



PRIME MINISTER'S OFFICE
FINLAND



2012 Annual Report of the Ownership Steering Department in the Prime Minister's Office

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Name of publication 2012 Annual Report of the Ownership Steering Department in the Prime Minister's Office			
Abstract <p>The Annual Report of the Ownership Steering Department in the Prime Minister's Office provides an overview of the companies in respect of which ownership steering was exercised by the Ownership Steering Department in 2012. At the end of the reporting period, ownership steering was exercised in respect of a total of 28 limited liability companies: three listed companies, 22 non-listed companies operating on a commercial basis and three special assignment companies with a specific state-defined mission.</p> <p>The Annual Report consists of three sections. The 'Ownership steering exercised by the State' section discusses various aspects of ownership steering and its objectives. The 'State's share portfolio' section discusses the details of the State's share portfolio. The 'Company reviews' section addresses the development and performance of the individual companies during the reporting period.</p> <p>The Annual Report is published annually at the beginning of June after the companies' financial statements have been published and annual general meetings of shareholders held.</p>			
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1 PREFACE BY THE MINISTER

From the standpoint of the State as a shareholder, the main issues in the year 2012 were a reasonable return on the portfolio, diversity of the boards of directors, management incentives and corporate responsibility. In particular, the perception of the ownership steering exercised by the State was affected by qualitative considerations, an area where we wish to project ourselves as pioneers.

In 2012, 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 1.3 billion. Most of this was contributed by Solidium Oy with dividends amounting to EUR 800 million.

The State exercises its influences as an owner and shareholder by appointing qualified, experienced and responsive individuals to boards of directors. Each appointment is motivated by the ambition to increase the value of the company. If not, we would not shoulder our share of the responsibility as the manager of the largest share portfolio. Our objective is to promote a healthy diversity on the boards of directors, including gender equality. At present, women account for 47 per cent of all the board appointees in state-owned companies.

The Government statement on management remuneration was updated in 2012 amidst a lively public debate. The two most important positions taken in the updated statement was the introduction of performance-based incentives in addition to ceilings and a negative stance on supplementary pensions for executive management. All rewards must enable efficient recruitment of capable executives and encourage a lasting commitment to the company. What is fair is enough to achieve good financial performance. Over the past few years, the levels of result-based rewards have stayed around half of the maximum, suggesting that the policy adopted by the Ownership Steering Department is sound.

During the past year, the State continued to develop its own corporate responsibility processes. From time to time, responsibility issues received intensive media attention, the latest area of interest being the tax footprint of companies. As part of this process, Solidium took the position that tax strategies should be evaluated by boards of directors, not only in terms of regulatory compliance but also in terms of transparency and reputation management. I am convinced that the calls for corporate responsibility will become more and more urgent.

I wish to thank the key stakeholder groups involved in shaping the State's ownership steering policy and the highly qualified civil servants for constructive cooperation during 2012. A large number of issues have been addressed and will continue to be developed in the future.

Heidi Hautala

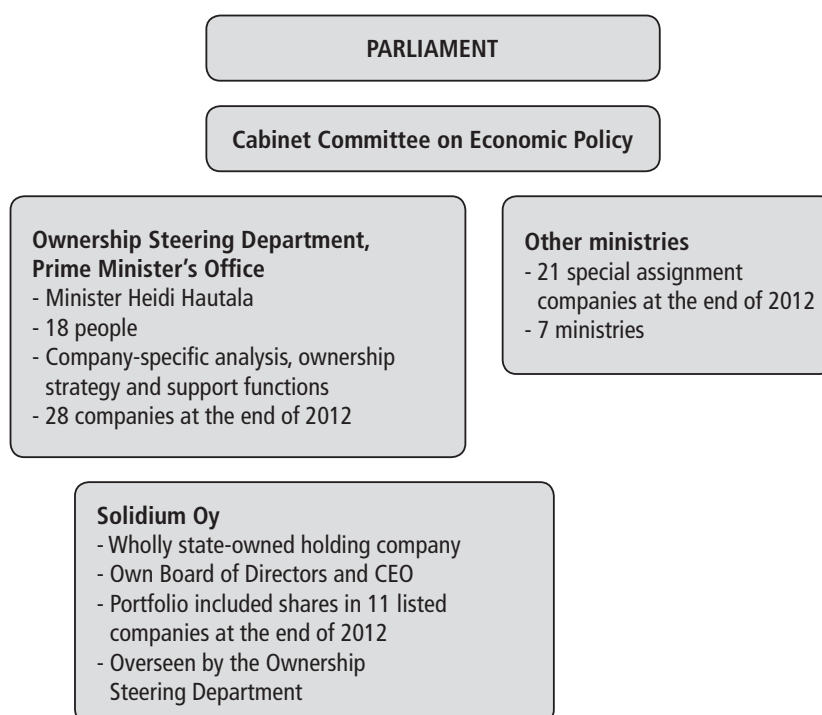
Minister for International Development responsible for state ownership steering

2 OWNERSHIP STEERING EXERCISED BY THE STATE

This annual report provides an overview of state ownership steering in companies that the State Ownership Steering Department in the Prime Minister's Office was responsible for in 2012. At the end of the reporting period, such steering was exercised in respect of 28 companies. Of these, three were listed companies, 22 non-listed companies operating on a commercial basis and three special assignment companies with a specific state-defined mission. A description of the main changes in the portfolio and the key developments during the reporting period is provided in Section 3. At the end of the period, the number of special-assignment companies handled by other ministries was 21.

Solidium Oy, a wholly state-owned holding company, is one of the companies controlled by the Ownership Steering Department. The company is discussed in the Department's annual report in connection with portfolio analyses. At the end of the reporting period, Solidium's portfolio included shares in a total of 11 companies. The company publishes its own annual report.

Figure 1: Organisation of state ownership steering



2.1 Ownership steering and its objectives

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 Government resolution on ownership steering policy announced in November 2011 outlines the key principles and operating practices of ownership steering by the State.

The primary goal of the state ownership policy and ownership steering is to develop the companies, contribute to long-term growth of shareholder value and promote corporate responsibility. The main tools of ownership steering include board appointments; the owner's focus on management

resources and executive commitment; the promotion of sound governance; independent corporate analysis; and the preparation of the ownership strategy with due regard to corporate responsibility.

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 regulates the State's role as an owner in all companies. 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. In reality, all significant differences between listed and non-listed companies in the context of ownership steering are due to the securities market legislation governing listed companies. Another substantial difference exists between commercial companies and special-assignment 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 primary channel of communication used by the Ownership Steering Department is its website at www.valtionomistus.fi. The site provides information on the latest developments in state ownership steering, regulations and policies governing ownership steering and topical issues related to companies.

2.2 Remuneration

In August 2012, the Cabinet Committee on Economic Policy issued a new statement on the remuneration of executive management and key individuals in state-owned companies. The previous statement had been issued in autumn 2009. The new policy statement is based on the principles of transparency and fairness. All remuneration must be predictable and transparent to allow all parties to evaluate its effectiveness.

The statement specified more stringent criteria for total remuneration at all companies requiring that the thresholds for remuneration are set high enough and that special steps are taken to ensure that the incentive schemes do not lead to excesses. Additionally, to complement maximum remuneration schemes, the statement introduced the concept of remuneration based on the attainment of objectives, which is equivalent to about half of the maximum levels of bonuses, underlining the responsibility of boards of directors in awarding incentive rewards.

The statement duly notes that the State acts as an owner in a wide variety of companies with varying percentages of holdings. At companies operating on a commercial basis, the level of remuneration differs from that of special-assignment companies. Similarly, the bonuses paid by listed companies are different from those paid by non-listed companies. The statement calls for a firmer grip on the part of boards of directors in setting objectives and determining the rewards payable to management.

Appropriately scaled rewards ensure that state-owned companies are in a position to compete for executive talent and other key individuals on equal terms with others. Similarly, other personnel must be guaranteed a fair share of the company's success, for example in the form of profit-based remuneration or employees' mutual funds.

Through the statement, the State seeks to influence incentive schemes and promote transparency of remuneration at other companies as well. Social acceptability of the operations is an important value irrespective of the ownership base of the company.

Responsibility for management remuneration rests with the board of directors. All incentive schemes are to be based on total remuneration, the level of which is determined according to the size of the market and competitive environment as well as the objectives of fairness and benefit established by the State as an owner.

The State expects that even the basic remuneration levels are challenging enough and that maximum bonuses call for extraordinary performance. All profit-based remuneration must be based exclusively on factors that the corporate management can influence through their own actions.

Any rewards exceeding the fixed salary must be warranted by excellent performance beneficial to the company and its shareholders. Boards of directors are required to determine measurable criteria for results that contribute to the long-term success of the company.

All extra bonuses must be accompanied by conditions stipulating that they can be cancelled or adjusted if necessary. If the objectives are attained to the extent that the bonus limits are exceeded, the reasons for this must be disclosed so as to allow the owners and stakeholder groups to evaluate the remuneration criteria.

As an owner, the State's position is that supplementary pensions are not to be used as a form of incentive. In companies that have other owners beside the State, the decision on the total remuneration payable to the management will be made by the board of directors in accordance with the best interests of the company.

Rewards other than profit-based compensation may be justified under exceptional circumstances involving changes or emergencies. Even so, such rewards must be duly justified and may not result in the maximum levels of remuneration being exceeded.

In wholly state-owned companies, no exception may be made to the policy statement without the owner's prior approval. In non-listed companies in which the State holds a controlling interest, the statement must be complied with unless otherwise required by the common interests of the shareholders.

In listed companies in which the State holds a controlling interest, boards of directors are required to take the statement into account within the framework established by the Limited Liability Companies Act, the Securities Market Act and the Finnish Corporate Governance Code of the Securities Market Association for listed companies.

For companies with non-controlling State interests or companies in Solidium's portfolio, the statement serves as an expression of the view of one major shareholder as to sound remuneration policies. Thus, the boards of directors will give due consideration to the statement in decision making.

The Ownership Steering Department gathers data on management remuneration in state-owned companies on an annual basis and posts the statistics on its website at www.valtionomistus.fi. The figures are published in June.

During the past few years, the fixed salaries of chief executive officers in state-owned companies have been consistent with the general market levels apart from a few isolated exceptions. On average, the annual bonuses paid to CEOs have reached 50 to 60 per cent of the previous ceiling established by the Cabinet Committee on Economic Policy. The current guidelines do not apply to bonuses payable for 2012. The average long-term incentive rewards have been about one quarter of the previously applied maximum level.

On average, the bonuses paid by state-owned commercial companies in 2012 (those earned in 2011 and reported in 2013) were approximately 19 per cent of the fixed salary and approximately 50 per cent of the maximum. At the same time, the general market level was about 23 per cent of the fixed salary and slightly over 40 per cent of the maximum (55 per cent). While the level of profit-based bonuses in state-owned companies used to be generally rising, the trend was reversed in 2012 falling short of the overall market level by about one third.

In directly state-owned companies, the average long-term incentive rewards paid to CEOs in 2012 were approximately 11 per cent of the fixed salary, the corresponding figures for listed and non-listed state-owned companies being 29 and 4 per cent, respectively. When Solidium's affiliated companies are included in the statistics, the average incentive bonuses relative to the fixed salary were approximately 29 per cent in state-owned commercial companies and 40 per cent in state-owned listed companies while the general market level was 37 per cent.

Over the past few years, the total cost of CEOs' supplementary pensions to companies has generally been 20 to 30 per cent of the fixed salary. Subsequently, the State has adopted the position that supplementary pensions should not be offered; however, if the company has other shareholders it is up to the board of directors to make the final decision with the best interest of the company in mind.

On the whole, total remuneration paid to CEOs in wholly state-owned companies fell by 2.3 per cent in 2012 relative to 2011. Last year, average total remuneration received by CEOs was 135 per cent of the fixed salary (fringe benefits included) while the corresponding figure for 2011 was 143 per cent. Over the same period, average fixed salaries (including fringe benefits) increased by 2.6 per cent, whereas paid-out annual bonuses declined by half to an average of 8.7 per cent of the fixed salary (17.6 per cent in 2011). Paid-out long-term incentive rewards more than doubled on average year-on-year reaching 6.6 per cent of the fixed salary (2.7 per cent). The cost of CEOs' supplementary pensions to companies was about 20 per cent of the fixed salary, more or less the same as in 2011.

2.3 Board appointments

A key function of ownership steering is to make appointments to boards of directors. Members of the board are elected by the annual general meeting of shareholders (AGM), which is the most important forum for owners to exert their influence. The Ownership Steering Department is responsible for the preparations for the AGMs and proposes candidates for board membership either directly to the meeting of shareholders or, in case of listed companies with a State controlling interest, to the nomination committees appointed by the meetings of shareholders. Similarly, Solidium Oy, the wholly state-owned holding company, proposes candidates for board seats to the nomination committees of the companies in which it holds shares.

In screening candidates for board membership, the primary criteria are experience and wide-ranging management skills. When selecting board members, the Department makes use of a resource pool put together and maintained by a supplier selected by way of open tender every four years. New resources are charted and added according to the needs and wishes indicated by the Ownership Steering Department. Both Finnish and foreign resources as well as men and women are gathered in the resource pool on an equal basis.

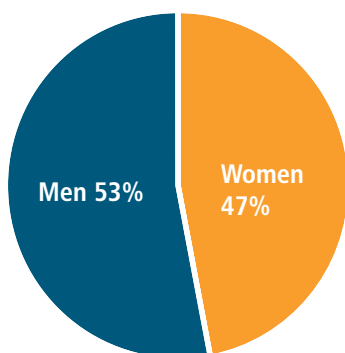
Where possible, board appointees are people whose professional profiles are mutually complementary. Among the selection criteria are solid competence in the line of business involved or substantial international experience of special importance to the company concerned. In wholly state-owned companies, other considerations in the selection of board members include gender equality to ensure that neither sex holds less than 40 per cent of the board seats. In companies with other owners beside the State, the equality approach will be applied to candidates nominated by the State.

The 40 per cent target of gender representation has been achieved in wholly state-owned companies during the past few years. All appointments have been based on expertise and competence. In companies with a minority interest, the State seeks to promote this goal by stating its position when board members are elected.

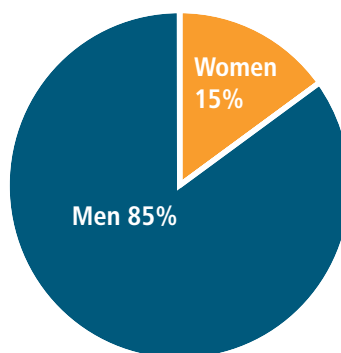
In spring 2013, the Ownership Steering Department proposed candidates for board membership to the meetings of shareholders or the nomination committees of 24 companies. All in all, there are a total of 150 members on these boards, of whom the State has appointed 133. Of all members appointed as State candidates, women account for 46.6 per cent. In four companies, the share of either men or women of the State appointees exceeded 60 per cent. Four boards of directors were chaired by women.

Figure 2: Breakdown of board membership and chairs by gender, spring 2013

BOARD MEMBERS APPOINTED AS STATE CANDIDATES



BOARDS CHAIRED BY



In its ownership steering activities, the State complies with the division of duties and responsibilities between corporate administrative bodies and the owner as provided in the Limited Liability Companies Act. Accordingly, it is the owners who appoint the board of directors who, in turn, appoint the executive management. Although the ownerships steering exercised by the State cannot directly promote gender equality in top executive management because of the division of duties laid down in the Limited Liability Companies Act, it sets the example for equality in all governing bodies through its own actions.

2.4 Societal impact

The state ownership policy aims at sustainable results, both socially and financially. The goal is to reinforce and consolidate domestic ownership in companies of national significance. The corporate assets held by the State constitute an important part of the national wealth.

State holdings in listed companies account for 9 per cent of the market capitalisation of the Nasdaq OMX Helsinki Stock Exchange. At the end of 2012, it stood at close to EUR 15 billion. 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.

The State's commitment to long-term ownership in corporations of national importance operating in the global marketplace helps to keep the head offices in Finland. Along with the other major Finnish owners, it greatly contributes to the viability of 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 Finnish business and industry has been successfully reinforced through participation in ownership and sectoral restructuring, particularly in the case of Solidium companies.

As 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 216,000 people, about 40 per cent of them in Finland. The total dividends paid by these companies out of the 2012 profits amounted to EUR 4.2 billion. For the State, the companies generate substantial income in the form of dividends and tax revenues. In 2012, the dividends received by the State¹ totalled EUR 1.3 billion and the taxes paid by the companies EUR 1.7 billion. Total investments in 2012 reached EUR 8.8 billion, an amount which is bound to have a significant indirect impact on society.

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

2.5 Corporate responsibility

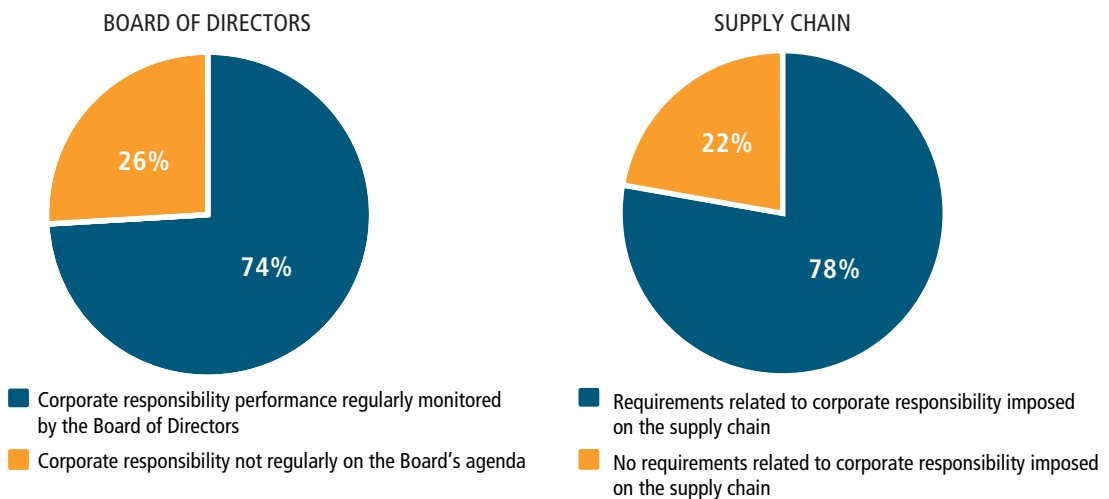
In its resolution on ownership policy, the Government issued guidelines for the promotion of corporate responsibility establishing the objectives and principles of such responsibility and gave instructions to the ministries on how to address the issue. At the same time, a clear message of the State's intentions and ways of working was sent to companies, stakeholder groups and the market. As provided in the resolution, all wholly state-owned companies and non-listed 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 will follow suit.

