OWNERSHIP STEERING
GOVERNMENT OFFICE

2011 Annual Report of the Ownership Steering Department in the Prime Minister's Office

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1 Preface by the Minister

Throughout 2011, the outlook for the future remained murky. A turn for the better was hoped for both in Finland and the word economy. The debt crisis that has been shaking Europe created widespread uncertainty affecting the future prospects of the economy, with no quick relief in sight.

As far as the state ownership policy is concerned, the biggest change was the change of government. The Government Programme and accompanying statement of principles regarding the ownership policy were formulated so as to continue Finland's long-term policy line in this area, while at the same time giving greater emphasis to corporate responsibility.

As in the past, State shareholdings played an important part last year, both socially and economically. State holdings in listed companies – including the shares in Solidium's portfolio – account for about 10 per cent of the market value of the Nasdaq OMX Helsinki Stock Exchange. The long-term state holdings may be assumed to have helped keep corporate head offices in Finland and boost the Finnish capital market.

Income from dividends should not be underrated, either. In 2011, 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 1,187 million as compared to EUR 863 million in the previous year. The figure includes the EUR 660 million received in dividends from Solidium.

No major restructuring of ownership took place during 2011. Following the adoption of the latest resolution on ownership policy, ownership steering in respect of Arctia Shipping Ltd and Meritaito Oy was transferred from the Ministry of Transport and Communications to the Ownership Steering Department and that in respect of Fingrid Oyj to the Ministry of Finance as of 1 March 2012. Ownership steering in respect of State Security Networks Ltd was transferred from the Ministry of the Interior to the Ownership Steering Department at the beginning of 2011. In accordance with the decision made by the Government, the Finnish Defence Forces' catering services were spun off to form a company called Leijona Catering Oy which commenced operations on 2 January 2012.

At the time of writing, the economy still appears to be in a state of transition. The economic challenges that have emerged in the domestic and international markets in the previous years have created a new type of expectations both for companies and shareholders. A purely financial approach is being complemented by immaterial values. Even in this context, the State will pursue a transparent, long-term policy to promote corporate development through the means available to it as an owner and shareholder.

State-owned companies continue to play an important role as employers and tax-payers, as well as payers of dividends to the State coffers. As a result of the financial crisis, the regulatory environment will become stricter with the adoption of the Accounting Directive – a welcome development on the whole.

During the current electoral period, the ownership steering policy will be specifically characterised by transparency, responsibility and the long-term view. The on-going public debate on the various secret arrangements in the context of State shareholdings will only subside when full disclosure is made by the companies involved. If something can be done, it can also be told – naturally within the limits imposed by business confidentiality.

Heidi Hautala
Minister for International Development responsible for ownership steering
at the Prime Minister's Office

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 2011. In accordance with the Government resolution on state ownership steering policy adopted in November 2011, the Ownership Steering Department is responsible for steering in respect of commercial companies unless otherwise decided. Additionally, the Department is responsible for ownership steering in respect of a number of companies with a special task (Governia Oy, Solidium Oy and State Security Networks Ltd) specifically assigned to the Department.

At the beginning of 2011, the State Ownership Steering Department exercised ownership steering in respect of 29 companies – three of which were listed – and three special-task companies. Additionally, the State owns 23 companies with a special task where responsibility for ownership steering lies with the ministries responsible for the fields of activity that the companies are engaged in.

In accordance with the Government resolution, ownership steering of the commercial companies formed during the previous electoral period was handed over to the Ownership Steering Department. Steering of any new commercial companies will be taken over by the Ownership Steering Department directly in connection with establishment.

As a result of the changes reported above and other similar developments, the State Ownership Steering Department exercised ownership steering in respect of 31 companies – three of which were listed – and three special-task companies at the end of 2011. The number of special-task companies handled by other ministries was 20 at the end of the year. A description of major changes is provided in section 3.2.

From the autumn of 2009, Solidium Oy has been included in the Ownership Steering Department's reports as part of the portfolio analysis. Solidium publishes its own annual report.

3 State ownership steering

3.1 Goals and framework of ownership steering

As an owner, the State seeks to maximise the overall financial and social benefit in the management of its assets. At the same time, the management of State holdings must be controllable and enjoy public confidence – the basis for this being that the State is a consistent and predictable owner whose holdings contribute to the long-term development of the companies and their shareholder value.

As an owner, the State shall act transparently and responsibly. 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 the commercial companies must be able to trust that such companies enjoy no special privileges because of State shareholdings. State-owned companies must operate in the marketplace in accordance with the principle of competitive neutrality.

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. In terms of practical ownership steering, there is a fundamental distinction between listed and non-listed companies because the latitude given to the management of listed companies to inform a single shareholder is strictly limited.

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, listed and non-listed alike. No exceptions are made in the act to the provisions of the Limited Liability Companies Act or any other laws relating to companies.

The state ownership policy and related norms and decisions apply, a priori, equally to listed and non-listed companies. The fundamental distinction made between listed and non-listed companies in the context of ownership steering is due to the securities market legislation governing listed companies. Another substantial difference exists between commercial companies and special-task companies. As the latter perform a specific function assigned by the central Government, they may focus on fulfilling such a special function as well and as efficiently as possible rather than aiming at maximum financial performance.

The Government Programme announced in June 2011 defines the key objectives and principles established for the ownership steering policy for the entire electoral period. The state ownership policy aims at sustainable results, both socially and financially. An active ownership policy will be pursued to promote growth and employment to benefit society at large. The goal is to reinforce and consolidate domestic ownership in companies of national significance.

The Government resolution on ownership steering policy announced in November 2011 outlines the key principles and operating practices of the State's ownership steering. The primary goal of ownership steering by the State is to develop the companies and contribute to shareholder value. Commercial companies must strive for financially profitable operations. When the objectives are established for special-task companies, due consideration must be given to the nature of the special assignment involved and the costs arising from it. The resolution is to be complied with in ownership policy decision-making and in the discharge of related duties.

In distinction to previous statements, the recent resolution places greater emphasis on corporate responsibility. As an owner, the State calls for transparency in all company activities, respect for the employees and responsible action with regard to the environment. When appointments are made to boards of directors and executive management, due consideration must be given to the attainment of equality objectives by ensuring that both genders enjoy equal opportunities for career advancement. Management incentives must aim at securing competitiveness using criteria based on long-term financial performance and overall success, and the principles of fairness and restraint. All wholly state-owned companies and unlisted companies with a state majority interest are required to prepare a specific corporate responsibility report or include it in their annual reports as a clearly distinguishable section. It is hoped that other companies with state involvement do so as well.

The opinions issued by the Cabinet Committee on Economic Policy also include statements on incentive remuneration at State-owned companies. Companies in which the State exercises majority control are to follow these opinions, while associated companies are encouraged to apply them where possible. Responsibility for the application of, and compliance with, this instruction in respect of the State rests with the boards of directors. The latest instruction on such remuneration was issued in September 2009.

3.2 Key events

Ownership steering in respect of State Security Networks Ltd was transferred from the Ministry of the Interior to the Prime Minister's Office at the beginning of 2011. State Security Networks Ltd is a State-owned company with a special task to operate government networks and administer State assets in government telecommunications networks. The company may serve as the State's strategic tool in the arrangements made in the industry.

According to the Government resolution of 12 May 2011, the optical fibre cables and data centres owned by the State in the security network will be transferred – to the extent to be determined at a later date – to State Security Networks Ltd, which will assume responsibility for the maintenance of this part of the infrastructure. The plan is to develop the Group into a state-owned company responsible for the operation of the security network. State Security Networks Ltd will take responsibility for developing the security network concept as of 2013. To ensure the transparency of operations and finances, the operative functions of the security network have been spun off to form a subsidiary called Turvallisuusverkko Oy within the State Security Networks Group.

The ownership base of Fingrid Oyj changed as a result of a deal closed on 19 April 2011, by which Fortum Corporation and Pohjolan Voima Oy sold their Class A shares to the State of Finland and Ilmarinen Mutual Pension Insurance Company. Following completion of the transaction, the State holds a 53.1 per cent interest and 70.9 per cent of the voting rights in the company. As part of the Government resolution on state ownership policy, a decision was made in November 2011 to transfer ownership steering in respect of Fingrid Oyj to the Ministry of Finance as provided in the new Internal Market in Electricity Directive. The transfer took effect on 1 Mach 2012.

Similarly in accordance with the Government resolution on state ownership policy, ownership steering in respect of Arctia Shipping Ltd and Meritaito Oy was transferred in March 2011 from the Ministry of Transport and Communications to the Ownership Steering Department in the Prime Minister's Office. Additionally, the resolution called for the transfer of the ownership steering of Certia Oy from the Ministry of Education and Culture to the Ownership Steering Department. However, by a Government decision made on 17 November 2011, the 20 per cent interest in Certia Oy was sold to the company itself.

In December 2011, the ownership base of Boreal Plant Breeding Ltd was expanded through a directed share issue to a French company Vilmorin & Cie S.A. After transaction State has 60.75 per cent interest in the company.

During 2011, the Ownership Steering Department – along with the Ministry of Defence, Defence Forces, Ministry of Finance and the Defence Forces staff associations – participated in the preparations to spin off the Defence Forces' catering services. A limited company by the name of Leijona Catering Oy was established in December 2011 by the Act on the Incorporation of the Defence Forces' Catering Services. It commenced operations on 2 January 2012. Responsibility for the ownership steering of the company rests with the Ownership Steering Department.

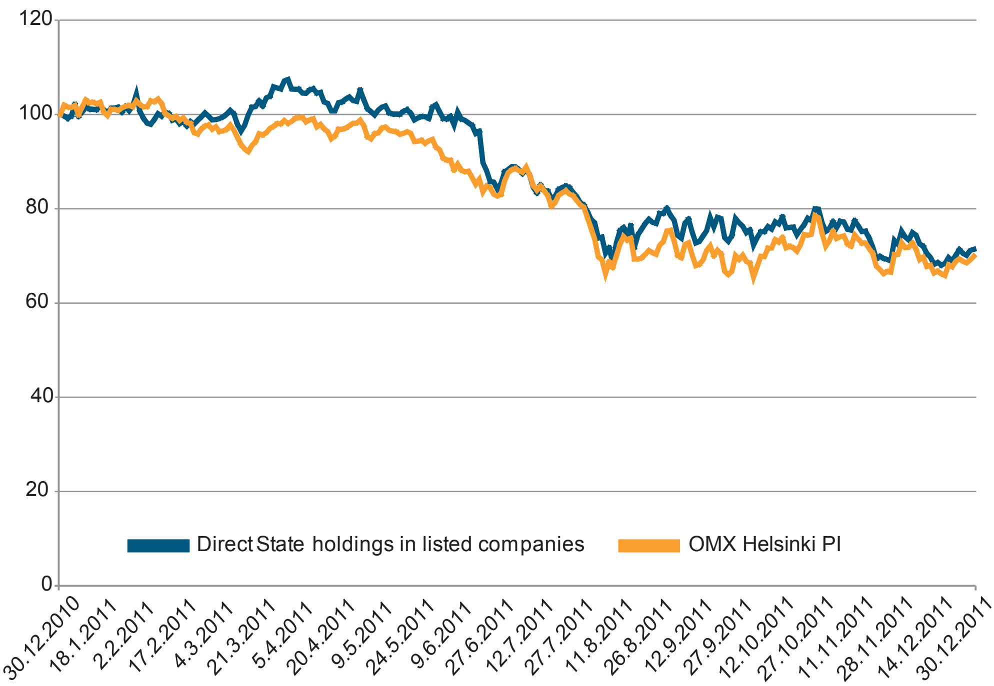
4 State's share portfolio

This section provides an analysis of the State's share portfolio during 2011. Solidium Oy's share portfolio is discussed in its company review in Section 6.

4.1 Movement in the market capitalisation of the portfolio

The year 2011 was a challenging year for the Nasdaq OMX Helsinki Stock Exchange just like elsewhere in Europe. Share prices were depressed by the culmination of the debt crisis and uncertain economic outlook, and the general index of the Nasdaq OMX Helsinki Stock Exchange fell by 30 per cent. The market capitalisation of the State's direct holdings in listed companies fell from EUR 12.1 billion to EUR 8.6 billion, or 28.6 per cent. No changes took place in the portfolio in 2011.

Figure 1: Movement in the State's direct holdings in listed companies and the Nasdaq OMX Helsinki Stock Exchange general index in 2011



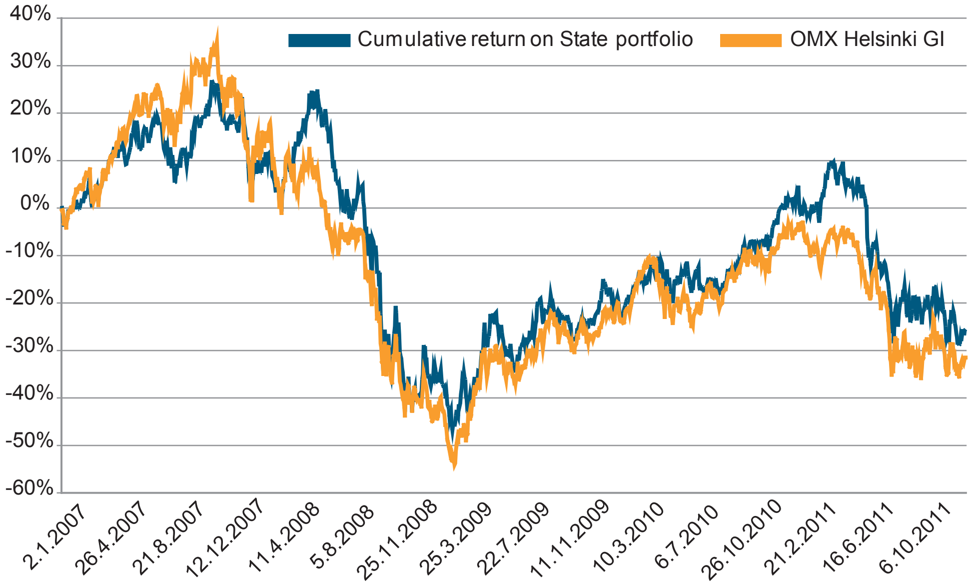
During 2011 Fortum's share price fell by 26.8 per cent and Neste Oil's by 34.7 per cent while Finnair's market capitalisation declined by 54.4 per cent.

Table 1: State holdings in listed companies at 30 Dec 2010 and 30 Dec 2011

	31.12.2011 State shareholding	31.12.2011 Market value of holding, €m	31.12.2011 Weight in portfolio	31.12.2010 State shareholding	31.12.2010 Market value of holding, €m	31.12.2010 Weight in portfolio
Finnair	55.8%	164.5	2%	55.8%	360.4	3%
Fortum	50.8%	7,435.9	86%	50.8%	10,159.5	84%
Neste Oil	50.1%	1,002.6	12%	50.1%	1,535.1	13%
Total		**8,603.0**			**12,055.0**	
Value of indirect holdings through Solidium		**7,027.5**			**9,275.3**	
Total		**15,630.5**			**21,330.3**	

Figure 2 illustrates that the cumulative returns on direct State holdings in listed companies[1] has exceeded the Nasdaq OMX Helsinki gross index during 2007–2011. In 2011, the return on the State's portfolio of shares held directly in listed companies was -25.8 per cent. Over the same period, the gross index of the Nasdaq OMX Helsinki Stock Exchange declined by 27 per cent.

Figure 2: Cumulative return on the State's listed share portfolio during 2007–2011



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

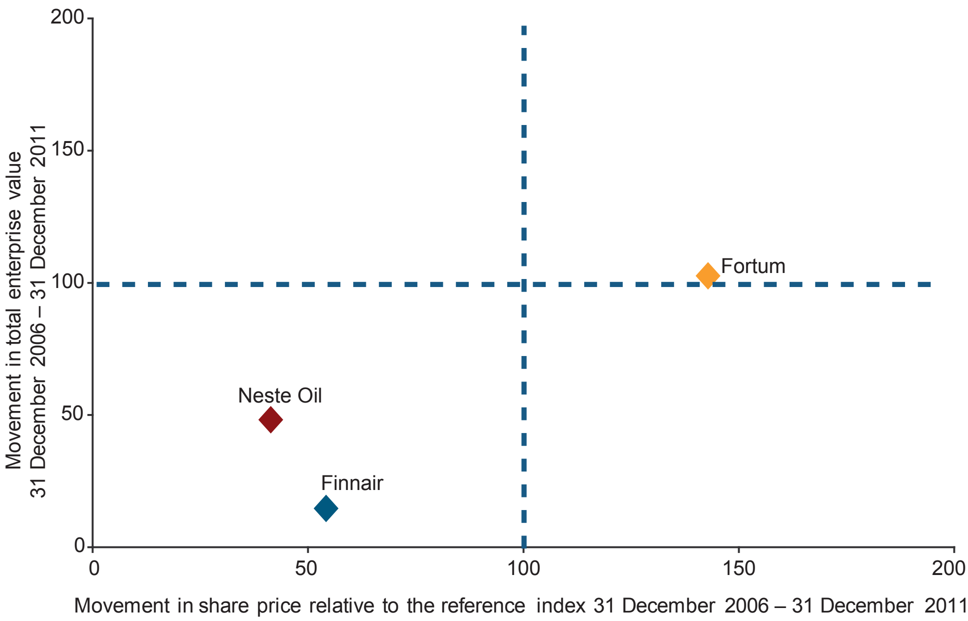
4.2 Movement in the total value and market capitalisation of listed companies relative to industry average

Figure 3 illustrates the movement in the total value and market capitalisation of listed companies relative to the industry average. Total value has been determined with due regard to the change in market capitalisation, dividends paid and contributions of capital that reduce the total value.

The movement in the total 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 total 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.

Figure 3: Movement in the total value and market capitalisation of companies relative to industry average



2 See Annex 2 for the reference indices used.

The movement in Fortum's total value in 2011 reflects the fall in the share price caused by the general uncertainty in the economy. However, despite the decline in market capitalisation, the company's total value improved ever so slightly because of the dividends paid by the company. Fortum's market capitalisation has exceeded the industry average practically throughout the entire measurement period.

