010 (CAGR, Compound annual growth).

ITELLA CORPORATION postal services

State shareholding: 100%
Chairman of the Supervisory Board: Eero Lehti
Chairman of the Board: Arto Hiltunen
Chief Executive Officer: Jukka Alho
Personnel: 28,916
Principal places of business in Finland: Helsinki, Jyväskylä, Kuopio, Lahti, Oulu, Seinäjoki, Tampere, Turku and Vantaa

Itella Corporation is an international service business whose core competence lies in information and product flow management for its customers. In Finland, Itella's key mission is to provide daily postal services for the entire population throughout the country. Itella operates in northern and central Europe, and in Russia. Businesses and organisations generate 97% of its total net sales. In 2010, international net sales accounted for 32% (30%). Itella's goal is to become the leading information and service logistics provider in northern Europe and Russia by 2013. Itella has already attained the position of a market leader in warehousing logistics in Russia.

Itella's net sales grew by 1.2% in 2010. Itella's net sales were down 1.6% in Finland and up 7.7% in other countries. The most vigorous growth was achieved in Russia. Logistics and Information increased their net sales, while Mail Communications saw its net sales decline. Operating income fell by 18.4%. Financial performance was impacted by restructuring costs totalling EUR 17.3 million (EUR 29.0 million). Operating income decreased in Mail Communications and Information. Logistics was able to clearly reduce its operating loss from the previous year.

The new Postal Services Act was adopted by Parliament on 9 March 2011. The new EU Postal Services Directive compliant Postal Services Act is due to enter into force in Finland in the spring of 2011. As far Mail Communication's operating environment is concerned, the new Postal Services Act will promote competition in the delivery market. In Finland, the competition is expected to focus on corporate mail deliveries in densely populated areas. This will create challenges to financing postal services in sparsely populated areas.

International e-commerce has gained in importance and competition in delivery and transport services is intense. A significant market risk is associated with digital substitution in letter deliveries and printing. Itella enjoys the advantage of being one of the few postal services already involved in electronic communications. A significant strategic market risk for Itella may be posed by the development of the business environment in Russia.

In February 2011, Itella IPS Ltd filed an application for an operating licence pursuant to the Finnish Credit Institutions Act with the Financial Supervisory Authority. The new operating licence offers Itella further opportunities to develop services related to electronic invoicing. Additionally, Itella concentrated its domestic postal services in a new subsidiary, Itella Posti Oy, which commenced operations on 1 January 2011.

Itella expects its net sales to grow in 2011 on the previous year, particularly outside Finland. In Finland, the development of net sales will be affected by the increasing popularity of electronic services, which will reduce the delivery volumes of addressed letters. As yet, it is difficult to estimate the impact of the new Postal Services Act on the competitive environment and net sales.

The elements to improve the operating income in 2011 are in place. The productivity and efficiency-enhancing measures implemented over the past few years provide the framework for improving profit. Enhancing the efficiency and profitability of operations will remain key priorities.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	1,841.6	1,819.7
Operating income	EURm	38.1	46.7
Operating income %	%	2.1	2.6
Total assets	EURm	1,412.1	1,408.1
Equity ratio	%	49.9	48.1
Gearing	%	18.1	19.2
Return on equity	%	2.0	-0.7
Return on investment	%	5.0	4.4
Personnel, total		28,916	30,217
Personnel, Finland		22,326	22,032
Total dividends paid	EURm	4.4	0
Dividends received by the State	EURm	4.4	0

COMPETITORS

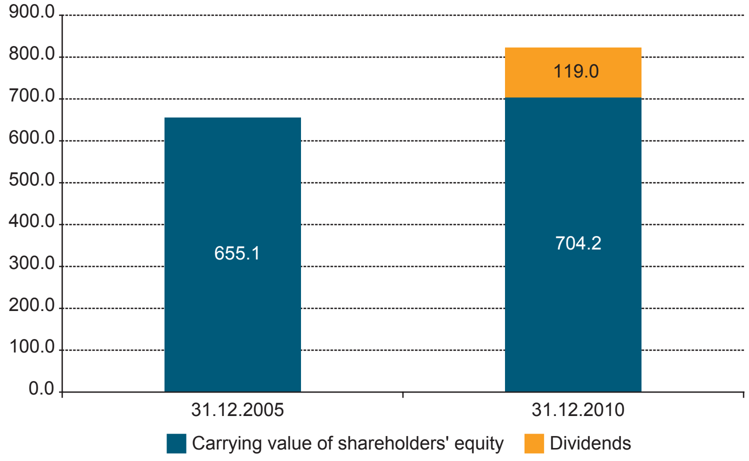
Company	Country	Net sales, EURm
DPWN	Germany	51,481
Royal Mail	UK	7,638
TNT	Netherlands	4,675
Posten Norge	Sweden	4,274
Posten Norge	Norway	2,842
Österreichische Post	Austria	2,351

REPORTED INVESTMENTS

Itella acquired the parcel terminal business of SmartPOST OÜ in Estonia. Itella bought Norway Post's 49% interest in Itella Information AS making it Itella's wholly owned subsidiary. Additionally, Itella acquired a company by the name of Outsourcing Solutions Sp. z o.o. in Poland.

Investments amounted to EUR 81.7 million (EUR 144.5 million). Capital expenditure totalled EUR 80.5 million (EUR 122.1 million) with EUR 1.4 million (EUR 22.8 million) used for acquisitions. A total of 72.9% of the Group's capital expenditure was allocated to Finland. The four-year sorting technology reform worth EUR 160 million was completed during the financial year. The new sorting machines in post centres are used for centralised handling of 1st and 2nd class letters, direct marketing mail and magazines. Capital expenditure is expected to remain at the same level as in 2010 or slightly higher.

YIELD TO THE STATE, EUR million



The yield to the State was 4.7% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

KEMIJOKI OY electricity production

State shareholding: 50.1%
Chairman of the Board: Matti Ruotsala
Chief Executive Officer: Aimo Takala
Personnel: 267
Principal places of business in Finland: Rovaniemi

Kemijoki Oy was established in 1954 by the State of Finland and Imatran Voima Oy and Veitsiluoto Oy, both at that time being State-owned companies.

Kemijoki's core business is electricity generation. The company is currently Finland's largest producer of hydroelectric power and related services. The company owns twenty hydropower plants, sixteen of which are located on the Kemijoki River watercourse, two on the Lieksanjoki River and two on the Kymijoki River. In addition, the company regulates the water levels in the artificial lakes of Lokka and Porttipahta, and the Kemijärvi and Olkkajärvi lakes. The company is also engaged in regional electricity grid operations and the sale of products and services related to hydroelectric power technology.

The electricity produced by the company is sold at cost to its shareholders in proportion to the number of hydroelectric power shares (Class A shares) held, meaning that, with the exception of the State's involvement, the company operates according to the principle known as 'Mankala'.

In 2010 the company generated a total of 4561 GWh of electricity, which is 3% more than in a year with a mean water level. Kemijoki Oy produced approximately one third of all hydroelectric power generated in Finland. At the end of 2010, the total output of Kemijoki's power plants amounted to 1,100 MW, the average hydropower generation being approximately 4,415 GWh.

Consolidated net sales in 2010 totalled EUR 41.0 million, and the loss for the financial year was EUR 7.0 million. The parent company's net sales in 2010 totalled EUR 39.4 million, and the result for the financial year was EUR 0.7 million, equivalent to the total amount of dividends payable under the articles of association.

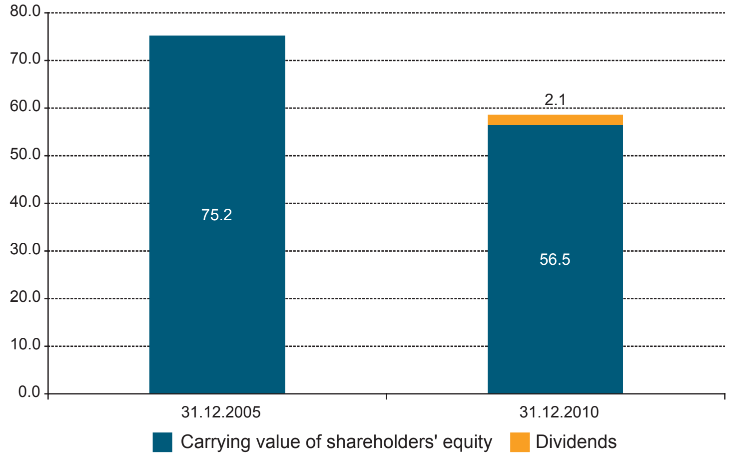
KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	41.0	39.6
Operating income	EURm	-1.4	-1.2
Operating income %	%	-3.3	-3.0
Total assets	EURm	453.7	434.5
Equity ratio	%	24.9	27.7
Gearing	%	277.2	238.1
Return on equity	%	-6.0	-5.6
Return on investment	%	-0.3	0.2
Personnel, total		267	266
Personnel, Finland		267	266
Total dividends paid	EURm	0.7	0.7
Dividends received by the State	EURm	0.4	0.4

REPORTED INVESTMENTS

According to the company's investment plan, the output of Kemijoki Oy's power plants will increase from the current 1100 MW to more than 1,200 MW by 2017.