During the reporting period, the Ownership Steering Department continued to develop its operating model and efforts to integrate corporate responsibility into the financial and strategic analyses of companies. Internally, the Department reports on the corporate responsibility of portfolio companies to the Cabinet Committee on Economic Policy twice a year. Monitoring focuses on themes central to corporate responsibility, such as the standard of governance and whether corporate responsibility is perceived as a strategic asset by the companies themselves. Additionally, the business opportunities and risks associated with corporate responsibility are evaluated both in terms of the company as a whole and its performance relative to the objectives established for it.

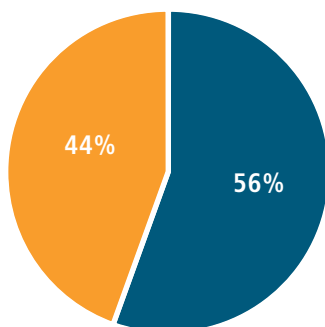
As an owner, the State is obligated to exercise its influence as a shareholder by promoting schemes conducive to responsible action on the part of companies. Corporate responsibility reporting is a tool designed to help companies improve financial performance and engage in a closer dialogue with society at large. The Ownership Steering Department has been active in communicating the owner's ambitions and approach to corporate responsibility issues to the companies in its portfolio. Responsible business contributes to financially viable operations as a company's financial performance and responsible actions are closely intertwined.

Spring 2013 is the second time that state-owned companies report on corporate responsibility as required by the Government resolution. All companies in which the State holds a controlling interest report on corporate responsibility as part of their annual report or separately. In this context, the State has underlined that such reporting is intended for all stakeholder groups, not just owners. By doing so, they win the trust of the stakeholders in the marketplace.

Figure 3: Corporate responsibility

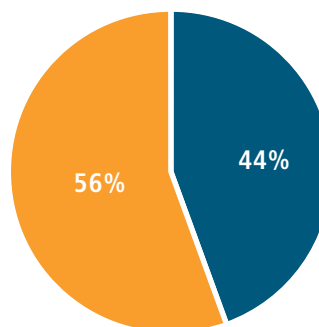


RISKS AND OPPORTUNITIES



- Risks and opportunities associated with corporate responsibility identified and described
- Risks and opportunities associated with corporate responsibility not described

REMUNERATION



- Elements of corporate responsibility incorporated in the management remuneration scheme
- Corporate responsibility not incorporated as part of the remuneration scheme

During the reporting period, corporate responsibility gained in importance on the Governments' agenda as part of business strategies and management systems. Of all the companies in respect of which the Ownership Steering Department exercises control, 74 per cent report on corporate responsibility issues to the board of directors monitoring performance in this area. As for the future, the State's goal is to ensure that all companies – including those in which it holds a minority interest – adopt corporate responsibility as a guiding theme for their business activities and incorporate it in their strategy and management team priorities, and establish objectives for it.

Corporate responsibility must be integrated into procurement policies; to this end, the State, as an owner, expects all companies to pay due attention to the implementation of corporate responsibility throughout the supply chain. While 78 per cent of the companies have imposed requirements related to corporate responsibility, not all actively monitor performance in this area.

During the reporting period, the State called attention to its view of corporate responsibility primarily as a business issue. A total of 56 per cent of the companies have identified and described the risks and business opportunities associated with corporate responsibility. At the same time, 44 per cent have incorporated elements of corporate responsibility in their management remuneration schemes.

Corporate responsibility and the standard of reporting vary from one company to another. Some companies have been reporting for years and have produced extensive and detailed reports of the highest standard. Most of them are listed or large non-listed companies. More often than not, efforts to develop corporate responsibility and reporting are called for in small non-listed companies. Typical shortcomings are related to the integration of corporate responsibility into management systems and modes of operation; the establishment of measurable objectives; and communicating responsibility as part of corporate strategy.

3 STATE'S SHARE PORTFOLIO

At the end of the reporting period, the Ownership Steering Department was responsible for the ownership steering of 28 companies, three of which were listed companies (Finnair Plc, Fortum Corporation, Neste Oil Corporation) and three special assignment companies (Solidium Oy, Governia Oy, and State Security Networks Ltd). 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 that commenced operations on 1 January 2012. Ownership steering of Fingrid Oyj was transferred to the Ministry of Finance as of 1 March 2012.

The State's 6.1 per cent interest in FCG Finnish Consulting Group Oy was sold to the Association of Finnish Local and Regional Authorities in June 2012. Towards the end of 2012, the 28.6 per cent State interest in Helsinki Business and Science Park Oy Ltd was transferred to the VTT Technical Research Centre of Finland.

State Security Networks Ltd was recapitalised by EUR 1 million during the reporting period in connection with the launch of the security networks operations. Additionally, Forest BtL Oy, a subsidiary of Vapo Oy, was issued a conditional convertible bond of EUR 5 million to finance the commercialisation of bio-diesel technology.

Table 1: Facts on portfolio companies

	Net sales	Operating income	Operating margin	Total assets	Equity ratio	Return on equity	Return on investment	Gearing	Personnel
Listed companies									
Finnair	2,449.4	35.5	1.4%	2,241.7	35.7%	1.5%	3.0%	76.8%	6,368
Fortum	6,159.0	1861.0	30.2%	24,628.0	43.9%	14.2%	10.4%	72.2%	10,371
Neste Oil	17,853.0	321.0	1.8%	7,385.0	34.9%	6.3%	7.1%	74.7%	5,022
Non-listed companies operating on a commercial basis									
Altia	483.3	29.4	6.1%	590.3	35.4%	10.4%	8.4%	59.7%	1,106
Arctia Shipping	75.3	44.6	59.2%	157.0	69.2%	44.6%	32.3%	-0.9%	311
Arek	49.6	3.4	7.0%	67.6	26.2%	9.3%	7.6%	118.6%	43
Art and Design City Helsinki	0.5	0.0	5.3%	0.5	80.6%	8.2%	7.6%	-98.1%	5
Boreal Plant Breeding	9.3	0.5	5.2%	9.8	75.1%	6.0%	8.1%	-41.7%	74
Destia	507.3	14.0	2.8%	223.5	35.1%	15.5%	13.2%	-38.6%	1,591
Edita	113.2	-4.1	-3.6%	88.8	36.3%	-13.4%	-7.6%	37.0%	705
Ekokem	164.2	24.9	15.2%	277.7	49.1%	14.4%	14.5%	38.2%	398
Gasum	1,281.8	62.1	4.8%	836.2	48.6%	10.7%	10.5%	45.7%	259
Itella	1,946.7	39.0	2.0%	1,509.7	46.4%	2.1%	4.3%	23.3%	27,460
Kemijoki	41.0	-2.6	-6.4%	461.5	20.7%	-8.3%	-0.6%	365.5%	224
Leijona Catering	64.0	5.4	8.4%	21.9	61.5%	35.6%	49.3%	-67.4%	552
Meritaito	31.8	1.7	5.4%	32.6	69.1%	7.7%	7.1%	-7.5%	236
Motiva	8.9	0.4	4.4%	4.6	54.5%	13.5%	18.5%	-54.6%	65
Patria	736.1	87.0	11.8%	744.4	47.7%	23.1%	25.6%	7.8%	3,587
Raskone	100.2	-2.0	-2.0%	41.1	20.0%	-19.4%	-6.9%	140.1%	801
Suomen Lauttaliikenne	46.1	9.5	20.5%	40.0	64.7%	30.6%	40.0%	6.5%	335
Mint of Finland	118.9	-5.4	-4.5%	92.6	50.3%	-14.5%	-6.8%	56.6%	235
Finnish Seed Potato Centre	3.5	0.1	2.0%	3.4	43.1%	3.3%	3.2%	55.2%	13
Suomen Viljava	17.7	2.9	16.6%	27.2	79.1%	9.0%	11.9%	7.6%	90
VR-Group	1,437.8	52.4	3.6%	1,773.6	82.2%	2.8%	4.0%	-14.3%	11,080
Vapo	652.9	5.8	0.9%	804.8	36.7%	1.0%	2.7%	123.3%	1,154
Companies with special assignments									
Governia	121.3	5.4	4.5%	380.6	34.2%	0.7%	2.0%	129.5%	63
Solidium	-	69.6	-	-	89.0%	-	-	-	11
State Security Networks	37.7	3.0	7.9%	125.8	87.8%	2.0%	2.8%	-16.7%	91

In 2012, the combined net sales of non-listed commercial companies regulated by the Ownership Steering Department in the Prime Minister's Office amounted to EUR 7,890 million. Comparable net sales in 2011 were EUR 7,826 million, up 2.9 per cent year-on-year. Despite this modest growth, the combined profits increased to EUR 369 million (EUR 191 million) with the 2012 average operating margin reaching 4.7 per cent (2.5 per cent). The average return on investment of the companies increased to 7.0 per cent from 3.8 per cent the year before. However, financial performance by the individual companies varied during the reporting period: 57 per cent were able to increase their operating profit while 43 per cent put in a weaker performance. The average equity ratio rose to 50.1 per cent (48.2 per cent).

3.1 Movement in the market capitalisation of the portfolio

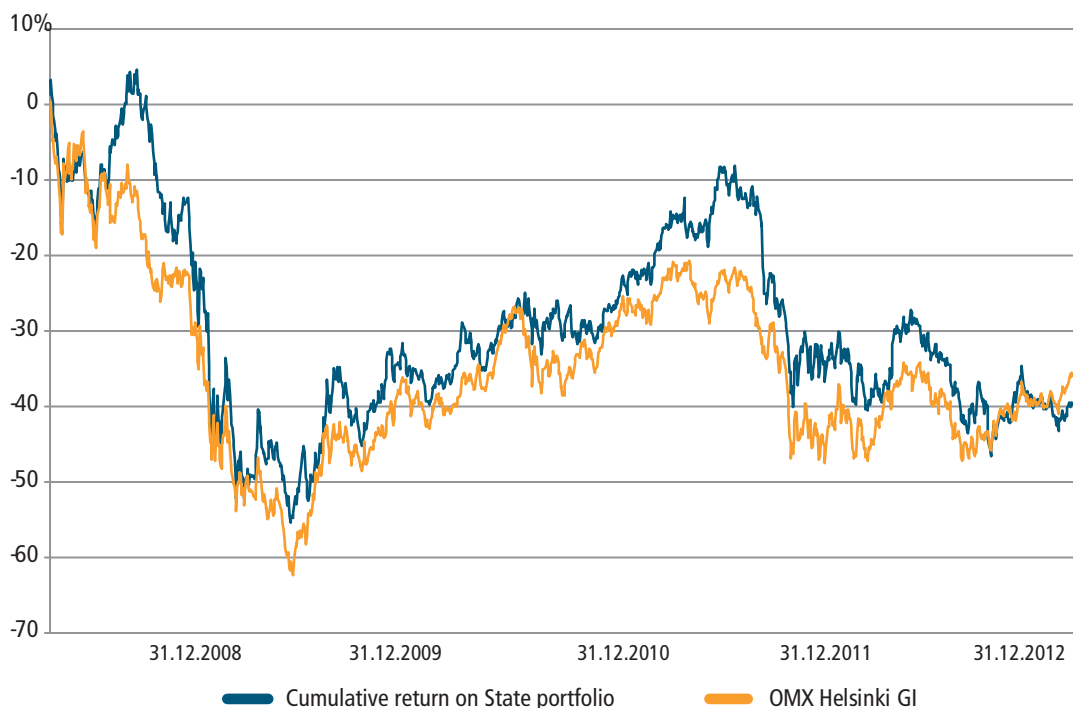
The market capitalisation of direct state holdings (Finnair Plc, Fortum Corporation, Neste Oil Corporation) fell by EUR 800 million (or 9.3 per cent) in 2012 to EUR 7.8 billion (EUR 8.6 billion) at the end of the year. Over the same period, the gross index of the Nasdaq OMX Helsinki Stock Exchange went up by 8.3 per cent. The share market developed favourably, particularly during the second half of the year. The decline in the value of the state portfolio was mainly due to the fall in Fortum's share price.

Table 2: Market capitalisation of the state share portfolio

	31.12.2012			31.12.2011		
	State share-holding	Market value of holding, €m	Weight in portfolio	State share-holding	Market value of holding, €m	Weight in portfolio
Finnair	55,8%	170	2%	55,8%	164	2%
Fortum	50,8%	6,381	82%	50,8%	7,436	86%
Neste Oil	50,1%	1,255	16%	50,1%	1,003	12%
Total		7,806			8,603	
Solidium holdings, market capitalisation		7,176			7,027	
Total		14,982			15,630	

Figure 4 shows the cumulative yield of the State's listed share portfolio during 2008-2012 which was adversely affected by the lower market values at the time when the comparison was made. In 2012, the return on the portfolio fell by -4.1 per cent. Over the same period, the gross index of the Nasdaq OMX Helsinki Stock Exchange went up by 14 per cent.

Figure 4: Cumulative yield on the State's listed share portfolio during 2008–2012



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

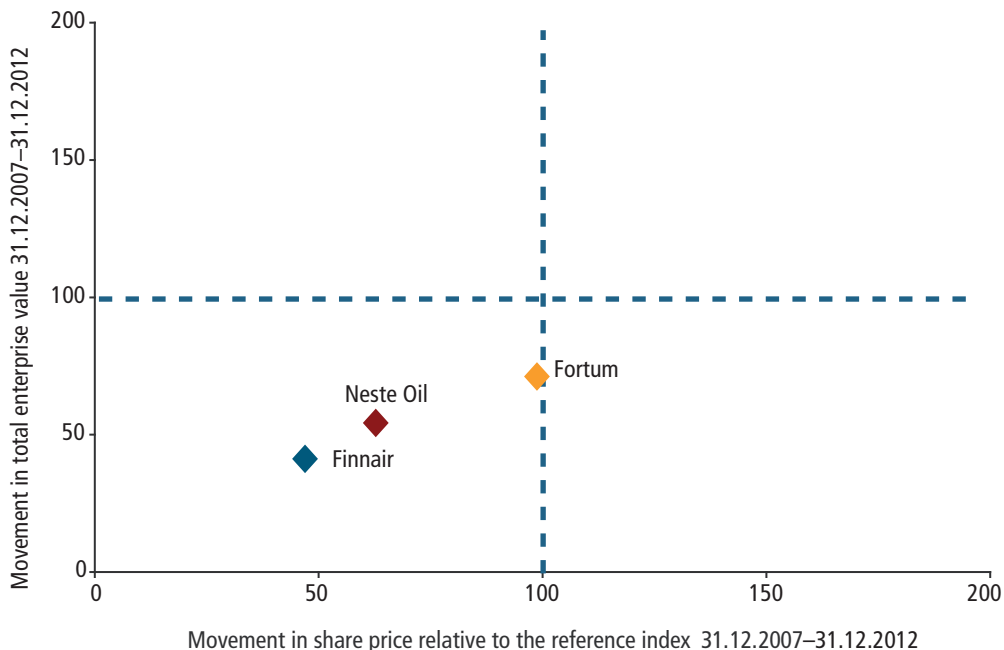
Figure 5 illustrates the movement in the total enterprise value and market capitalisation of listed companies relative to the industry average. Total enterprise value has been determined with due regard to the change in market capitalisation, dividends paid and contributions of capital that reduce the total enterprise value.

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

The movement in the company's share price relative to the rest of the industry² can be 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.

² See Annex 2 for the reference indices used.

Figure 5: Movement in the total enterprise value and market capitalisation of companies relative to the industry average



At the end of 2012, Fortum’s share price was 53 per cent lower as compared to the starting level in 2008. Total dividends paid by the company over the period amount to EUR 4.8 billion. The industry index has fallen almost as sharply as the share price. In spring 2008, Fortum announced a major investment in Russia. Due for completion by the end of 2014, the accompanying investment programme will increase Fortum’s capacity in Russia by 85 per cent. The commissioning of some of the plants has been delayed. Even so, the corporation plans to adhere to the original timetable which foresees the start-up of all the facilities in 2015. However, the delay will have an impact on financial performance. Fortum’s production facilities in the EU territory are 83 to 90 per cent carbon dioxide free. Fortum has benefited from its carbon dioxide free production in the electricity market. As a result of the fall in the market price of electricity, emission allowances have also become cheaper.

Finnair’s market capitalisation fell by 70 per cent relative to the beginning of the measurement period. As of the end of 2010, Finnair’s share price has stayed clearly below the industry index. The reference index also includes a number of budget airlines that have been valued higher than reference airlines in recent years. After several successive years of losses, Finnair was able to turn a profit in 2012 and the share price began to rise towards the end of the year. However, financial performance still falls short of the target level by a wide margin and efforts to improve efficiency are being continued. Even if the company succeeded in implementing the hoped-for savings, there are uncertainties regarding its ability to achieve and maintain a sufficient level of performance because high fuel prices will eat into the savings so far attained while intense competition will keep prices down. This will have an adverse impact on the potential for an increase in the share price.

Neste Oil Corporation’s share price was outperformed by the industry index during the reporting period. At the end of 2012, the company’s share price was 63 per cent lower as compared to the starting level in 2008. The fall in the industry index over the same period was 27 per cent. Total dividends paid by the company over the measurement period have amounted to EUR 705 million. Despite the fall in the share price, Neste Oil Corporation outperformed the industry average when valued in terms of the consensus market factors. Neste Oil Corporation has made major investments

in renewable fuels. By doing so, Neste Oil has created a business worth over EUR 2 billion measured in terms of net sales. Further growth of the renewable fuel business would contribute to a positive movement in Neste Oil's share price.