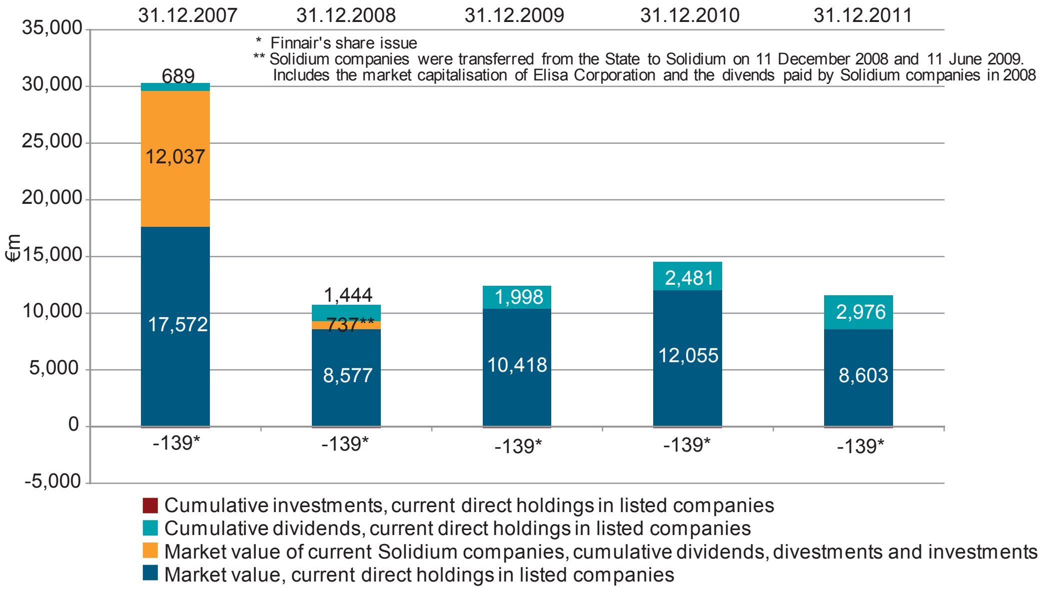
The decline in Finnair's share price was caused, among other things, by economic uncertainty and high fuel prices that eroded demand for both passenger and freight services in 2011. In particular, the share price was hit by the natural catastrophe in Japan in early 2011. The company's market capitalisation fell by 73 per cent relative to the beginning of the measurement period. Another factor impeding the growth in total enterprise value is that Finnair has not paid any dividends since 2008 combined with the share issue launched at the end of 2007, by which Finnair sought to finance its growth strategy. While Finnair's share price followed the industry trends more or less closely up until 2010, it has been clearly lagging behind the industry average ever since. The reference index also includes a number of budget airlines that have been valued higher than network airlines in recent years.

Neste Oil's total enterprise value has been negatively affected by a falling share price as well as lower dividends. At the end of 2011, the company's market capitalisation was 66 per cent 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.

4.3 Movement in the total value of the portfolio during 2007–2011

Figure 4 shows the movement in the total value of the State's listed share portfolio during 2007–2011. Dividends are recognised on a cash basis. The total value of the portfolio is reduced by the investments made by the State.

Figure 4: Movement in the total value of the portfolio during 2007–2011, EUR million



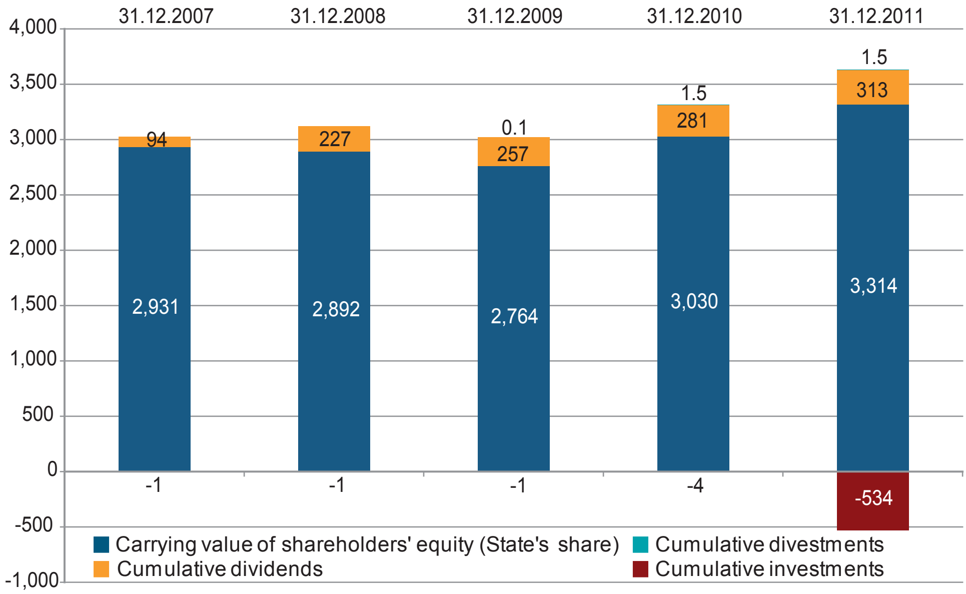
At the end of 2011, the market capitalisation of the State's direct holdings in listed companies was EUR 4.7 billion lower than at the end of 2006. As a result of the financial crisis, the share prices plummeted in 2008 and the market capitalisation of the State's portfolio fell by 51 per cent. Compared with the early days of the measurement period, the total value is burdened by the currently reduced market capitalisations. No shares in the companies in which the State held a direct interest 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. Over the measurement period, the companies in which the State holds direct interests have paid a total of nearly EUR 3 billion in dividends to the State.

The movement in the market capitalisation of the non-listed companies[3] included in the State's share portfolio is presented in the following figure. In 2010, the State sold its interest in Silta Oy for EUR 1.4 million. From 2007 to 2011, the non-listed companies paid the State total dividends of EUR 313 million. By a share deal closed on 19 April 2011, the State[4] bought 1,357 shares in Fingrid Oyj. The total investment was EUR 529 million.

3 The carrying values of Governia Oy's, Solidium Oy's and State Security Networks Ltd's equity are not included in the figures because of the special nature of the companies.

4 Includes the 385 shares acquired by the National Emergency Supply Agency.

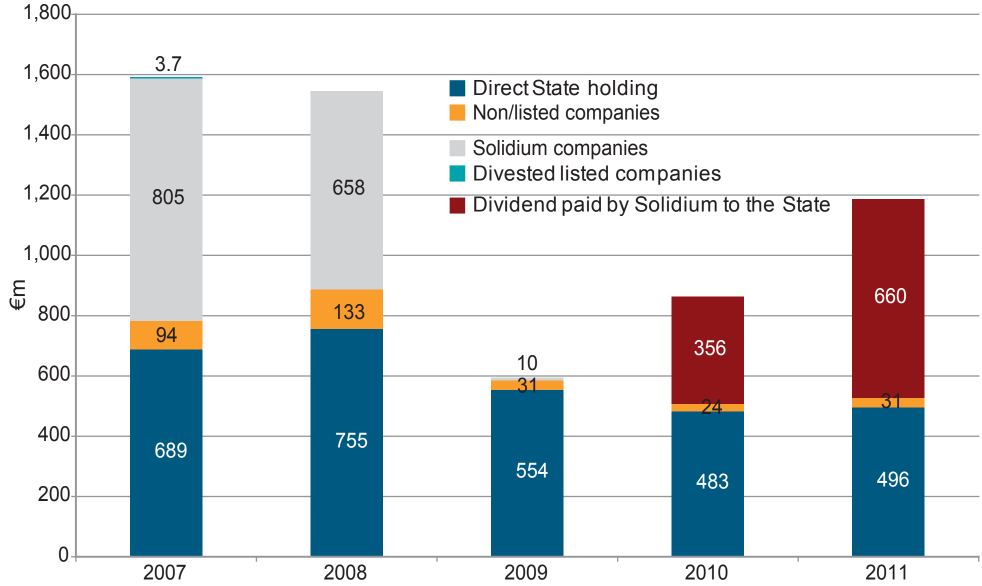
Figure 5: Movement in the total enterprise value of non-listed companies during 2007–2011, EUR million



4.4 Dividend yield and payout ratio

Over the past five years, the cash dividends paid to the State by commercial companies have developed as indicated in the next figure. Mainly as a result of the EUR 660 million dividend (EUR 356 million) paid by Solidium, the aggregate dividends received by the State in 2011 reached EUR 1,187 million (EUR 863 million). The dividends received by the State from directly held listed companies totalled EUR 496 million (EUR 483 million) due to the increase in Neste Oil's dividends to EUR 0.35 per share (EUR 0.25). Also, the total dividends paid by non-listed companies increased to EUR 31 million (EUR 24 million).

Figure 6: Cash dividends received by the State during 2007–2011, EUR million

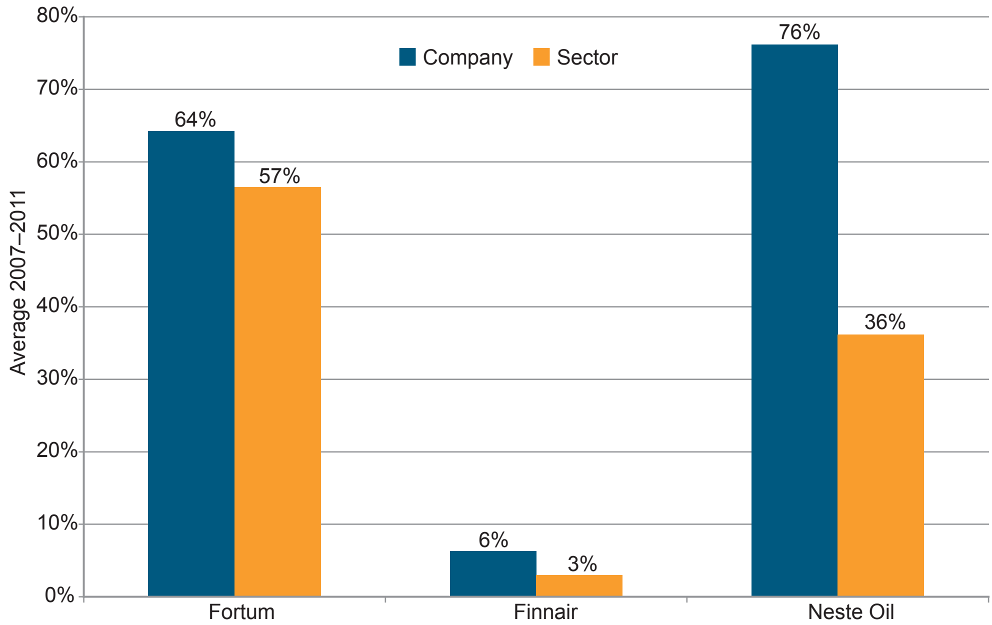


The aggregate dividends paid to the State in spring 2012 by listed companies included in the State's share portfolio out of the profits earned in 2011 remained at the same level as in the previous year (EUR 495.9 million). While the market capitalisations fell markedly in 2011, the dividend yield from the portfolio increased to 5.8 per cent (4.1). The dividend yield from the main-list companies on the Nasdaq OMX Helsinki Stock Exchange was 5.2 per cent (4.1). With Fortum's improved reported financial performance, the aggregate net financial result of the portfolio companies increased by 22.1 per cent. Consequently, the payout ratio of the listed companies in which the State held direct interests fell in 2011 to 53.2 per cent (64.9). For all listed companies, the payout ratio was 64.8 per cent (63.6).

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.

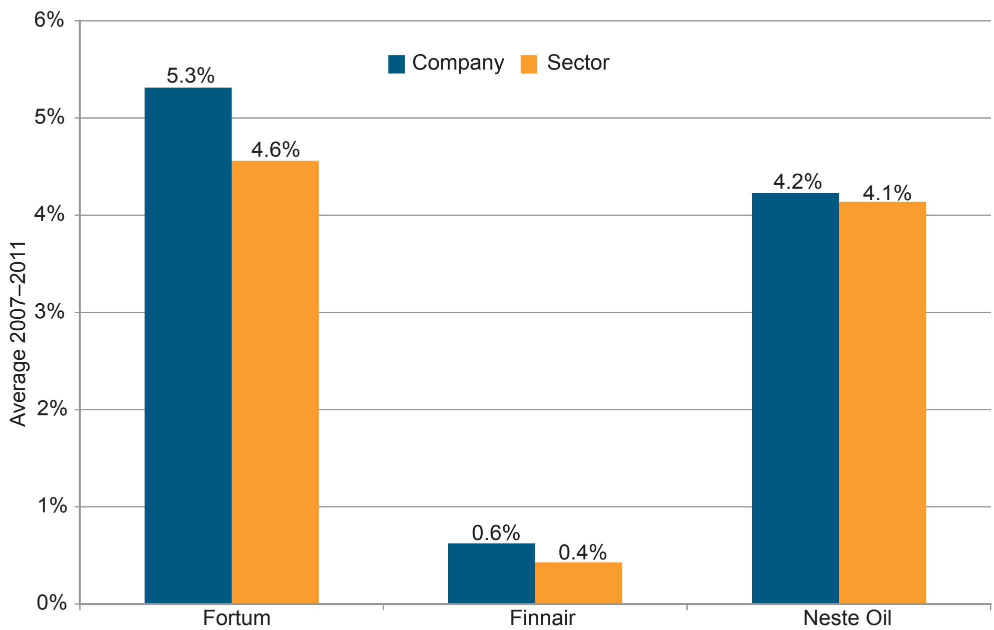
In the figures 7 and 8 the companies are compared with same-sector companies listed on stock exchanges across the world.

Figure 7: Average payout ratio of listed companies with direct State holdings during 2007–2011



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 8: Average dividend yield from listed companies with direct State holdings during 2007–2011



5 Societal impact and corporate responsibility

As stated in the Government Programme, the state ownership policy aims at a socially and financially sustainable result. The goal is to reinforce and consolidate domestic ownership in companies of national significance. In November 2011, the Government adopted a resolution on the ownership policy goals and principles regarding state holdings in companies. The resolution constitutes a commitment to continue to pursue the established active ownership policy based on the arm's length principle. The premise underlying the policy is that the corporate assets held by the State represent an important part of the national wealth.

In distinction to previous statements, the recent resolution places greater emphasis on corporate responsibility, transparency and the long-term view. Companies are expected to pay due consideration to these issues, for example in reporting, rewarding and the general transparency of operations. With the requirement for consistent corporate responsibility reporting included in the resolution, the State seeks to promote the perception of corporate responsibility as a strategic asset and basic prerequisite for profitable business. By encouraging responsible modes of operation, the State wishes to set the direction and so improve the business conditions for other enterprises as well.

Additionally, the resolution raises the issue of the composition of boards of directors, particularly the question of gender equality. Over the past few years, the share of women on the boards of directors in companies in which the State exercises shareholder control has risen to 40 per cent, which is in keeping with the objectives of the State's gender equality programme. However, women continue to be under-represented in the management teams. In October 2011, the Prime Minister's Office received an award in recognition of its efforts to promote diversity on the boards of State-owned companies. The award was presented to Minister Heidi Hautala. In its reasoning, the organisation giving the award stated that a programme on increasing the share of women on the boards of directors of State-owned companies had been successfully implemented for years. By its example, the State wishes to be promote diversity outside State-owned companies as well.

Direct State holdings in listed companies plus Solidium's market capitalisation account for 10 per cent of the market capitalisation of the Nasdaq OMX Helsinki Stock Exchange. All in all, the market capitalisation of the listed companies with direct State holdings or indirect holdings through Solidium amounted to nearly EUR 68 billion at the end of 2011. Accordingly, one of the characteristics of State ownership in Finland is that the State is directly or indirectly involved as an owner in a relative large number of listed companies. Following the establishment of Solidium, the administration of non-controlling interests and ownership restructuring became more flexible because Solidium is in a position both to finance its affiliated companies and to buy equities without any specific budget appropriations.

Solidium plays a key part as the State's seeks to serve as an 'anchor' in its capacity as a committed shareholder in companies of national importance that often operate globally. Such commitment to long-term ownership helps to keep the head offices of major State-held corporations in Finland and – by working hand in hand with other large Finnish shareholders – boost the Finnish capital market. The State's corporate assets are of great significance to society in this respect as well. Recently, the international competitiveness of the Finnish business and industry has been successfully reinforced through participation in ownership and sectoral restructuring, particularly in the case of Solidium companies.

Major employers both in Finland and abroad, State-owned and associated companies generate substantial tax revenues and dividend income. In 2012, companies owned by the State directly or indirectly through Solidium gave work to 220,000 people, about 45 per cent of them in Finland. The total dividends paid by these companies out of the 2011 profits amounted to EUR 4.1 billion. For the State, the companies generate substantial income in the form of dividends and tax revenues. In 2011, the dividends received by the State[5] totalled EUR 1.2 billion and the taxes paid by the companies EUR 1.8 billion. The total investments in 2011 reached EUR 7.1 billion, an amount which is bound to have a significant indirect impact on society.

In the resolution on ownership policy announced in November 2011, the Government imposed an obligation on State-owned and associated companies – or expressed a wish as the case may be – regarding corporate responsibility reporting. Wholly State-owned companies and majority-owned non-listed companies are required to submit a corporate responsibility statement either as part of the annual report or separately. It is hoped that other companies with state involvement do so as well.

By imposing the reporting obligation, the State-owner seeks to highlight responsibility issues on the agenda of the executive management and boards of directors. For example, the climate change, depletion of natural resources and the growing expectations of the stakeholders regarding responsible business modify the corporate operating environment across all sectors of the economy. They create important business opportunities and risks that – when duly seized and heeded by the State-owned and associated companies in their strategic planning – are believed to generate greater shareholder value in the long-term.

The companies for which the Prime Minister's Office is responsible for ownership steering purposes are highly versatile in terms of size, business area and external impact of operations. Some of the companies have been reporting on responsibility issues for years, some are starting now. Additionally, the reporting timeframes vary from company to company.

5 Dividends paid by companies ownership-steered by the Prime Minister's Office.

All the wholly- or majority-owned companies overseen by the Ownership Steering Department report on corporate responsibility.

Most of the companies report on corporate responsibility issues as part of their annual report, while a minority submits separate reports. Some emphasise the role of websites in the on-going responsibility reporting and publication of specific reports.

The management of corporate responsibility varies from one company to another. As a rule, responsibility issues are an integral part of the companies' daily operations with resources allocated for this purpose accordingly. At some companies, corporate responsibility has been singled out as a strategic asset at the management and board level. Others, in turn, have seen it fit to assign the responsibility for development and monitoring to individual business sectors.

A significant percentage of the companies report that they comply with the generally recognised principles of corporate responsibility, such as the GRI Guidelines, ISO standard certificates, the UN Global Compact initiative or various quality and safety systems specific to individual fields of activity.

Typically, the companies report in accordance with the generally accepted categories of financial, social and environmental responsibility. Within these categories, the companies focus on the priorities of their respective business areas,with the reporting on financial responsibility invariably centring around profitability and sound financial performance. A profitable company creates jobs, generates tax revenues, enables investments and increases shareholder value.

Occupational safety and wellness at work are generally perceived as important aspects of social responsibility by the companies. However, the themes vary from one company and business area to another. Often, environmental responsibility is understood in terms of increasing environmental awareness and reducing the impact on the environment. Currently, typical themes include energy efficiency and the reduction of waste and emissions.

The risks and opportunities related to corporate responsibility are associated with the specific features of the individual business areas. Frequently, the same circumstances are perceived both as risks and opportunities. With many companies, the efforts to develop an environment-friendly mode of operation are often related to the production and service processes. Energy efficiency and emission reductions are largely seen as typical opportunities offered by corporate responsibility.

Environmental damage is generally perceived as a risk in sectors where the environment is a key area of responsibility. To some extent, the companies also brought up the issue of reputational risk; this, however, was also seen as an opportunity when managed through responsible actions and full disclosure.

Of the environmental indicators, the companies report key emission figures relevant to their operations as well as energy efficiency indicators. For example, information is provided on water, waste and materials consumption to some extent. Reporting of environmental indicators is emphasised at companies where environmental considerations are closely associated with the line of business they are engaged in.