YIELD TO THE STATE, EUR million



The yield to the State was -4.9% a year in the period 31 December 2005 – 31 December 2010 (CAGR, Compound annual growth)

PATRIA PLC defence equipment industry, aviation equipment industry

State shareholding: 73.2%
Chairman of the Board: Christer Granskog
Chief Executive Officer: Heikki Allonen
Personnel: 3,397
Principal places of business in Finland: Helsinki, Hämeenlinna, Jämsä, Tampere and Vammala

Patria Holding Plc delivers materiel and services to the defence forces of several countries and to the civilian sector. Defence materiel and maintenance accounted for 88% and the civilian sector for 12% of the net sales in 2010. 37% of the net sales were generated in Finland and 63% abroad.

In 2010, consolidated net sales increased slightly compared with the previous year. However, operating income fell short of the previous year's figure by over 50%. The profits were affected by non-recurring items relating to ongoing delivery projects. Patria's subsidiaries, Millog and Nammo, had a major impact on Group results.

Patria's order stock remained sound at around EUR 1.8 million on 31 December 2010, up 34% compared with the order stock of 2009. The order stock also includes the orders placed under the agreement made between Millog and the Finnish Defence Forces. During 2010, Patria signed a contract on 113 Patria AMVs to be delivered to the Swedish Defence Materiel Administration.

KEY FINANCIAL INDICATORS

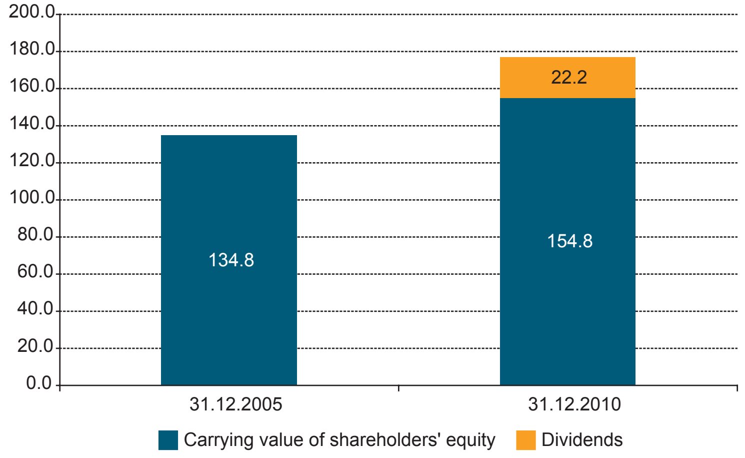
		2010	2009
Net sales	EURm	564.3	539.5
Operating income	EURm	10.5	20.0
Operating income %	%	1.9	3.7
Total assets	EURm	610.2	524.5
Equity ratio	%	42.2	43.5
Gearing	%	7.0	40.8
Return on equity	%	1.7	5.7
Return on investment	%	3.7	6.9
Personnel, total		3,397	3,414
Personnel, Finland		2,316	2,550
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

The 2009 reference figures are those of Patria Corporation.

COMPETITORS

Company	Country	Net sales, EURm
RUAG	Switzerland	1,445
Kongsberg Defence	Norway	432
Rheinmetall Defence	Germany	2,007

YIELD TO THE STATE, EUR million



The yield to the State was 5.6% a year in the period 31 December 2005 – 31 December 2010 (CAGR, Compound annual growth).

RASKONE LTD — repair and servicing of utility vehicles, truck refitting

State shareholding: 85.0%, Governia Oy: 15%
Chairman of the Board: Juho Lipsanen
Chief Executive Officer: Marjut Ontronen
Personnel: 888
Principal places of business in Finland: Helsinki, repair shops in various parts of Finland

Raskone Ltd's operations include the maintenance of heavy-duty vehicles and machinery, repair and servicing of cars and vans, refitting of vans and trucks, and supply of materials. The business is based on the company's ability to service vehicles and machinery of all makes. In addition to the parent company Raskone Ltd, the Group also comprises Pajakulma Oy. Raskone, the parent company, is Finland's leading company specialising in the servicing and maintenance of utility vehicles and working machines. Pajakulma specialises in refitting vehicles and is a market leader in Finland in springs and cargo handling equipment. Shares in the former Group company, utility vehicle leasing operator Easy Km Ltd, were disposed of at the end of 2010.

Repair shop operations continued to be affected by the economic downturn during the past year. Although servicing and repairs are not as sensitive to business cycles as the sale of new vehicles, the low level of vehicle mileages was reflected in the low demand in repair shop operations. Competition in the sector is intense and price-setting aggressive. Vehicle refitting was burdened by the low sales volumes of new vans and trucks, which also reduced the demand for superstructure components.

Consolidated net sales in 2010 fell slightly from the previous year. The decrease in net sales is mostly due to the disposal of Easy Km Ltd. The company's net sales are included in the consolidated net sales up to the end of November 2010. Raskone's operating income improved on the previous year but still stayed in the red. The consolidated balance sheet showed a clear improvement following the sale of Easy Km Ltd. Equity ratio rose to 30.4% and gearing fell to 73.5%.

KEY FINANCIAL INDICATORS

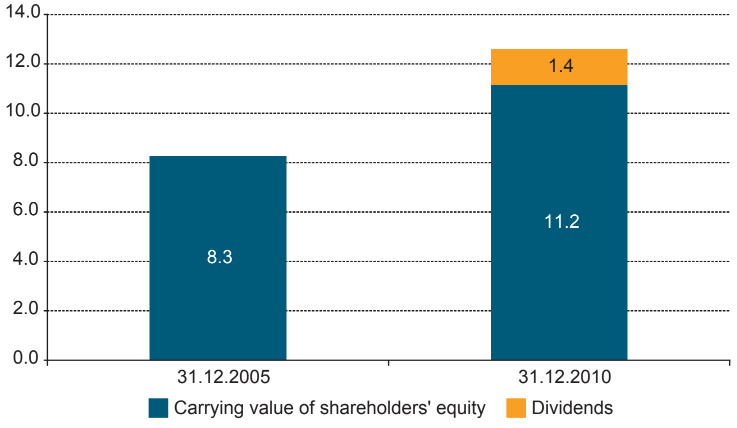
		2010	2009
Net sales	EURm	181.7	183.5
Operating income	EURm	-0.2	-2.0
Operating income %	%	-0.1	-1.1
Total assets	EURm	43.8	99.7
Equity ratio	%	30.4	15.6
Gearing	%	73.5	259.6
Return on equity	%	-15.4	-19.0
Return on investment	%	0.3	-3.2
Personnel, total		888	958
Personnel, Finland		888	958
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

The figures of Easy Km Ltd are included in those of the Group until the end of November 2010.

COMPETITORS

Company		Country
Servicing:	Volvo AB	Sweden
	Scania AB	Sweden
	Veho Oy Ab	Finland
Spare parts:	Koivunen Oy	Finland
Refitting:	Cargotec Finland Oy	Finland

YIELD TO THE STATE, EUR million



The yield to the State was 8.8% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

SUOMEN LAUTTALIIKENNE OY ferry and water transport services

State shareholding: 100%
Chairman of the Board: Pertti Saarela
Chief Executive Officer: Mats Rosin
Personnel: 285
Principal places of business in Finland: Sulkava, Turku and 39 ferry sites around Finland

Destia Ltd's ferry operations were spun off to Suomen Lauttaliikenne Oy (supplementary trade name Finferries), a separate company that commenced operations at the beginning of 2010. Finferries' net sales in 2010 were up 23% compared to those of Destia's ferry services business in 2009, totalling EUR 37.8 million (EUR 30.7 million). The growth in net sales is due to the higher price level of new contracts. Finferries' financial position was good and the company paid off its long-term debt of EUR 9 million. Total investments during the reporting period amounted to EUR 2.1 million. The order stock at year-end was solid.