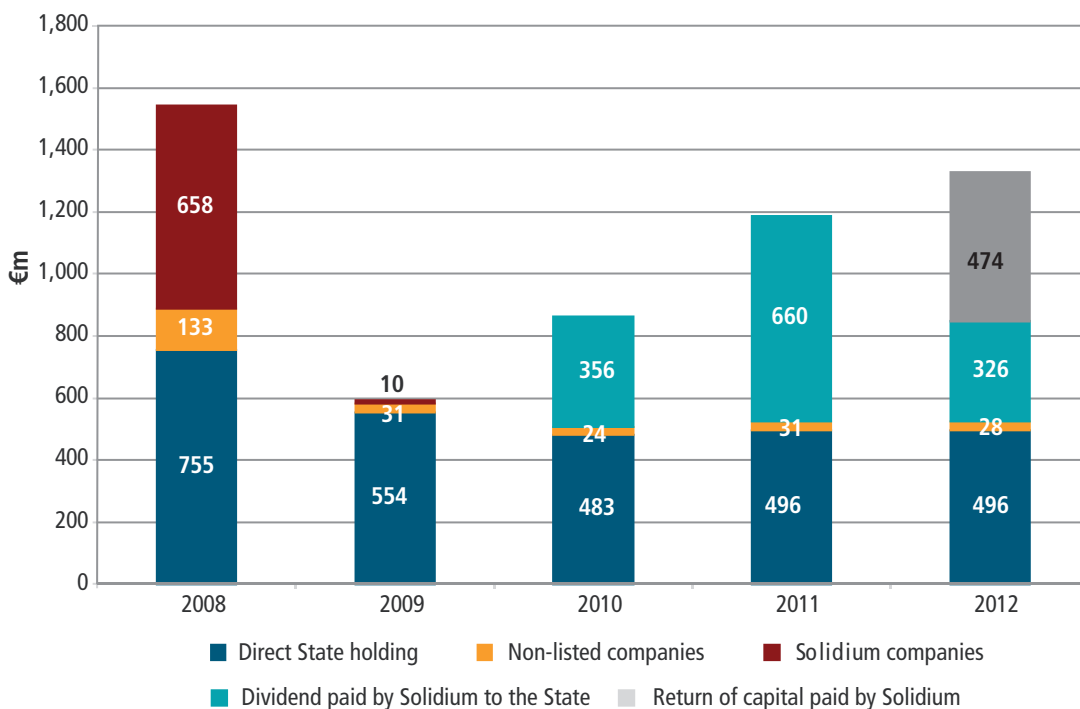
3.3 Dividend yield and payout ratio

In 2012, 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 1,324.3 billion (EUR 1,187.2 billion). Most of this consisted of the EUR 800 million (EUR 660 million) dividends paid by Solidium and the EUR 451 dividends from Fortum. The non-listed companies paid the State total dividends of EUR 28.4 million (EUR 31.3 million) in 2012. The biggest dividends were received from Altia (EUR 7.2 million) and Patria (EUR 7.5 million).

The total dividends paid to the State by directly held listed companies out of their financial result for 2012 reached EUR 506.9 million (EUR 495.9 million). This was due to the increase in Neste Oil's dividend of EUR 0.38 per share (EUR 0.35 per share) and Finnair's dividend of EUR 0.1 per share. Prior to this, Finnair had paid dividends in 2007.

Following the fall in the market capitalisation of the State's portfolio of directly held companies and the increase in total dividends in 2012, the dividend yield from the portfolio rose to 6.5 per cent (5.8 per cent). The dividend yield exceeded that of the main-list companies on the Nasdaq OMX Helsinki Stock Exchange which was 4.7 per cent (5.5 per cent). With Fortum's weakened financial performance, the aggregate net financial result of the portfolio companies decreased by 14 per cent. Consequently, the payout ratio of the listed companies in which the State held direct interests increased in 2012 to 63.3 per cent (53.2 per cent). For all listed companies, the payout ratio was 67.5 per cent (68.3 per cent).

Figure 6: Cash dividends received by the State during 2008–2012



4 COMPANY REVIEWS

4.1 Direct State holdings in listed companies



FINNAIR PLC

State shareholding: 55.8%

Strategic interest of ownership: to secure the functioning of the traffic system and sufficient international flight service with the Helsinki-Vantaa Airport as the company's home airport

Chairman of the Board: Klaus W. Heinemann

Members of the Board: Maija-Liisa Friman, Jussi Itävuori, Merja Karhapää, Harri Kerminen, Gunvor Kronman, Antti Kuosmanen

Chief Executive Officer: Pekka Vauramo

Industry sector: airline company

Principal places of business in Finland: Vantaa

Finnair is a travel industry group offering scheduled flight, holiday travel, travel agency and freight services in Finland and abroad. Based on the geographical location of the Helsinki-Vantaa Airport, Finnair enjoys a competitive advantage in traffic between Europe and Asia, and offers the fastest connections between the two continents with more than 200 route pairs. During the summer season of 2012, Finnair flew 77 flights per week to various destinations in Asia and announced towards the end of the year that it will open two new destinations for the summer season of 2013. Asia accounted for nearly half of Finnair's passenger traffic revenues in 2012. The company carried more than 8.8 (8.0) million passengers and 148 (146) million kilos of freight.

Finnair continued with the implementation of its structural change and cost-reduction programme during 2012. In 2011, the company launched a programme aiming at a permanent cost reduction of EUR 140 million by 2014. The cumulative savings achieved by the end of 2012 stood at EUR 100 million. Savings were attained through Finnair's partnership solutions arrived at with various parties concerning the Embraer fleet operated in the European traffic, catering services, and engine and equipment maintenance operations. Additionally, the company reduced the size of its fleet and optimised its use. However, the constantly high fuel price and intense competition in the airline sector called for further measures to ensure the company's competitiveness and ability to improve the profitability of its operations. The company is facing significant fleet investments, the financing of which requires sufficient profitability. In effect, Finnair announced a new cost-reduction programme in October 2012 aiming at additional savings of EUR 60 million to attain the projected 6% operating income margin. The company aims at implementing these savings by the end of 2014.

The structural change affecting the entire airline sector continues. Intensifying competition has forced a number of other European companies to revise their operations and seek savings. Consolidation and alliances have increased in the sector, and smaller airliner companies have become bankrupt. Due to these reasons, the growth of capacity in the European traffic was controlled - Finnair was among those benefiting from such developments during the year. In traffic between Europe and Asia, on the other hand, capacity was increased as a number of competitors

opened new routes to China in particular. The unstable economic situation attenuated the demand for business travel services and cargo traffic.

FINANCIAL PERFORMANCE

Finnair's net sales grew by 8.5 per cent in 2012, and the company reported a positive result for the whole year for the first time since 2007. The result was due to the favourable development of passenger traffic, as both the passenger load factor and unit revenue showed considerable improvement. The company's traffic measured in revenue passenger kilometres grew by nearly 10 per cent, whereas its overall capacity only grew by 3.5 per cent during the same period. The passenger load factor stood at 77.6 (73.3) per cent. Thanks to its cost-reduction programme, the company's operational costs excluding fuel costs remained at the previous year's level despite the growth. However, fuel costs rose around 20 per cent, partly due to the weakening of hedging efficiency. Fuel is the company's largest single cost item, accounting for 28 (24) per cent of the company's net sales. The company's net sales totalled EUR 2,449 (2,258) million and operating income came to EUR 45 (-61) million, amounting to 1.8 (-2.7) per cent of net sales. The net result was EUR 12 (-88) million. Of the business areas, only Airline Business increased its net sales. The net sales of Aviation Services declined by one quarter as a result of structural arrangements, while the net sales of Travel Services fell by more than 10 per cent on the previous year as Sun tours, among others, reduced its supply to meet the demand. Finnair's net cash flow from operating activities in 2012 stood at EUR 155 (51) million, and the company's balance sheet strengthened. Towards the end of the year, Finnair issued a hybrid bond of EUR 120 million to partly replace the hybrid bond issued in 2009.

The number of Finnair's staff at the end of 2012 was nine per cent less than the year before. The number of staff was reduced as a result of the structural change.

Global air travel is expected to continue growing, although the growth has slowed down due to the poor economic climate. The growth is fastest in the emerging markets, the largest growth being expected to come from China. In effect, the Asian markets continue to serve as the cornerstone of Finnair's growth strategy for the foreseeable future. Finnair's vision is to be the number one airline in the Nordic countries and the most desired option in traffic between Asia and Europe. The company aims at doubling its revenue from Asian traffic in 2010–2020. The company seeks to attain its objectives with the help of a network of partners while itself focusing on its core business. Without the Asia strategy, Finnair's ability to maintain services from Finland to the rest of Europe would be considerably undermined.

The fleet operated by Finnair comprises 45 aircraft, 15 of which are for long-haul traffic. The average age of the fleet is slightly under ten years. Additionally, the company owns 24 aircraft operated by other airlines, the average age of which is around four years. The fleet investments have been financed with long-term loans and through finance leasing arrangements. Towards the end of 2013, Finnair will have at its disposal the first of the five new aircraft that will replace the leisure traffic fleet presently in use. The deliveries of new wide-body aircraft ordered for modernising the long-haul fleet will commence in 2015 at the earliest. The investments are of crucial importance to Finnair's competitiveness since the fuel economy of the new aircraft is greatly superior to the present fleet.

CORPORATE RESPONSIBILITY

Sustainability is an integral part of strategic leadership at Finnair. The company prepares its Sustainability Report in accordance with the Global Reporting Initiative (GRI) guidelines and is included in the Leadership Index of the Carbon Disclosure Project (CDP). According to the company's report, of the essential themes, safety, customer satisfaction and fuel efficiency/greenhouse gas emissions are of greatest importance to stakeholders and have the greatest influence on business success. Labour relations are of crucial significance for the company due to its large-scale structural reform – the company's management has defined working together and openness as its operating

principles. Finnair expects that all of its partners comply with its ethical guidelines and oversees that the prescribed safety and quality criteria are met.

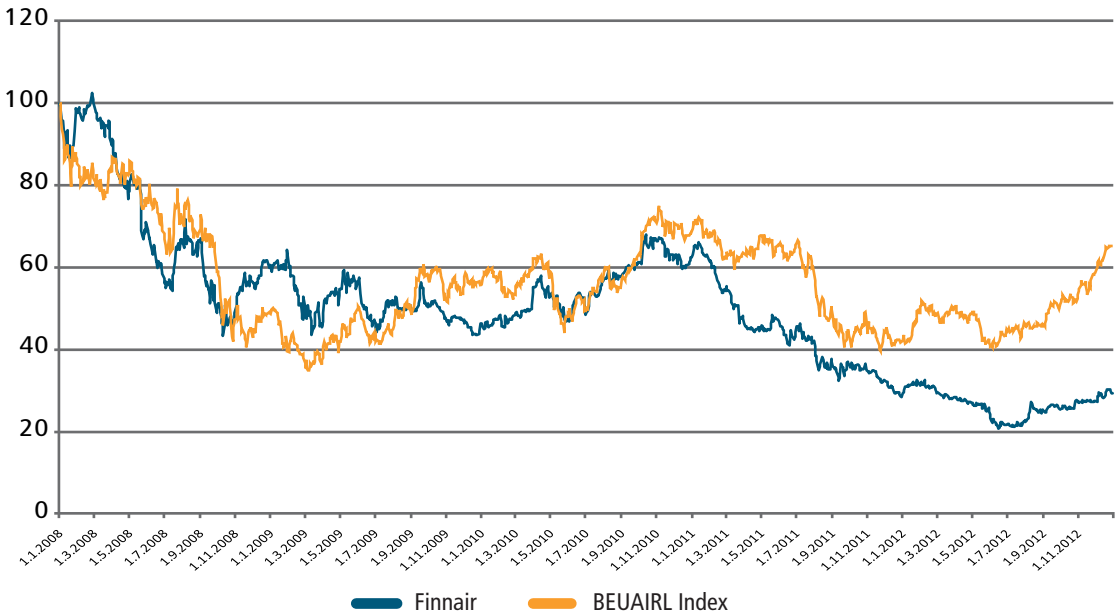
KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	2,449	2,258
Operating income*	EURm	36	-88
Operating margin	%	1.5	-3.9
Total assets	EURm	2,242	2,357
Equity ratio	%	35.7	32.6
Gearing**	%	76.8	108.4
Return on equity	%	1.5	-10.9
Return on investment	%	3.0	-5.2
Total personnel at 31 Dec.		6,368	7,458
Personnel, Finland (approx.)		5,728	6,758
Total dividends paid	EURm	12.7	0
Dividends received by the State	EURm	7.2	0
Investments	EURm	41	204
Taxes paid	M€	0,1	0

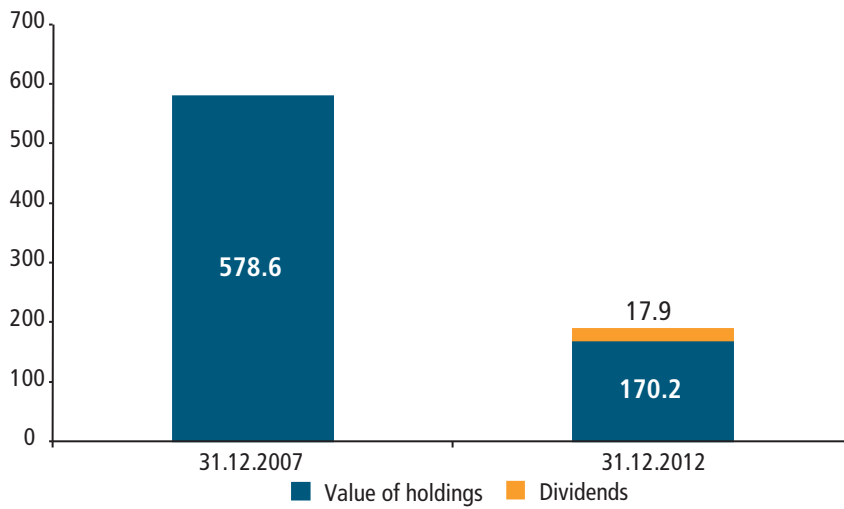
* The operating income reported by the State Ownership Steering Department includes changes in the value of derivatives, capital gains, etc.

** Includes estimates of leasing payments over the next seven years

SHARE PRICE



YIELD TO THE STATE, EUR MILLION



The yield to the State was -20.1% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).



FORTUM CORPORATION

State shareholding: 50.8%

Strategic interest of ownership: to secure the functioning of electricity production and distribution, i.e. undisturbed energy supply also in exceptional circumstances

Chairman of the Board: Sari Baldauf

Members of the Board: Minoo Akhtarzand, Heinz-Werner Binzel, Ilona Ervasti-Vaintola, Kim Ignatius, Joshua Larsson, Christian Ramm-Schmidt

Chief Executive Officer: Tapio Kuula

Industry sector: utilities

Principal places of business in Finland: Espoo, Loviisa

Fortum Corporation's operations are focused on the Nordic countries, Russia, Poland and the Baltic countries. In the future, the integrating European and fast-growing Asian energy markets will provide additional growth opportunities.

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 68 per cent of the electricity produced by Fortum in 2012 was CO₂ emission-free while 93 per cent of its production in the EU area was CO₂ emission-free. In 2012, Fortum's Power Division generated a total of 49.2 TWh of electricity in the Nordic countries, equivalent to a slightly less than 13 per cent of the total Nordic power generation capacity of 391 TWh. Of the Nordic electricity market's 15 million customers, Fortum's share of distribution customers is around 11 per cent and electricity customers eight per cent. Fortum's carbon dioxide emissions from power generation in the EU area amounted to 60 g/kWh (five-year average) in 2012, and those from total energy production 179 g/kWh (five-year average). The European power producers' average was 338 g/kWh in 2011.

According to Fortum's strategy, the company's core operations are based on strong competence in CO₂-free hydro and nuclear power generation as well as energy efficient combined heat and power generation. Fortum's strategy is based on three key drivers. In its strategy, the company builds on the strong Nordic core, creates solid earnings growth in Russia and builds platform for future growth.

Fortum's market environment was demanding in 2012. The average system spot price of electricity in the Nordic countries fell to EUR 31.2 (47.1) per MWh. The high hedging level kept the selling price for electricity supplied by Fortum higher than the market price, amounting to EUR 44.6 (46.1) per MWh.

Fortum's hydropower generation in the Nordic countries reached a record-high level of 25.2 (21.0) TWh in 2012. On the other hand, the nuclear power volumes in the Nordic countries of 23.4 (24.9) TWh fell short of the previous year. Oskarshamn-1 was out of service for the entire year.

The highlight of the Heat Division in 2012 was the decision to invest around EUR 500 million into a new bio-fuel-fired combined heat and power (CHP) plant in Stockholm, Sweden.

The commissioning of Nyagan 1, a plant unit included in the Russian investment programme, was delayed in 2012 and will take place during the first quarter of 2013. Nyagan 2 will be commissioned towards the end of 2013.

In Distribution, the focus was on the improvement of network reliability. The rollout of the remote metering of power consumption continued.

Fortum announced the launch of an efficiency programme due to an increasingly uncertain market situation. The aim of the programme is to improve the company's cash flow by around EUR 1 billion. The efficiency programme consists of three parts:

1. Reduction of capital expenditures by EUR 250–350 million.
2. Divestment of around EUR 500 million of non-core assets.
3. Reduction on fixed costs and working capital. At the end of 2014, the cost run rate is expected to be around EUR 150 million lower compared to 2012. The company does not exclude head-count reductions.

On 31 January 2013, Fortum announced that it will assess the strategic position of its electricity distribution business. Fortum expects to conclude the assessment during 2013.

FINANCIAL PERFORMANCE

Fortum's comparable operating income for 2012 decreased by EUR 63 million to EUR 1,739 (1,802) million. The reported operating income was EUR 1,861 (2,402) million. The main items when compared to the reported operating income were the capital gain of EUR 193 from the divestment of Fingrid in 2011 as well as the accounting practice of electricity derivatives and the adjustment item concerning the nuclear waste management fund.

The reduction of operating income was mainly attributable to the Power Division, whose comparable operating income fell by EUR 57 million to EUR 1,144 (1,201) million. Water reservoirs were above the long-term average. Operative costs increased. Nuclear power production fell short of the previous year. The market price of electricity decreased and the CO2 prices were low.

The Heat Division's comparable operating income was EUR 266 (278) million, that of Distribution EUR 317 (295) million and Electricity Sales EUR 38 (27) million. The performance of the Heat Division was declined by lower volumes as a result of the divestments made. Distribution's costs were increased by the repair costs in excess of the provisions made, customer compensations and network improvements. Electricity Sales was completely transferred to private customers.