Of the human resources indicators, the number and gender distribution of the board of directors, management and the entire personnel are usually extensively reported. Additionally, companies report absenteeism due to illness and accidents at work.

6 Company reviews

The companies included in this annual report vary greatly 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
- Non-listed companies with net sales less than EUR 25 million
- Companies with a special mission – Solidium Oy, Governia Oy and State Security Networks Ltd – 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 since Solidium Oy publishes its own annual and interim reports. In the annual report on ownership steering, Solidium-held companies are 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.

6.1 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: 7,467
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. Finnair enjoys a geographical competitive 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. Asia accounted for more than half of Finnair's passenger traffic revenues in 2011. Finnair operates 74 flights per week to 10 Asian cities. In 2011, the company carried more than 8 million passengers and 146 million kilos of freight.

With the recovery of the airline sector in 2010, demand for air travel was expected to grow in 2011. Based on these expectations, airline companies markedly increased their supply during the first few months of the year, which resulted in intensified competition. While the year got off to promising start, the growth in demand levelled off due to the increased uncertainty in the global economy and the unrest in the Middle East and Northern Africa. In addition to the weakened market situation, Finnair also suffered from the natural disaster that hit Japan in March, given that Finnair has more weekly flights to Japan than any other European airline company. Although the prospects of the economy deteriorated even further with the advancement of the financial crisis in Europe, the price of oil remained high, resulting in the general weakening of profitability in the airline sector. The demand for business travel services, which is of crucial importance to Finnair, was subdued in the traffic from Europe to Asia, and the development of cargo traffic fell short of expectations in the second half of the year. The package tours market also suffered from overcapacity.

Finnair's net sales increased by more than 10 per cent in 2011 following the strong increase in the company's service offerings especially in Asia. The company's overall load factor decreased considerably as the growth in demand remained substantially weaker than the growth in supply. The passenger load factor for the entire year fell by more than three percentage points remaining at 73 per cent. The company made a loss for the fourth year in a row. Finnair continued its efforts to optimise operations and enhance competitiveness. The company's unit costs excluding fuel decreased by 7 per cent during the year. Fuel costs, however, rose by nearly 30 per cent mainly as a result of the increase in price. Fuel is the company's largest single cost item, accounting for 25 per cent of the company's net sales. Although Finnair has adjusted its operations in a number of ways during the past few years, the measures have proved insufficient to improve profitability. As a result, the company was forced to launch a new efficiency improvement programme aiming at a permanent cost reduction of EUR 140 million. The programme covers all of the company's operations, and its effects are expected to be shown in full towards the end of 2013.

As part of its efforts to improve cost competitiveness, Finnair decided to focus on its core activities and to build an even stronger partnership network around itself for the provision of services. To that end, Finnair established a new company named Flybe Nordic together with the British airline company Flybe to handle Finnair's feeder traffic in the Nordic and Baltic countries. The company subsequently announced that it was also seeking a partner for its European traffic if the profitability of narrow body traffic cannot otherwise be restored. For cargo traffic, Finnair and its partners established a joint venture called Nordic Global Airlines Ltd to run cargo traffic to Asia, for example. Baggage handling and apron services were transferred to Swissport. Subsequently, Finnair has announced further cooperation agreements regarding engine maintenance and catering services.

Finnair's strategy is to continue to expand its traffic to Asia while at the same time aiming at a leading position as a Nordic operator in collaboration with a strong network of partners. The growth in the Asian markets continues to provide Finnair with new business opportunities. Cooperation with its partners will enable Finnair to offer comprehensive onward connections and competitive feeder traffic for the Asian routes. Without the Asia strategy, Finnair's ability to maintain services from Finland to the rest of Europe would be considerably undermined.

Finnair's fleet consists of 65 aircraft with an average age of slightly over seven years. Most of the long-haul fleet aircraft 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 2011, Finnair's gearing adjusted for leasing liabilities was 108.4 per cent and equity ratio 32.6 per cent. Finnair's next fleet modernisation will commence next year when the fleet used for holiday traffic is gradually replaced by new aircraft. The deliveries of new wide-body aircraft ordered for the long-haul fleet will commence in 2015 at the earliest. They are intended as a replacement for a part of the fleet presently in use. The investment is of crucial importance to Finnair's competitiveness since the fuel economy of the new aircraft is greatly superior to the present fleet.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	2,258	2,023
Operating income*	EURm	-88	-13
Operating income %	%	-3.9	-0.7
Total assets	EURm	2,357	2,412
Market capitalisation at period end	EURm	295	646
Equity ratio	%	32.6	36.2
Gearing**	%	108.4	79.6
Return on equity	%	-10.9	-2.7
Return on investment	%	-5.2	-0.4
Personnel at 31 Dec.		7,458	7,616
Personnel, Finland (approx.)		6,758	6,865
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	24,363
Lufthansa	Germany	28,734
British Airways	UK	11,492
SAS	Sweden	4,586

* *Pro forma net sales for 1 January - 31 December 2011*

REPORTED INVESTMENTS

The estimated need for investments in 2012 is EUR 70 million.

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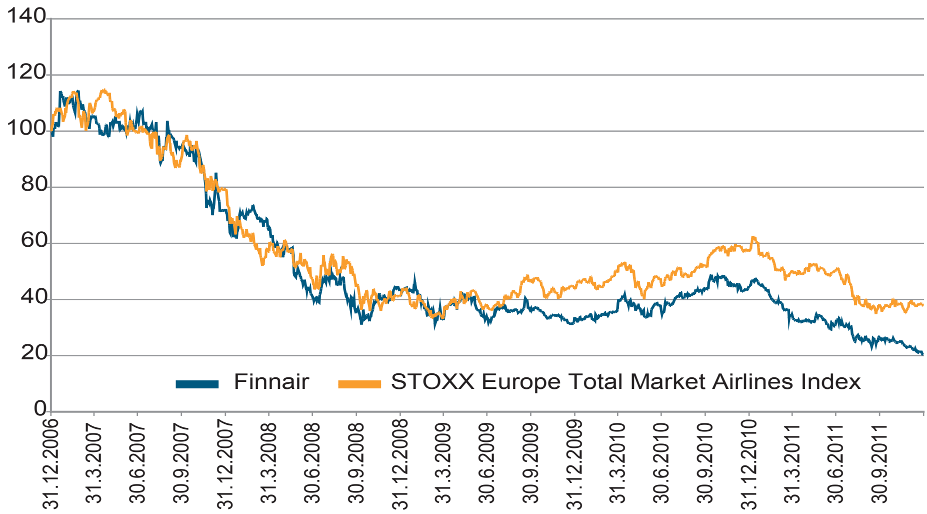
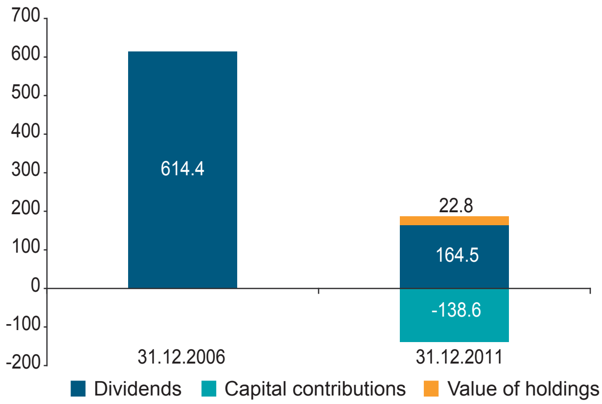


YIELD TO THE STATE, EUR million



The yield to the State was -39.8% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth).

FORTUM CORPORATION utilities

State shareholding: 50.8%
Chairman of the Board: Sari Baldauf
Chief Executive Officer: Tapio Kuula
Personnel: 10,780
Principal places of business in Finland: Espoo, Imatra, Inkoo, Joensuu, Jyväskylä, Järvenpää, Kauttua, Kuusamo, Leppiniemi, Loviisa, Naantali, Nokia, Oulu, Pori, Vantaa.

Fortum Corporation's operations are focused on the Nordic countries, Russia and the Baltic countries. In the future, the integrating European and fast-growing Asian energy markets provide additional growth opportunities. Fortum announced its new strategy in September 2010.

Fortum is a leading energy company in the Nordic and Baltic countries. In the Nordic countries, the company ranks first in heat generation and distribution, and second in electricity sales and production. Around 83 per cent of the electricity produced by Fortum in the EU in 2011 was 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 65 per cent. In 2011, Fortum's Power Division generated a total of 48.1 TWh of electricity in the Nordic countries, equivalent to a slightly less than 13 per cent of the total Nordic power generation capacity of 382 TWh. Of the Nordic electricity market's 15 million customers, Fortum's share of distribution customers is around 11 per cent and electricity customers 8 per cent. Fortum's carbon dioxide emissions in the EU area amounted to 67 g/kWh in 2011 (five-year average) with the industry average in Europe being nearly 337 g/kWh in 2010.

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 generated by power and heat production in the Nordic countries. The short-term goal is the successful implementation of the existing investment programme. Fortum also aims to create added value in its electricity retail sales and distribution businesses. In the long term, the company's goal is to secure its competitive position in the Nordic market.

Another key element in Fortum's strategy is to create positive economic added value in Russia. According to Fortum, Russia has the world's fourth highest demand for electricity, and the country is a growth market for electricity production. In the long-term, Russia will play an increasingly prominent role in Fortum's business. OAO Fortum's investment programme will increase the company's electricity production capacity in Russia by 85 per cent. It will also play a key role in terms of profitability as new capacity is commissioned and the efficiency of existing business is improved.

The third key element is to build a platform for future growth. According to Fortum, the fast growth of population in developing countries is shifting the growth in electricity demand mainly to Asia. At the same time, climate change and local environmental problems create a need for sustainable, carbon dioxide free and energy-efficient solutions. Also the liberalisation of power markets is advancing and the need for private capital is growing in Asia's rapidly growing and developing economies. For Fortum, this creates new growth opportunities also in Asia.

Fortum's financial performance was sound in 2011. The company's comparable operating income fell slightly to EUR 1,802 million (EUR 1,833 million). This was due to the Power Division, whose performance was weakened by reduced hydropower generation and the lower price of electricity. The availability of nuclear power improved. The price of the wholesale electricity sold was EUR 46.1/MWh (47.9). The division's result weakened by EUR 97 million. The Heat Division's result improved by EUR 3 million, whereas the Distribution Division's result declined by EUR 12 million. Its performance was burdened by EUR 57 million extra costs incurred as a result of storms. The Russian Division improved its result by EUR 66 million. Progress was made in the investment programme in Russia. Capacity payments for "old capacity" were decreased as a result of new rules. Electricity Sales improved its result by EUR 16 million.

The price of the wholesale electricity sold by Fortum remained below the Nord Pool system price of EUR 47.1/MWh (53.1). This was primarily due to the hedging transactions undertaken by the company. Fortum's hedging rate for 2012 is 65 per cent at the price of EUR 48/MWh and 40 per cent for 2013 at the price of EUR 46/MWh.

The Russian Division's comparable operating income was EUR 74 million (8). After completing its ongoing investment programme, the company aims at creating positive economic added value in Russia. In light of the improved demand and the development of the Russian capacity market, Fortum has accelerated the schedule of OAO Fortum's committed investment programme and is planning to commission the last new units by the end of 2014. As of January 2012, the total value of the remaining part of the investment programme is estimated at around EUR 0.9 billion. The Russian wholesale electricity market was completely deregulated at the beginning of 2011. The Russian Government decided to raise the price of gas as of 1 July 2012.

Fortum sold its 25 percent holding in Fingrid for EUR 325 million, for which the company recognised a capital gain of EUR 192 million. Fortum divested its district heating operations and heat production facilities outside the Stockholm region. The transaction price was EUR 220 million yielding a capital gain of around EUR 80 million. Fortum discontinued its Meri-Pori carbon dioxide recovery and storage project. In December 2011, Fortum agreed to sell Fortum Energiaratkaisut and Fortum Termest AS to EQT. The transaction price is around EUR 200 million yielding a capital gain of EUR 50 million. The transaction was closed during the first quarter of 2012.

Fortum's gearing is 78 (70) per cent. 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 net debt and EBITDA was 3.0 (2.6), which is in line with the Group's financial target.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	6,161	6,296
Operating income	EURm	2,402	1,708
Operating income %	%	39.0	27.1
Total assets	EURm	22,998	21,964
Market capitalisation at period end	EURm	14,649	20,015
Equity ratio	%	44.2	39.9
Gearing	%	69.3	78.1
Return on equity	%	19.8	16.0
Return on investment	%	15.0	11.8
Personnel. total		10,780	10,585
Personnel. Finland		2,683	2,609
Total dividends paid	EURm	888.4	888.4
Dividends received by the State	EURm	450.9	450.9

COMPETITORS

Company	Country	Net sales. EURm
E.ON	Germany	112,954
Enel	Italy	77,573
EDF	France	65,307
RWE	Germany	49,153
Iberdrola	Spain	32,298
Vattenfall	Sweden	20,050
Statkraft	Norway	2,890
Verbund	Austria	3,865

REPORTED INVESTMENTS

Capital expenditure in 2011 totalled approximately EUR 1.5 billion. Investments, excluding acquisitions, were approximately EUR 1.2 billion. The company expects its capital expenditure in 2012 to be around EUR 1.6–1.8 billion and in 2013–2014 around EUR 1.1–1.4 billion, excluding potential acquisitions.

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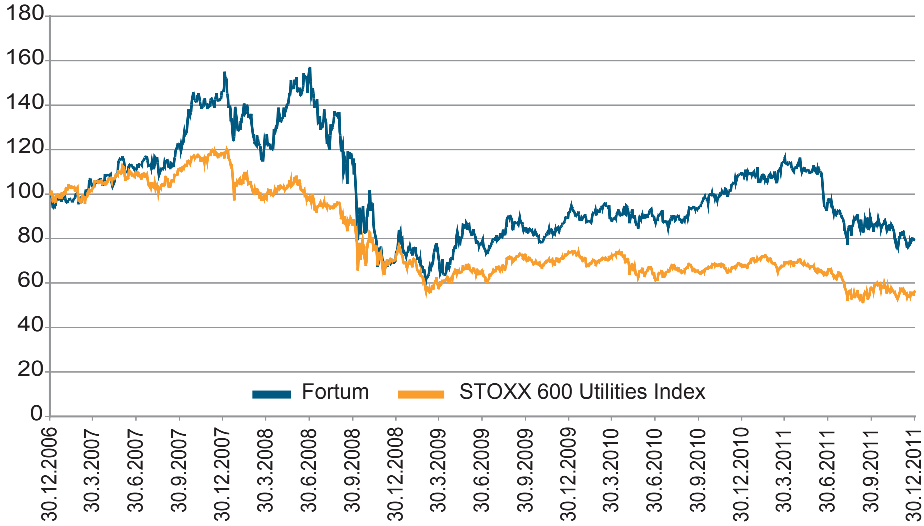
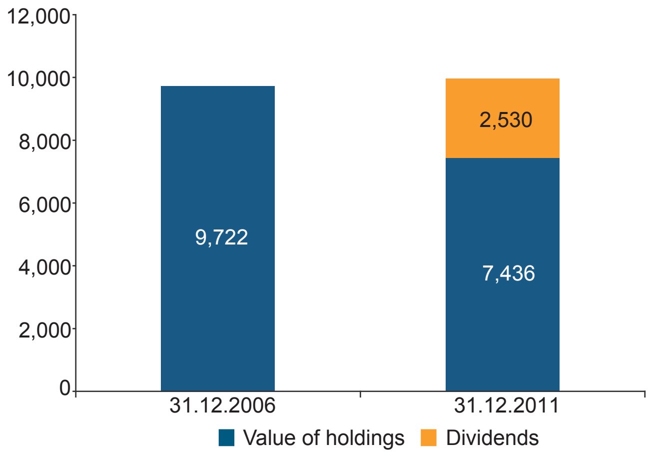


YIELD TO THE STATE, EUR million



The yield to the State was 0.5% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth).

NESTE OIL CORPORATION energy industry

State shareholding: 50.1%
Chairman of the Board: Timo Peltola, from 28 March 2012 Jorma Eloranta
Chief Executive Officer: Matti Lievonen
Personnel: 4,825
Principal places of business in Finland: Espoo, Naantali and Porvoo

Neste Oil Corporation is a refining and marketing company concentrating on low-emission, high-quality motor fuels. The company has a presence in 15 countries. The company produces a comprehensive range of major petroleum products and seeks growth in premium quality renewable fuels and base oils in particular. Neste Oil's oil fossil fuel refineries are located in Porvoo and Naantali. Their aggregate capacity to distil crude oil totals roughly 265,000 barrels a day and annual production capacity some 15 million tonnes. Additionally, the company operates two renewable diesel refineries in Singapore and Rotterdam in the Netherlands. Additional renewable diesel capacity is available at the Porvoo refinery. The company has a total of 2 million t/a of renewable diesel capacity.

Neste Oil's goal is to be the preferred partner in cleaner motor fuel solutions. Neste Oil's two business areas – Oil Products & Renewables and Oil Retail – support the implementation of the company's strategy, together with efficient operations coordinated by its Production and Logistics function.

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.

The renewable diesel production lines in Porvoo (current capacity 190,000 tonnes) were completed in 2007 and 2009. The renewable diesel plant in Singapore (800,000 tonnes) was commissioned at the end of 2010. Another facility of the same size in Rotterdam went on stream in September 2011. The base oil plant in Bahrainin was commissioned in October 2011.

During 2011 biofuel legislation progressed slowly at EU and Member State level, as well as in the United States. The European Union's Renewable Energy Directive will require renewable energy to account for at least 10 per cent of the energy used in road traffic and transport by 2020. The directive was adopted in June 2009 and its incorporation into the national legislation of the Member States is underway. The European Commission continued its work towards incorporating the indirect impact of changes in land use. Various EU Member States also continued their implementation of the directive by developing their own national sustainability legislation. Neste Oil continued to develop its voluntary sustainability verification scheme within the framework of the EU's Renewable Energy Directive during 2011. The United States applies its Renewable Fuels Standard for which legislative work has been completed. Approvals for new raw materials and production chains are moving ahead in stages. In December, the Environmental Protection Agency (EPA) announced that renewable diesel manufactured from palm oil does not satisfy the 20 per cent minimum obligation to reduce greenhouse gas emissions required under the RFS programme. Neste Oil will probably file a new application for the approval of palm oil. A number of sustainability issues, such as the reputation risk associated with the use of palm oil and the slow progress that has been witnessed in the implementation of biofuel legislation, affected the company's renewable fuels growth business. Extending the range of renewable raw materials used is one of Neste Oil's most important goals.

The company's capital expenditure and investments in shares in 2011 totalled EUR 364 million. The corresponding figure for the previous financial period was EUR 943 million.