Finferries was awarded two contracts put out to open tender by the Centre for Economic Development, Transport and the Environment for Southwest Finland. Additionally, the company renewed its contracts with private road maintenance associations. In 2010, Finferries signed a supply contract for three new cable ferries with APX Metalli Oy. The ferry service at the Oikarainen ferry site in Kemijärvi was discontinued and the Lövö cable ferry site will be closed in 2011.

The company operates a total of 71 ferries, 12 of which have been leased for use on private roads. No investments in new ferries had been made for ten years until the present company commenced operations. From 2010, the need to modernise the ferry fleet is reflected in the growing need for financing. Aside from the ageing fleet, another reason for investments is the inadequate load-carrying capacity of some of the ferries.

As well as the Centre for Economic Development, Transport and the Environment, Finferries' customers include municipalities and the ferry sites of private road associations. The Centre for Economic Development, Transport and the Environment purchases ferry transport services both from Finferries and Arctia Shipping Ltd. According to the 2009–2013 operating and financial plan of the Centre for Economic Development, Transport and the Environment, the number of ferry sites will remain at the current level over the foreseen planning period, although the objective is to replace 8 to 11 ferry services by fixed structures. Maintenance of the road network is provided for through 83 three-to-seven year service agreements. The Centre for Economic Development, Transport and the Environment seeks to increase the number of service providers and so promote competition in the sector.

The total value of ferry operations in Finland amounts to EUR 50 million annually, of which Finferries' market share accounts for more than 60%. Ferry operations on Finnish inlakes, worth around EUR 30 million, have been exclusively carried out by Finferries with the exception of two routes.

Net sales will remain at the same level as in 2010. The company has a solid order stock up until 2014, and net sales are expected to stay relatively stable in the next few years, provided that agreements are renewed at the current terms and conditions. The company will focus on streamlining its ferry operations, designing new ferries and bringing the ongoing projects to completion. Its business operations are affected by competitive bidding and the government bridge construction programme. As an independent operator, the company's greatest challenges relate to the enhancement of business competence and the substantial investments required for upgrading the ferry fleet.

KEY FINANCIAL INDICATORS

		2010
Net sales	EURm	37.8
Operating income	EURm	9.0
Operating income %	%	23.9
Total assets	EURm	18.1
Equity ratio	%	54.1
Gearing	%	-6.0
Return on equity	%	91.5
Return on investment	%	54.6
Personnel, total		285
Personnel, Finland		285
Total dividends paid	EURm	0
Dividends received by the State	EURm	0

COMPETITORS

Company	Country	Net sales, EURm
Arctia Shipping Oy	Finland	n/a

MINT OF FINLAND LTD metal engineering industry

State shareholding: 100.0%
Chairman of the Board: Pentti Kivinen
Chief Executive Officer: Paul Gustafsson
Personnel: 134
Principal places of business in Finland: Vantaa

Mint of Finland Ltd is the leading producer of coins in the Nordic countries and the Baltic region. The company designs, markets and mints money, and its products include metallic circulation, collection and commemorative coins. The company operates worldwide. Mint of Finland owns 100% of the Mint of Sweden, Ab Myntverket, and 50% of Det Norske Myntverket of Norway. The company sold its 50% stake in Nordic Moneta in 2010 and its Gifts and Decorations business at the beginning of 2011. In April 2011, Mint of Finland bought the entire share capital of the German coin-blank manufacturer Saxonia EuroCoin GmbH, the larget coin-blank manufacturer in the euro zone. The deal nearly doubles Mint of Finland's net sales, and it is expected to offer synergy benefits in sales, marketing and product development.

Mint of Finland's strategic vision is to become a leading producer of coinage in Europe, with its success based on efficient production, strategic market expertise, and continuous product development. The company's ambition is to lead the way in the design and production technology of commemorative coins. Following the Saxonia deal, Mint of Finland will be better placed to operate in the global market.

Consolidated net sales in 2010 fell almost 50% short of the previous year's figure totalling EUR 57.7 million. Most of the decrease in net sales is due to the disposal of Nordic Moneta. Another important reason for the decline in sales is the change in the Group's accounting policy. 22% of the net sales were generated in Finland, 36% in other EU countries, and the remaining 42% outside the EU. Circulation coins accounted for 48% of the parent company's net sales, numismatic products (collector items) for 45% and other products for 7%. Consolidated operating income was EUR 0.2 in the red, even though financial performance improved from 2009. The consolidated result for the period showed a loss of EUR 0.2 million. The parent company's operating income was in the black as a result of the gain on the sale of Nordic Moneta, etc., but the consolidated result showed a loss because of the write-down of the holdings in the Swedish and Norwegian subsidiaries.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	57.7	89.4
Operating income	EURm	-0.2	-3.9
Operating income %	%	-0.3	-4.4
Total assets	EURm	60.1	71.5
Equity ratio	%	86.9	84.9
Gearing	%	-45.6	-47.6
Return on equity	%	-0.5	-4.0
Return on investment	%	0.4	-3.2
Personnel, total		134	257
Personnel, Finland		101	158
Total dividends paid	EURm	0.0	0.0
Dividends received by the State	EURm	0.0	0.0

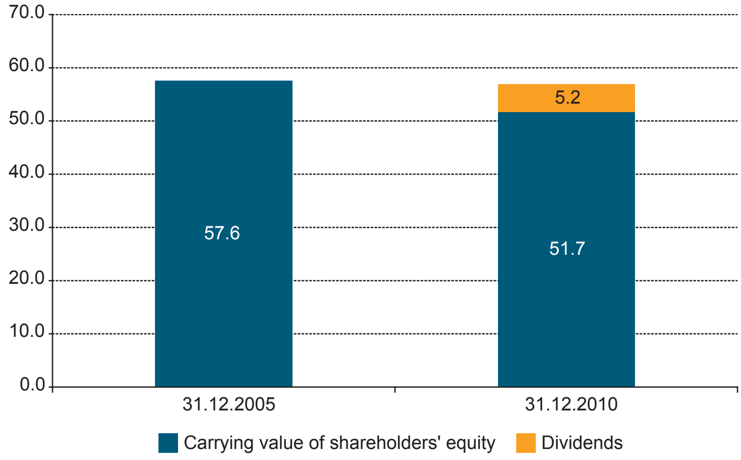
The 2009 figures are not fully comparable as a result of the change in the accounting policy.

COMPETITORS

Company	Country	Net sales, EURm
Austrian Mint AG	Austria	1,776
Royal Canadian Mint	Canada	1,348
The British Royal Mint	UK	195
Monnaie de Paris	France	126
Royal Dutch Mint	Netherlands	33
Kremnica Mint	Slovakia	33

Net sales for 2009. The British Royal Mint's net sales are for the period that ended on 31 March 2010.

YIELD TO THE STATE, EUR million



The yield to the State was -0.2% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

VAPO OY energy production, environmental business, sawmill industry

State shareholding: 50.1%
Chairman of the Board: Juho Lipsanen
Chief Executive Officer: Tomi Yli-Kyyny
Personnel: 1,333
Principal places of business in Finland: Jyväskylä, Nurmes, Lieksa, Vilppula, Forssa

Vapo is the leading producer of renewable fuels and refined fuel products, a major producer of bioheat, and a supplier of diverse environmental business solutions in the Baltic Sea region. At the same time, Vapo has substantial sawmill operations in Finland.

Peat production in summer 2010 was at par with the long-term average. In 2010, the demand for Vapo Biofuels grew and the profitability of the business area remained solid. Environmental products as well as electricity and heat showed favourable development and operations were clearly profitable. Vapo's sawmill operations were able to reverse the trend and show a profit for 2010. Pellet production, in contrast, continued to make a loss.

Of crucial importance to Vapo's net sales and financial performance in 2011 will be the peat production conditions in the summer of 2011 and the trends in profits and sales in pellet production. Business cycles in the sawmill sector will also play an important part.