The Russian Division's comparable operating income was EUR 68 (74) million. The positive effect from the commissioning of the first three new units amounted to EUR 87 (51) million. On the other hand, decreased capacity payments and volumes for the old capacity had a negative impact. While capacity payments for the new capacity also decreased, the average capacity payment increased due to the growth in new capacity.

According to the company, the result of the Russian Division will show significant improvement when the plants foreseen in the new investment programme are taken into service. The company targets an operating income of EUR 500 million from Russia after 2014 when the new plants have been placed in normal service. The value of the remaining part of the investment programme is EUR 540 million as at December 2012.

Fortum's gearing was 72.2 (69.3) per cent. The ratio between Fortum's gearing and EBITDA was 3.1 (2.3). Against comparable EBITDA, the ratio was 3.3 (3.0). Interest-bearing net debt stood at EUR 7,814 (7,039) million.

CORPORATE RESPONSIBILITY

Sustainable development is integrated as part of Fortum's strategy. The Fortum Management Team decides on Fortum's sustainability approach and Group-level sustainability target setting. Fortum's sustainability targets consist of Group-level key indicators and division-level indicators.

Fortum's purpose is to create energy that improves life for present and future generations. Fortum provides sustainable solutions for society and delivers significant added value to its shareholders.

Business and responsibility are tightly linked, underlining the role of sustainable solutions as a competitive advantage. In its operations, Fortum gives balanced consideration to economic, social and environmental responsibility.

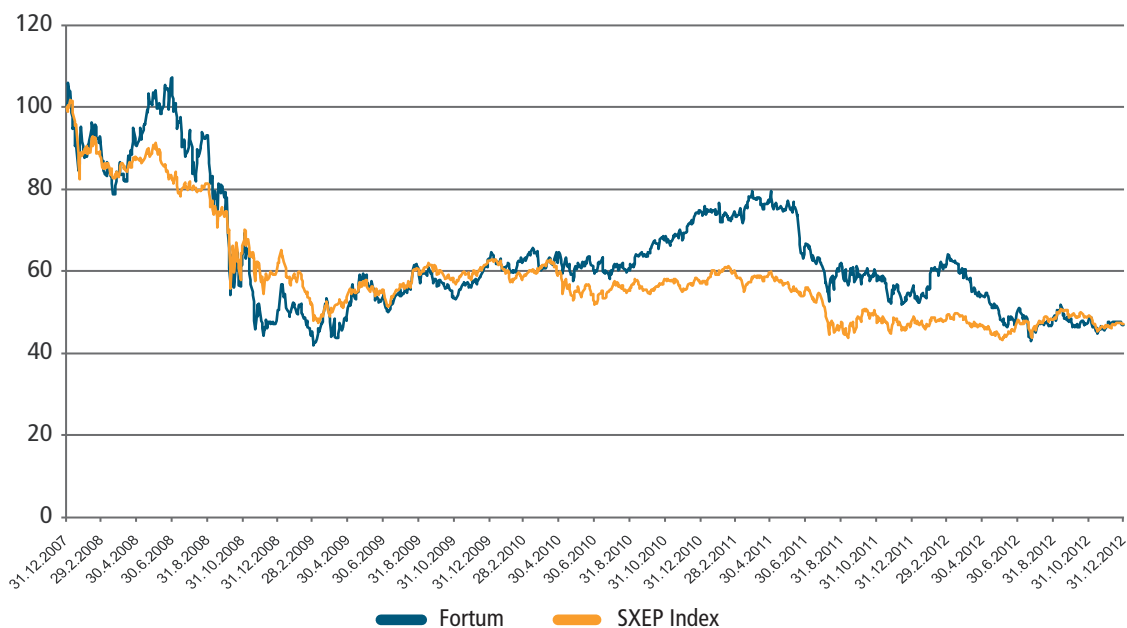
In Europe, Fortum's energy production is based mainly on CO2-free energy sources: hydro and nuclear power for electricity production and, to a large extent, biomass and waste-derived fuels for heat production. Virtually all of the new capacity to be commissioned in 2013 is CO2-free.

In Fortum's operating areas in Russia, the use of fossil fuels is likely to continue far into the future, and along with the commissioning of the new production capacity our total emissions will increase. In Russia, the focus is on energy efficiency.

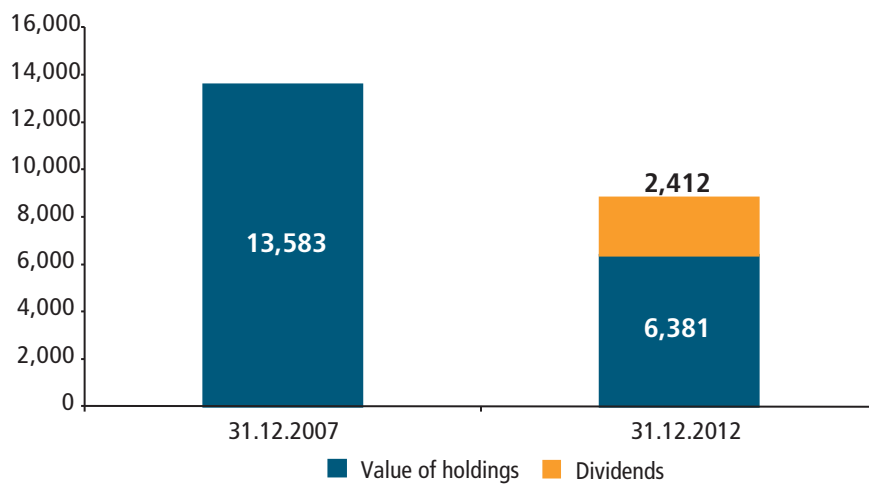
KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	6,159	6,161
Operating income	EURm	1,861	2,402
Operating income %	%	30.2	39.0
Comparable operating income	EURm	1,739	1,802
Total assets	EURm	24,628	22,998
Equity ratio	%	43.9	44.2
Gearing	%	72.2	69.3
Return on equity	%	14.2	19.8
Return on investment	%	10.4	15.0
Total personnel at 31 Dec.		10,371	10,780
Personnel, Finland		2,647	2,683
Total dividends paid	EURm	888.4	888.4
Dividends received by the State	EURm	450.9	450.9
Investments	EURm	1,574	1,482
Taxes paid	EURm	269	394

SHARE PRICE



YIELD TO THE STATE, EUR MILLION



The yield to the State was -8.3% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

NESTE OIL CORPORATION

State shareholding: 50.1%

Strategic interest of ownership: to secure nationwide fuel supply in exceptional circumstances with due consideration given to the security of supply

Chairman of the Board: Jorma Eloranta

Members of the Board: Per-Arne Blomqvist, Michiel Boersma, Maija-Liisa Friman, Laura Raitio, Willem Schoeber, Kirsi Sormunen

Chief Executive Officer: Matti Lievonen

Industry sector: energy industry

Principal places of business in Finland: Espoo, Porvoo, Naantali

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 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 in Rotterdam in the Netherlands. Additional renewable diesel capacity is available at the Porvoo refinery. The company has a total of two 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.

Neste Oil has made investments, particularly in renewable fuel, in line with its strategy for growth. The Renewables business was still at the ramp-up stage in 2011, and in 2012 the capacity utilisation rate improved considerably. Through its growth investments, Neste Oil has created a business of more than EUR 2 billion in terms of net sales.

Neste Oil had two maintenance turnarounds in 2012. In April, the company began a scheduled major maintenance turnaround at the Naantali refinery. In June, a diesel production line at the Porvoo refinery was shut down following a production incident. Maintenance work originally scheduled for the autumn was moved forward and carried out during the outage.

The company extended its renewable feedstock base with waste fat sourced from the fish processing industry. In May, Neste Oil filed a patent infringement action in the United States concerning the production of renewable diesel.

Neste Oil and Stora Enso ended their joint project for building a biodiesel plant.

In August, Neste Oil announced that it had completed the project to build a pilot plant for producing microbial oil. Its goal is to develop technology that it is capable of yielding commercial volumes of microbial oil for use as a feedstock for NExBTL diesel.

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 European Commission proposed a change to the biofuel legislation in the autumn of 2012. If adopted, the proposal means that the target for 2020 will be split into two components: food crops and waste and residue-based feedstock, and new types of raw materials. The EU retains the 10 per cent

mandated biofuel content, but limits the use of food crops to five per cent. This aims at reducing the risks associated with indirect land use.

In 2012, Neste Oil used 35 (41) per cent of the inputs coming from waste and residues as feedstock for Renewables. In terms of volumes, their share increased in 2012, but their relative share decreased due to increased production. Palm oil is classified as a food crop. The company strives to increase the utilisation of waste and side flows, and to seek new raw materials.

In December, Neste Oil announced that it had signed an agreement to sell its station network in Poland.

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.

FINANCIAL PERFORMANCE

Neste Oil's comparable operating income for 2012 was EUR 352 (178) million. The full-year profit was positively contributed by the improved result of Renewable Fuels and Oil Products, and negatively by the planned and unplanned outages at the refineries during the second quarter as well as by the low result posted by the Others segment for the fourth quarter (unsatisfactory performance of Nynäs, write-down related to the IT system).

Oil Products improved their result by EUR 125 million to EUR 396 (271) million in 2012. This was primarily due to higher refining margins. Oil Retail's performance remained more or less unchanged. Renewables improved their result by EUR 107 million, but still remained in the red with EUR -56 (-163) million. Unit costs were reduced as a result of higher sales volumes. The result was negatively impacted for most of the year by low margins due to narrow vegetable oil price differentials and the low margin of the traditional FAME diesel.

The cash flow from operating activities totalled EUR 468 (197) million reaching EUR 260 (-168) million after investments. A change in working capital accounts for EUR 178 million of the strengthened cash flow.

The refining margins on diesel that is of special importance to Neste Oil were higher year-on-year, but production fell short of the previous year's level. Gasoline margins were strong. The Urals-Brent price differential was narrower than the year before. The proportion of Russian crude oil in refinery input stood at 63 (66) per cent.

Investments in 2012 totalled EUR 292 (364) million. Investments in 2013 are expected to total around EUR 300–350 million. The company invested EUR 65 million in gasoline production by building an isomerisation unit at its Porvoo refinery.

CORPORATE RESPONSIBILITY

Sustainability represents a central part of Neste Oil's cleaner traffic strategy. The company's goal is to be the leading operator in its sector in terms of sustainability. In autumn 2012, the company defined a new set of sustainability focus areas: Customers, Safety, Personnel, Society, Climate and Resource efficiency, and Supply chain.

Renewable raw materials continue to be the single largest subject of debate related to Neste Oil's sustainability. The company also monitors the progress it makes in the area of sustainability through external ESG (Environmental, Social, Governance) reviews, such as the DJ Sustainability Index, the Global 100, the Forest Footprint Disclosure, and the Carbon Disclosure Project.

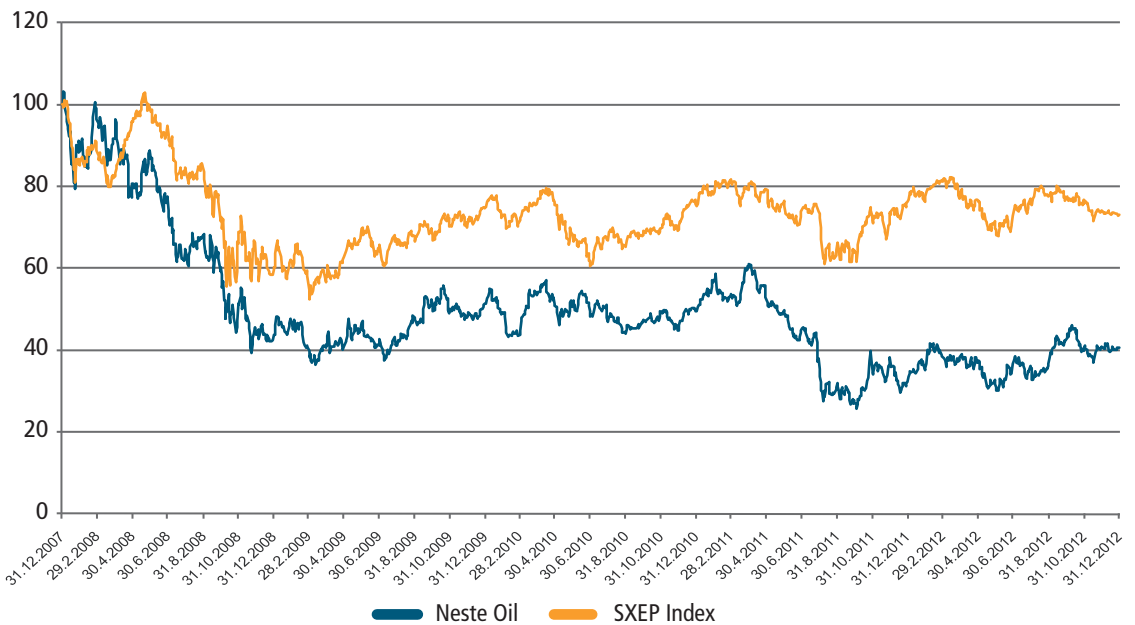
The company launched an initiative towards the end of 2012 to develop a climate programme that will create a road map for the company as it moves towards a low-carbon future. In January 2013, the company was once again selected for inclusion in the Global 100 list of the world's most sustainable companies, reaching fourth place (19).

In 2012, Neste Oil conducted a sustainability-related stakeholder survey, according to which the company's sustainability is mostly linked to renewable fuels and a safe working environment.

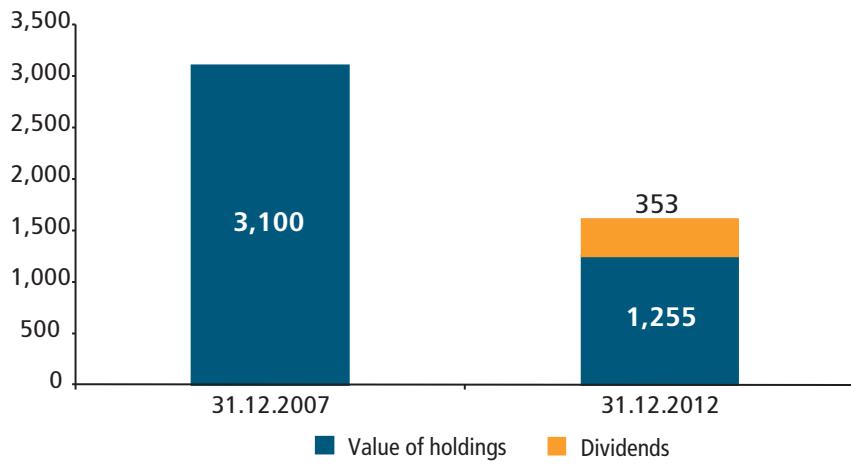
KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	17,853	15,420
Operating income	EURm	321	273
Operating income %	%	1.8	1.8
Total assets	EURm	7,385	7,272
Equity ratio	%	34.9	34.0
Gearing	%	74.7	84.3
Return on equity	%	6.3	6.5
Return on investment	%	7.1	6.3
Total personnel at 31 Dec.		5,022	4,825
Personnel, Finland		3,548	3,418
Total dividends paid	EURm	97.4	89.6
Dividends received by the State	EURm	48.8	45.0
Investments	EURm	292	364
Taxes paid	EURm	74	46

SHARE PRICE



YIELD TO THE STATE, EUR MILLION



The yield to the State was -12.3% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

4.2 Non-listed companies operating on a commercial basis



ALTIA OYJ

State shareholding: 100%

Strategic interest of ownership: no strategic interest

Chairman of the Board: Matti Tikkakoski

Members of the Board: Mikael Aro, Catarina Fagerholm, Minna Huhtaniska, Annikka Hurme, Jarmo Kilpelä, Sanna Suvanto-Harsaae

Chief Executive Officer: Antti Pankakoski

Industry sector: production and sale of alcohol

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 company serves its consumers, customers and partners close to markets with its wide production, sales and logistics set-up.

FINANCIAL PERFORMANCE

The general weakening of the market situation, a decrease in the market shares of Altia as well as the sales of business operations according to the strategy had an effect on Altia Group's net sales and operating profit in 2012. Altia's net sales decreased by 6.9 per cent to EUR 483.3 (519.0) million. The positive effect of foreign exchange rates increased the company's net sales by EUR 7.4 million. Without the effect of exchange rates, comparable net sales decreased by 8.3 per cent.

In Finland, the development of alcoholic beverage sales was negative in 2012. In Sweden and Norway, the market size has slightly increased.

Altia's operating income exclusive of non-recurring items decreased to EUR 26.8 (35.9) million. The operating margin fell to 5.5 (6.9). Operating income inclusive of non-recurring items stood at EUR 29.4 (35.0) million. The figure for the reporting period includes the non-recurring capital gain of EUR 4.5 (7.4) million from the divestment of VSD Logistics AB and VSD Logistics AS.

Altia's gearing rose during the year from 49.6 to 59.7 per cent, i.e. by around 10 percentage points.

CORPORATE RESPONSIBILITY

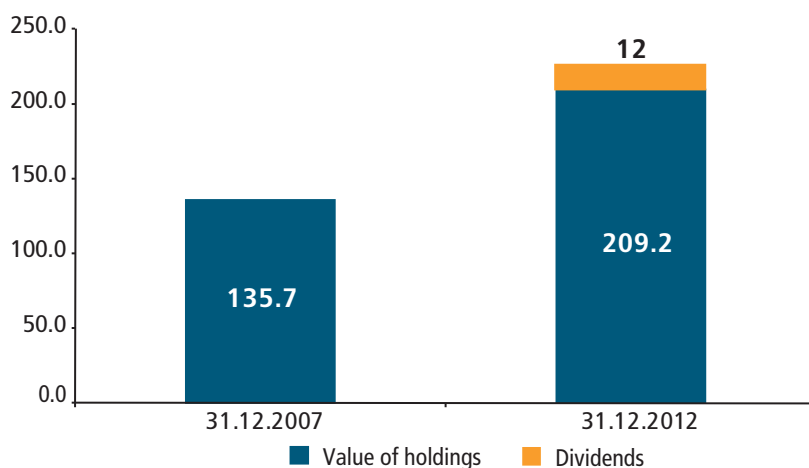
The company's framework for sustainable development consists of financial, environmental and social responsibility. According to the company's perception of sustainability, long-term financial goals create the conditions for taking and developing social and environmental responsibility. The creation of real added value relates not only to the economy, but also essentially to responsible actions in collaboration with all those working towards shared goals. Altia will conduct a stakeholder survey during 2013 that will form the basis for the definition of key long-term priorities in corporate responsibility.