Demand for petroleum products is dictated by the development of the economy. There is still a degree of uncertainty about the world economy. This is reflected in the demand for petroleum products in general and diesel fuel in particular. The key market drivers for Neste Oil's financial performance are refining margins, the price differential between Russian Export Blend (REB) and Brent crude, the USD/EUR exchange rate, and the price differentials between different vegetable oils. The ramp-up of the renewable fuels business will continue in 2012, and the development of sales volumes and the capacity utilisation rate will be of major significance in this regard.

Neste Oil's comparable operating income for 2011 was EUR 156 (240) million. The previous year's operating income includes a one-off insurance compensation payment of EUR 48 million and the costs arising from a maintenance turnaround totalling EUR 65 million. Performance declined during the last quarter in particular, with the company's comparable operating income totalling EUR 14 million as compared to the previous year's comparable operating income of EUR 90 million.

Oil Products improved their result by EUR 41 million in 2011. Oil Retail's performance remained more or less unchanged. Renewables' result fell by EUR 98 million to EUR -163 (-65) million. The result was burdened by higher production costs and the costs of starting up the Rotterdam renewable diesel refinery. The increase in sales volumes was insufficient to offset the costs. The Renewables business was still at the ramp-up stage in 2011.

The cash flow from operating activities totalled EUR 197 (1,105) million reaching EUR -168 (191) million after investments. The decline in the cash flow was mostly due to changes in the operating capital.

Neste Oil's total refining margin stood at USD 8.48/bbl (USD 8.14/bbl). The reference refining margin was 4.37 (4.37). Neste Oil's spread in respect of the reference refining margin was USD 4/bbl. Diesel margins were 30 per cent higher compared with the previous year.

Neste Oil's gearing fell by 10 percentage points during the year. The company's target debt ratio to total capital is 25–50 per cent. The figure stood at 45.7 (42.6) per cent.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	15,420	11,892
Operating income	EURm	273	323
Operating income %	%	1.8	2.7
Total assets	EURm	7,272	6,664
Market capitalisation at period end	EURm	2,003	3,064
Equity ratio	%	33.9	36.4
Gearing	%	84.3	74.2
Return on equity	%	6.5	9.9
Return on investment	%	6.3	7.7
Personnel, total		4,825	4,874
Personnel, Finland		3,418	3,431
Total dividends paid	EURm	89.6	89.6
Dividends received by the State	EURm	45.0	45.0

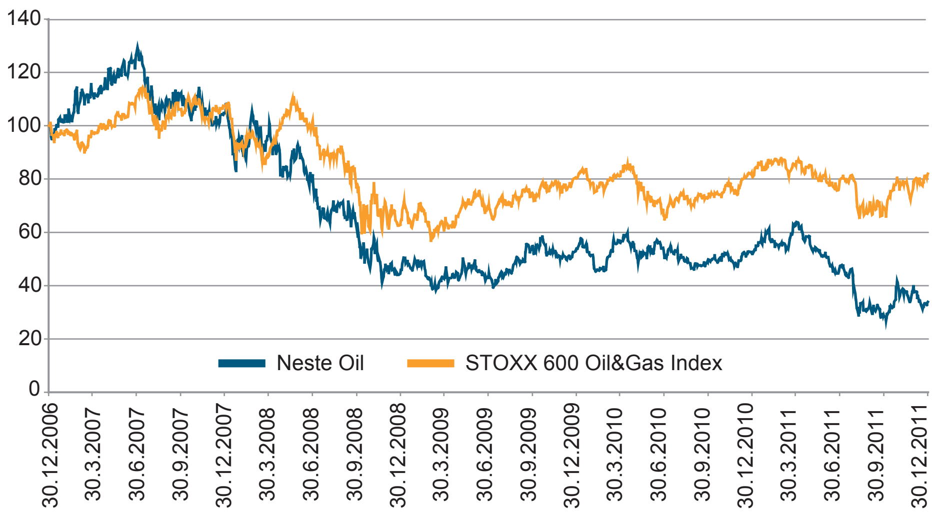
COMPETITORS

Company	Country	Net sales, EURm
OMV	Austria	34,053
MOL	Hungary	19,176
Saras	Italy	10,961
Hellenic Petroleum	Greece	9,308
Motor Oil Hellas	Greece	8,739
ERG	Italy	6,770

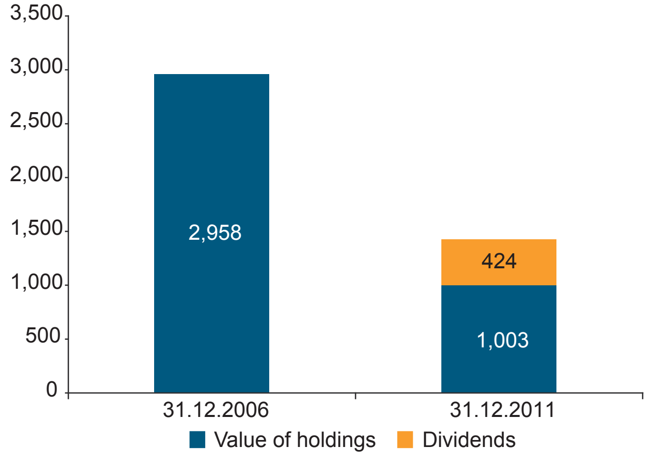
REPORTED INVESTMENTS

Neste Oil's investments are expected to reach around EUR 350 (364) million.

SHARE PRICE



YIELD TO THE STATE, EUR million



The yield to the State was -13.6% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth).

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

ALTIA PLC production and sale of alcohol

State shareholding: 100%
Chairman of the Board: Matti Tikkakoski
Chief Executive Officer: Antti Pankakoski
Personnel: 1,146
Principal places of business in Finland: Helsinki, Koskenkorva, Rajamäki

Altia is a leading wine and spirits company offering quality brands in the Nordic and Baltic countries. Altia produces, markets, sells, imports and exports alcoholic beverages in its market area.

The overall economic uncertainty was reflected in the development of alcoholic beverage sales. Cross-border trade of alcoholic beverages was active in the whole operating area due to the big differences in alcohol taxation. Consumers' growing interest in enjoying wine with food as well as the increasing popularity of wine-drinking during the week affected wine sales in the Nordic countries.

The total sales of alcoholic beverage sales in Finland declined by 1.1 (-3.2) per cent in 2011. The decline in the sales of spirits slowed down during the year and was -3.4 (-5.4) per cent. Wine sales increased by 1.2 (-0.2) per cent. In Sweden total sales grew by 0.9 (1.2) per cent and in Norway by 0.6 (1.6) per cent. The sales of spirits decreased in all the three countries. There was a slight decline in the sales of spirits in Denmark as well. In Estonia, the sales of spirits grew.

Altia's net sales totalled EUR 524.8 million, up 7.6 per cent on the previous year (487.9). Net sales in Finland grew by 5.0 per cent, and in other countries by 9.6 per cent. Altia acquired a product portfolio from Pernod Ricard in the spring of 2010. Comparability between financial years is affected by the fact that the acquired business operations are included in Altia's figures for the period May–December 2010.

Altia's operating income exclusive of non-recurring items was EUR 35.3 (32.4) million and operating margin exclusive of non-recurring items 6.7 (6.6) per cent. Non-recurring operating income totalled EUR 8.0 million, comprising a gain of EUR 4.9 million from the sale of the Maximus Vodka brand, EUR 2.5 million from the sale of shares in Pääkaupunkiseudun Vesi Oy, and EUR 0.6 million from the sale of land. The operating income in the reference year includes a gain of EUR 0.2 million arising from the liquidation of a subsidiary.

Net finance costs were EUR 4.9 (3.1) million. The net finance costs of the reference year were reduced by non-recurring exchange rate gains.

The company's gearing fell by 26.2 percentage points to 49.6 (75.8) per cent. Gearing for the reference year increased as a result of an acquisition.

After the reporting period, Altia signed an agreement in January 2012 by which ownership of The Xanté Company AB's brand was transferred to Altia at the beginning of February 2012.

KEY FINANCIAL INDICATORS

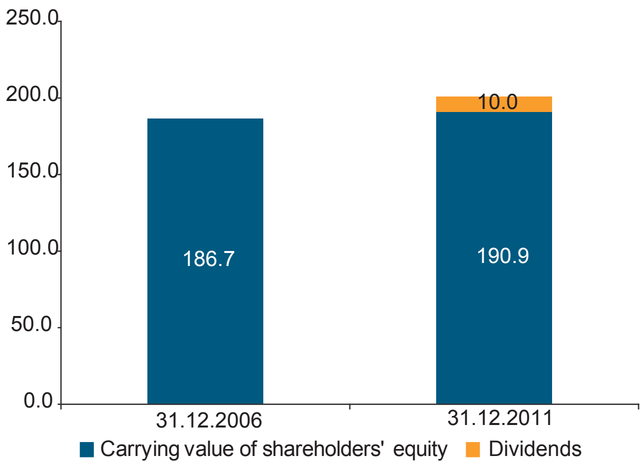
		2011	2010
Net sales	EURm	524.8	487.9
Operating income	EURm	34.4	32.6
Operating income %	%	6.6	6.7
Total assets	EURm	586.8	581.1
Equity ratio	%	32.5	29.6
Gearing	%	49.6	75.8
Return on equity	%	11.8	16.7
Return on investment	%	10.2	11.0
Personnel, total		1,146	1,151
Personnel, Finland		542	551
Total dividends paid	EURm	7.2	0
Dividends received by the State	EURm	7.2	0

COMPETITORS

Company	Country	Net sales, EURm*
Arcus	Norway	231

**At the 31 Dec 2011 exchange rate (EUR/NOK) of 7.7423*

YIELD TO THE STATE, EUR million



The yield to the State was 1.5% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth).

ARCTIA SHIPPING LTD specialised shipping company

State shareholding: 100%
Chairman of the Board: Matti Virtaala
Chief Executive Officer: Tero Vauraste
Personnel: 359
Principal places of business in Finland: Espoo

Arctia Shipping Ltd is a specialised shipping company offering icebreaking, marine construction and Ice Management services using multipurpose icebreakers. Additionally, the company provides oil-spill response and ferry services.

The Group's net sales increased by 1.2 per cent in 2011 due to the severe ice conditions in the winter and an increase in the number of operating days. The market situation for Offshore services remained difficult and both the net sales and profitability of offshore operations declined. Overcapacity in the offshore markets kept the price levels down. Net sales and profitability in offshore operations were also burdened by a lower utilisation ratio and increased maintenance costs. The total loss made by the Group was EUR 4.7 (-5.8) million.

The company has multi-year icebreaking contracts with the Finnish Transport Agency covering both conventional icebreakers and the multi-purpose icebreakers Fennica and Nordica. Additionally, the icebreaker Kontio has been converted for oil spill control duties, and the company has concluded an oil spill response contract with the European Maritime Safety Agency (EMSA). In November 2011, the company concluded a major three-year contract with Shell Offshore on chartering out its multi-purpose icebreakers Fennica and Nordica to serve in oil and gas production support tasks off the northern coast of Alaska. With said contracts providing the company with a degree of financial latitude, the company's financial performance is expected to develop favourably over the next few years. The company is prepared to revamp its fleet during the next few years.

The environmental investments made in Fennica and Nordica in the form of new catalytic converters will cut their environmental emissions to a minimum, creating new business opportunities for the company. The Arctic region is rich in unutilised natural resources, although the ecological vulnerability brings specific challenges regarding operations in the region.

Arctia Shipping and Suomen Lauttaliikenne Oy have been looking into the possibility of transferring Arctia Archipelago Shipping Ltd to Suomen Lauttaliikenne.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	59.5	58.8
Operating income	EURm	-1.7	-2.9
Operating income %	%	-2.9	-5.0
Total assets	EURm	167.0	179.4
Equity ratio	%	40.8	40.6
Gearing	%	107.9	105.2
Return on equity	%	-6.6	-7.5
Return on investment	%	-1.0	-1.6
Personnel, total		359	396
Personnel, Finland		359	396
Total dividends paid	EURm	-	-
Dividends received by the State	EURm	-	-

COMPETITORS

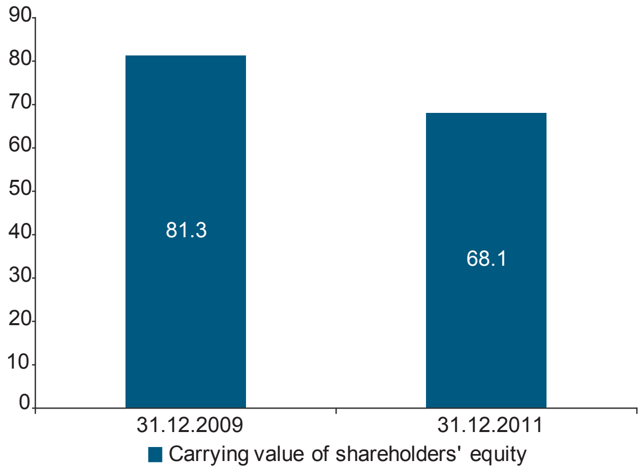
Company	Country	Net sales, EURm
Viking Supply Ships	Sweden	568 (SEKm)
GC Rieber Shipping	Norway	626 (NOKm)
Svenska Sjöfartsverket	Sweden	1,844 (SEKm)*

**2010*

REPORTED INVESTMENTS

Gross capital expenditure in 2011 totalled EUR 6.2 (14.0) million, the majority of which consisted of the dry-docking of Otso, Voima and Botnica.

YIELD TO THE STATE, EUR million



The yield to the State was -8.5% a year in the period 31 December 2009 – 31 December 2011 (CAGR, Compound annual growth).

AREK OY system development services for pension insurance

State shareholding: 9%
Chairman of the Board: Jukka Rantala
Chief Executive Officer: Matti Ylilammi
Personnel: 41
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 2011 were related to the employment record system and the development of electronic data exchange required under EU legislation. As well as enhancing system availability, the company focused on the improvement of cost effectiveness and customer satisfaction.

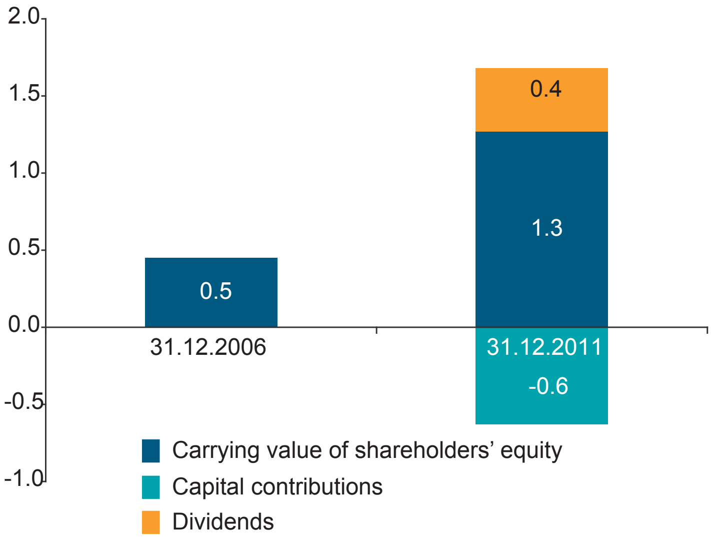
In 2011, Arek's net sales fell by nearly 30 per cent as compared the record-high net sales and exceptionally good performance in the previous year. The result for 2011 showed a loss. This was partly due to the adjustment of sales figures for the previous years. During the reporting period, the company succeeded in cutting costs by putting the support services for technology and production services out to open tender. As a result of the loss incurred, the company's equity ratio fell and its gearing rose. However, the company's liquidity remained solid.

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 biggest challenges facing the company are how to ensure the quality and availability of the system services provided, how to finance the investments, and how to manage the project portfolio.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	48.8	67.9
Operating income	EURm	-0.2	16.2
Operating income %	%	-0.3	23.9
Total assets	EURm	80.5	87.1
Equity ratio	%	21.0	25.5
Gearing	%	121.0	138.9
Return on equity	%	-15.4	77.9
Return on investment	%	-0.0	23.9
Personnel, total		41	39
Personnel, Finland		41	39
Total dividends paid	EURm	0	2.2
Dividends received by the State	EURm	0	0.2

YIELD TO THE STATE, EUR million



The yield to the State was 18.4% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth).

DESTIA LTD infrastructure services

State shareholding: 100%
Chairman of the Board: Karri Kaitue
Chief Executive Officer: Hannu Leinonen
Personnel: 1,813
Principal places of business in Finland: Jyväskylä, Kouvola, Kuopio, Oulu, Tampere and Vantaa

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 range from comprehensive overground operations to subterranean construction. International operations are restricted to northern Norway and Sweden and carried out as part of the regional operations in the North Calotte. In addition to its five regional business units, Destia also has three operational business units: Railways, Rocks, and Consulting Services.

In 2011 net sales fell by 7.9 per cent year-on-year. The order stock grew to EUR 805.1 (646.5) million. The decline in net sales was due to the investments made in risk management and profitability improvement schemes and the unfavourable market conditions. Operating income fell mainly because of impaired project performance in Norway and individual track maintenance and rock construction projects. The change in the number of personnel compared to the previous year was caused by personnel adjustments and the transfer of employees to NCC as part of the divestment of the paving business.

The competitors in the Finnish infrastructure sector are large, international companies offering a broad range of services, medium-sized companies with nationwide operations, and small local companies. Aside from Destia, the major players in the Finnish market are Lemminkäinen, Skanska, YIT, and NCC. Other medium-sized players in the infrastructure sector include companies such as VR Track and Kesälahden Maansiirto.

Overall, the prospects for the 2012 market are brighter than last year. Demand in the infrastructure sector is expected pick up in 2012–2013, by which time the large PPP and alliance projects will be in full swing. Destia's solid order stock and the measures to improve profitability initiated earlier will have a positive impact on the prospects for 2012. On an average, the profitability of core business projects has also improved. The company expects to increase net sales slightly and achieve a clearly positive operating result in 2012.

Destia's most significant short-term risks are related to the continued uncertainty of the economy and the market conditions.