In the future, Vapo will seek to increase its wood-based energy production in particular. To enhance efficiency in wood procurement, Vapo acquired one third of the share capital of Harvestia Oy, a company that will supply Vapo with roundwood for its sawmill operations and a growing share of Vapo's energy wood.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	719.5	537.7
Operating income	EURm	39.1	38.0
Operating income %	%	5.4	6.6
Total assets	EURm	922.7	847.8
Equity ratio	%	38.3	39.5
Gearing	%	120.4	111.5
Return on equity	%	8.9	6.8
Return on investment	%	9.5	5.7
Personnel. total		1,333	1,451
Personnel. Finland		833	877
Total dividends paid	EURm	15.0	12.0
Dividends received by the State	EURm	7.5	6.0

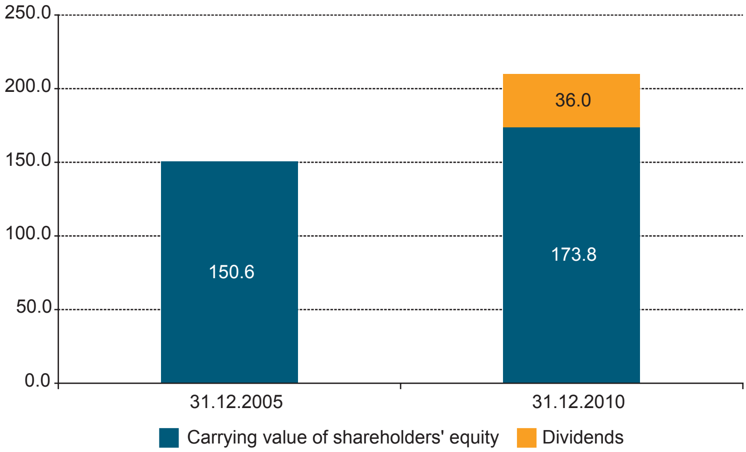
COMPETITORS

Company	Country	Net sales. EURm
Turveruukki Oy	Finland	22.4
Metsäliitto Group	Finland	5,377.0
Lassila &Tikanoja plc	Finland	598.2

REPORTED INVESTMENTS

Vapo will modernise its Hankasalmi sawmill during the summer of 2011.

YIELD TO THE STATE, EUR million



The yield to the State was 6.85% a year in the period 31 December 2005 – 31 December 2010 (CAGR, Compound annual growth).

VR-GROUP LTD — railway and road transport including track construction and maintenance

State shareholding: 100.0%
Chairman of the Board: Lauri Ratia
Chief Executive Officer: Mikael Aro
Personnel: 11,950
Principal places of business in Finland: Helsinki, Kouvola, Oulu and Tampere

VR-Group is a transport company operating in a number of transport sectors. It engages in railway operations providing both passenger and freight transport services. Additionally, VR-Group offers road transport services by coach and freight transport services by truck. The Group has a sub-group specialising in railway track construction and maintenance, including companies providing catering, restaurant and telecommunications services.

While VR-Group's main market area is Finland, a substantial share of its freight transport operations is international. Some 50% of its net sales are generated by rail transport. The average number of personnel was 11,950, of whom 11,552 were in Finland.

VR-Group's net sales and financial performance picked up in 2010. Net sales rose by 2.2% or EUR 30.6 million to EUR 1,422.6 million mainly due to rail freight services (logistics), where net sales grew 13.9% on the previous year. Net sales increased even in passenger services mainly due to new bus routes in the Helsinki metropolitan area; in contrast, net sales by the VR Track Group fell considerably. The substantial decline in track construction was due to the general shrinkage in infrastructure construction. In 2010, VR-Group's operating income improved significantly by EUR 14.2 million to EUR 43.1 million relative to the year before. The operating margin was 3.0% (2.1%). The operating income for the financial year was EUR 30.0 million (18.4). The improvement relative to the previous year was mainly due to the increase in freight volumes in logistics and the decrease in personnel costs as a result of a subsidy refund from the VR Pension Fund. However, the favourable profitability development was undermined by VR Track's clearly weaker profitability and the increase in energy costs.

In August 2009, VR-Group launched an extensive restructuring programme designed to respond to the changed market conditions and reduced demand. The programme seeks to streamline and restructure logistics operations while at the same time focusing on passenger traffic projects designed to enhance customer service and the travel experience as perceived by customers. The restructuring programme will continue up until the end of 2010. Its goal is to improve VR-Group's profitability by around EUR 100 million on the annual level, which calls for major cost savings accompanied by business growth. Regarding its human resources implications, the programme foresees a need to cut 1,200 jobs. Where possible, staff reductions will be implemented through retirement and outplacement.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	1,422.6	1,391.9
Operating income	EURm	43.1	28.9
Operating income %	%	3.0	2.1
Total assets	EURm	1,716.3	1,629.7
Equity ratio	%	80.9	83.0
Gearing	%	-12.1	-10.9
Return on equity	%	2.2	1.4
Return on investment	%	3.3	2.4
Personnel, total		11,950	12,376
Personnel, Finland		11,552	12,101
Total dividends paid	EURm	0.0	0.0
Dividends received by the State	EURm	0.0	0.0

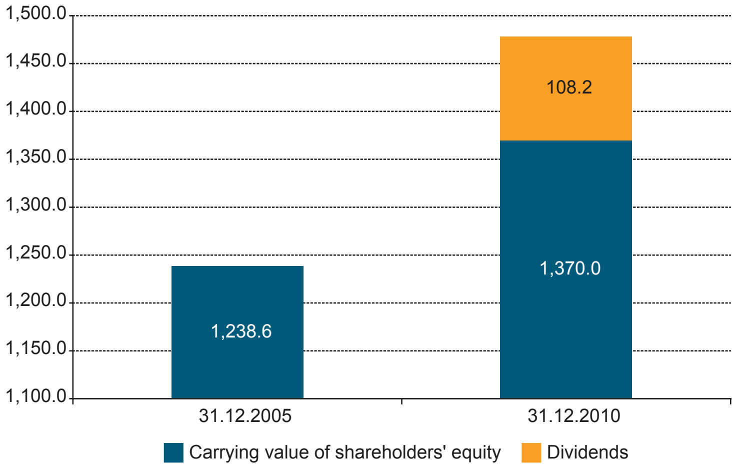
COMPETITORS

Passenger transport: private cars, coach transport, air transport.
Freight transport: trucking companies, cargo vessels.

REPORTED INVESTMENTS

The Group's capital expenditure amounted to EUR 149.8 million (134.5), of which EUR 44.3 million consisted of the Group's contribution to the track renovation project agreed with the Finnish Transport Agency. The biggest investments (50.8) were made in rolling stock.

YIELD TO THE STATE, EUR million



The yield to the State was 3.6% a year in the period 1 January 2006 – 31 December 2010 (CAGR, Compound annual growth).

5.3 Non-listed companies operating on market terms with net sales under EUR 25 million

ART AND DESIGN CITY HELSINKI OY AB urban planning

State shareholding: 35.2%
Chairman of the Board: Nyrki Tuominen
Chief Executive Officer: Kari Halinen
Personnel: 4
Principal places of business in Finland: Helsinki

Art and Design City Helsinki Oy Ab (ADC) was established in 1997 to develop the Arabianranta district of Helsinki into one of the leading art and design centres in the region. ADC's mission is to contribute to the creation of the applied arts centre to be developed in Arabianranta by providing services in support of the project. The plan is to turn the area into a major forum for creative industry in the Baltic region. To accomplish this, the company produces marketing, training and other services and is involved in implementing a range of development and other projects.

ADC coordinates the efforts to the develop the area as a future residential district and an innovative environment for new companies and a campus for seven universities and institutes of education (University of Helsinki; University of Art and Design Helsinki; Arcada; Metropolia; Helsinki College of Technology (AV Media); Prakticum; and Helsinki Pop and Jazz Conservatory). Since 2001, ADC has operated a virtual media portal – Helsinki Virtual Village – and related displays in the Arabia shopping centre and schools. At the same time, ADC has been responsible for developing the local optical fibre network and services.

Arabianranta-Kumpula is also being developed as a Living Lab where new technologies, services and procedures can be tested, developed and commercialised as a joint effort to meet the needs of the residents and business and educational establishments. ADC won the contract in competitive bidding for the implementation of a working platform for the 'quadruple spin' project designed to create a user-responsive Living Lab tool for 14 universities of applied sciences.