KEY FINANCIAL INDICATORS*

		2012	2011
Net sales	EURm	483.3	519.0
Operating income	EURm	29.4	35.0
Operating margin	%	6.1	6.7
Total assets	EURm	590.3	586.8
Equity ratio	%	35.5	32.5
Gearing	%	59.7	49.6
Return on equity	%	10.4	11.8
Return on investment	%	8.4	10.3
Personnel, total		1,106	1,146
Personnel, Finland		530	542
Total dividends paid	EURm	7.2	7.2
Dividends received by the State	EURm	7.2	7.2
Investments	EURm	33.4	9.5
Taxes paid	EURm	10.8	5.7

* The company changed its accounting for the recognition of recycling expenses as of 1 January 2012. Net sales, materials and services as well as other operating expenses of the comparison period have been revised.

YIELD TO THE STATE, EUR MILLION



The yield to the State was 10.3% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth).

ARCTIA SHIPPING OY

State shareholding: 100 %

Strategic interest of ownership: to secure the functioning of shipping operations through the provision of icebreaking services

Chairman of the Board: Matti Virtaala

Members of the Board: Maire Laitinen, Ilpo Nuutinen, Antti Pankakoski, Päivi Söderholm

Chief Executive Officer: Tero Vauraste

Industry sector: specialised shipping company

Principal places of business in Finland: Helsinki

Arctia Shipping is a specialised shipping company offering icebreaking, marine construction and ice management services using multi-purpose icebreakers, and oil-spill response services. The icebreaking season started late and the total number of operating days came to 340, a considerable decrease on the previous year. The first season in Alaska under the charter agreement on the company's multi-purpose icebreakers Fennica and Nordica was successfully brought to completion and the vessels returned to Finland through the North-East Passage. In November 2012, the company sold the multipurpose icebreaker Botnica that had not been chartered for icebreaking to the Port of Tallinn. Arctia Karhu, a joint venture established by Arctia and Port of Kemi Ltd, commenced the provision of harbour icebreaking services in Oulu in October. The company concluded service agreements with the ports of Kemi and Tornio and commissioned the construction of a new harbour icebreaker named Karhu.

FINANCIAL PERFORMANCE

In 2012, the company's net sales grew by 26.6 per cent and stood at EUR 75.3 million. This increase was due to the high utilisation rate of multi-purpose icebreakers following the agreement concluded with Shell and high per-day charter level. In 2012, the company sold Arctia Archipelago Shipping to Suomen Lauttaliikenne and the multi-purpose icebreaker Botnica to the Port of Tallinn. Profitable offshore contracts and the capital gain from the sale of Botnica raised the result for the financial period to EUR 39.9 (-4.7) million. The company's balance sheet position strengthened following its sound financial performance and decrease in borrowed capital.

CORPORATE RESPONSIBILITY

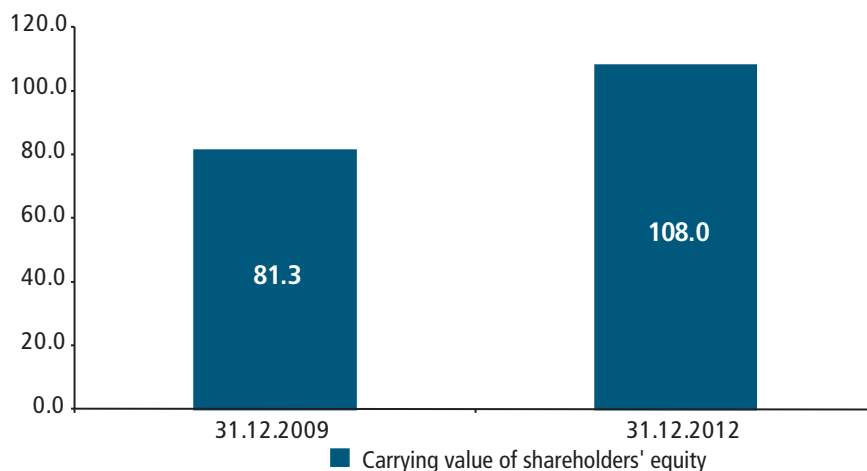
Arctia Shipping's subsidiary Arctia Offshore Ltd operates in particularly sensitive sea areas requiring special protection. For this reason, environmental responsibility is of major significance in terms of business. Demanding working conditions call for special investments in safety and social responsibility. The consumption of fuels and the releases arising from their combustion are the most significant environmental effects of the Group's operations – effects that the Group seeks to reduce. Operating in the Arctic region poses special requirements both for safety and the minimisation of environmental effects. The multi-purpose icebreakers Fennica and Nordica started to use ultra-light, sulphur-free fuel because of the Arctic operations. Responsibility is estimated to be of increasingly pronounced significance in oil companies' subcontractor chains. In the summer of 2012, the Arctia Group adopted a policy for sustainable development that was defined by reference

to the international social responsibility standard ISO 26000:2010. The company continues the development of its corporate responsibility practices by refining its targets, among other things.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	75.3	59.5
Operating income	EURm	44.6	-1.7
Operating margin	%	59.2	-2.9
Total assets	EURm	157	167.0
Equity ratio	%	69.2	40.8
Gearing	%	-0.9	107.9
Return on equity	%	44.6	-6.6
Return on investment	%	32.3	-1.0
Personnel, total		311	359
Personnel, Finland		311	359
Total dividends paid	EURm	-	-
Dividends received by the State	EURm	-	-
Investments	EURm	16.9	6.2
Taxes paid	EURm	0.04	0.04

YIELD TO THE STATE, EUR MILLION



The yield to the State was 9.9% a year in the period 31 December 2009 – 31 December 2012 (CAGR, Compound annual growth rate).



ART AND DESIGN CITY HELSINKI OY

State shareholding: 35.2%

Strategic interest of ownership: no strategic interest

Chairman of the Board: Nyrki Tuominen

Members of the Board: Chandika Chandras, Pekka Kettunen, Jan-Erik Krusberg, Markku Löytönen, Päivi Paltola-Pekkola, Pekka Saarela

Chief Executive Officer: Kari Halinen

Industry sector: urban planning

Principal places of business in Finland: Helsinki

Art and Design City Helsinki Oy's (ADC) 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.

FINANCIAL PERFORMANCE

ADC coordinates the efforts to develop Arabianranta as a future residential district and an innovative environment for new companies, and a campus for seven universities and institutes of education. 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.

Nearly 20 different development projects have been brought to completion at Arabianranta with the city district portal used as a research tool. In 2007, ADC commenced the 'Helsinki Living Lab' project that was subsequently expanded to cover the entire metropolitan area. The company is involved in the Arabia Cupoli project where the coordination of joint space concepts between educational institutes and enterprises is negotiated.

The company's original mission and operations are nearing completion. Arabianranta is due for completion in 2013–2014. ADC aims to continue with its city district development efforts using Arabianranta as an innovation platform for city district development, and to offer solutions tested in the district as branded services for other districts.

To a large extent, the company's operations are based on a service production agreement between ADC and the City of Helsinki specifying the services and functions to be provided by the company for the City. As it is, the most significant risk in terms of the company's operations arises from the fact that the service production agreement can only be concluded for one year at a time.

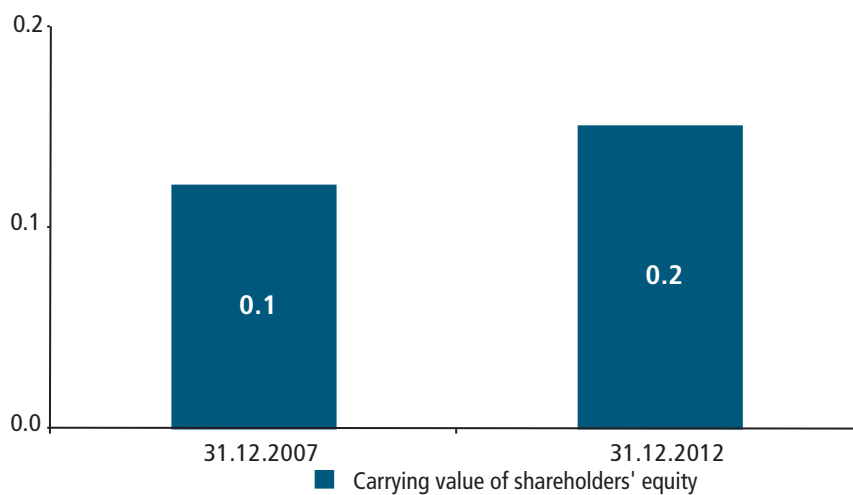
CORPORATE RESPONSIBILITY

According to ADC's strategy, the company conducts its operations in an environmentally responsible manner.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	0.5	0.6
Operating income	EURm	0.0	0.0
Operating margin	%	5.3	3.3
Total assets	EURm	0.5	0.5
Equity ratio	%	80.6	76.2
Gearing	%	-98.1	-74.1
Return on equity	%	8.2	5.3
Return on investment	%	7.5	5.5
Personnel, total		5	5
Personnel, Finland		5	5
Total dividends paid	EURm	0.0	0.0
Dividends received by the State	EURm	0.0	0.0
Investments	EURm	0.0	0.0
Taxes paid	EURm	0.0	0.0

YIELD TO THE STATE, EUR MILLION



The yield to the State was 4.5% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).



BOREAL PLANT BREEDING LTD

State shareholding: 60.8%

Strategic interest of ownership: to secure the breeding of main production varieties suited for northern climate areas necessary for ensuring food security and the competitiveness of food production and the food industry

Chairman of the Board: Kaj Friman

Members of the Board: Jukka Hollo, Jyrki Lepistö, Sinikka Mustakari, Taina Vesanto

Chief Executive Officer: Markku Äijälä

Industry sector: breeding and marketing of cultivated plants

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 breeding programmes comprise all the major arable field crops cultivated in Finland. In Finland, Boreal's market position remained strong, even though its market share decreased slightly to 56 per cent of cultivated land in cereal and oil plants. The company seeks growth from the export markets. The development of the export of crop varieties was supported by the company's cooperation with Limagrain.

FINANCIAL PERFORMANCE

In 2012, the company's net sales grew by 15.5 per cent and stood at EUR 9.2 (7.9) million. The growth was partly due to the recognition of royalties. Seed sales grew by 25 per cent on the previous year. The royalties received from export markets developed favourably. The increase in net sales raised the operating income to EUR 0.5 (0.3) million or 5.2 (3.9) per cent of net sales. Compared with the capital reserves, the rate of return improved. The company's balance sheet remained strong. The equity ratio was 75.1 (71.9) per cent and the company's net debt is zero.

CORPORATE RESPONSIBILITY

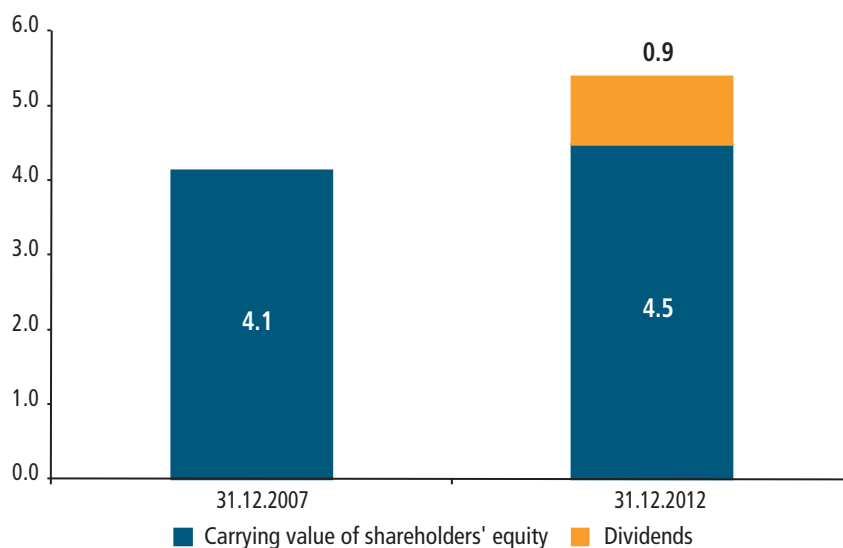
Plant breeding is a sustainability-promoting business. The company's business operations have an effect on improving the operating conditions of the entire food chain. Plant breeding improves the preconditions for crop cultivation in a sustainable manner and promotes the sustainable use of natural resources. Climate change, the increased demand for global food production and the improvement of protein self-sufficiency are examples of the challenges the company seeks to address by means of its breeding operations. Corporate responsibility is integrated as part of the company's operating principles. Key corporate responsibility aspects include the personnel as well as honest and ethical operating practices. The company's goal is to improve the energy and materials efficiency of its operations.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	9.3	8.0
Operating income	EURm	0.5	0.3
Operating margin	%	5.2	3.9
Total assets	EURm	9.8	9.9
Equity ratio	%	75.1	71.9
Gearing	%	-41.7	-46.8
Return on equity	%	6.0	3.2
Return on investment	%	8.1	4.6
Personnel, total		67	64
Personnel, Finland		65	62
Total dividends paid	EURm	0.2	0.7
Dividends received by the State	EURm	0.1	0.4*
Investments	EURm	0.6	0.4
Taxes paid	EURm	0.2	0.1

* includes distribution of additional dividends of EUR 0.55 million

YIELD TO THE STATE, EUR MILLION



The yield to the State was 5.5% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

DESTIA OY

State shareholding: 100%

Strategic interest of ownership: no strategic interest

Chairman of the Board: Karri Kaitue

Members of the Board: Kalevi Alestalo, Elina Engman, Matti Mantere, Solveig Törnroos-Huhtamäki

Chief Executive Officer: Hannu Leinonen

Industry sector: infrastructure services

Principal places of business in Finland: Jyväskylä, Kouvola, Kuopio, Oulu, Tampere and Vantaa

Destia 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. Public purchasers account for around 75 per cent of Destia's net sales. International operations are restricted to Sweden. Operations in northern Norway were wound up in 2012.

FINANCIAL PERFORMANCE

In 2012, the company's net sales rose by 3 per cent. The order stock fell by 19.4 per cent. Operating income improved on the previous year. Destia put special effort in improving its profitability, which had a negative impact on the winning of projects and on the order stock. The company succeeded in clearly reducing its working capital.

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.

Economic uncertainty is reflected in demand in the infrastructure sector. Both the public and the private sectors have reduced their investments and no growth is foreseen in the near future. The opening to competition of the municipal and the railway market has advanced slower than expected. Competition for contracts will also intensify as a result of the tightening up of financial markets and the completion of several major projects that had begun in the previous years. It is estimated that the volume of infrastructure construction in 2013 will remain at the previous year's level. The volume of construction is expected to slightly increase in 2014.

The net sales and operating income for 2013 are expected to remain at the previous year's level. The measures aimed at improving Destia's profitability have a positive impact on the prospects for 2013.

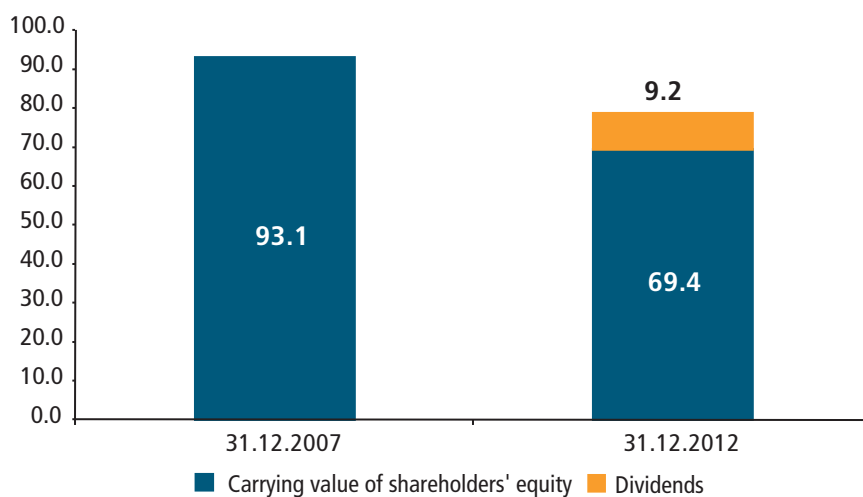
CORPORATE RESPONSIBILITY

The level of Destia's corporate responsibility management is good. Corporate responsibility is reflected in the company's values, mission and strategy as well as in its operating practices. The minimisation of environmental effects is among Destia's primary goals. Occupational safety is an integral part of social responsibility. Destia only conducts business with reliable subcontractors, clients and partners.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	507.3	492.5
Operating income	EURm	14.0	8.4
Operating margin	%	2.8	1.7
Total assets	EURm	223.5	262.0
Equity ratio	%	35.2	25.7
Gearing	%	-40.5	17.5
Return on equity	%	16.8	-19.6
Return on investment	%	12.5	-5.4
Personnel, total		1,591	1,813
Personnel, Finland		1,498	1,769
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Gross investments	EURm	7.3	5.2
Taxes paid	EURm	0.8	0.1

YIELD TO THE STATE, EUR MILLION



The yield to the State was -3.3% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

EKOKEM OY

State shareholding: 34.1%

Strategic interest of ownership: no strategic interest

Chairman of the Board: Maija-Liisa Friman

Members of the Board: Pia Björk, Jorma Haavisto, Raimo Inkinen, Leena Karessuo, Timo Kärkkäinen, Jukka Ohtola

Chief Executive Officer: Timo Piekkari

Industry sector: environmental business, energy production

Principal places of business in Finland: Riihimäki

Ekokem 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. Ekokem continued with its investments in the development of a nation-wide service centre network as planned.

FINANCIAL PERFORMANCE

Ekokem's financial performance continued to develop favourably in 2012, with the company's net sales and operating income clearly increasing on the previous year. The growth and financial performance were largely due to the acquisition of Sakab AB in Sweden, organic growth in all business areas, and the merger of TSJ Yrityspalvelut Oy with Ekopartnerit, a subsidiary of Ekokem. Ekokem's equity ratio fell as a result of the investments, but still remained at a good level.

Ekokem Group's net sales and financial performance in the next few years will be affected by the development of Sakab's net sales and profitability, in particular. Ekokem also aims to introduce service concepts developed in Finland in Sweden. Net sales in Finland will be increased by the commissioning of the Riihimäki waste-to-energy plant 2 at the turn of 2012/2013.