The public sector has made cutbacks in infrastructure investments. Economic uncertainty has also discouraged the private sector to make major investments. Competition is fierce especially in the construction business. At the same time, the competitive situation in the maintenance business is intensifying. Winning contracts for big projects is crucial to securing the order stock for the next few years.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	495,9	538,6
Operating income	EURm	-8,1	11,6
Operating income %	%	-1,6	2,2
Total assets	EURm	262,0	262,3
Equity ratio	%	25,7	31,5
Gearing	%	21,1	69,5
Return on equity	%	-20,6	13,4
Return on investment	%	-5,4	8,3
Personnel, total		1,813	2,096
Personnel, Finland		1,769	2,025
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

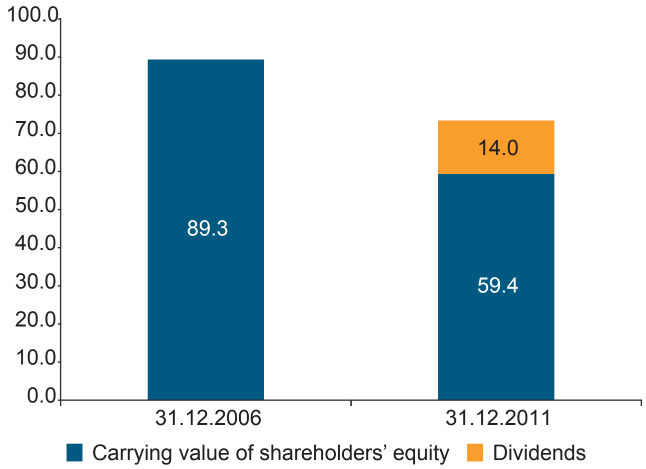
COMPETITORS

Company	Country	Net sales, EURm
Hochtief	Germany	23,282
Eiffage	France	13,700
Skanska	Sweden	13,423
Colas	France	12,400
Strabag	Austria	12,382
Bilfinger Berger	Germany	8,209
Koninklijke BAM	Netherlands	7,611
NCC	Sweden	5,939
Peab	Sweden	4,922
YIT	Finland	4,382
Veidekke	Norway	2,391
Lemminkäinen Corporation	Finland	2,274
SRV	Finland	672

REPORTED INVESTMENTS

Gross investments during the financial year totalled EUR 5.2 (12.0) million and were primarily equipment-related. Destia sold its paving business to NCC on 30 November 2011. On 29 March 2011, Destia made a deal with Ramirent Finland Oy on the sale of its site facilities and certain machinery and concluded a five-year agreement on leasing machinery and equipment.

YIELD TO THE STATE, EUR million



The yield to the State was -3.8% a year in the period 31 December 2006 – 31 December 2011 (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
Principal places of business in Finland: Helsinki

Edita Oy is a wholly State-owned communications group and the leading communications service provider in the Nordic countries. The solutions offered by the company help customers to enhance communications management and improve efficiency. Edita employs around 1,000 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's consolidated net sales in 2011 declined by around EUR 4.5 million to EUR 105.8 (110.3) million. While net sales in Finland fell by more than EUR 6 million to EUR 50.9 (57.3) million, net sales in Sweden increased by EUR 2 million to EUR 55.0 (53.0) million. Finnish companies accounted for 48 (52) per cent of the consolidated net sales and the Swedish companies for 52 (48) per cent.

The decline in net sales was mainly due to the decrease in the sales by the Print & Distribution business area (EUR -4.8 million). Sales also declined in the other business areas: the biggest fall after Print & Districtuion was experienced by Publishing (EUR -0.6 million).

Despite the falling sales, the operating income earned by the Publishing business area, EUR 3.0 (3.6) million, generated most of the Group's operating income of EUR 2.2 million. Net sales by Print & Distribution increased to EUR 1.5 (0.3) million. The 2011 operating income earned by the Editorial Communication business area was EUR 0.5 (-0.1) million. The result for the reference year is burdened by the costs of the adjustment measures costing EUR 0.6 million. If they are excluded, the result remained unchanged. Marketing Services made a loss of EUR -0.4 (0.5) million. The financial performance of the latter and the Print & Distribution business area was also affected by the EUR 1.6 (2.4) million adjustment measures designed to respond to the growing demand for digital communications services. The Group's operating income was affected by the loss of EUR -2.4 (-1.5) million incurred by other operations.

In 2011, demand for communications services grew moderately but slowed down towards the end of the year. Demand for traditional printed material declined throughout the year, and, as a result, the market for the printing industry shrank both in Finland and Sweden in 2011.

The Group's cash flow from operating activities improved reaching EUR 8.2 million (EUR 5.8 million). Gross capital expenditure totalled EUR 5.0 (3.3) million. The most significant investments were the acquisition of the entire share capital of Gospel Communications Oy, a company owned by a digital communications agency Paperjam Oy, and the investments in property development, energy efficiency and noise reduction made in the Hakuninmaa premises.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	105.8	110.3
Operating income	EURm	2.2	2.7
Operating income %	%	2.1	2.5
Total assets	EURm	85.4	88.6
Equity ratio	%	42.5	40.5
Gearing	%	40.8	51.2
Return on equity	%	4.3	4.6
Return on investment	%	3.7	4.6
Personnel, total		747	820
Personnel, Finland		371	447
Total dividends paid	EURm	0.0	0.99
Dividends received by the State	EURm	0.0	0.99

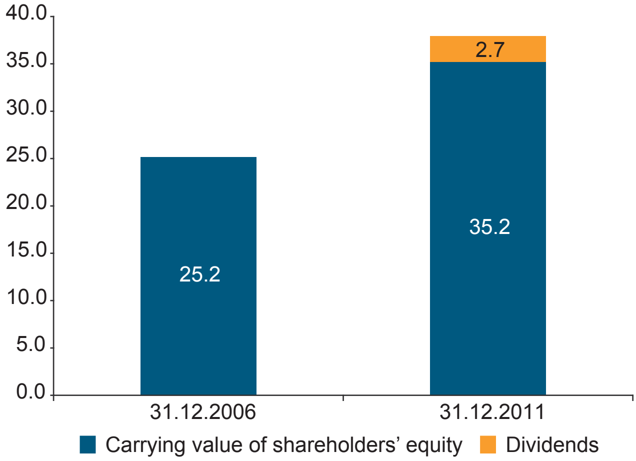
COMPETITORS

Company	Country	Net sales, EURm
Bonnier	Sweden	3,344
Sanoma WSOY Education & Book	Finland	343
Alma	Finland	316
Otava	Finland	260
Elanders	Sweden	204
Hansaprint	Finland	
Talentum	Finland	84

REPORTED INVESTMENTS

Gross capital expenditure totalled EUR 5.0 (3.3) million. The most significant investments were the acquisition of the entire share stock of Gospel Communications Oy, a company owned by a digital communications agency Paperjam Oy, and the investments in property development, energy efficiency and noise reduction made in the Hakuninmaa premises. After the reporting period, Edita announced on 2 March 2012 that it had acquired Opetusalan koulutuskeskus Educode Oy.

YIELD TO THE STATE, EUR million



The yield to the State was 8.6% a year in the period 31 December 2006 – 31 December 2011 (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: 319
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. 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. In 2011, Ekokem also continued the construction of another waste-to-energy plant in Riihimäki as planned. The second waste-to-energy plant is scheduled to go on stream in the spring of 2012. At the end of 2011, Ekokem reached an agreement with KWH Mirka Ltd on the construction of a 10-MW eco-power plant in Jepua, Uusikaarlepyy.

Ekokem continued to develop favourably in 2011. Both its net sales and operating income increased on the previous year. Also, the company's solvency remained at a sound level. 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

		2011	2010
Net sales	EURm	124.5	109.4
Operating income	EURm	19.2	15.7
Operating income %	%	15.4	14.4
Total assets	EURm	175.6	169.5
Equity ratio	%	71.0	69.1
Gearing	%	11.0	6.6
Return on equity	%	12.1	11.1
Return on investment	%	14.3	12.6
Personnel, total		319	309
Personnel, Finland		319	309
Total dividends paid	EURm	7.7	7.0
Dividends received by the State	EURm	2.6	2.4

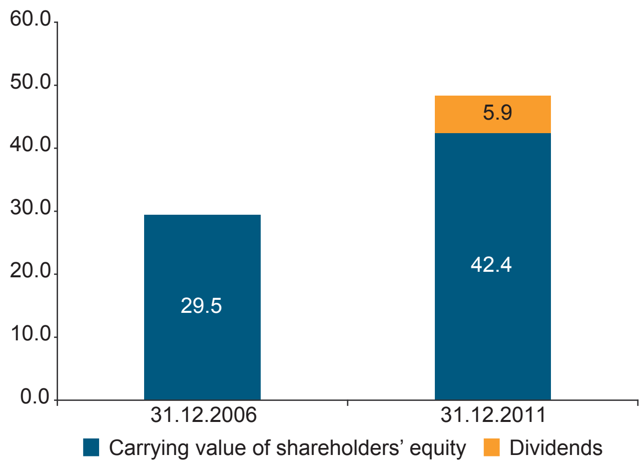
COMPETITORS

Company	Country	Net sales, EURm
Lassila & Tikanoja	Finland	652.1
Sita Finland	Finland	approx. 79

REPORTED INVESTMENTS

2nd waste-to-energy plant in Riihimäki (36 MW), Jepua eco-power plant (10 MW)

YIELD TO THE STATE, EUR million



The yield to the State was 10.40% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth).

FINGRID OYJ power transmission

State shareholding: 53.14%
Chairman of the Board: Helena Walden
Chief Executive Officer: Jukka Ruusunen
Personnel: 266
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 so called a natural monopoly, Fingrid's financial prospects are stable and its operations do not involve any major financial risks. The security of the Finnish transmission system remained good in 2011. However, due to the company's extensive construction programme (EUR 240 million), there have been a few thorny outage situations in the grid.

Grid revenue for 2011 fell slightly due to the decreased transmission volume of 64.2 TWh (68.1 TWh) despite the tariff increase of 4.5 per cent at the beginning of the year. Net sales fell as a result of a EUR 14 million decrease in the sales of imbalance power in particular, which was due to the lower market price of electricity compared to the previous year. The transmission tariffs for 2012 were raised by 30 per cent, and during the next few years, they will be gradually increased so as to achieve the level of proceeds permitted by regulation. In the future, this will also make it possible to sustain a higher level of dividends, which in turn will gradually improve the yield to the State.

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 had to be legally separated by 3 March 2012. By the transaction closed on 19 April 2011, Fortum and Pohjolan Voima Oy sold their holdings in Fingrid to the State of Finland and Ilmarinen Mutual Pension Insurance Company. Following the transaction, State shareholding in Fingrid is 53.14 per cent and the share of votes 70.86 per cent. Ownership steering in respect of Fingrid was transferred from the Prime Minister's Office to the Ministry of Finance as of 1 March 2012.

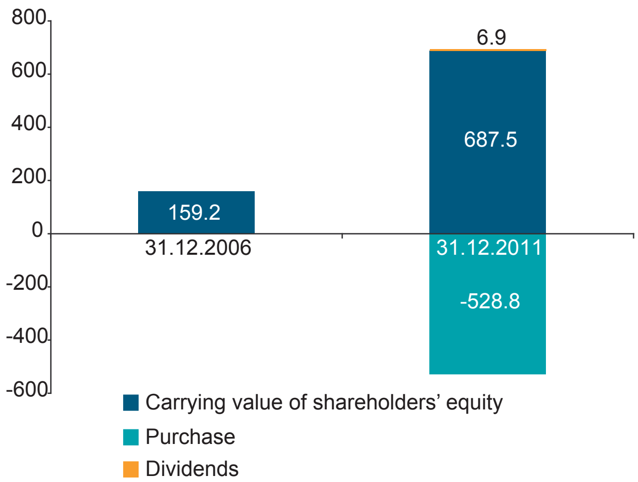
KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	438,5	456,3
Operating income	EURm	56,6	74,4
Operating income %	%	12,9	16,3
Total assets	EURm	1,972,3	1,814,9
Equity ratio	%	25.7	28.6
Gearing	%	201	166
Return on equity	%	6.5	8.7
Return on investment	%	3.6	5.1
Personnel, total		266	260
Personnel, Finland		266	260
Total dividends paid	EURm	10.8	6.7
Dividends received by the State	EURm	5.95	3.56

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 2,500 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 0.67% a year in the period 31 December 2006 – 31 December 2011 (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: 744
Principal places of business in Finland: Helsinki

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

In 2011, the consolidated net sales totalled EUR 67.0 (66.6) million while operating income reached EUR 0.8 (-2.7) million. The Group's balance sheet remained strong and its equity ratio of 64.5 (64.5) per cent was at the reference year level.

During 2011, FCG Finnish Consulting Group focused on securing profitable business activities for the Group as a whole and, in particular, on reinforcing customer relationships in Finland. Of the domestic business groups, ICT Development and Training and Consulting business were exceptionally profitable. For the Design and Engineering business, the market situation continued to be challenging. However, the result improved significantly in comparison to the preceding year.

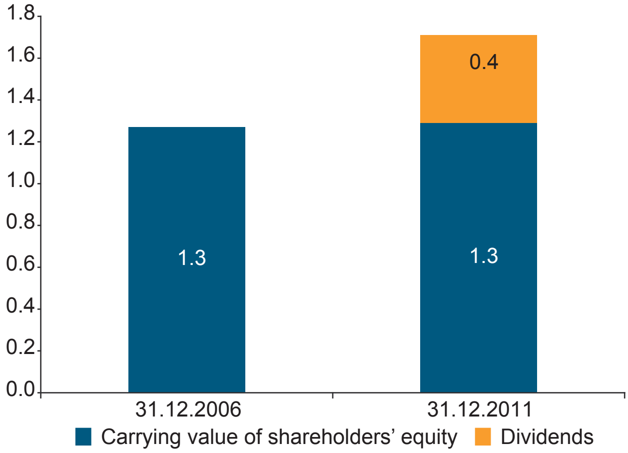
The company expects the consolidated net sales to increase in 2012 from the year before and the consolidated result for 2012 to be positive. One risk to profits is posed by the difficulty of passing on the personnel costs of the labour-intensive organisation to customers by increasing prices. If the market conditions deteriorate substantially, the company is prepared to respond accordingly. The recession is likely to affect the operations in 2012 as well.

After the conclusion of the 2011 financial year, FCG initiated a project to explore the potential for the incorporation of its domestic operations. The plan is that the new companies will commence operations on 1 July 2012.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	67,0	66,6
Operating income	EURm	0,8	-2,7
Operating income %	%	0,01	-4,1
Total assets	EURm	41,2	40,3
Equity ratio	%	64,5	64,5
Return on equity	%	3,1	-10
Personnel		744	843
Total dividends paid	EURm	0,91	1,2
Dividends received by the State	EURm	0,055	0,071

YIELD TO THE STATE, EUR million



The yield to the State was 2.5% a year in the period 1 January 2007 – 31 December 2011 (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: 245
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 to date. However, the sales of natural gas in 2011 decreased by around 5 TWh on the previous year, totalling 39.1 (44.6) TWh. Gasum's net sales increased slightly as a result of the higher selling price of natural gas and the fuel tax relief. On the other hand, operating income declined slightly to EUR 92.1 (98.4) million.

Over the next few years, the consumption of natural gas will be affected by fuel taxation in particular. According to the amendment to 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. Movement in the price of competing fuels such as coal and biofuels will also have an impact on 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. The facility reached full capacity in March 2011.

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 Metsä-Botnia, Helsingin Energia and Gasum regarding the development of nationally significant synthetic biogas production in Finland. Efforts will be made to arrive at a decision on the potential gasification plant by 2013.

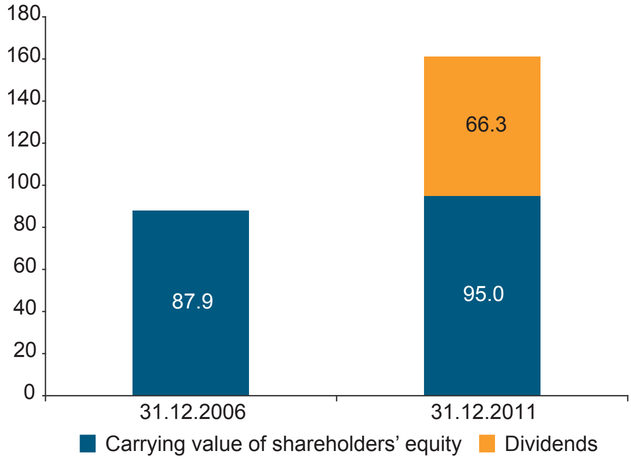
KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	1,258.1	1,240.7
Operating income	EURm	92.1	98.4
Operating income %	%	7.3	7.9
Total assets	EURm	843.5	827.1
Equity ratio	%	46.9	48.5
Gearing	%	36.1	32.5
Return on equity	%	17.4	17.2
Return on investment	%	16.5	16.9
Personnel, total		245	220
Personnel, Finland		245	220
Total dividends paid	EURm	-	74.2
Dividends received by the State (PMO's share)	EURm	-	17.8(9.2)

REPORTED INVESTMENTS

Letter of intent on the Kouvola biogas plant with KSS Energia.

YIELD TO THE STATE, EUR million



The yield to the State was 12.9% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth).

ITELLA CORPORATION postal services

State shareholding: 100%
Chairman of the Supervisory Board: Mauri Pekkarinen
Chairman of the Board: Arto Hiltunen
Chief Executive Officer: Jukka Alho
Personnel: 28 493
Principal places of business in Finland: Helsinki, Jyväskylä, Kuopio, Lahti, Lappeenranta, Oulu, Seinäjoki, Tampere, Turku, 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. The portion of Mail Communications' operations subject to the universal service obligation under the Postal Services Act accounted for 10.9 per cent of its net sales in 2011. Itellalla operates in northern and central Europe, and in Russia. Businesses and organisations generate 96 per cent of its total net sales. In 2011, international net sales accounted for 33 (32) per cent. Itella's goal is to attain profitable growth in Europe and Russia. Itella's vision is to be the top European company in postal, logistics and financial administration process services. Itella's market position is strongest in Finland. In Russia, Itella is the market leader in warehousing services.

Itella's net sales increased by 3.2 (1.2) per cent in 2011. The increase was 1.6 (-1.6) per cent for Finland and 6.7 (7.7) per cent for other countries. Net sales increased in all business groups. Itella's operating loss contains personnel restructuring costs in the amount of EUR 27.0 (17.3) million, write-downs on goodwill in Logistics and Mail Communications in the amount of EUR 16.6 million, and other non-recurring adjustments in the amount of EUR -7.2 million. Operating income fell in all business groups. The loss for the financial year was EUR 30.7 million (profit of EUR 9.3 million). Itella's cash flow from operating activities increased and totalled EUR 85.7 (81.9) million before investments.

The new Postal Act entered into force on 1 June 2011. In the new Act, universal service products are specified more clearly than before, and they are now exempt from VAT. 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. The first regional delivery licence was granted on 2 March 2012 to the Lahti-based Esan Kirjapaino Oy.

On 31 August 2011, Itella IPS Ltd was granted a deposit bank license by the Financial Supervisory Authority pursuant to the Finnish Credit Institutions Act. Itella Bank commenced operations at beginning of 2012, and the first new corporate banking services will be launched during 2012.

There is a significant structural change underway concerning postal operations with a global reach, and this is occurring simultaneously in most developed countries. International e-commerce has gained in importance. Competition in delivery and transport services is intense. Itella is one of the few postal services engaged in electronic communications.

Net sales are expected to remain at the 2011 level, but development may suffer from the consumers' increasing use of electronic services and intensified competition. The 9 percent value added tax, which entered into force at the beginning of 2012, is expected to have a negative effect on net sales and financial performance. The competition permitted by the new Postal Services Act may also have an impact on both net sales and performance.