The most significant effort in 2010 was the development of travel products for the tourism and recreation strategy project launched in 2009. Additionally, ADC has provided strategic consultation services in view of developing sites outside Arabianranta, such as districts of Kalasatama and Tukkutori.

ADC is making special preparations for 2012 when Helsinki will be a World Design Capital and Arabianranta one of the design attractions. Additionally, the WDC year 2012 was launched with the aim of designing a specific signage system in collaboration with the City, Fiskars, Varma Mutual Pension Insurance Company, and Arabian Palvelu Oy. Arabia is a 'new-era city' with 10,000 inhabitants, 8,800 employees and 6,000 students.

Currently the company is co-owned by the State; the City of Helsinki; Iittala Group Ltd; the University of Art and Design Helsinki Foundation; the Helsinki Pop and Jazz Conservatory Foundation; Arabian Palvelu Oy; University of Helsinki Funds; and Stiftelsen Arcada.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	0.5	0.4
Operating income	EURm	0.0	0.0
Operating income %	%	-2.9	12.2
Total assets	EURm	0.4	0.5
Equity ratio	%	85.6	83.8
Gearing	%	-90.6	-106.9
Return on equity	%	-2.6	11.9
Return on investment	%	-1.7	14.7
Personnel. total		5	4
Personnel. Finland		5	4
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

BOREAL PLANT BREEDING LTD

breeding and marketing of cultivated plants

State shareholding: 65.0%
Chairman of the Board: Kaj Friman
Chief Executive Officer: Markku Äijälä
Personnel: 64
Principal places of business in Finland: Jokioinen

Boreal Plant Breeding Ltd breeds and markets varieties of field crops for professional farmers operating in the harsh growing conditions prevailing in northern Europe. The company's product portfolio includes the rights to the plant varieties developed by the company and basic seeds marketed through seed companies. Boreal is the market leader in its sector in Finland. Two-thirds of all the arable land in Finland is cultivated using the some 70 varieties of plants bred by Boreal. Aside from operating on the Finnish market, Boreal is aiming at expanding its exports. The main varieties in Boreal's breeding programmes are cereals, oil crops, grasses, potatoes and peas. The company has developed biotechnology-based plant breeding methods and acquired expertise in the use of manipulation programmes based on genetic engineering.

In 2010, the royalties from certified seed grades increased by 7.6% and seed sales exceeded the budget by a wide margin. Sale of plant breeding services to the National Emergency Supply Centre increased slightly on 2009. All in all, net sales grew by 13.4%. The substantial increase in sales improved profitability. The operating margin increased to 9.8% (5.4%) and return on equity to 10.3% (7.8%). The company's solvency is sound with the equity ratio in 2010 standing at 75%. 2010 was the first year when the Group's subsidiary operating in Russia generated any sales. The Arbalet barley variety is scheduled for commercial seed production in Russia in the summer of 2011.

Even though year 2011 is expected to be challenging, the long-term prospects for the company are positive. The company is expected to retain its strong position as the market leader in Finland.

EY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	8.1	7.2
Operating income	EURm	0.8	0.4
Operating income %	%	9.8	5.4
Total assets	EURm	9.3	8.0
Equity ratio	%	75	79.4
Gearing	%	-41.3	-23.8
Return on equity	%	10.3	7.8
Return on investment	%	12.7	7.6
Personnel. total		64	63
Personnel. Finland		62	63
Total dividends paid	EURm	0.4	0.3
Dividends received by the State	EURm	0.2	0.2

HELSINKI BUSINESS AND SCIENCE PARK LTD

business incubation

State shareholding: 28.6%
Chairman of the Board: Eero Holstila
Chief Executive Officer: Pia Westerling
Personnel: 14
Principal places of business in Finland: Helsinki

Helsinki Business and Science Park Oy Ltd (HBSP) offers business incubation services and premises for start-up and growth companies, particularly in the field of biotechnology, drug development, diagnostics, and environmental technology. The company operates mainly in the Viikki and Meilahti campuses in close cooperation with the University of Helsinki. University research is a major source of projects for HBSP.

In 2010, HBSP provided its services to 60 companies with a total of around 230 employees. Twenty-four new companies started business under the auspices of HBSP in 2010.

Net sales by the company were EUR 1.3 million in 2010. Additionally, it receives EUR 0.6 million in subsidies. Net sales fell by 9% relative to the year before, comprising rental income and service fees paid by the companies. The company made a loss of EUR 0.1 million.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	1.3	1.6
Operating income	EURm	-0.1	-0.03
Operating income %	%	-9.4	-2.1
Total assets	EURm	1.1	1.2
Equity ratio	%	71.8	83.4
Gearing	%	-68.8	-28.4
Return on equity	%	-14.9	-3.3
Return on investment	%	-14.9	-3.3
Personnel. total		14	14
Personnel. Finland		14	14
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

OPETUSALAN KOULUTUSKESKUS EDUCODE OY

education and consulting

State shareholding: 100%
Chairman of the Board: Marita Iso-Aho
Chief Executive Officer: Ismo Salminen
Personnel: 44
Principal places of business in Finland: Tampere and Heinola

Educode Oy was established to carry on the operations of Opeko, the National Centre for Professional Development in Education starting 1 January 2010. Educode Oy is a company of experts specialised in personnel and organisation development. It provides educational, consulting and development services including support and additional services in related fields.

During its first year of operation, the company focused on launching the business and adapting its cost structure. The change of legal form into a limited liability company proved to be more challenging than expected. The financial result for 2010 was EUR 2.5 million in the red. At the same time, net sales fell considerably compared with the predecessor organisation and year 2009 to EUR 2.8 million. One reason for the decline in net sales was that the services are now VAT-taxable. The organisation proved too heavy and costs too high for the new business model. Additionally, the financial performance was adversely affected by non-recurring costs due to restructuring. As the company's resources were drained, the State-owner injected EUR 2 million at the end of 2010 to recapitalise it.

The company's cost structure has been adapted to the new situation and financial performance is expected to improve during the current year. With the National Board of Education as a major customer, the company will focus on advanced and supplementary training projects in the field of education. Competition in the sector is intense, with strained local government finances creating further challenges to the business.

KEY FINANCIAL INDICATORS

		2010
Net sales	EURm	2.8
Operating income	EURm	-2.5
Operating income %	%	-88
Total assets	EURm	2.4
Equity ratio	%	57
Gearing	%	-163.9
Return on equity	%	-195
Return on investment	%	-195
Personnel, total		44
Personnel, Finland		44
Total dividends paid	EURm	0
Dividends received by the State	EURm	0

MOTIVA OY consultation on energy efficiency, renewable energy and materials

State shareholding: 100%
Chairman of the Board: Juhani Wiio
Chief Executive Officer: Jouko Kinnunen
Personnel: 40
Principal places of business in Finland: Helsinki

Motiva Oy provides expert and project services in order to improve energy efficiency and the sustainable use of renewable energy. Another important business area is the promotion of materials efficiency. The natural resources strategy will open up new opportunities, particularly for Motiva's materials efficiency operations.

Motiva serves as an 'in-house' unit within the central government, meaning that it faces no actual competition in its energy and materials efficiency services, whereas its subsidiary Motiva Services Oy operates strictly on a market basis in a competitive environment. The plan is that the subsidiary will specifically focus on areas where the market is not yet mature. At the beginning of 2011, Motiva Service Oy also launched ecolabelling business.

Motiva's customers include ministries, other government agencies, companies and consumers. Motiva also implements international projects that support the provision of services in Finland, such as EU-funded projects. Breakdown of net sales by customer category in 2010:

- Ministry of Employment and the Economy 65%
- other ministries 14%
- other central government 4%
- companies and local government 8%
- EU Commission and foreign countries 9%

Net sales in 2010 were EUR 6.1 million and the financial result EUR 0.3 million, a slight improvement on 2009.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	6.1	5.9
Operating income	EURm	0.4	0.4
Operating income %	%	6.4	6.1
Total assets	EURm	3.5	3.1
Equity ratio	%	59	56
Gearing	%	-41.8	-31.9
Return on equity	%	15.7	21.6
Return on investment	%	22.1	36.9
Personnel, total		40	36
Personnel, Finland		40	36
Total dividends paid	EURm	0.08	0.04
Dividends received by the State	EURm	0.08	0.04

FINNISH SEED POTATO CENTRE LTD **maintenance, production and marketing of potato varieties**

State shareholding: 22.0%
Chairman of the Board: Reijo Moilanen
Chief Executive Officer: Lauri Juola
Personnel: 13
Principal places of business in Finland: Tyrnävä

The Finnish Seed Potato Centre Ltd (SPK) is a Finnish seed potato producing enterprise whose field of activity comprises the cleaning and maintenance of seed material as well as the production, packaging and marketing of basic and certified seed grades. The operations are based on the basic seed maintenance and production agreements signed with Finnish variety owners or representatives. SPK also maintains and produces seed potatoes from the so-called free varieties. The company had a total of 31 potato varieties in production in 2010.