Ekokem is also constructing a 10-MW eco-power plant for KWH Mirka Ltd in Jepua, Uusikaarlepyy, which is due for completion towards the end of 2013. Ekokem is also planning to invest in waste-to-energy plants elsewhere in Finland. If realised, the investments will further increase the company's net sales.

Ekokem is currently investing in waste-based recycled products, the potential business opportunities of which will become more evident when the development work advances.

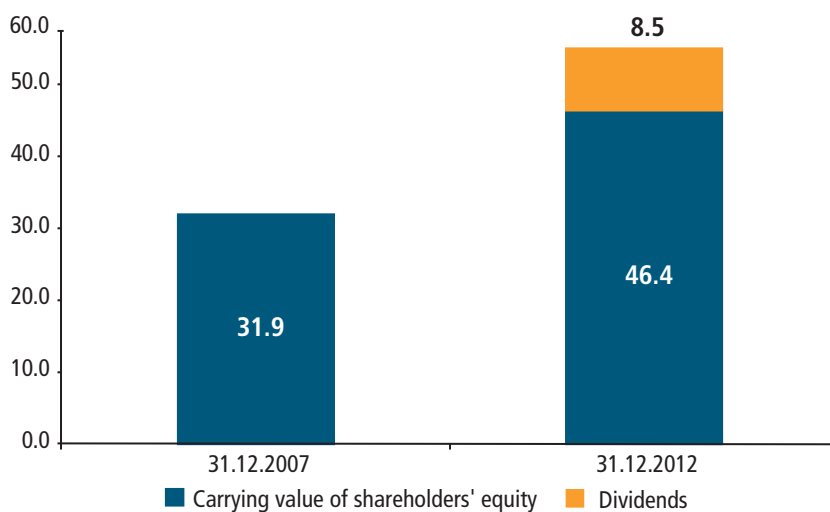
CORPORATE RESPONSIBILITY

The essential themes of Ekokem's corporate responsibility are: the preservation of natural resources and waste recovery; the environmental impact of operations; safety; economic responsibility; responsibility for employees; and the company's role in society.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	164.2	124.5
Operating income	EURm	24.9	19.2
Operating margin	%	15.2	15.4
Total assets	EURm	277.7	175.6
Equity ratio	%	49.2	71.0
Gearing	%	38.2	11.0
Return on equity	%	14.5	12.1
Return on investment	%	14.4	14.3
Personnel, total		398	319
Personnel, Finland		310	319
Total dividends paid	EURm	8.4	7.7
Dividends received by the State	EURm	2.9	2.6
Investments	EURm	92.7	37.2
Taxes paid	EURm	2.7	4.5

YIELD TO THE STATE, EUR MILLION



The yield to the State was 11.5% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

GASUM CORPORATION

State shareholding: 24%

Strategic interest of ownership: to secure domestic control in the gas transmission network

Chairman of the Board: Antero Jännes

Members of the Board: Björn Ahlnäs, Aleksei Novitsky, Christer Paltschik, Ari Suomilammi, Kristiina Vuori

Chief Executive Officer: Antero Jännes

Industry sector: transmission and wholesale of natural gas

Principal places of business in Finland: Espoo and Valkeala

Gasum's business operations comprise the import, transmission and wholesale of natural gas. Customers include the industry, power-generation plants and small properties. The total length of Gasum's natural gas transmission network at the end of 2012 was 1,318 km. The capacity of the network is 22.5 million m³ a day. The total length of Gasum's distribution network at the end of 2012 was 556 km.

Gasum is also engaged in the development of biogas production and distribution. In 2012, a total of around 465,000 m³ of biogas was fed into Gasum's network.

FINANCIAL PERFORMANCE

The competitiveness of natural gas in its biggest consumption segment, combined electricity and district heat production, was poor in 2012. Index-linked to the price of competing fuels, the price of natural gas did not adequately adapt to the market situation in Finland due to the movement in the price of oil. In effect, the Finnish consumption of natural gas in 2012 decreased by 10.5 per cent on the previous year to 35.0 (39.1) TWh.

Gasum continued to explore the opportunity to construct a large LNG (liquefied natural gas) terminal and an associated connection pipeline between Finland and Estonia. The foreseen profitability of LNG is based on the fact that due to the large-scale utilisation of the profitable shale gas deposits in North America, LNG producers have been forced to look for new markets for their products, mainly from Europe and Asia. The opening of a new source of supply could lower the procurement costs of natural gas and hence improve the competitiveness of natural gas over the long term in Finland and elsewhere in the Baltic Sea region.

Gasum's smaller LNG terminal serving shipping fuel deliveries could commence its operations in as early as 2015. Another crucial question in terms of business strategy is the increase of the production and transfer of biogas in Gasum's natural gas network. The company has projects to that effect under way at several locations in Finland, the most important being the biogas production plant planned in Joutseno that would supply biogas via the existing network to the Greater Helsinki Area. The maximum capacity of the foreseen refinery would be 200 MW.

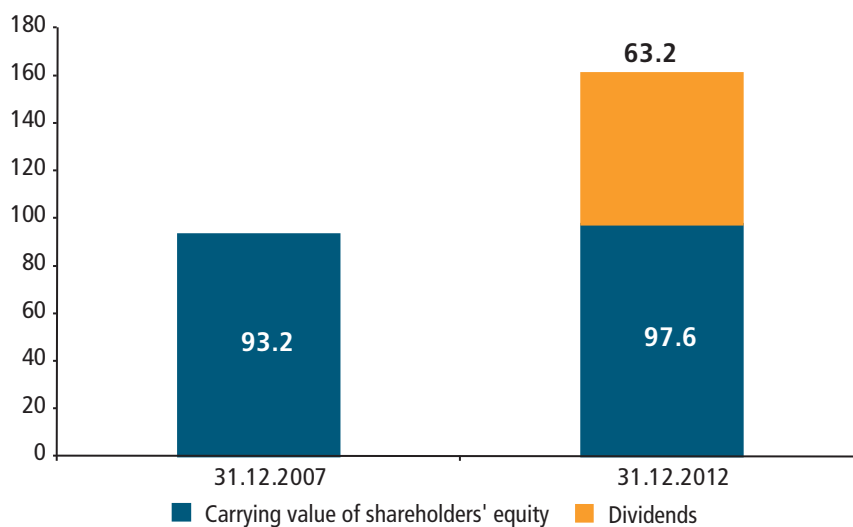
CORPORATE RESPONSIBILITY

According to the company, Gasum's responsibility themes include openness, security of supply, the environment and safety, and the current use and future of gas.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	1,281.8	1,258.1
Operating income	EURm	62.1	92.1
Operating margin	%	4.8	7.3
Total assets	EURm	836.2	843.5
Equity ratio	%	48.6	46.9
Gearing	%	45.7	36.1
Return on equity	%	10.6	17.4
Return on investment	%	10.5	16.5
Personnel, total		259	245
Personnel, Finland		259	245
Total dividends paid	EURm	40.0	31.8
Dividends received by the State (PMO's share)	EURm	9.6 (4.96)	7.6(3.9)
Investments	EURm	21.0	47.7
Taxes paid	EURm	14.9	27.9

YIELD TO THE STATE, EUR MILLION



The yield to the State was 10.45% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).



ITELLA CORPORATION

State shareholding: 100%

Strategic interest of ownership: the provision of postal services subject to the universal service obligation

Chairman of the Supervisory Board: Mauri Pekkarinen

Chairman of the Board: Arto Hiltunen

Members of the Board: Jussi Kuutsa, Timo Löyttyniemi, Ilpo Nuutinen, Päivi Pesola,

Riitta Savonlahti, Suvi-Anne Siimes, Maarit Toivanen-Koivisto

Chief Executive Officer: Heikki Malinen

Industry sector: postal services

Principal places of business in Finland: Helsinki, Jyväskylä, Kuopio, Lahti, Lappeenranta, Oulu, Seinäjoki, Tampere, Turku, Vantaa

Itella is an international service business whose core competence lies in information and product flow management for its customers. Itella's market position is strongest in Finland. In Russia, Itella is the market leader in the warehousing business. International operations account for around one third of net sales.

FINANCIAL PERFORMANCE

In 2012, Itella's net sales grew by 2.4 per cent on the previous year. Mail Communications and Logistics increased their net sales, while Information saw a slight decline. The operating income exclusive of non-recurring items improved in all business sectors. The austerity and efficiency improvement programme pursued to improve profitability will be continued. The net sales for 2013 are expected to increase significantly as a result of the acquisition of VR Transpoint's groupage logistics business concluded in 2012. The operating income before non-recurring items is expected to improve.

Continued general economic uncertainty will pose challenges to Itella's business. There is also a significant structural change underway concerning postal operations with a global reach, and this is occurring simultaneously in most developed countries.

The change in demand caused by electronic communications is evident in the clear decrease in the distribution volumes of printed communications. In terms of Logistics, increasing international competition is considered a risk. Itella Information's markets are growing in the field of electronic business. The social and legislative development in Russia may come to constitute a significant market risk for Itella.

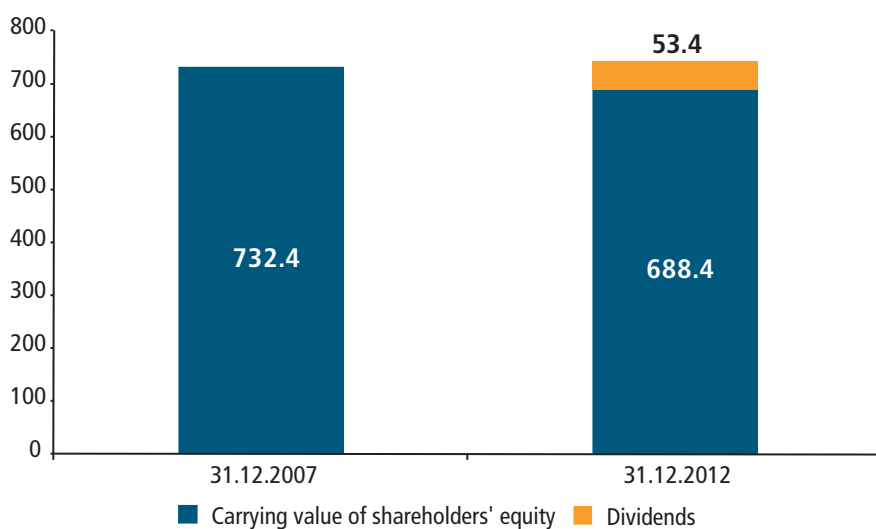
CORPORATE RESPONSIBILITY

Corporate responsibility is included as part of Itella's strategy through its mission and values. The faster-than-expected rate with which traditional letters and print products have been substituted with electronic formats has also provided the company with growth opportunities. Itella has been one of Finland's leading companies in terms of well-being at work for several years. It is also the first postal company in the world to offer entirely carbon-neutral delivery services. All transport subcontracting in Finland is subject to Itella's environmental accounting. The new digital services reduce environmental loads.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	1,946.7	1,900.1
Operating income	EURm	39.0	-5.9
Operating margin	%	2.0	-0.3
Total assets	EURm	1,509.7	1,465.3
Equity ratio	%	46.4	46.1
Gearing	%	23.4	22.1
Return on equity	%	2.1	-4.5
Return on investment	%	4.8	-0.2
Personnel, total		27,460	28,493
Personnel, Finland		21,819	21,123
Total dividends paid	EURm	6.8	0
Dividends received by the State	EURm	6.8	0
Gross investments	EURm	134.7	102.9
Taxes paid	EURm	16.7	14.2

YIELD TO THE STATE, EUR MILLION



The yield to the State was 0.26% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

KEMIJOKI OY

State shareholding: 50.1%

Strategic interest of ownership: no strategic interest

Chairman of the Board: Matti Ruotsala

Members of the Board: Risto Andsten, Elina Engman, Tapio Jalonen, Tapio Korpeinen, Pekka Manninen, Markku Tapio

Chief Executive Officer: Aimo Takala

Industry sector: electricity production

Principal places of business in Finland: Rovaniemi

Kemijoki Oy engages in hydropower generation and has a total of 20 power plants located on the River Kemijoki, the River Kymijoki and the River Lieksanjoki. The company is currently Finland's largest producer of hydroelectric power and related services. The electricity produced by the company is sold at cost to its shareholders in proportion to the number of hydroelectric power shares held.

FINANCIAL PERFORMANCE

In 2012, Kemijoki Oy generated a total of 5,037 GWh of hydropower, which exceeds the average hydropower production (approx. 4,450 GWh) by about 13 per cent. The River Kemijoki accounted for 92 per cent of the electricity produced and the River Lieksanjoki and the River Kymijoki for eight per cent. The company's power production in 2012 represented 30 per cent of the hydropower electricity produced in Finland. The total availability of power plants was 98.4 per cent, which was a significantly better performance than that of the previous years.

The company's financial status remained stable. As in the previous years, the parent company's result for the financial year 2012 equals the total amount of dividends payable under the Articles of Association.

Kemijoki Oy's total output currently amounts to around 1,130 MW. The majority of Kemijoki Oy's power plant units were refurbished in 1990–2010, during which period the power upgrades were also made. The company may still construct new hydropower plants and carry out river channel improvements yielding some 38 MW of extra output.

Kemijoki Oy also has the option of extending and enhancing its production in connection with the refurbishment of certain power plants. According to the company's investment plan, the power upgrade of old power plants would yield an extra output of around 60 MW. The total output of the company's power plants at the end of 2017 would total a good 1,200 MW. The investments are mainly targeted at the River Kemijoki watercourse area and, to a lesser extent, the River Lieksa.

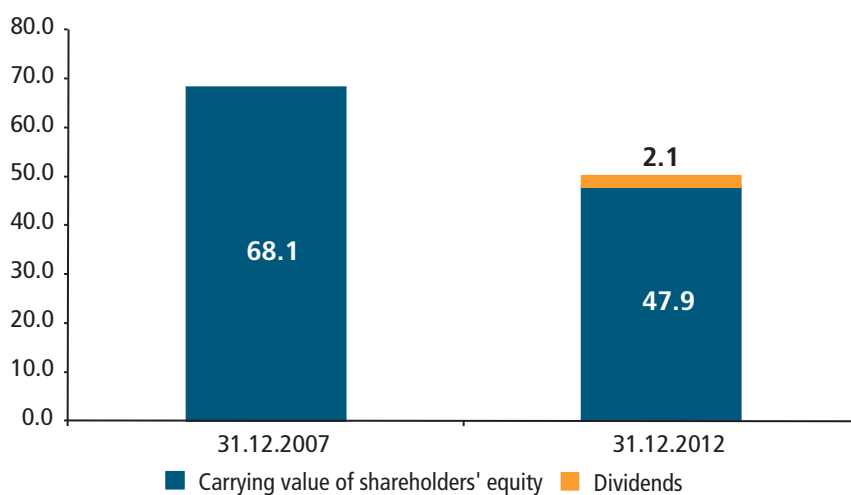
CORPORATE RESPONSIBILITY

Kemijoki conducts its operations in compliance with its environmental and quality policies that are reviewed annually. The company is also committed to improve its energy efficiency in accordance with the energy efficiency agreement concluded with the Confederation of Finnish Industries. Energy efficiency is incorporated as part of the company's environmental management system.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	41.0	41.1
Operating income	EURm	-2.6	-2.6
Operating margin	%	-6.4	-6.3
Total assets	EURm	461.5	459.5
Equity ratio	%	20.7	22.7
Gearing	%	365.5	321.0
Return on equity	%	-8.3	-7.1
Return on investment	%	-0.6	-0.6
Personnel, total		224	261
Personnel, Finland		224	261
Total dividends paid	EURm	0.7	0.7
Dividends received by the State	EURm	0.4	0.4
Investments	EURm	11.8	21.5
Taxes paid	EURm	0.3	0.4

YIELD TO THE STATE, EUR MILLION



The yield to the State was -6.0% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).



LEIJONA CATERING OY

State shareholding: 100%

Strategic interest of ownership: provision of catering services for the Finnish Defence Forces

Chairman of the Board: Soili Suonoja

Members of the Board: Anne Gullsten, Hannu Kuusela, Teemu Penttilä, Marja Pokela, Kari Rimpi

Chief Executive Officer: Ritva Paavonsalo

Industry sector: restaurant services

Principal places of business in Finland: Kuopio, restaurant operations in 22 locations

The Defence Forces Catering Service Centre was incorporated as a new company at the end of 2011 and the newly established Leijona Catering Oy commenced its operations at the beginning of 2012. Following the incorporation, the personnel of the Defence Forces Catering Service Centre transferred to Leijona Catering Oy as senior employees. The fixed assets and inventories of the Defence Forces Catering Service Centre were also transferred to the new company as a contribution in kind. During its first year of operation, the company focused on developing its strategy, revising its organisational model and putting special efforts into sales and marketing, in particular. The company opened one new staff canteen. The company's principal client is the Finnish Defence Forces. It provides catering services for conscripts as well as personnel catering, conference and pre-ordered services.

FINANCIAL PERFORMANCE

The company's financial performance was positive. The company's net sales totalled EUR 64.0 million and operating income came to EUR 5.4 million, amounting to 8.4 per cent of net sales. The reform of the Finnish Defence Forces and the related restructuring will also have impact on the operations of Leijona Catering. The company has commenced preparations in view of winding up the operations of the restaurants located in the garrisons to be closed down in collaboration with the Finnish Defence Forces and the personnel.