The measures taken to increase productivity and efficiency are expected to improve profitability. Itella will continue to pursue the measures to secure profitability in the long term. Capital expenditure and net cash flow from operating activities are expected to remain at the 2011 level.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	1,900.1	1,841.6
Operating income	EURm	-5.9	32.4
Operating income %	%	-0.3	1.8
Total assets	EURm	1,465.3	1,412.0
Equity ratio	%	46.1	50.5
Gearing	%	21.5	18.1
Return on equity	%	-4.5	1.3
Return on investment	%	-0.3	4.4
Personnel, total		28,493	28,916
Personnel, Finland		21,123	22,326
Total dividends paid	EURm	0.0	4.4
Dividends received by the State	EURm	0.0	4.4

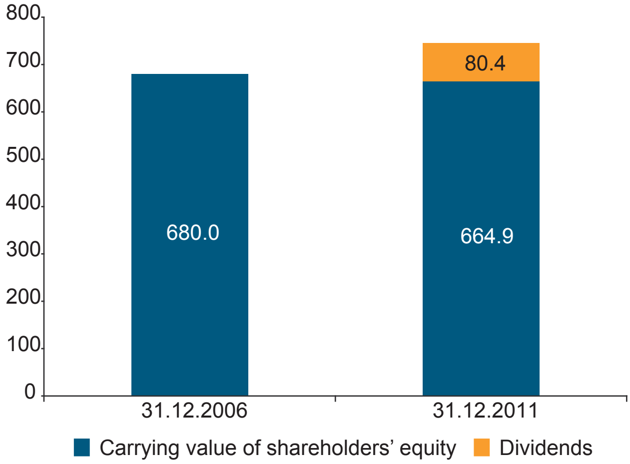
COMPETITORS

Company	Country	Net sales, EURm
DPWN	Germany	52,829
Royal Mail	UK	10,947
TNT Express	Netherlands	7,246
Post Nord	Sweden	4,462
Post NL	Netherlands	4,297
Posten Norge	Norway	3,011
Österreichische Post	Austria	2,349

REPORTED INVESTMENTS

Gross capital expenditure totalled EUR 102.9 (89.5) million. Acquisitions were made to a total value of EUR 30.4 (9.0) million.

YIELD TO THE STATE, EUR million



The yield to the State was 1.9% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth).

KEMIJOKI OY electricity production

State shareholding: 50.1%
Chairman of the Board: Matti Ruotsala
Chief Executive Officer: Aimo Takala
Personnel: 261
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 Oy'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 2011, the company generated a total of 4,365 GWh of electricity, down 2 per cent on a year with a mean water level. Kemijoki Oy accounted for approximately one third of all hydroelectric power generated in Finland. The total output of Kemijoki's power plants at the end of 2011 amounted to 1,130 MW, with the average hydropower generation reaching approximately 4,450 GWh.

Consolidated net sales in 2011 totalled EUR 41.1 million, and the loss for the financial year was EUR 7.7 million. The parent company's net sales in 2011 totalled EUR 39.7 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.

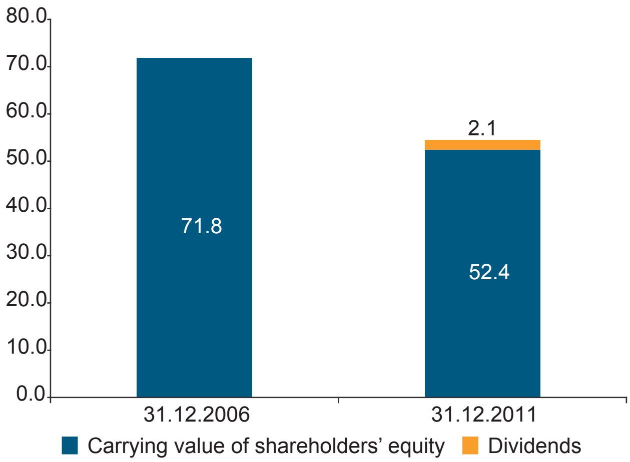
KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	41.1	41.0
Operating income	EURm	-2.6	-1.4
Operating income %	%	-6.3	-3.3
Total assets	EURm	459.5	453.7
Equity ratio	%	22.7	24.9
Gearing	%	321.0	277.2
Return on equity	%	-7.1	-6.0
Return on investment	%	-0.6	-0.3
Personnel, total		261	267
Personnel, Finland		261	267
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 1220 MW by 2017.

YIELD TO THE STATE, EUR million



The yield to the State was -5,4% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth)

MERITAITO LTD — waterways maintenance and hydrographic surveying

State shareholding: 100%
Chairman of the Board: Matti Puhakka
Chief Executive Officer: Jari Partanen
Personnel: 285
Principal places of business in Finland: Helsinki, Lappeenranta, Turku, Joensuu, Vaasa

Meritaito Ltd is a wholly state-owned company specialised in the maintenance and development of waterways and marine infrastructure. In addition to conventional waterways maintenance and hydrographic surveying, the company develops services and solutions for the mapping, protection and monitoring of the underwater environment. Meritaito's ambition is to lead the way in the promotion of sustainable use of the Baltic Sea water areas.

Waterways maintenance and hydrographic surveying will be opened to competition during 2010–2012. A public service obligation has been imposed by law on Meritaito for 2011 and 2012. As of the beginning of 2013, all services will be put out to open tender.

In 2011, the company's net sales fell to EUR 33.5 (34.3) million. The decline in net sales was due to deregulation and the fall in price levels in the contract areas. Operating income remained at the previous year's level, which, however, was due to an increase in other operating income.

2012 is expected to be a challenging year for the company. The volume of direct orders from the Finnish Transport Agency will decrease, and the opening of competition is expected to lower the contract prices even further. The company's profitability is expected to decrease year-on-year. Meritaito will adjust to the free competition and declining net sales by seeking growth in new client segments in its core business areas as well as in its new cleantech business operations. Meritaito's position in the hydrographic surveying and waterways and canal maintenance market is expected to remain strong in the future as well.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	33.5	34.3
Operating income	EURm	2.4	2.4
Operating income %	%	7.3	6.9
Total assets	EURm	33.2	31.1
Equity ratio	%	58.5	55.8
Gearing	%	-4.9	-5.4
Return on equity	%	14.0	12.9
Return on investment	%	11.1	13.0
Personnel, total		285	310
Personnel, Finland		285	310
Total dividends paid	EURm	-	0.2
Dividends received by the State	EURm	-	0.2

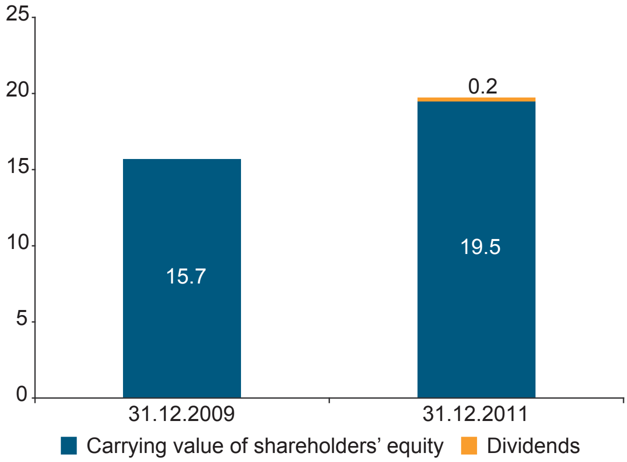
COMPETITORS

Company	Country	Net sales, EURm
Fugro N.V.	Netherlands	2,578
JT Service	Finland	n/a
R-Towing	Finland	n/a
VR-Track	Finland	314
Destia	Finland	496

INVESTMENTS

In 2011 the company's investments, mostly in vessels, totalled EUR 2.1 million. In 2012 the company will invest in the expansion of its plastic tube buoy factory in Joensuu, among other things.

YIELD TO THE STATE, EUR million



The yield to the State was 12.2% a year in the period 31 December 2009 – 31 December 2011 (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: 3,430
Principal places of business in Finland: Helsinki, Hämeenlinna, Jämsä, Tampere and Vammala

Patria Plc delivers materiel and services to the defence forces of several countries and to the civilian sector. Defence materiel and maintenance accounted for 90 per cent and the civilian sector for 10 per cent of the net sales in 2011. 37 per cent of the net sales were generated in Finland and 63 per cent abroad.

In 2011, consolidated net sales increased by nearly 10 per cent compared with the previous year. Profitability improved thanks to growth and the favourable development of the Land business unit. Patria's subsidiaries, Millog and Nammo, had a major impact on Group results.

Patria's order stock stood at EUR 1.6 billion on 31 December 2011. However, the number of new orders fell by over 50 per cent short of the number of orders secured during the previous year. The order stock also includes the orders placed under the agreement between Millog and the Finnish Defence Forces.

In December, the Government granted an export licence for 36 Patria Nemo mortar systems to be delivered to Saudi-Arabia.

KEY FINANCIAL INDICATORS

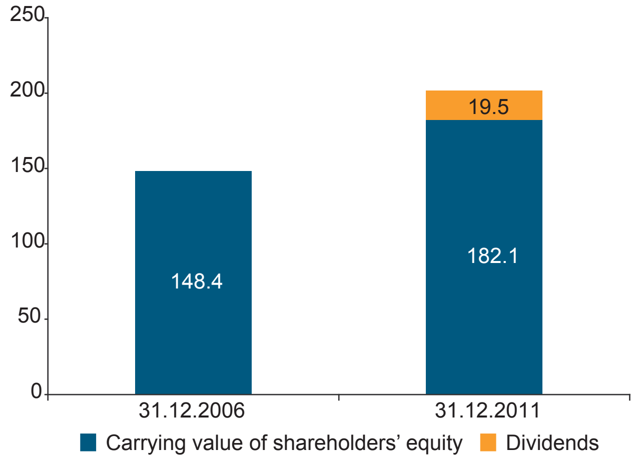
		2011	2010
Net sales	EURm	618.4	564.3
Operating income	EURm	60.3	10.5
Operating income %	%	9.7	1.9
Total assets	EURm	696.7	610.2
Equity ratio	%	43.5	42.2
Gearing	%	4.2	7.0
Return on equity	%	17.7	1.7
Return on investment	%	19.9	3.7
Personnel, total		3,430	3,397
Personnel, Finland		2,515	2,316
Total dividends paid	EURm	10.3	0
Dividends received by the State	EURm	7.5	0

Net sales and operating income for 2010 are Patria Plc's pro forma figures for the period 1 January – 31 December 2010.

COMPETITORS

Company	Country	Net sales, EURm
General Dynamics Corporation	United States	23,494
Nexter Group	France	851
BAE Systems Plc	UK	20,383
Rheinmetall Defence	Germany	2,141
FNSS	Turkey	N.A.
SAAB AB	Sweden	2,602

YIELD TO THE STATE, EUR million



The yield to the State was 6,3% a year in the period 31.12.2006 – 31 December 2011 (CAGR, Compound annual growth).

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

State shareholding: 85.0%
Chairman of the Board: Juho Lipsanen
Chief Executive Officer: Esa Mäkinen
Principal places of business in Finland: Helsinki, repair shops in various parts of Finland

The Raskone Group provides its customers with life-cycle services for utility vehicles. Raskone's operations include the maintenance of heavy-duty vehicles, machinery and trailers, 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 a subsidiary named Pajakulma Oy. Raskone, the parent company, is Finland's leading company specialising in the servicing and maintenance of utility vehicles and work machinery with a nationwide network of repair shops. Pajakulma Oy specialises in refitting utility vehicles. The company designs and manufactures fitting and superstructure components for cars, vans and trucks. Pajakulma is Finland's leading supplier of suspension systems for heavy-duty vehicles.

The weak development of the economy had a dampening effect on Raskone's operations in 2011. Vehicle mileages fell, making the situation challenging for fleet operators. This was reflected in the low demand for repair shop services. Competition in the sector remained intense.

Consolidated net sales in 2011 fell markedly on the previous year due to the divestment of a subsidiary. The parent company's net sales fell slightly, but Pajakulma succeeded in increasing its net sales despite the market situation. The parent company's financial performance was burdened by the investments made to strengthen its future competitiveness. As a result of the loss incurred, the company's equity ratio fell to 24.5 per cent and its gearing rose to 106.4 per cent.

KEY FINANCIAL INDICATORS

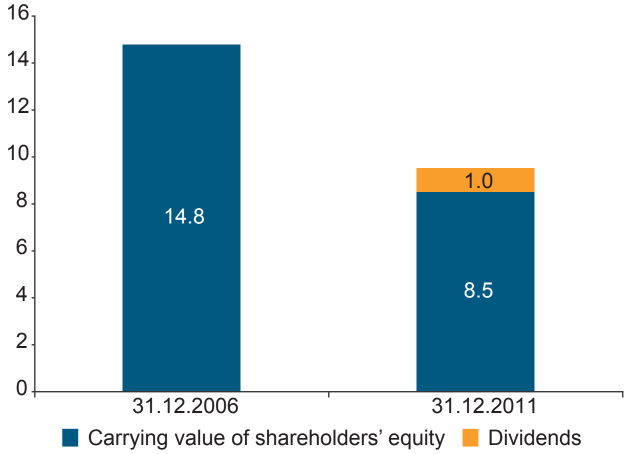
		2011	2010
Net sales	EURm	101.5	181.7
Operating income	EURm	-3.8	-0.2
Operating income %	%	-3.7	-0.1
Total assets	EURm	41.1	43.8
Equity ratio	%	24.5	30.4
Gearing	%	106.4	73.5
Return on equity	%	-28.8	-15.8
Return on investment	%	-13.4	-0.3
Personnel, total		790	888
Personnel, Finland		787	888
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

The 2010 figures are not comparable due to the disposal of the subsidiary Easy Km Ltd at the end of the year.

COMPETITORS

Company		Country
Servicing:	Volvo AB	Sweden
	Scania AB	Sweden
	Veho Hyötyajoneuvot	Finland
Refitting:	Cargotec Finland Oy	Finland

YIELD TO THE STATE, EUR million



The yield to the State was -8.4% a year in the period 31 December 2006 – 31 December 2011 (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: Turku, Sulkava and 39 ferry sites around Finland

To develop and improve the efficiency of its ferry services, Destia Ltd's decided to spin off its ferry operations to a separate company called Suomen Lauttaliikenne Oy (supplementary trade name Finferries) that commenced operations at the beginning of 2010.

Net sales for 2011 were up 3 per cent on the previous year. The increase was due to the new Saaristotie contract and the index adjustment made. Operating income rose by 26.7 per cent. The capitalisation of new vessels and the advance payments for the new ferry-boat resulted in significant increase in total assets. The company's financial position was solid and all of its investments were financed by revenues.

The company operates a total of 70 ferries, 12 of which have been leased for use on private roads. No investments in new ferries had been made for 15 years until the orders placed in 2010. The annual need for investments in 2010–2015 is estimated at EUR 8.3 to 9.5 million. Investments in 2011 totalled EUR 4.1 (0.4) million.

In addition to the Centre for Economic Development, Transport and the Environment, the customers of Suomen Lauttaliikenne include municipalities and the ferry sites of private road associations. 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. 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 55 million annually, with Suomen Lauttaliikenne holding nearly 70 per cent of the market. The cable ferry locations on Finland's inlakes, which are part of the public road network, are managed exclusively by Suomen Lauttaliikenne.

Net sales are expected to increase slightly in 2012. The company has a solid order stock up until the end of 2014. The financial result for 2012 is likely to fall short of that for 2011, given the increase in the depreciable amount and the repair and maintenance expenses arising out of new investments. The company will focus on streamlining its ferry operations.

The company's principal risks include not only its ageing fleet, but also the ageing of personnel. Its business operations are affected by competitive bidding and the government bridge construction programme.

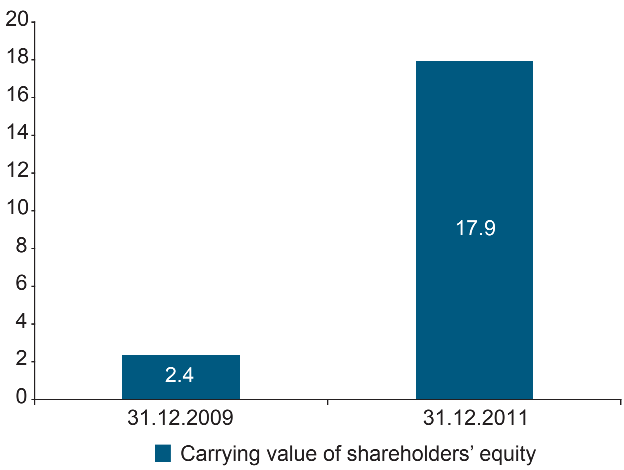
KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	39.0	37.8
Operating income	EURm	11.4	9.0
Operating income %	%	29.4	23.9
Total assets	EURm	25.5	18.1
Equity ratio	%	70.4	54.1
Gearing	%	-18.2	-6.1
Return on equity	%	58.6	91.5
Return on investment	%	55.5	54.6
Personnel, total		290	288
Personnel, Finland		290	288
Total dividends paid	EURm	0.0	0.0
Dividends received by the State	EURm	0.0	0.0

COMPETITORS

Company	Country	Net sales, EURm
Arctia Shipping Oy	Finland	59.5

YIELD TO THE STATE, EUR million



The yield to the State was 175.2% a year in the period 31 December 2009 – 31 December 2011 (CAGR, Compound annual growth).

MINT OF FINLAND LTD metal engineering industry

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

Mint of Finland Ltd. is the leading mint in the euro zone. The company designs, markets and mints money, and its products include metallic circulation coins, commemorative and special coins, and coin sets. In April 2011, Mint of Finland bought the entire share capital of the German coin-blank manufacturer Saxonia Eurocoin GmbH. Saxonia manufactures coin blanks for circulation coins, commemorative coins and medals. Following the acquisition, Mint of Finland became one of the few operators in the industry with integrated coin blank manufacture. In addition to Saxonia, Mint of Finland also owns half of Det Norske Myntverket of Norway. The Group sold its Gifts and Decorations business at the beginning of 2011 and closed down the operations of the Swedish mint AB Myntverket. Mint of Finland operates worldwide and distinguishes itself from others by its innovativeness.

The demand for circulation coins increases when the amount of cash in circulation grows. The weakening economic situation and the increase in metal prices dampen demand. Even though electronic means of payment are more and more widely used, the total number of payment transactions is simultaneously increasing, sustaining the demand for cash. New markets open up as there are several countries among the emerging economies that do not yet have any coins in circulation. International completion in the circulation coin business is intense due to an overcapacity in both minting and coin blank production. The importance of product research and development is expected to increase in the future. New properties are added to coins through blank research and development. Both Mint of Finland and Saxonia are technical forerunners in their field.