SPK's net sales in 2010 grew by 26% year-on-year reaching EUR 4.3 million. Similarly, the operating income for 2010 increased compared with the preceding year. The biggest investments in 2010 were made in upgrading subsurface drainage and potato containers and renovating the greenhouses, with total investments amounting to EUR 0.1 million.

The stock levels of seed potatoes decreased relative to the year before. As a result, the management expects net sales to fall slightly in 2011 even though the average price will increase.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	4.3	3.4
Operating income	EURm	0.2	0.2
Operating income %	%	5.7	5.0
Total assets	EURm	3.7	3.4
Equity ratio	%	27.7	27.3
Gearing	%	112.2	98.5
Return on equity	%	15.3	10.9
Return on investment	%	11.7	10.1
Personnel, total		13	12
Personnel, Finland		13	12
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

SUOMEN VILJAVA OY   cereal handling and storage services

State shareholding: 100.0%
Chairman of the Board: Kari Kolu
Chief Executive Officer: Kari Nurmentaus
Personnel: 88
Principal places of business in Finland: Helsinki, Kokemäki, Koria, Kuopio, Loimaa, Loviisa, Mustio, Naantali, Perniö, Rauma, Seinäjoki, Turenki, Vantaa, and Ylivieska

Suomen Viljava Oy's main field of activity is the handling and storage of cereals and cereal-type raw materials.

Key players in the sector as regards commercial storage and handling include the cereal-based industry, cereal traders, and Suomen Viljava Oy. The majority of Finland's reserve stock cereals are stored in the company's silos. Cereal handling and storage account for the majority of the company's net sales.

Suomen Viljava Oy has a storage capacity of 1.4 million tonnes in 21 different locations. It handles nearly 2 million tonnes of cereals and other products annually.

The company's net sales grew by 12% to EUR 19.8 million in 2010. The storage silos contained large amounts of cereal and the company was looking for temporary facilities for cereals for intervention when its owns stocks filled up. Storage accounted for 60% of the 2010 net sales. The increase in sales improved profitability substantially. The return on equity reached 18% and return on investment 22%. As a result of good performance, the equity ratio rose to 82%. Suomen Viljava expands and maintains its property, building stock and machine fleet through annual investments of around EUR 3 million.

KEY FINANCIAL INDICATORS

		2010	2009
Net sales	EURm	19.8	17.7
Operating income	EURm	5.4	4.1
Operating income %	%	27.2	23.2
Total assets	EURm	26.2	27.2
Equity ratio	%	82.1	76.0
Gearing	%	2.1	10.9
Return on equity	%	18.2	13.6
Return on investment	%	22.3	16.2
Personnel, total		88	90
Personnel, Finland		88	90
Total dividends paid	EURm	3.0	3.0
Dividends received by the State	EURm	3.0	3.0

5.4 Companies with special assignments – Governia Oy and Solidium Oy

GOVERNIA OY investment operations

State shareholding: 100%
Chairman of the Board: Harri Pynnä
Chief Executive Officer: Raimo Korpinen
Personnel: 62
Principal places of business in Finland: Helsinki, Lahti, Oulu and Vantaa

Governia is a company responsible for a range of special duties assigned to it by the State. It was established in 2009 when Solidium Oy, a company that had previously attended to the duties now assigned to Governia, was divided into Solidium, which administers the State's shareholdings in non-strategic listed companies, and Governia, which is engaged in the property business. Governia is a holding company whose most important subsidiaries are Kruunuasunnot Oy and Easy Km Ltd.

Through its subsidiaries, Kruunuasunnot Oy owns nearly 3,000 rental flats in 29 localities. One of the company's most important customers and partners is the Finnish Defence Forces. Kruunuasunnot develops its housing stock through extensive renovations. Aside from investments, the sale of flats has been a key part of operations. In 2010, the outlays for renovations and improvements in the building stock owned by Kruunuasunnot Group totalled EUR 19.8 million. Additionally, the company invested EUR 1.3 million in new housing production.

In December 2010 Governia acquired the entire share capital of Easy Km Ltd from Raskone Ltd. Easy Km offers leasing financing and administrative services for commercial vehicles and company cars. It is Finland's largest lessor of commercial vehicles. Most of Easy Km's customers represent the public-sector. At the end of 2010, the company's fleet included 8,785 vehicles.

Additionally, Governia made a portfolio investment in November 2010 when it bought a 15% interest in Raskone.

Governia Group's net sales in 2010 reached EUR 32.7 million, up 6% relative to the annualised figure for the previous financial year. Rental income and compensation for use accounted for EUR 21.9 million and sale of properties for 10.8 million of the net sales. While the parent company did not generate any sales, its healthy financial income yielded an operating income of 0.6 million. The Group's equity ratio in 2010 fell to 47% because of Easy Km's low equity ratio. Easy Km has been funding its leasing fleet mainly through borrowing and leasing financing. Governia's liabilities include a subordinated loan with an outstanding balance of EUR 48 million from the State, which has been used to finance Kruunuasunnot's operations.

The Group's net sales and financial performance are expected to increase due to Easy Km whose turnover reached EUR 100 million in 2010. Even though 2010 was challenging for the vehicle sector, the company's outlook for the next few years is positive. Its financial position is sound laying a healthy basis for financing operations.

Kruunuasunnot's financial position is expected to remain at the 2010 level during the current year. Conceivably, rising interest rates may curb the housing market. While the parent company is not foreseen to generate any regular sales in the next few years, it is expected to put in a positive performance thanks to investment activities.

KEY FINANCIAL INDICATORS

		2010	2009 (8 mo.)
Net sales	EURm	32.7	20.5
Operating income	EURm	1.8	-0.3
Operating income %	%	5.5	-1.3
Total assets	EURm	278.6	204.8
Equity ratio	%	47.0	61.8
Gearing	%	59.0	14.7
Return on equity	%	0.9	-0.9
Return on investment	%	1.2	0.6
Personnel, total		62	19
Personnel, Finland		62	19
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

SOLIDIUM OY investment operations

State shareholding: 100.0%
Chairman of the Board: Pekka Ala-Pietilä
Chief Executive Officer: Kari Järvinen
Personnel: 11
Principal places of business in Finland: Helsinki

Solidium Oy is a wholly State-owned holding company which cooperates with other investors. Solidium's holdings involve national interests, but its investment decisions are based on financial considerations. An active participant in the Finnish capital market, Solidium finances its activities with returns from its investments and by borrowing.

On 21 October 2008, the Government passed a resolution to transform the wholly State-owned Solidium into an investment company to manage the State's non-strategic shareholdings in listed companies. State holdings in eight listed companies, namely Kemira, Metso, Outokumpu, Rautaruukki, Sampo, Sponda, Stora Enso, and TeliaSonera, were transferred to Solidium on 11 December 2008. The first steps to build Solidium's organisation and commence operations were taken in spring 2009. On 11 June 2009, the Government decided to relinquish its shares in Elisa Corporation to Solidium.

Solidium's first financial period was 1 May to 31 December 2009. The operations of Solidium's predecessor ended on 30 April 2009 when all its assets and liabilities were transferred to the receiving companies Solidium Oy and Governia Oy under the demerger agreement.

During the first half of the financial year starting on 1 July 2010 Solidium completed three transactions: two to sell shares and one to buy.

On 16 November 2010, Solidium sold 53 million shares in Sponda at the price of EUR 3.33 per share. The divestment represented around 19% of Sponda's share capital. The proceeds from the sale were approximately EUR 176 million with Solidium making a pre-tax profit of around EUR 79.3 million.

On 25 November 2010 Solidium sold all its holdings, some 6.5 million shares, in Tikkurila at a price of EUR 15.10 per share. The divestment represented around 14.7% of Tikkurila's share capital. The proceeds from the sale were approximately EUR 98 million with Solidium incurring a loss of around EUR 5.3 million.