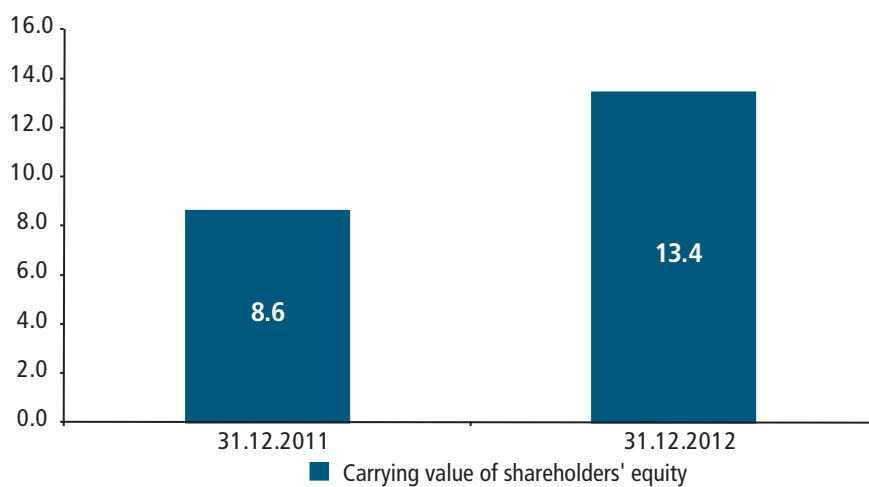
CORPORATE RESPONSIBILITY

The customers' growing interest in the origin and production conditions of food poses challenges in terms of responsible procurement and transparency of the procurement chain. Leijona Catering maintains a high degree of domestic origin in its purchases and has prepared ethical guidelines for its suppliers. The company is committed to the continuous improvement of customer satisfaction. In addition to the procurement chain, the company's corporate responsibility efforts are focused on its personnel. The reduction of environmental effects also constitutes an essential part of corporate responsibility both for Leijona Catering and for the entire procurement chain. The company's environmental management is guided by its environmental policy – the company is currently engaged in developing an ISO 14001 compliant environmental management system. The company seeks to reduce its environmental impact and contribute to the preservation of biodiversity through responsible raw material choices and procurement, and by improving the energy efficiency of its production process.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	64.0	n/a
Operating income	EURm	5.4	n/a
Operating margin	%	8.4	n/a
Total assets	EURm	21.9	n/a
Equity ratio	%	61.6	n/a
Gearing	%	-67.4	n/a
Return on equity	%	35.6	n/a
Return on investment	%	49.3	n/a
Personnel, total		552	n/a
Personnel, Finland		552	n/a
Total dividends paid	EURm	-	n/a
Dividends received by the State	EURm	-	n/a
Investments	EURm	0.1	n/a
Taxes paid	EURm	1.6	n/a

YIELD TO THE STATE, EUR MILLION



The yield to the State was 55.8% a year in the period 31 December 2011 – 31 December 2012 (CAGR, Compound annual growth rate).

MERITAITO LTD

State shareholding: 100%

Strategic interest of ownership: provision of hydrographic surveying services in Finland's territorial waters

Chairman of the Board: Matti Puhakka

Members of the Board: Taru Keronen, Pekka Leskinen, Eeva Niskavaara, Marja Pokela, Marja Tuderman

Chief Executive Officer: Jari Partanen

Industry sector: waterways maintenance and hydrographic surveying

Principal places of business in Finland: Helsinki, waterway maintenance stations around Finland

Meritaito is a company specialised in the maintenance of waterways, the operation and maintenance of canals and hydrographic surveying. Waterways maintenance and hydrographic surveying were opened to competition during 2010–2012, at which point a public service obligation was imposed by law on Meritaito. As of the beginning of 2013, all services are put out to open tender. In order to adapt to the opening of competition, the company developed new cleantech business operations targeted at the global market and marketed under the new SeaHow brand.

The company's position in the market for waterways maintenance and the operation and maintenance of canals has remained strong despite the opening of competition. The company's service offering is based on comprehensive life-cycle services.

FINANCIAL PERFORMANCE

In 2012, the company's net sales declined by 4.9 per cent following the opening of competition and decrease in contract prices and stood at EUR 31.8 million. The price level in contract areas put out to open tender has fallen by about one third of the previous level. So far, Meritaito has succeeded well in competitive biddings, winning the most significant contracts in terms of its business. Thanks to its adjustment measures, the company succeeded in keeping its operational profitability at the previous years' level. The company's balance sheet is strong; its equity ratio rose to 69 per cent. The company's investments rose to EUR 4.4 (2.1) million, the most important of which was the expansion of its plastic tube buoy factory in Joensuu.

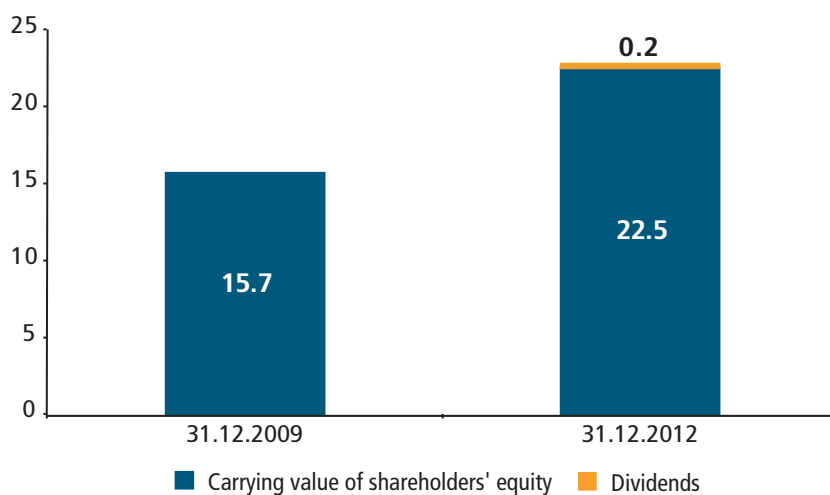
CORPORATE RESPONSIBILITY

Corporate responsibility is an integral part of Meritaito's strategy. Corporate responsibility is integrated as part of the company's operating practices and management system. The new cleantech business is based on the need to protect the environment and to manage environmental risks, which constitute a major business opportunity for the company. The market for the new cleantech business is global, for which reason the company has put special effort in integrating anti-corruption policies as part of the company's operating system. Key corporate responsibility aspects also include safety and personnel matters, in particular the promotion of wellness at work, occupational safety and the working ability of its personnel. The company also strives at decreasing its environmental impact.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	31.8	33.5
Operating income	EURm	1.7	2.4
Operating margin	%	5.4	7.3
Total assets	EURm	32.6	33.2
Equity ratio	%	69	58.5
Gearing	%	-7.5	-4.9
Return on equity	%	7.7	14.0
Return on investment	%	7.1	11.1
Personnel, total		236	285
Personnel, Finland		236	285
Total dividends paid	EURm	-	-
Dividends received by the State	EURm	-	-
Investments	EURm	4.5	2.0
Taxes paid	EURm	0	0.1

YIELD TO THE STATE, EUR MILLION



The yield to the State was 13.3% a year in the period 31 December 2009 – 31 December 2012 (CAGR, Compound annual growth rate).



MOTIVA OY

State shareholding: 100%

Strategic interest of ownership: to promote energy and materials efficiency, and renewable energy

Chairman of the Board: Salla Vainio

Members of the Board: Heli Arantola, Sinikka Mustakari, Jarmo Muurman, Arto Rajala

Chief Executive Officer: Jouko Kinnunen

Industry sector: consulting in the energy sector and material functions

Principal places of business in Finland: Helsinki

Motiva Oy is an expert company and a competence centre that offers services for using energy and materials more effectively and sparingly, and for promoting the effective and sustainable use of renewable energy. Motiva provides companies, government agencies and consumers with information and solutions to enable them to make resource-efficient and sustainable choices.

The company operates as an in-house entity within the meaning of the Act on Public Contracts (348/2007). Its principal customers include ministries and other central government agencies. The company's subsidiary, Motiva Services Oy, operates on market terms and provides services for companies and municipalities, among others.

FINANCIAL PERFORMANCE

Motiva Group's net sales in 2012 grew by 13% year-on-year reaching EUR 8.9 million. Operating income remained more or less unchanged reaching EUR 0.4 million. The Group's solvency and liquidity remained good during the financial period.

Motiva Services Oy, the company's market-based subsidiary, commenced its operations at the beginning of 2009. The plan is that the subsidiary will expand its operations in areas where the market is not yet mature. The subsidiary's net sales in 2012 amounted to EUR 2.7 (2.5) million.

Motiva's duties will be affected by the planned expansion of the Energy Market Authority's duties and its potential transformation into Energy Authority. Preparations concerning the division of duties were commenced in early 2013. The foreseen changes in the division of duties are planned to take effect as of the beginning 2014. The changes will result in cutbacks in the parent company's operations, which will partly be compensated by the subsidiary's growth.

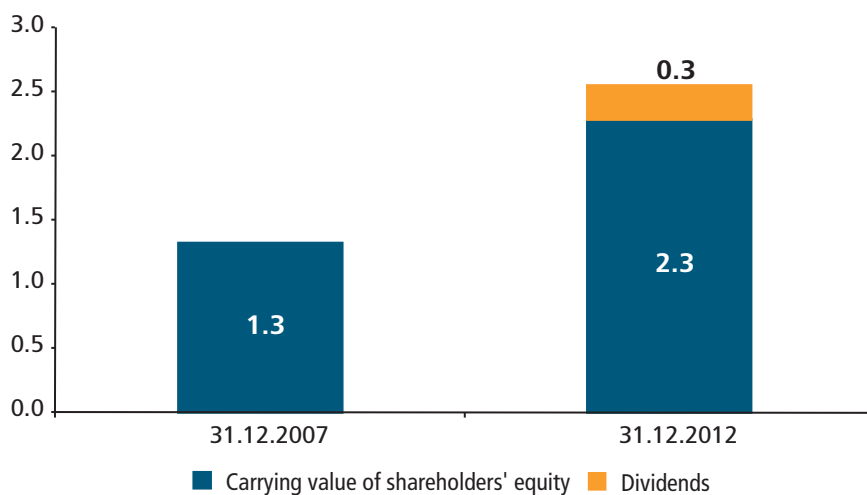
CORPORATE RESPONSIBILITY

Motiva promotes corporate responsibility directly in its own operations and indirectly by providing companies with consultation services that result in improved efficiency of the companies' resource use and energy economy, in particular, and increased production and use of renewable energy. Motiva's operations also promote responsible consumer behaviour.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	8.9	7.9
Operating income	EURm	0.389	0.407
Operating margin	%	4.4	5.2
Total assets	EURm	4.6	4.6
Equity ratio	%	54.5	50.9
Gearing	%	-54.6	-29.6
Return on equity	%	13.5	15.8
Return on investment	%	18.5	21.4
Personnel, total		65	58
Personnel, Finland		65	58
Total dividends paid	EURm	0.1	0.1
Dividends received by the State	EURm	0.1	0.1
Investments	EURm	0.1	0.1
Taxes paid	EURm	0.1	0.1

YIELD TO THE STATE, EUR MILLION



The yield to the State was 14.1% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

NORDIC MORNING

State shareholding: 100.0%

Strategic interest of ownership: no strategic interest

Chairman of the Board: Kaj Friman

Members of the Board: Carina Brorman, Maritta Iso-Aho, Eva Persson, Petri Vihervuori

Chief Executive Officer: Timo Lepistö

Industry sector: graphics industry and marketing communications

Principal places of business in Finland: Helsinki

Edita Group became Nordic Morning in April 2013 following the change of the Group's name. Nordic Morning is the leading communications service provider in the Nordic countries with a mission to help companies and other entities to communicate better, more effectively, efficiently and responsibly. The Nordic Morning Group is made up of the parent company, Nordic Morning, as well as its Finnish and Swedish subsidiaries that operate in different communications sectors. Nordic Morning is also a shareholder in two Swedish companies. The most important changes during the course of the Group's transformation into a modern communications group were the acquisition of the Swedish advertising and communications group Citat in 2008, and the Nordic digital marketing group Klikki in 2011.

FINANCIAL PERFORMANCE

Nordic Morning's net sales in 2011 increased by seven per cent to EUR 113.2 (105.8) million. The increase was due to the acquisitions concluded (Klikki, Sandvikens Tryckeri, Educocode) and the strengthening of the Swedish Krona.

Consolidated operating income was EUR -4.1 (2.2) million. Operating income exclusive of non-recurring items was EUR 2.1 (3.3) million. In addition to the declining demand for printing services and the minimal growth of the communications market, the operating income was impaired by the costs related to the adjustment measures totalling EUR 7.9 (2.5) million.

Nordic Morning's equity ratio fell by 6.2 percentage points during the financial year 2012. The company's net liabilities decreased by around EUR 2.8 million in 2012.

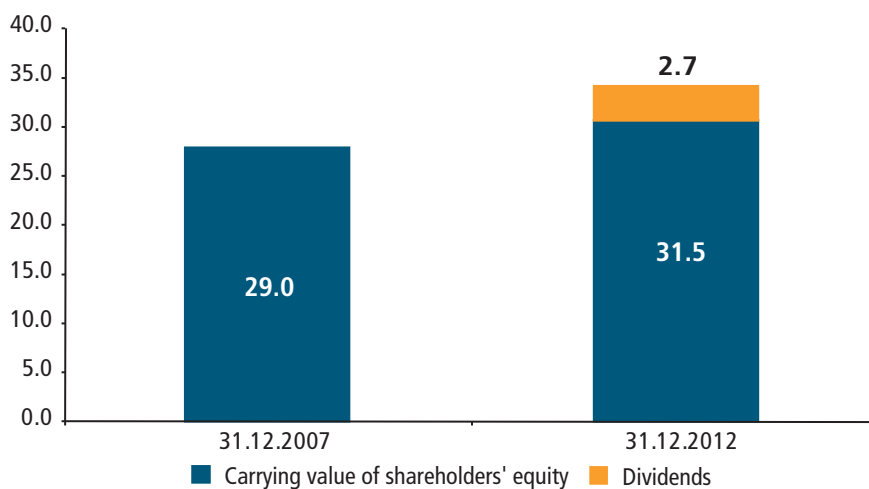
CORPORATE RESPONSIBILITY

Corporate responsibility at Nordic Morning is directed by the CEO, while the Communications Director assumes responsibility for its development and the related communications and reporting together with the CRI team. Nordic Morning complies with the principles of internationally-recognised standards, such as the UN Global Compact and the ISO 14001 environmental management standard. The corporate responsibility process and its priorities are re-assessed on an annual basis. In the assessment carried out at the end of 2012, no changes were made in Nordic Morning's corporate responsibility policies. The company's personnel are very important for Nordic Morning, which is reflected in its corporate responsibility priorities. Company is engaged in actively seeking interaction with its stakeholders. Key stakeholders include the company's personnel, clients and owner.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	113.2	105.8
Operating income	EURm	-4.1	2.2
Operating margin	%	-3.6	2.1
Total assets	EURm	88.8	85.4
Equity ratio	%	36.3	42.5
Gearing	%	37.0	40.8
Return on equity	%	-13.4	4.3
Return on investment	%	-7.6	3.7
Personnel, total		705	747
Personnel, Finland		344	371
Total dividends paid	EURm	0.0	0.0
Dividends received by the State	EURm	0.0	0.0
Investments	EURm	7.4	5.0
Taxes paid	EURm	-0.001	-0.5

YIELD TO THE STATE, EUR MILLION



The yield to the State was 3.4% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth).

PATRIA PLC

State shareholding: 73.2%

Strategic interest of ownership: national defence

Chairman of the Board: Christer Granskog

Members of the Board: Arto Honkaniemi, Jussi Itävuori, Kirsi Komi, Kari Rimpi, Maximilian Thomasius

Chief Executive Officer: Heikki Allonen

Industry sector: defence equipment industry, aviation equipment industry

Principal places of business in Finland: Helsinki, Hämeenlinna, Halli

Patria Oyj is an international provider of defence, security and aviation life-cycle support services and technology solutions. The company's areas of expertise cover armoured wheeled vehicles, mortar systems and ammunition. Defence materiel and maintenance accounted for 85 (86) per cent and the civilian sector for 15 (14) per cent of the net sales. More than half of the net sales were generated by exports.

During 2012, Patria entered into a settlement contract with the Slovenian Ministry of Defence on the conclusion of the vehicle delivery agreement signed in 2006. The settlement contract did not have a significant financial effect on the financial statements, nor does it have any impact on the pending litigation.

FINANCIAL PERFORMANCE

The Group's net sales for 2012 grew by 19 per cent on the previous year. The growth in net sales was based on the company's solid order stock. The company's profitability showed a clear improvement. Patria's subsidiary Millog, a strategic partner of the Finnish Defence Forces, generated 19 per cent of the consolidated net sales, while Patria's 50 per cent-owned Nammo – a company manufacturing ammunition and missile products – accounted for 30 per cent.

Patria's order stock stood at EUR 1.2 (1.6) billion on 31 December 2012. The value of new orders totalled EUR 432 (456) million. The effects of the financial crisis in Europe were apparent in the defence budget cuts in various countries, which slowed down the development of the order stock. The reduction in Finland's defence appropriations and the reform in defence administration present both a challenge and an opportunity for Patria. Patria prepares for the changes in the operating environment by improving the effectiveness of its operations.

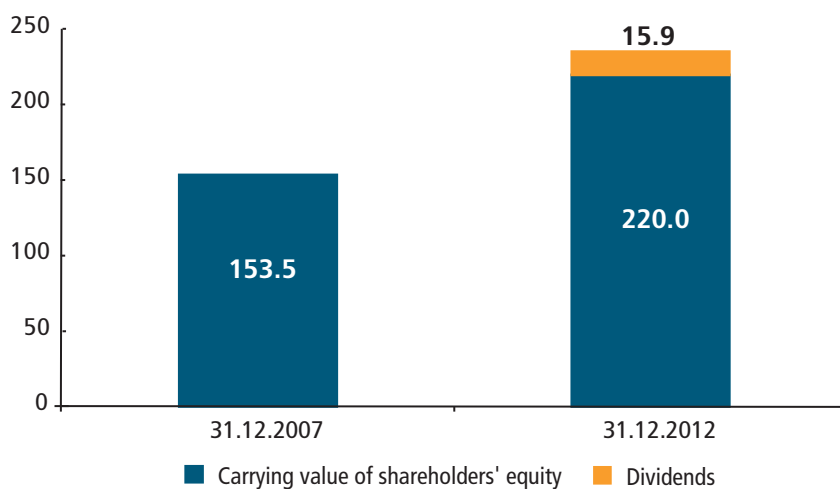
CORPORATE RESPONSIBILITY

Responsible action is part of Patria's management system and the basis for profitable business. The principal themes of corporate responsibility are a good partner, a good employer and an ethical operator in its field. The development of ethical action is defined as the key area of development. The instructions pertaining to the choice of partners have already been made more stringent, and a plan for ensuring ethical action throughout the supply chain has been drawn up.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	736.1	618.4
Operating income	EURm	87.0	60.3
Operating margin	%	11.8	9.7
Total assets	EURm	744.4	696.7
Equity ratio	%	47.7	42.1
Gearing	%	7.8	4.3
Return on equity	%	23.1	17.7
Return on investment	%	25.6	19.9
Total personnel (on average)		3,587	3,430
Personnel, Finland		2,567	2,474
Total dividends paid	EURm	19.0	10.3
Dividends received by the State	EURm	13.9	7.5
Investments	EURm	31.4	28.9
Taxes paid	EURm	6.1	6.5

YIELD TO THE STATE, EUR MILLION



The yield to the State was 9.0% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

RASKONE LTD

State shareholding: 85% (Governia Oy 15%)

Strategic interest of ownership: no strategic interest

Chairman of the Board: Juho Lipsanen

Members of the Board: Anniina Bergström, Jukka Ohtola, Klaus Sundström, Tiina Tuomela, Helena Walldén

Chief Executive Officer: Esa Mäkinen

Industry sector: repair and servicing of utility vehicles

Principal places of business in Finland: Helsinki, repair shops in various parts of Finland

Raskone provides its customers with life-cycle services for utility vehicles. Raskone, the Group's 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. Over the past few years, a unified chain has been built up of individual repair shops. The company focuses on the repair and servicing of trucks, vans and trailers. The business is based on the company's ability to service vehicles and machinery of all makes. The Group's subsidiary, Pajakulma Oy, designs and implements refitting solutions for utility vehicles and work machinery. Pajakulma is Finland's leading supplier of suspension systems for heavy-duty vehicles.