The consolidated net sales of Mint of Finland more than doubled in 2011 following the Saxonia acquisition. Exports accounted for 90 per cent of the consolidated net sales. Circulation coins accounted for 53 per cent of the parent company's net sales, numismatic products for 45 per cent and other products for 2 per cent. The Group improved its profitability, but the operating margin remained low. The consolidated result for the period was EUR 2 million. The company's solvency is good.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	137.1	57.7
Operating income	EURm	2.6	-0.2
Operating income %	%	1.9	-0.3
Total assets	EURm	100.7	60.1
Equity ratio	%	53.5	86.9
Gearing	%	24.7	-45.6
Return on equity	%	3.3	-0.5
Return on investment	%	4.9	0.4
Personnel, total		231	134
Personnel, Finland		65	93
Total dividends paid	EURm	1.1	0.0
Dividends received by the State	EURm	1.1	0.0

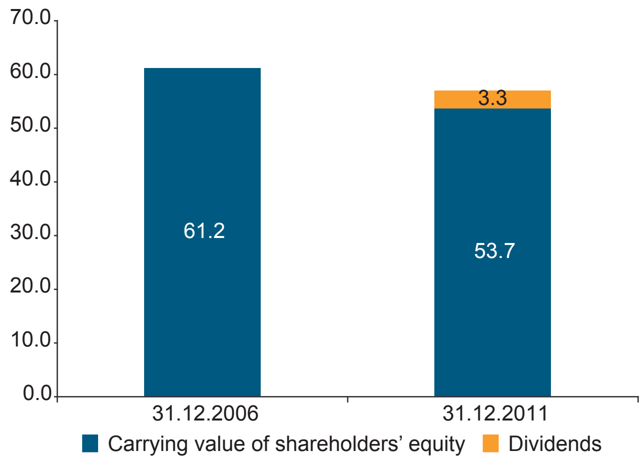
The 2009 figures are not fully comparable as a result of the change in the accounting policy.

COMPETITORS

Company	Country	Net sales, EURm
Austrian Mint AG	Austria	1,584
Royal Canadian Mint	Canada	1,660
The British Royal Mint	UK	250
Monnaie de Paris	France	150
Royal Dutch Mint	Netherlands	28

Net sales for 2010. The British Royal Mint's net sales are for the period that ended on 31.3.2011.

YIELD TO THE STATE, EUR million



The yield to the State was -1.4% a year in the period 31 December 2006 – 31 December 2011 (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: 1,226
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 2011 fell markedly short of the long-term average. This burdened Vapo's financial result for 2011. The loss made by sawmill and pellet operations had an adverse effect on financial performance as well. The consolidated result for 2011 showed a clear loss as a result the write-downs in the three pellet mills wound up in Finland. At the same time, the company's equity ratio fell to under 35 per cent.

Of crucial importance to Vapo's net sales and financial performance in 2012 will be the peat production conditions in the summer of 2012 and the trends in profits and sales in pellet production. Business cycles in the sawmill sector will also continue play an important part.

In the future, Vapo will seek to increase its wood-based energy production in particular. The profitability of operations has not been satisfactory in this regard either. Vapo has initiated and implemented a number of measures to improve the Group's profitability. The objective is to attain annual cost savings of EUR 10 million. In the next few years, Vapo aims at reducing the waterborne emissions of peat production in particular to an acceptable level.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	705.0	719.5
Operating income	EURm	-41.9	39.1
Operating income %	%	-5.9	5.4
Total assets	EURm	869.3	922.7
Equity ratio	%	33.8	38.3
Gearing	%	145.8	120.4
Return on equity	%	-11.9	8.9
Return on investment	%	-5.8	9.5
Personnel, total		1,226	1,333
Personnel, Finland		783	833
Total dividends paid	EURm	-	15.0
Dividends received by the State	EURm	-	7.5

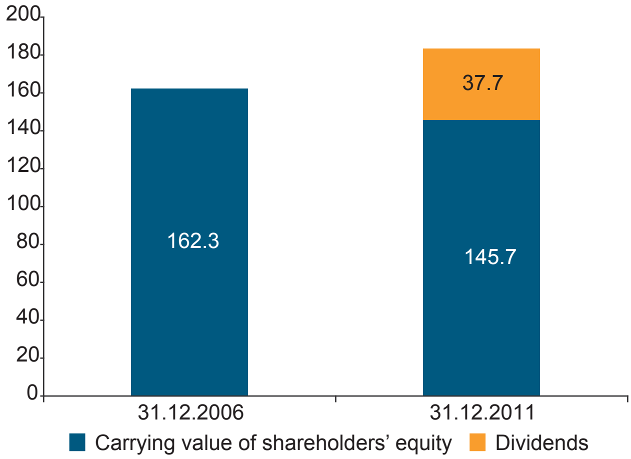
COMPETITORS

Company	Country	Net sales, EURm
Turveruukki Oy	Finland	23.5
Metsä Group	Finland	5,346.0
Lassila &Tikanoja plc	Finland	652.1

REPORTED INVESTMENTS

EUR 30 million will be invested in Vapo's three-year intensified water treatment programme for peat production.

YIELD TO THE STATE, EUR million



The yield to the State was 2.5% a year in the period 31 December 2006 – 31 December 2011 (CAGR, Compound annual growth).

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

State shareholding: 100.0%
Chairman of the Supervisory Board: Kari Rajamäki
Chairman of the Board: Hannu Syrjänen
Chief Executive Officer: Mikael Aro
Personnel: 11,391
Principal places of business in Finland: Helsinki, Kouvola, Oulu and Tampere

VR-Group Ltd has operations in three business areas. VR provides rail passenger services and Pohjolan Liikenne operates bus and coach services. VR Transpoint provides logistics services by rail and road. VR Track is responsible for the infrastructure engineering business. Additionally, the Group includes Avecra Oy, a company responsible for catering and restaurant operations, and Corenet Oy, a company responsible for telecom 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.

VR is being developed into a modern service company, as evidenced by several development projects and higher costs. Funds are being used to develop services and improve customer satisfaction. VR has divested some of its international operations to focus on its core business in Finland.

VR's net sales rose by 1.0 per cent in 2011. Net sales increased in passenger services and logistics but decreased in infrastructure engineering. There was significant increase in passenger traffic to and from Russia, in particular between Helsinki and St. Petersburg. Rail carryings declined as the volume of international carryings fell. In contrast, carryings by road logistics rose. The net sales of infrastructure engineering fell short of the previous year's level due to the overall decline in the volume of infrastructure engineering.

Both the operating income and result for the financial period fell by around 50 per cent. The profit for the financial period was EUR 15.3 (30.0) million. Passenger services earned an operating income of EUR 10.5 million. Logistics showed an operating loss of EUR 15.1 million. Infrastructure engineering posted an operating loss of EUR 10.5 million despite the restructuring measures taken.

The overall economic uncertainty affected the logistics business in particular, and the outlook for logistics remained uncertain.

In passenger services, passenger volumes in services to and from Russia are expected to continue to grow, and the new pricing system introduced in Finland is expected to generate growth. The reform to the passenger ticket system is having a visible effect in the increase in the number of passengers and ticket sales and improved customer satisfaction.

Much of the infrastructure engineering work consists of work ordered by the Finnish Transport Agency. Aside from the rail network, VR Track's development and growth priorities include other infrastructure engineering and international operations. The company expects to maintain its current market position in Finland.

The company expects 2012 to be a clearly better year than 2011. The financial position is believed to remain sound.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	1,437.2	1,422.6
Operating income	EURm	20.9	43.1
Operating income %	%	1.5	3.0
Total assets	EURm	1,748.1	1,721.9
Equity ratio	%	81.0	80.6
Gearing	%	-12.3	-12.1
Return on equity	%	1.1	2.2
Return on investment	%	1.5	3.3
Personnel, total		11,391	11,950
Personnel, Finland		10,874	11,498
Total dividends paid	EURm	0.0	0.0
Dividends received by the State	EURm	0.0	0.0

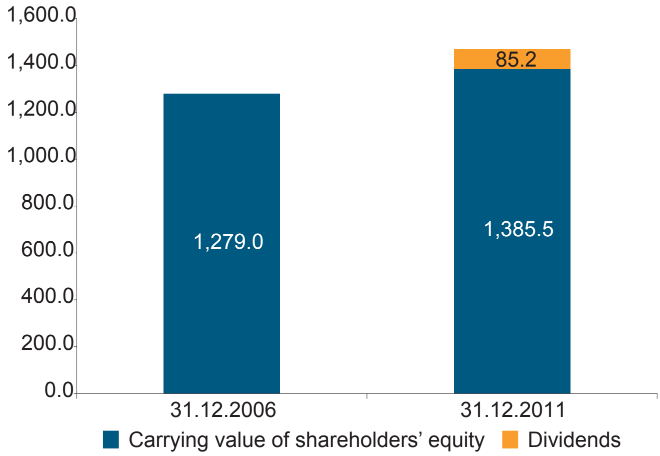
COMPETITORS

The developments in competing forms of transport, such as the improving fuel economy of passenger cars and the expanding budget airline business, keep the competion between the various forms of transport intense. In passenger transport, VR's competitors include private cars, coach transport and air transport. In freight transport, the competitors are trucking companies and cargo vessels. In Finland, competition is expected to intensify mainly in track construction and freight transport.

REPORTED INVESTMENTS

VR's investments totalled EUR 151.0 (149.8) million. Investments in rolling stock totalled EUR 91.1 (50.8) million. In 2012, VR launched an investment programme worth EUR 700 to 900 million extending up to 2025, which will tie up the Group's resources even beyond the completion of the programme.

YIELD TO THE STATE, EUR million



The yield to the State was 2.8% a year in the period 1 January 2007 – 31 December 2011 (CAGR, Compound annual growth).

6.3 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: 35.21%
Chairman of the Board: Nyrki Tuominen
Chief Executive Officer: Kari Halinen
Personnel: 4
Principal places of business in Finland: Helsinki

Established in 1997, Art and Design City Helsinki Oy is to be developed into a leading centre for applied art in the Baltic 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. 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 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 provided displays in the Arabia shopping centre and schools. Additionally, 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. The programme to develop the Living Lab tool for 14 universities of applied sciences was continued.

A range of projects were brought to completion before the beginning of the World Design Capital 2012 year. Among the projects completed within the framework of the Arabia Visibility programme are the implementation of a signage system, commercialisation of tourism products and the implementation of a touch screen to be incorporated in the signage system. The number of tourists and visitors increased by 5 to 20 per cent depending on the attraction. The company decided to discontinue leasing space to third parties in its premises at Hämeentie 153. The Arabia Cupoli project was continued. A LOFT office service was launched at Hämeentie 157 to offer space for both artists and creative entrepreneurs. Additionally, ADC has provided strategic consultation services in view of developing sites outside Arabianranta, such as the districts of Kalasatama and Tukkutori. The company endorses the establishment an office of the international deClub network in Arabianranta.

In 2011, Arabia was a home to 10,000 people, a workplace for 6,000 and a campus for 13,000 students and professionals.

To a large extent, ADC's operations are based on an annual service production agreement with Helsinki City specifying the services and functions to be provided by the company for the City.

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

		2011	2010
Net sales	EURm	0.6	0.5
Operating income	EURm	0.0	0.0
Operating income %	%	3.3	-2.9
Total assets	EURm	0.5	0.4
Equity ratio	%	76.2	85.6
Gearing	%	-74.1	-90.6
Return on equity	%	5.3	-2.6
Return on investment	%	6.1	-1.7
Personnel, total		5	5
Personnel, Finland		5	5
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: 60.75%
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 the growing conditions prevailing in Finland and other northern regions. The company's product portfolio includes the rights to the plant varieties developed by the company and basic seeds marketed through seed companies. Boreal Plant Breeding Ltd is the market leader in its sector in Finland. The company's market share of cultivated land in cereal and oil plants declined slightly year-on-year to 58 per cent. Of the certified seeds grades, the market share of the company's varieties grew in almost every variety.

In 2011, the company's net sales fell slightly in 2011 to EUR 8.0 million (EUR 8.1 million) due to the decrease in royalties from certified seeds. By contrast, seed sales grew by nearly 10 per cent. Profits were down on the previous year amounting to EUR 0.3 million or 3.9 per cent (9.8%) of net sales. The company's balance sheet remained strong. The equity ratio was 71.9 per cent and the company's net debt is negative.

The operations of the company's Russian subsidiary are gradually expanding – in 2011 it generated net sales of EUR 0.1 million.

In December 2011, the company's ownership base was expanded through a directed share issue to a French company Vilmorin & Cie S.A. The cooperation agreements signed as part of the restructuring of ownership are expected to improve the company's competitiveness and business potential. In the long term, the company's operations are influenced by the competitiveness of the Finnish food and feed industry and the utilisation rate of certified seeds. The current focus on sustainable agricultural production generates demand for disease-resistant varieties that use nutrients and water efficiently.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	8.0	8.1
Operating income	EURm	0.3	0.8
Operating income %	%	3.9	9.8
Total assets	EURm	9.9	9.3
Equity ratio	%	71.9	75
Gearing	%	-46.8	-41.3
Return on equity	%	3.2	10.3
Return on investment	%	4.6	12.7
Personnel, total		64	64
Personnel, Finland		62	62
Total dividends paid	EURm	0.7*	0.4
Dividends received by the State	EURm	0.4	0.2

**) includes distribution of additional dividends of EUR 0.55 million*

HELSINKI BUSINESS AND SCIENCE PARK LTD

business incubation

State shareholding: 28.6%
Chairman of the Board: Ilkka Hyvärinen
Acting Chief Executive Officer: Reijo Kohonen
Personnel: 12
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.

During 2011, an average of 77 companies leased space from HBSP and made use of its special services. A total of 25 new companies started business under its auspices.

The company gave up its premises in Viikki, which reduced its rental income and expenditure and decreased net sales. The company received EUR 0.6 million in subsidies. Net sales consisted of rental income and service fees paid by corporate customers. The company made a loss of EUR 0.1 million.

The company's strategy will be updated with the aim of engaging in close cooperation with research institutes and universities in commercialising research findings and promoting research-based entrepreneurship.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	0.8	1.3
Operating income	EURm	-0.1	-0.1
Operating income %	%	-12.9	-9.4
Total assets	EURm	1.0	1.1
Equity ratio	%	72.7	71.8
Gearing	%	-76.8	-68.8
Return on equity	%	-16.3	-14.9
Return on investment	%	-16.3	-14.9
Personnel, total		12	14
Personnel, Finland		12	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: Maritta Iso-Aho
Chief Executive Officer: Ismo Salminen
Personnel: 26
Principal places of business in Finland: Tampere and Heinola

Opetusalan koulutuskeskus Educode Oy was established to carry on the operations of Opeko, the National Centre for Professional Development in Education, as of 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 second year of operation, the company focused on improving profitability, revising its strategy and developing processes and customer interaction. Efforts to reduce the cost burden were continued and the organisational structure was revamped.

The company's order stock declined relative to the year before and net sales fell to EUR 2.3 million (EUR 2.8 million). The National Board of Education being the company's most important customer, the cuts in the Board's training appropriations contributed to the fall in sales. The company made a loss of EUR 1 million (EUR -2.5). Financial performance was burdened by non-recurring adaptation cost.

Educode's entire share capital was sold to Edita Plc in March 2012.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	2.3	2.8
Operating income	EURm	-1.0	-2.5
Operating income %	%	-44.5	-88
Total assets	EURm	2.7	2.4
Equity ratio	%	0	57
Return on equity	%	-199.8	-195
Personnel, total		26	44
Personnel, Finland		26	44
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

MOTIVA OY consultation on energy efficiency, renewable energy and materials efficiency

State shareholding: 100%
Chairman of the Board: Juhani Wiio
Chief Executive Officer: Jouko Kinnunen
Personnel: 58
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 opens 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 market terms 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 Services Oy also launched an 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 2011:

– Ministry of Employment and the Economy	49%
– other ministries	7%
– other central government	6%
– EU Commission and foreign countries	7%
– others	31%

Net sales in 2011 were EUR 7.9 million and the financial result EUR 0.3 million. In particular, the increase in net sales was due to the launching of the ecolabelling business.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	7.9	6.1
Operating income	EURm	0.4	0.4
Operating income %	%	5.2	6.4
Total assets	EURm	4.6	3.5
Equity ratio	%	50.9	59
Gearing	%	-6.9	-41.8
Return on equity	%	15.8	15.7
Return on investment	%	19.1	22.1
Personnel, total		58	40
Personnel, Finland		58	40
Total dividends paid	EURm	0.1	0.08
Dividends received by the State	EURm	0.1	0.08

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: 12
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 32 potato varieties in production in 2011.

SPK's net sales in 2011 remained more or less unchanged year-on-year reaching EUR 4.2 million. In contrast, the operating profit for 2011 improved substantially compared with the previous year. The biggest investments in 2011 were made in upgrading the potato containers and developing the greenhouse production technology. Total investments in 2011 amounted to EUR 0.1 million.

Over the next few years, SPK will seek to increase net sales and improve profitability. Another objective is to modernise the production equipment with the main focus on potato sorting.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	4.2	4.3
Operating income	EURm	0.5	0.2
Operating income %	%	11.0	5.7
Total assets	EURm	3.3	3.7
Equity ratio	%	41.0	27.7
Gearing	%	54.0	112.2
Return on equity	%	26.7	15.3
Return on investment	%	26.0	11.7
Personnel, total		12	13
Personnel, Finland		12	13
Total dividends paid	EURm	-	-
Dividends received by the State	EURm	-	-

SUOMEN VILJAVA OY cereal handling and storage services

State shareholding: 100%
Chairman of the Board: Kari Kolu
Chief Executive Officer: Kari Nurmentaus
Personnel: 90
Principal places of business in Finland: Helsinki, Kokemäki, Koria, Kuopio, Loimaa, Loviisa, Mustio, Naantali, Perniö, Rauma, Seinäjoki, Turenki, Vantaa, and Ylivieska

Suomen Viljava's main field of activity is the handling and storage of cereals and cereal-type raw materials. Its storage capacity is 1.4 million tonnes spread across 21 localities. The majority of Finland's reserve stock cereals are stored in the company's silos.

Net sales in 2011 reached EUR 20.1 million (EUR 19.8 million). Robust sales were largely due to the high volumes of cereals stored and handled. Mainly because of barley for intervention, the stock levels in early 2011 rose record high to 1.15 million tonnes to return to normal levels towards the end of the year. Aside from the increase in net sales, the financial result was improved by the capital gain of EUR 2.8 million on the sale of the horizontal storage facility in Mussalo, Kotka. The profit for the financial period was EUR 6.1 million (EUR 4.2 million). The company is debt-free and highly solvent. Investments totalled EUR 4.2 million the biggest of which was the purchase of a horizontal storage facility in Kotka.

The company's net sales and financial performance are affected by crop yields, import and export volumes and fluctuations in cereal prices. However, no major changes to the current level of business are foreseen provided that the emergency supplies maintained by the National Emergency Supply Agency and grain growing remain at the present level in Finland.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	20.1	19.8
Operating income	EURm	7.8	5.4
Operating income %	%	38.9	27.2
Total assets	EURm	27.1	26.2
Equity ratio	%	89.6	82.1
Gearing	%	-8.7	2.1
Return on equity	%	24.6	18.2
Return on investment	%	32.7	22.3
Personnel, total		90	88
Personnel, Finland		90	88
Total dividends paid	EURm	5.0	3.0
Dividends received by the State	EURm	5.0	3.0

6.4 The companies with special assignments – Solidium Oy, Governia Oy and State Security Networks Ltd

GOVERNIA OY investment operations

State shareholding: 100%
Chairman of the Board: Harri Pynnä
Chief Executive Officer: Raimo Korpinen
Personnel: 59
Principal places of business in Finland: Helsinki, Vantaa

Governia Oy was established in 2009 when Solidium Oy, a company that had previously attended to the duties now assigned to Governia, was divided into Solidium Oy, which administers the State's shareholdings in non-strategic listed companies, and Governia Oy, which is engaged in the property business. Governia is a holding company whose most important subsidiaries are Kruunuasunnot Oy and Easy Km Ltd. In December 2010, Governia acquired the entire share capital of Easy Km. Additionally, Governia acquired a 15 per cent interest in Raskone Oy in 2010. In 2011, Governia disposed of the entire share capital of Kuggskär Oy.