In November 2010, Solidium acquired shares in Elisa Corporation to a total value of EUR 2.7 million. The average price of the shares was EUR 15.64. The shares were bought to ensure that Solidium's stake in Elisa will not fall below 10 % if Elisa issues new shares as part of its current incentive bonus plan.

During the half-year period, Solidium received capital repayments to a total value of EUR 8.3 million.

During the half-year period, Solidium paid EUR 356 million in dividends to the State.

KEY FINANCIAL INDICATORS

		1.7–31.12.2010	1.7–31.12.2009	1.7.2009–30.6.2010*
Net sales	EURm	0.0	0.0	0.0
Operating income	EURm	71.1	-1.6	-3.7
Dividends and capital repayments received	EURm	8.3	26.1	458.4
Administrative cost ratio	%	0.07	0.05	0.05
Net asset value	EURm	8,571.3	7,390.3	7,714.8
Shareholders' equity	EURm	584.7	5,738.1	6,136.8
Interest-bearing debts	EURm	0.0	0.0	0.0
Equity ratio	%	99.7	100.0	99.9
Personnel, total		11	11	11
Personnel, Finland		11	11	11
Total dividends paid	EURm	0	0	356
Dividends received by the State	EURm	0	0	356

* *Solidium's first financial year was 1 July 2009 to 30 June 2010. Half-year interim report 1 July 2009 – 31 December 2009.*

Solidium's portfolio at 31 December 2010:

Total investments	EUR	Weight
Elisa	273,352,270	3%
Kemira	302,984,218	3%
Metso	656,062,997	7%
Outokumpu	783,395,486	8%
Rautaruukki	974,547,048	10%
Sampo	1,589,565,604	17%
Sponda	163,595,331	2%
Stora Enso	757,730,628	8%
Stora Enso A	438,929,923	
Stora Enso R	318,800,705	
TeliaSonera	3,669,043,556	38%
Tieto	105,002,319	1%
Total investments in shares	9,275,279,457	
Money market placements	273,211,014	3%
Total investments	9,548,490,471	100%

Total investments in shares	EUR	Weight
Elisa	273,352,270	3%
Kemira	302,984,218	3%
Metso	656,062,997	7%
Outokumpu	783,395,486	8%
Rautaruukki	974,547,048	11%
Sampo	1,589,565,604	17%
Sponda	163,595,331	2%
Stora Enso	757,730,628	8%
Stora Enso A	438,929,923	
Stora Enso R	318,800,705	
TeliaSonera	3,669,043,556	40%
Tieto	105,002,319	1%
Total investments in shares	9,275,279,457	

Most of the investments in Solidium's portfolio consist of investments in shares. At the end of the reporting period on 31 December 2010, they accounted for 97% of the total. In share investments, the greatest weight is on TeliaSonera which accounts for 40% of the whole portfolio. A great weight on a single share increases the portfolio's risk level.

Solidium's invested capital reserves were EUR 273 million on 31 December 2010 (EUR 358 million on 30 June 2010). The amount of cash reserves varied during the reporting period as Solidium received dividends from Elisa while selling shares in Sponda and Tikkurila on one hand and buying shares in Elisa on the other. Solidium's strategy in investing cash reserves was to put money in low-risk money market placements.

As the following table shows, the weight-limited OMX Helsinki Cap GI gross index outperformed the total yield of Solidium's share portfolio both in the reporting period and over the past 12 months.

	1.7.2010–31.12.2010	1.1.2010–31.12.2010
Total portfolio yield	20.9%	25.2%
Money market placements	0.2%	
Return on investments	20.1%	24.7%
OMX Helsinki Cap GI gross index	23.6%	29.8%

The yield from Solidium's biggest companies in terms of weight (TeliaSonera, Sampo, Rautaruukki and Outokumpu) remained below the reference index during the last 12 months, with the result that the yield from Sodium's entire portfolio fell short of the reference index.

Share yields, last 12 months	
Metso	75%
Kemira	71%
Stora Enso	49%
Sponda	48%
Sampo	24%
TeliaSonera	23%
Elisa	12%
Rautaruukki	12%
Outokumpu	7%

N.B. Tieto not included in portfolio at calendar year start.

6 Economic value added generated by the companies

Economic value added indicates the profit generated by a company's business operations relative to the amount of capital tied up in its activities. As it always costs money to employ capital, a certain cost must be ascribed to it. This cost is the weighted average cost of capital that consists of the cost of borrowed capital and the required return on equity.

The following table indicates the total annual economic value added generated by the companies included in the State's portfolio of listed companies during 2009-2010. Additionally, the table shows the amount of capital employed during 2010 and the weighted average cost of capital at the end of 2010.

Table 2: Economic value added generated by the companies during 2009–2010

	Capital employed 2010, €m	WACC, % 2010	Economic value added, €m 2010	2009
Finnair	1,102.6	7.6%	-89.5	-144.2
Fortum	13,407	5.8%	713.9	679.4
Neste Oil	4,013	6.6%	-8.7	27.4
Total non-listed company			-24.9	-123.3

Of all non-listed companies, the greatest economic value added was generated by Gasum Corporation and Altia Plc.

While the table reflects the companies' financial performance during the reporting period, it also shows that a business that ties up a large amount of capital does not always produce economic added value even if it generated a book profit. The point of this analysis is that companies should generate a profit equivalent to at least the cost of capital employed. Failing that, the economic value added of the company is negative in the reporting period.

The concept of cost of capital includes the notion of the cyclical fluctuations and riskiness of business operations ('beta figure'). The floor for the cost of capital is provided by the market interest rate to which the cost of equity funding is added according to the company's risk exposure. Additionally, the cost of capital reflects the company's capital structure.

APPENDICES

Appendix 1: Key financial indicators

The tables below present the 2010 and 2009 key financial indicators of the companies included in the State's share portfolio, EUR million.

2010	Net sales	Operating income	Operating income, %	Total assets	Equity ratio	ROE	ROI	Gearing
Finnair	2,023.3	-13.3	-0.7%	2,411.8	36.2%	-2.7%	-0.4%	79.6%
Fortum	6,296.0	1,708	27.1%	21,964.0	39.9%	16.0%	11.8%	78.1%
Neste Oil	11,892.0	323	2.7%	6,664.0	36.4%	9.9%	7.7%	74.2%
Altia	487.9	32.6	6.7%	581.1	29.6%	16.7%	11.0%	75.8%
Arek	67.9	16.2	23.9%	87.1	21.7%	77.9%	23.9%	138.9%
Art and Design City Helsinki	0.5	0.0	0.0%	0.5	77.7%	2.1%		-98.6%
Boreal Plant Breeding	8.1	0.8	9.8%	9.3	74.6%	10.3%	12.7%	-41.3%
Destia	539.2	8.3	1.5%	251.6	30.4%	12.7%	6.2%	68.4%
Edita	110.3	2.7	2.5%	88.6	40.5%	4.6%	4.6%	51.9%
Educode	2.8	-2.5	-88.1%	2.4	56.6%	-195.1%	-195.0%	-163.9%
Ekokem	109.4	15.7	14.4%	169.5	68.9%	11.1%	12.6%	6.6%
Fingrid	456.3	74.4	16.3%	1,814.9	28.3%	9.0%	5.1%	166.3%
Gasum	1,240.7	98.4	7.9%	827.1	48.4%	17.2%	19.4%	32.5%
Helsinki Business and Science Park	1.3	-0.1	-9.4%	1.1	71.8%	-14.9%	-14.9%	-68.8%
Itella	1,841.6	38.1	2.1%	1,412.0	49.9%	2.0%	5.0%	18.1%
Kemijoki	41.0	-1.4	-3.3%	453.7	24.9%	-6.0%	-0.3%	277.2%
Motiva	6.1	0.4	6.4%	3.5	58.6%	15.4%	23.1%	-41.8%
Patria	564.3	10.5	1.9%	610.2	42.2%	1.7%	3.7%	7.0%
Raskone	181.5	0.1	0.0%	43.8	30.4%	-15.6%	0.3%	73.5%
Suomen Lauttaliikenne	37.83	9.03	0.24%	18.14	54.1%	91.5%	54.6%	-5.9%
Mint of Finland	57.7	-0.2	-0.3%	60.1	86.9%	-0.5%	0.4%	-45.6%
Finnish Seed Potato Centre	4.3	0.2	5.7%	3.7	29.7%	15.3%	11.7%	112.2%
Suomen Viljava	19.8	5.4	27.2%	26.2	82.1%	18.2%	22.3%	2.1%
VR-Group	1,422.6	43.1	3.0%	1,716.3	80.9%	2.2%	3.3%	-12.1%
Vapo	719.5	39.1	5.4%	922.7	38.2%	9.0%	9.5%	120.4%