In managing and developing its assets, Governia Oy seeks a return on its investments and pursues a prudent risk management policy. The company looks to increase shareholder value and generate a return on liquid funds while overseeing the business development efforts by its subsidiaries. Additionally, Governia secures refinancing for its subsidiaries.

Easy Km offers financing and administrative services for commercial vehicles and company cars. Most of its customers represent the public-sector. At the end of 2011, the company had a fleet of 8,262 vehicles, most of them vans. An extensive project to upgrade the enterprise resource planning system was launched by the company in 2011. The focus in Easy Km's refinancing shifted from project-specific to limit-based financing.

Kruunuasunnot Oy was founded in 1999 to administer and upgrade the housing stock owned by the Finnish Defence Forces. Kruunuasunnot Oy's subsidiaries include 97 housing and real estate companies and a company called A-Kruunu Oy. Through its subsidiaries, Kruunuasunnot Oy owns 2,910 rental flats in 28 localities. The company's most important customer and partner continues to be the Finnish Defence Forces. Even so, about 40 per cent of the company's housing stock is rented on the public housing market. Efforts have been made to develop the housing stock on a broad front through sales and renovation and by building new housing units. Total investments in new production, renovations and property improvements by the company amounted to EUR 13.5 million in 2011. A total of 79 dwellings were sold for which the company received EUR 7.3 million in sales receipts.

The Group's net sales in 2011 were EUR 122.4 million (EUR 32.7 million) of which Easy Km accounted for EUR 92.4 million and Kruunuasunnot for EUR 30 million (EUR 32.7 million). The consolidated result showed a profit of EUR 2.4 million (EUR 1.5 million). Easy Km's profitability improved mainly because of the rearrangement of refinancing and the result before extraordinary items was a sound EUR 2.9 million (EUR 2.7 million). Kruunuasunnot's net sales fell as a result of the decline in demand for owner-occupied housing units towards the end of the year, and the company made a loss of EUR 0.5 million. The financial result was burdened by write-downs on inventories, the largest of which was EUR 1.1 million on an asset in the Keuruu Garrison now being closed down. The Group's equity ratio fell to 39.7 per cent. This was mainly due to Easy Km's low equity ratio which was weakened by the new balance sheet based refinancing scheme. 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.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	122.4	32.7
Operating income	EURm	5.9	1.8
Operating income %	%	4.9	5.5
Total assets	EURm	334.3	278.6
Equity ratio	%	39.7	47.0
Gearing	%	90.7	59.0
Return on equity	%	1.6	0.9
Return on investment	%	2.6	1.2
Human resources		59	62
Personnel, Finland		59	62
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

STATE SECURITY NETWORKS LTD

operation of communications networks

State shareholding: 100 %
Chairman of the Board: Jarmo Väisänen
Chief Executive Officer: Kimmo Manni
Personnel: 82
Principal places of business in Finland: Espoo

The State Security Networks Group is a special-mission company that operates communications networks and data centres critical to the nation's security, and provides related services. Additionally, the company is responsible for operating the nationwide VIRVE network of the Finnish authorities and the servicing and maintenance of its radio terminal devices. In 2011, the Group's operations expanded substantially. Through its subsidiary Leijonaverkot Oy, the company owns and operates a considerable number of the telecommunications centres in Finland. Leijonaverkot is tasked to manage and develop mission-critical telecommunications infrastructure in Finland. Towards the end of 2011, Leijonaverkot acquired the entire share capital of the cable information company Johtotieto Oy. During 2010–2011, the Government injected a total of EUR 90 million of capital in the company primarily for the purpose of acquiring facilities for communications data centres. The Group's vision is to secure the management of critical operations by the authorities. The Group's priorities in developing operations target the critical infrastructure and provision of related basic services.

According the Government resolution made on 12 May 2011, the infrastructure of the administrative security network TUVE will be taken over by the State Security Networks Group. Preparations were continued by the company to commence the security network operations. At the beginning of 2012, a subsidiary called Suomen Turvallisuusverkko Oy was set up to assume the duties related to the security network operations as of 2013. Leijonaverkot is preparing to take over the communications data centres and other infrastructure specified for the TUVE project. The Group's business operations and personnel will grow significantly as a result of the TUVE activities, which will offer the company the opportunity to achieve considerable synergy benefits and master challenges related to change management, etc. Responsibility for the strategic steering of the ICT operations in the security network, expansion of ICT capabilities and centralised oversight of the budget appropriations will rest with the Ministry of Finance.

In 2011, the Group's net sales reached EUR 31.6 million (EUR 26.8 million) thanks to Leijonaverkot. However, the parent company's net sales fell following the two-million reduction in state price subsidies. As a result, the parent company made a loss of EUR 3.3 million. The purpose of the parent company – State Security Networks Ltd – is not to generate profits for the shareholders; instead its mission is to fulfil it service function cost-effectively. The consolidated operating profit for the period was EUR 0.9 million, largely due to sound performance by the subsidiaries. Of the total investments of EUR 57.4 million, EUR 52 million was used for the acquisition of communications and data centre facilities and subscription of shares in the subsidiaries.

Adverse weather conditions increased the use of the VIRVE network towards the end of 2011. For the most part, the company was successful in securing the operation of the VIRVE network and providing first-rate services. The VIRVE network has been developed in collaboration with the Emergency Supplies Centre within the framework of a EUR 38 million investment programme covering the years 2008–2012. The company's strategic objective is to secure VIRVE's operation and reliability in use. In the current year, the company will focus on improving the VIRVE network's fault tolerance.

The new Group companies are expected to improve the Group's financial performance over the next few years. Leijonaverkot's profit potential is assumed to remain stable.

KEY FINANCIAL INDICATORS

		2011	2010
Net sales	EURm	31.6	26.8
Operating income	EURm	0.9	-0.8
Operating income %	%	2.9	-3.0
Total assets	EURm	120.0	55.2
Equity ratio	%	89.4	84.7
Gearing	%	-15.3	-17.5
Return on equity	%	0.6	-2.4
Return on investment	%	1.4	-2.4
Human resources		82	72
Personnel, Finland		82	72
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0

SOLIDIUM OY investment operations

State shareholding: 100%
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 with a mission to reinforce and consolidate domestic ownership in companies of national significance and increase the economic value of its assets in the long-term. Solidium's investment activities are based on financial analysis. The basis and key objective of Solidium's investment strategy is to manage the existing portfolio with due care and to increase its value. Solidium's portfolio includes 12 listed companies in which it holds a non-controlling interest.

On 21 October 2008, the Government passed a resolution to transform the wholly state-owned Solidium Oy 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. Solidium was organised and its operations commenced in spring 2009. On 11 June 2009, the Government decided to relinquish its shares in Elisa Corporation to Solidium.

During the first half of the financial year starting 1 July 2011, Solidium acquired shares for a total of EUR 42 million. It increased its stake in Metso from 10.4 to 11.1 per cent by buying 1,000,000 shares in the market for about EUR 23 million. Additionally, it increased its holdings in Talvivaara Mining Company Plc from 4.3 to 7.1 per cent by buying 6,813,108 shares in the market at a price of about EUR 19 million.

During the half-year period, Solidium received a total of EUR 6.7 million (EUR 8.3 million) in dividends from Elisa Corporation. Consequently, the dividends received by Solidium during the calendar year 2011 totalled EUR 429 million (EUR 440 million). During the half-year period, Solidium paid EUR 660 million in dividends to the State.

Since the end of the half-year period, Solidium has announced that it will support the foreseen merger between Outokumpu and Inoxum and has subscribed shares in the EUR 1.0 billion rights issue by Outokumpu in proportion to its current holdings in the company. Solidium has announced that it has acquired a 5.1 per cent interest in Outotec for about EUR 91 million. Additionally, Solidium divested shares in TeliaSonera and implemented the issue of a bond loan convertible into TeliaSonera shares maturing in 2015. For this transaction, Solidium received gross revenues of EUR 1,051 million of which EUR 451 million came from the sale of shares and EUR 600 million from the issue of the convertible bond.

KEY FINANCIAL INDICATORS

		1.7–31.12.2011	1.7–31.12.2010	1.7.2010–30.6.2011
Net sales	EURm	0.0	0.0	0.0
Operating income	EURm	-1.7	71.1	-3.7
Profit for the financial year	EURm	7.4	60.9	
Return on investments at fair value	%	-14.9	20.1	
Dividends and capital repayments received	EURm	6.7	8.3	458.4
Administrative cost ratio	%	0.04	0.07	0.05
Net asset value	EURm	6,728.5	8,571.3	7,714.8
Shareholders' equity	EURm	5,659.2	5,841.7	6,136.8
Interest-bearing debts	EURm	0.0	0.0	0.0
Equity ratio	%	100.0	99.7	99.9
Personnel, total		11	11	11
Personnel, Finland		11	11	11
Total dividends paid	EURm	660	356	356
Dividends received by the State	EURm	660	356	356

Solidium's portfolio at 31 December2011:

Total investments

	euroa	paino
Elisa	271,000,130	4%
Kemira	237,726,079	3%
Metso	478,319,973	7%
Outokumpu	286,718,233	4%
Rautaruukki	395,996,702	6%
Sampo	1,519,799,134	21%
Sponda	131,550,884	2%
Stora Enso	471,355,226	7%
Stora Enso A	279,369,583	
Stora Enso R	191,985,643	
Talvivaara	43,200,001	1%
TeliaSonera	3,110,237,266	44%
Tieto	81,569,598	1%
Total investments in shares	7,027,473,226	
Money market placements	47,242,027	1%
Total investments	7,074,715,253	100%

Total investments in shares

	euroa	paino
Elisa	271,000,130	4%
Kemira	237,726,079	3%
Metso	478,319,973	7%
Outokumpu	286,718,233	4%
Rautaruukki	395,996,702	6%
Sampo	1,519,799,134	22%
Sponda	131,550,884	2%
Stora Enso	471,355,226	7%
Stora Enso A	279,369,583	
Stora Enso R	191,985,643	
Talvivaara	43,200,001	1%
TeliaSonera	3,110,237,266	44%
Tieto	81,569,598	1%
Total investments in shares	7,027,473,226	

Most of the investments in Solidium's portfolio consist of investments in shares. At the end of the measurement period on 31 December 2011, they accounted for about 99 per cent of the total. In share investments, the greatest weight is on TeliaSonera which accounts for 44 per cent of the whole portfolio. A great weight on a single share increases the portfolio's risk level. The sale of TeliaSonera shares reduced the company's weight in the portfolio.

Solidium's money market placements were EUR 47 million on 31 December 2011 (EUR 780 million on 30 June 2011). The total of money market placements decreased during the measurement period as a result of dividends, taxes and purchase of shares.

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

	1.7.2011–31.12.2011	1.1.2011–31.12.2011
Total share portfolio yield	-16.4%	-20.4%
Money market placements	0.5%	1.1%
Return on investments	-14.9%	-18.5%
OMX Helsinki Cap GI	-20.1%	-24.9%

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

Share yields, last 12 months	
Elisa	7%
Sampo	1%
TeliaSonera	-7%
Sponda	-16%
Kemira	-18%
Tieto	-18%
Metso	-29%
Stora Enso	-36%
Rautaruukki	-58%
Outokumpu	-63%

7 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 2010–2011. Additionally, the table shows the amount of capital employed during 2011 and the weighted average cost of capital at the end of 2011.

Table 2: Economic value added generated by the companies during 2010–2011

			Economic value added, €m	
	Capital employed 2011, €m	Cost of capital 2011	2011	2010
Fortum	15,181	6.7%	1,093	576
Neste Oil	4,308	7.4%	-86	-50
Finnair	1,065	7.8%	-154	-94
Non-listed companies, total			-174	-25

Of all non-listed companies, the greatest economic value added was generated by Gasum Corporation and Patria 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 2011 and 2010 key financial indicators of the companies included in the State's share portfolio.

2011	Net sales, €m	Operating income, €m	Operating income	Total assets, €m	Equity ratio	ROE	ROI	Gearing
Finnair	2,257.7	-87.8	-3.9%	2,357.0	32.6%	-10.9%	-5.2%	108.4%
Fortum	6,161.0	2,402.0	39.0%	22,998.0	44.2%	19.8%	15.0%	69.3%
Neste Oil	15,420.0	273.0	1.8%	7,272.0	33.9%	6.5%	6.3%	84.3%
Altia	524.8	34.4	6.6%	586.8	32.5%	11.8%	10.2%	49.6%
Arctia Shipping	59.5	-1.7	-2.9%	167.0	40.8%	-6.6%	-1.0%	107.9%
Arek	48.8	-0.2	-0.3%	80.5	21.0%	-15.4%	0.0%	121.0%
Art and Design City Helsinki	0.6	0.0	3.3%	0.5	76.2%	5.3%	6.1%	-74.1%
Boreal Plant Breeding	8.0	0.3	3.9%	9.9	71.9%	3.2%	4.6%	-46.8%
Destia	495.9	-8.1	-1.6%	262.0	25.7%	-20.6%	-5.4%	21.1%
Edita	105.8	2.2	2.1%	85.1	42.6%	4.3%	3.7%	40.8%
Ekokem	124.5	19.2	15.4%	175.6	70.9%	12.1%	14.3%	11.0%
Fingrid	438.5	56.6	12.9%	1,972.3	25.7%	5.7%	3.6%	201.1%
Gasum	1,258.1	92.1	7.3%	843.5	46.9%	17.4%	16.5%	36.1%
Helsinki Business and Science Park	0.9	-0.1	-12.9%	1.0	72.7%	-16.3%	-16.3%	-76.8%
Itella	1,900.1	-5.9	-0.3%	1,465.3	46.1%	-4.5%	-0.3%	21.5%
Kemijoki	41.1	-2.6	6.4%	459.5	22.8%	-7.1%	0.6%	321.0%
Meritaito	33.5	2.4	7.3%	33.2	58.5%	14.0%	11.1%	-4.9%
Motiva	7.9	0.4	5.2%	4.6	49.2%	15.8%	19.1%	-6.9%
Opetusalan koulutuskeskus Educode	2.3	-1.0	-44.5%	2.7	0%	-199.8%		
Patria	618.4	60.3	9.7%	696.7	42.1%	17.7%	19.6%	4.2%
Mint of Finland	137.1	2.6	1.9%	100.7	53.5%	3.3%	4.9%	24.7%
Raskone	101.5	-3.8	-3.7%	41.1	24.5%	-28.8%	-13.4%	107.2%
Suomen Lauttaliikenne	39.0	11.4	29.4%	25.5	70.4%	58.6%	55.5%	-18.2%
Finnish Seed Potato Centre	4.2	0.5	11.0%	3.3	41.6%	26.7%	26.0%	54.0%
Suomen Viljava	20.1	7.8	38.9%	27.1	89.6%	24.6%	32.7%	-8.7%
VR-Group	1,437.2	20.9	1.5%	1,748.1	81.0%	1.1%	1.5%	-12.3%
Vapo	705.0	-41.9	-5.9%	869.3	33.6%	-12.5%	-3.9%	147.1%

2010	Net sales, €m	Operating income, €m	Operating income	Total assets, €m	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	1,708.0	27.1%	21 964.0	39.9%	16.0%	11.8%	78.1%
Neste Oil	11,892.0	323.0	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	25.5%	77.9%	23.9%	138.9%
Art and Design City Helsinki	0.5	0.0	-2.9%	0.4	85.6%	-2.6%		-90.5%
Boreal Plant Breeding	8.1	0.8	9.8%	9.3	74.6%	10.3%	12.7%	-41.3%
Destia	538.6	11.6	2.2%	262.3	31.5%	13.4%	8.2%	69.5%
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%	-195.3%	-195.1%	-164.2%
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%
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	32.4	1.8%	1 412.0	50.5%	1.3%	4.4%	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	40.6%	1.7%	3.7%	7.0%
Mint of Finland	57.7	-0.2	-0.3%	60.1	86.9%	-0.5%	0.4%	-45.6%
Raskone	181.7	-0.2	-0.1%	43.8	30.4%	-15.8%	-0.3%	73.5%
Suomen Lauttaliikenne	37.8	9.0	23.9%	18.1	54.2%	91.5%	54.6%	-6.1%
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%	1 721.9	80.6%	2.2%	3.3%	-12.1%
Vapo	719.5	39.1	5.4%	922.7	38.2%	9.0%	9.5%	120.4%

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' comparable 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 % =

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

ECONOMIC VALUE ADDED

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

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

YIELD

Compound aggregate growth rate

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

where

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

Return on portfolio

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

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

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. 3

Finnair	STOXX Total Market Airlines Index
Fortum	STOXX 600 Utilities Index
Neste Oil	STOXX 600 Oil&Gas Index

Appendix 3: State shareholdings and parliamentary authorisations on 31 December 2011

Listed companies

Finnair Plc	55.8%	50.1%
Fortum Corporation	50.8%	50.1%
Neste Oil Corporation	50.1%	50.1%

Unlisted companies

Altia Oyj	100%	50.1%
Arctia Shipping Oy	100%	100.0%
Arek Oy	9.0%	0.0%
Art and Design City Helsinki Oy Ab	35.2%	0.0%
Boreal Plant Breeding Ltd	60.8%	50.1%
Destia Oy	100%	0.0%
Edita Plc	100%	0.0%
Ekokem Oy Ab	34.1%	0.0%
FCG Finnish Consulting Group Ltd	6.1%	0.0%
Fingrid Oyj	53.1%	0.0%
Gasum Corporation	24.0%	0.0%
Helsinki Business and Science Park Ltd	28.6%	0.0%
Itella Corporation	100%	100%
Kemijoki Oy	50.1%	50.1%
Meritaito Oy	100.0%	100.0%
Mint of Finland Ltd	100%	100%
Motiva Oy	100%	0.0%
Opetusalan koulutuskeskus Educode Oy	73.2%	50.1%
Patria Plc	85%	0.0%
Raskone Ltd	100%	100%
Suomen Lauttaliikenne Oy	100%	50.1%
Suomen Viljava Oy	22%	0.0%
The Finnish Seed Potato Centre Ltd	100%	100%
Vapo Oy	50.1%	50.1%
VR-Group Ltd	100%	100%

Erityistehtäväyhtiöt

Governia	100%	100%
Solidium Oy	100%	100%
State Security Networks Ltd	100%	100%

Prime Minister's Office
Ownership Steering Department
PO BOX 23, FI-00023 GOVERNMENT, FINLAND
Fabianinkatu 31 D, Helsinki
tel. +358 9 16001
www.vnk.fi/english

Sale:

Netmarket
Edita Publishing Ltd
www.edita.fi/netmarket
asiakaspalvelu.publishing@edita.fi
tel. +358 20 450 05
fax +358 20 450 2380

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