2009	Net sales	Operating income	Operating income, %	Total assets	Equity ratio	ROE	ROI	Gearing
Finnair	1,837.7	-124.0	-6.7%	2,457.1	34.2%	-12.8%	-8.5%	90.0%
Fortum	5,435.0	1,782.0	32.8%	19,841.0	42.9%	16.4%	12.2%	70.3%
Neste Oil	9,636.0	335.0	3.5%	5,700.0	39.0%	10.1%	9.1%	86.3%
Altia	407.3	15.6	3.8%	398.4	34.5%	4.1%	6.0%	54.2%
Arek	52.4	-1.2	-2.4%	79.6	10.4%	-35.9%	-1.6%	759.0%
Art and Design City Helsinki	0.4	0.0	12.2%	0.5	83.8%	12.0%	14.4%	-107.0%
Boreal Plant Breeding	7.2	0.4	5.4%	8.0	79.4%	7.8%	7.6%	-23.8%
Destia	603.4	-16.9	-2.8%	274.0	26.3%	-22.9%	-11.0%	65.4%
Edita	110.9	3.7	3.4%	91.4	37.3%	10.6%	6.3%	59.5%
Educode	94.3	7.1	7.5%	160.0	67.5%	4.0%	5.9%	11.3%
Ekokem	358.9	50.8	14.1%	1,648.2	27.2%	6.4%	3.9%	178.1%
Fingrid	1,064.7	102.5	9.6%	793.5	52.4%	19.0%	23.7%	3.4%
Gasum	5.6	-0.4	-6.6%	0.9	17.0%	-106.9%	-106.4%	-127.3%
Helsinki Business and Science Park	1,819.7	46.7	2.6%	1,408.1	48.1%	-0.7%	4.4%	19.2%
Itella	39.6	-1.2	-3.0%	434.5	27.8%	-5.6%	-0.3%	238.1%
Kemijoki	7.0	-0.6	-9.0%	8.2	45.5%	-20.7%	-10.4%	81.3%
Motiva	5.9	0.4	6.1%	3.2	54.8%	21.6%	24.0%	-31.9%
Patria	539.5	20.0	3.7%	524.5	43.5%	5.7%	6.9%	40.8%
Raskone	183.5	-2.0	-1.1%	99.7	15.6%	-19.1%	-3.2%	259.6%
Suomen Lauttaliikenne	22.2	-0.4	-1.9%	8.6	45.5%	-2.5%	-2.3%	-7.2%
Mint of Finland	89.4	-3.9	-4.4%	71.5	84.9%	-4.0%	-3.2%	-47.6%
Finnish Seed Potato Centre	3.4	0.2	5.1%	3.4	27.3%	10.9%	10.0%	98.6%
Suomen Viljava	17.7	4.1	23.2%	27.1	76.0%	13.6%	16.2%	10.9%
VR-Group	1,391.9	28.9	2.1%	1,629.7	83.0%	1.4%	2.4%	-10.9%
Vapo	573.7	38.0	6.6%	847.8	39.5%	6.8%	7.1%	112.8%

Appendix 2: Sources of data and formulae for calculating key financial indicators

The data provided in this annual report are based on the information that is publicly available. An attempt has been made to select information on the companies and the share portfolio held by the State that is essential in the eyes of the State Ownership Steering Department. The Ownership Steering Department carries out independent analyses of the companies to formulate its own view of their status and performance. Valuatum Oy's equity analysis platform is used for the analysis work. The key financial indicators presented in the report are ratios calculated by the State Ownership Steering Department using the following formulae. Consequently, the key indicators may differ from those calculated by the companies themselves. One of the reasons for the differences is the items included in the companies' profit.

Operating income % =

$$\frac{\textit{operating income}}{\textit{net sales}} \times 100$$

Equity ratio % =

$$\frac{\textit{shareholders' equity + minority interest}}{\textit{total assets – advances received}} \times 100$$

Return on investment% =

$$\frac{\textit{profit before taxes + interest and other financing cost}}{\textit{average capital employed}} \times 100$$

Return on equity % =

$$\frac{\textit{net profit}}{\textit{shareholders' equity (average for the financial period)}} \times 100$$

Gearing % =

$$\frac{\textit{interest bearing net debt}}{\textit{shareholders' equity}} \times 100$$

Dividend yield % =

$$\frac{\textit{dividend / share}}{\textit{share price}} \times 100$$

Payout ratio % =

$$\frac{\textit{dividend / share}}{\textit{net earnings / share}} \times 100$$

<u>ECONOMIC VALUE ADDED</u>

Required return on equity = *risk free interest rate* + $\beta\ (r_m - r_f)$

where

β = the beta figure describing the riskiness of the company's share

$(r_m - r_f)$ = market risk premium

Weighted average cost of capital =

$$\text{Cost of equity x } \left(\frac{E}{D+E}\right) + \text{cost of debt x } (1 - \textit{corporate tax rate } \%) \text{ x } \frac{D}{D+E}$$

where

D= value of debt

E= value of equity

EVA = ***NOPLAT – cost of capital***

where

NOPLAT= net operating profit less adjusted taxes

<u>YIELD</u>

<u>Compound aggregate growth rate</u>

$$\text{CAGR} = \left(\frac{KA_{t+n} + \sum \text{cash flows}_{n...t}}{KA_t}\right)^{1/n} - 1$$

where

KA= State's proportion of the carrying value of equity

<u>Return on portfolio</u>

$$\text{day yield d} = \frac{MA_e - MA_b - C}{MA_b}$$

cumulative yield = $((1+d_1)\text{x}(1+d_2)\text{x}(1+d_3)...(1+d_t) - 1)$

where

MA_e = market capitalisation of the portfolio at day-end

MA_b =market capitalisation of the portfolio at previous day's end

C = cash flows during the day

REFERENCE INDICES USED IN FIG. 4

Elisa	MSRL Tel
Finnair	TAIRP Index
Fortum	SX6P
Kemira	E3CHEM
Metso	Bloomberg European Machinery, diversified
Neste Oil	SXEP
Outokumpu	Bloomberg Europe BE500 Steel
Rautaruukki	Bloomberg Europe BE500 Steel
Sampo	50/50: DJSESX7P JA DJSESXIE
Sponda	EPRA
StoraEnso	BEUFRST
TeliaSonera	SXKP

Appendix 3: State shareholdings and parliamentary authorisations on 31 December 2010

	State shareholding	Minimum level of shareholding
Listed companies		
Finnair Plc	55.8%	50.1%
Fortum Corporation	50.8%	50.1%
Neste Oil Corporation	50.1%	50.1%
Unlisted companies		
Altia Plc	100%	50.1%
Arek Oy	9.0%	0.0%
Art and Design City Helsinki Oy Ab	35.2%	0.0%
Boreal Plant Breeding Ltd	65%	50.1%
Destia Ltd	100%	0.0%
Edita Plc	100%	0.0%
Ekokem Oy	34.1%	0.0%
FCG Finnish Consulting Group Ltd	6.1%	0.0%
Fingrid Oy	12.3%	0.0%
Finnish Seed Potato Centre Ltd	24.0%	0.0%
Gasum Corporation	28.6%	0.0%
Helsinki Business and Science Park Oy Ltd	100%	100%
Itella Corporation	50.1%	50.1%
Kemijoki Oy	100%	100%
Mint of Finland Ltd	100%	0.0%
Motiva Oy	73.2%	50.1%
Opetusalan koulutuskeskus Educode Oy	85%	0.0%
Patria Plc	100%	100%
Raskone Ltd	100%	50.1%
Suomen Lauttaliikenne Oy	22%	0.0%
Suomen Viljava Oy	100%	100%
Vapo Oy	50.1%	50.1%
VR-Group Ltd	100%	100%
Companies entrusted with special State assignments		
Governia Oy	100%	100%
Solidium Oy	100%	100%

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