FINANCIAL PERFORMANCE

The situation of Raskone's sector continued to be difficult throughout 2012. Fleet operators are burdened by increased fuel and labour costs and weak economic prospects. Vehicle mileages continued to decrease. These factors were reflected in Raskone's operations as low demand for repair shop services.

The parent company Raskone's net sales for 2012 decreased by four per cent on the previous year and stood at EUR 77 (81) million. In addition to the weak economic cycle, the decrease in net sales was also due to the divestment of certain operations at the end of 2011. Business profitability was poor, but the parent company's operating loss of EUR -2.5 (-3.2) million was nevertheless smaller than that of the previous year thanks to the adjustment measures taken. The financial performance was burdened by the company's investments in training and marketing. The loss incurred weakened the Group's balance sheet and its equity ratio at the end of 2012 stood at 20.0 (24.5) per cent.

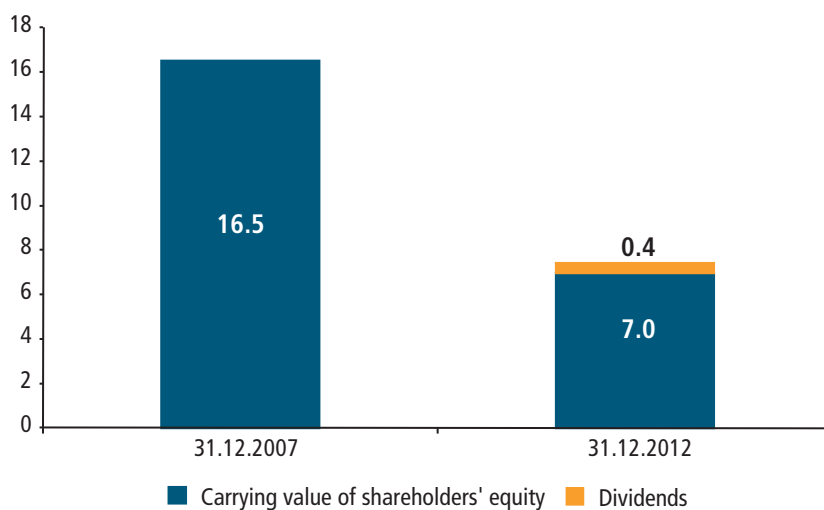
CORPORATE RESPONSIBILITY

Environmental responsibility constitutes a key corporate responsibility theme for Raskone. The company's environmental management system meets the ISO 14001 requirements and the repair shops are committed to continuously improving their operations with due consideration given to environmental effects. Another key theme is customer satisfaction, which the company monitors on a systematic basis. Managerial skills have been highlighted as a development target with regard to social responsibility.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	100.2	101.5
Operating income	EURm	-2.0	-3.8
Operating margin	%	-2.0	-3.7
Total assets	EURm	41.1	41.2
Equity ratio	%	20.0	24.5
Gearing	%	140.1	107.2
Return on equity	%	-19.4	-28.8
Return on investment	%	-6.9	-13.4
Total personnel (on average)		801	804
Personnel, Finland		801	804
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Investments	EURm	3.6	1.5
Taxes paid	EURm	0.1	0.3

YIELD TO THE STATE, EUR MILLION



The yield to the State was -14.8% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).



SUOMEN LAUTTALIIKENNE OY

State shareholding: 100%

Strategic interest of ownership: to secure cable ferry and ferry services as part of the public road network

Chairman of the Board: Pertti Saarela

Members of the Board: Lauri Ojala, Virpi Paasonen, Matti Pajula, Minna Pajumaa

Chief Executive Officer: Mats Rosin

Industry sector: ferry and water transport services

Principal places of business in Finland: Turku, Savonlinna and 45 ferry sites around Finland

Suomen Lauttaliikenne is responsible for operating the State's ferry and commuter ferry traffic. In 2012, Arctia Archipelago Shipping became a subsidiary of Suomen Lauttaliikenne and the name was changed to Finland Archipelago Shipping Ltd. Suomen Lauttaliikenne has a market share of 80 per cent. All but one cable ferry locations on Finland's inlakes, which are part of the public road network, are operated by Suomen Lauttaliikenne.

FINANCIAL PERFORMANCE

Net sales for 2012 were up 18.3 per cent on the previous year, which was partly due to the acquisition of Arctia Archipelago Shipping in May. Operating income decreased by 17.4 per cent due to the additional depreciation made. The advance payments for the new ferry-boats and the Archipelago Shipping acquisition resulted in a significant increase in total assets. The company's financial position remained solid. Net sales are expected to remain at the 2012 level or increase slightly. The company has a solid order stock up until the end of 2014. It will focus on streamlining its ferry operations.

The company's investments in 2012 totalled EUR 19.0 million. In 2013, the investments will remain below the previous year's level.

Suomen Lauttaliikenne's largest client is the Centre for Economic Development, Transport and the Environment for Southwest Finland; the other clients comprise private road maintenance associations. The Centre for Economic Development, Transport and the Environment seeks to increase the number of service providers and so promote competition in the sector. Consequently, a large number of ferry and cable-ferry sites will be put out to open tender on the commuter ferry side.

The company's principal risks include its ageing fleet and the ageing of its personnel. Its business operations are affected by competitive bidding and the government bridge construction programme.

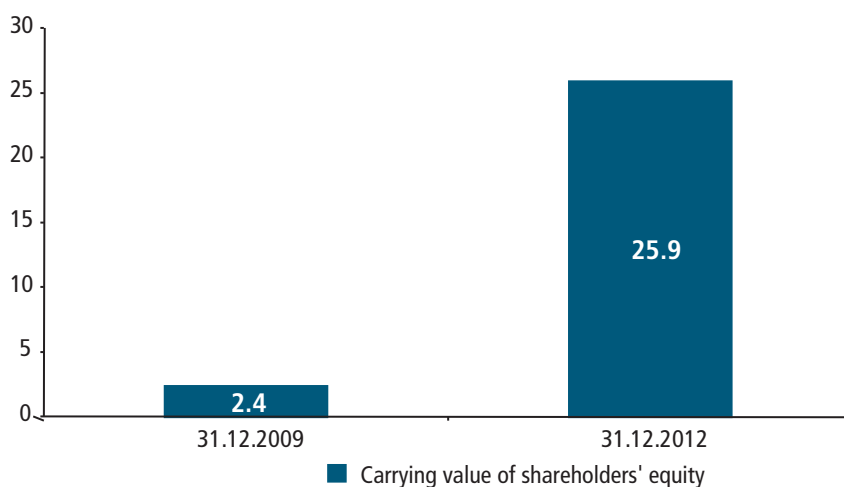
CORPORATE RESPONSIBILITY

Suomen Lauttaliikenne's level of corporate responsibility management is good. The operations of Suomen Lauttaliikenne are guided by care for security and the environment.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	46.1	39.0
Operating income	EURm	9.4	11.4
Operating margin	%	20	29.4
Total assets	EURm	40.0	25.5
Equity ratio	%	65	70
Gearing	%	-52.0	6.5
Return on equity	%	26	63
Return on investment	%	82.4	40.0
Personnel, total		335	290
Personnel, Finland		335	290
Total dividends paid	EURm	1.5	0.0
Dividends received by the State	EURm	1.5	0.0
Investments	EURm	19.0	4.1
Taxes paid	EURm	1.8	4.0

YIELD TO THE STATE, EUR MILLION



The yield to the State was 122% a year in the period 31 December 2009 – 31 December 2012 (CAGR, Compound annual growth rate).

MINT OF FINLAND LTD

State shareholding: 100%

Strategic interest of ownership: general money supply and securing of the sufficient amount of coins in circulation

Chairman of the Board: Pentti Kivinen

Members of the Board: Kalevi Alestalo, Harry Linnarinne, Riitta Mynttinen, Anssi Pihkala, Hanna Sievinen, Anna Maija Wessman

Chief Executive Officer: Paul Gustafsson

Industry sector: metal engineering industry

Principal places of business in Finland: Vantaa

Mint of Finland Group is one of the world's largest exporters of metal coins and a strong operator in the euro area. The company designs, markets and mints money. In addition to circulation coins, its products include commemorative and special coins, coin sets and coin blanks. Mint of Finland is one of the few operators in the industry capable of offering a complete service to its customers, from the production of coin blanks to tool manufacturing and minting of coins. In addition to Finland, the company also has a presence in Germany and Norway, and exports accounted for 87 (90) per cent of its net sales. Product development is one of the company's major competitive assets. In 2012, Mint of Finland introduced a new technology that makes it possible to add digital security characteristics to coins.

FINANCIAL PERFORMANCE

The year 2012 was a difficult year for Mint of Finland because of low demand for coins and intense competition due to overcapacity. The Group's net sales fell by more than 13 per cent and its operating income showed a loss. In addition to the company's poor success in sales, the negative result is explained by the considerable losses associated with the project delivered to Argentina and the expenses arising from investments. The net result was EUR 7.2 (2.0) million.

Mint of Finland launched an efficiency programme to improve its competitiveness and profitability. The company deepened the integration of its German subsidiary, centralised its sales in Finland, and decided to reduce the collector product business and focus on manufacturing domestic commemorative coins. Certain operations were outsourced for added flexibility.

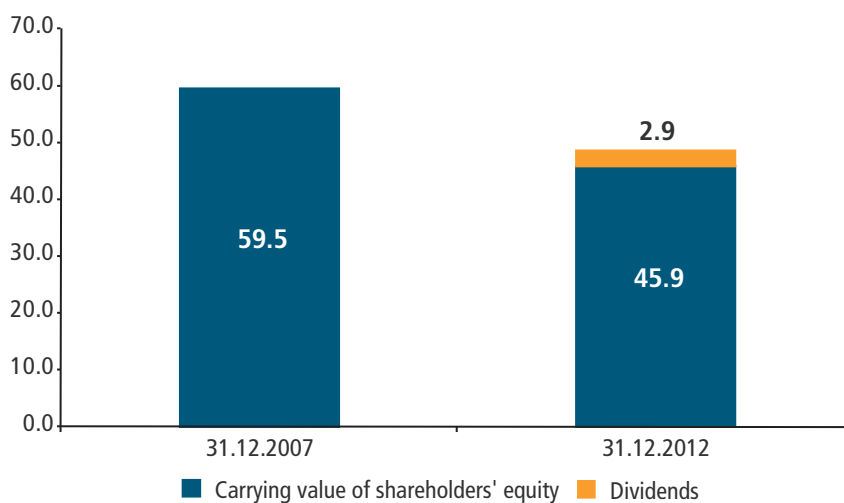
CORPORATE RESPONSIBILITY

Mint of Finland's ambition is to become the world's most respected operator in the world of coins, and responsible action is seen as an integral part of the company's business strategy. As regards environmental responsibility, the company's aim is to reduce the amount of mixed waste and wastage, and to increase recycling. The company seeks to identify the environmental impacts during the entire life cycle of the coin. Efforts are made to investigate the origin of the materials used as precisely as possible. Key themes include a responsible personnel policy and management, matters related to the competence development of the personnel as well as wellness at work and occupational safety.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	118.9	137.1
Operating income	EURm	-5.4	2.6
Operating margin	%	-4.5	1.9
Total assets	EURm	92.5	100.7
Equity ratio	%	50.3	53.5
Gearing	%	56.6	24.7
Return on equity	%	-14.5	3.8
Return on investment	%	-6.8	4.9
Total personnel (on average)		235	231
Personnel, Finland		76	65
Total dividends paid	EURm	0	1.1
Dividends received by the State	EURm	0	1.1
Investments	EURm	4.4	2.2
Taxes paid	EURm	0	0.5

YIELD TO THE STATE, EUR MILLION



The yield to the State was -3.9% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

FINNISH SEED POTATO CENTRE LTD

State shareholding: 22%

Strategic interest of ownership: security of supply and plant health

Chairman of the Board: Reijo Moilanen

Members of the Board: Kauko Matinlauri, Jouko Lähteenoja, Ossi Paakki, Antti Lavonen, Jorma Mäkelä

Chief Executive Officer: Lauri Juola

Industry sector: maintenance, production and marketing of potato varieties

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. During the financial period, the company had a total of 32 potato varieties in production for the domestic market, of which 26 varieties were maintained by the company in greenhouse-based production. Additionally, the company has more than 20 varieties in production for export markets.

FINANCIAL PERFORMANCE

The company's net sales in 2012 fell by 17 per cent year-on-year, reaching EUR 3.5 million. Operating income declined year-on-year to EUR 0.07 million. The decline in net sales and financial performance was mostly due to the quality issues in the lots prepared to order for outside parties and the very low price level of the potato lots sold for human consumption. However, the company's equity ratio rose slightly. For the first time in its history, the company paid out dividends for the financial year 2012.

In autumn 2011, SPK brought into use a new aeroponic cultivation method for the production of seed potatoes. The method increases the number of tubers per plant up to tenfold compared to before. Thanks to the new method, new and promising potato varieties are introduced faster onto the Finnish market from domestic seeds, thus reducing the dependency on foreign registered seeds. The unit costs of production are also considerably reduced. The company continues with the development of the method.

The company is also involved in regional and nationwide research concerning potato planting and plant diseases.

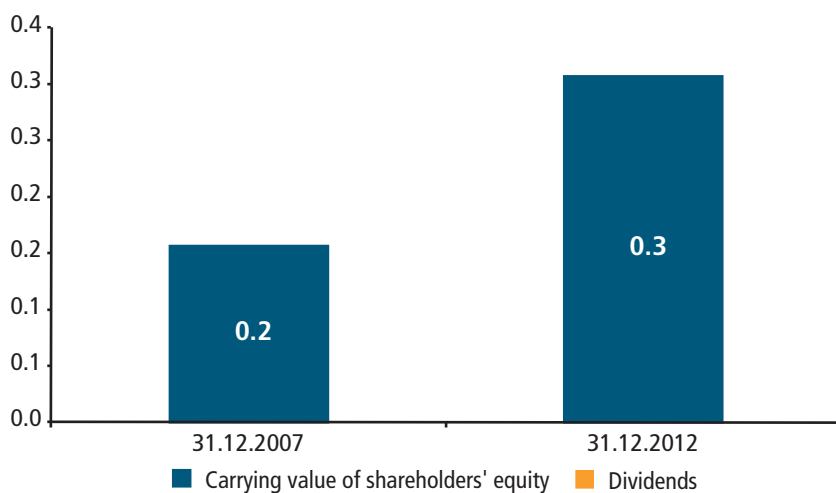
CORPORATE RESPONSIBILITY

SPK does not for the time being have actual corporate responsibility reporting in place. The company may be regarded as indirectly making a strong contribution to the attainment of corporate responsibility through the prevention of plant diseases and the promotion of the security of supply.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	3.5	4.2
Operating income	EURm	0.07	0.5
Operating margin	%	2.0	11.0
Total assets	EURm	3.4	3.3
Equity ratio	%	43.0	41.0
Gearing	%	55.2	54.0
Return on equity	%	3.3	26.7
Return on investment	%	3.2	26.0
Personnel, total		13	13
Personnel, Finland		13	13
Total dividends paid	EURm	0.075	-
Dividends received by the State	EURm	0.017	-
Investments	EURm	0.06	0.4
Taxes paid	EURm	0.015	0.116

YIELD TO THE STATE, EUR MILLION



The yield to the State was 14.5% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).



SUOMEN VILJAVA OY

State shareholding: 100%

Strategic interest of ownership: to influence the functioning of the cereal storage and handling market and the security of supply, and to secure the undisturbed execution of tasks related to EU intervention operations

Chairman of the Board: Kari Kolu

Members of the Board: Michael Hornborg, Pekka Kettunen, Helena Tammi, Taina Vesanto

Chief Executive Officer: Kari Nurmentaus

Industry sector: cereal handling and storage services

Principal places of business in Finland: Vantaa, Naantali, Rauma, Kokemäki, Turun

Suomen Viljava's main field of activity is the handling and storage of cereals and cereal-type raw materials. The company operates in 21 locations in Finland. The year 2012 was highly typical as far as cereal handling is concerned. The company received and dispatched a total of 2.2 million tonnes of cereal. At the end of 2012, the company's had 770,000 tonnes of cereal in its stocks. The handling of intervention cereals ended in early 2012, which was reflected in the storage and handling volumes. The majority of Finland's reserve stock cereals are stored in the company's silos.

FINANCIAL PERFORMANCE

Net sales in 2012 reached EUR 17.7 (20.1) million. The net sales declined clearly on the previous year, which was exceptionally good in terms of cereal storage. The decline in net sales also burdened the company's profitability. Operating income fell to EUR 2.9 (7.8) million. The 2011 net sales were increased by the capital gain of EUR 2.8 million on the sale of the Kotka storage facility. Equity ratio fell year-on-year, but still remained excellent.

The company's investments mainly consisted of repair and refurbishment investments. The company has made special investments in the automation of the control technology used in silos and the recovery of grain dust.

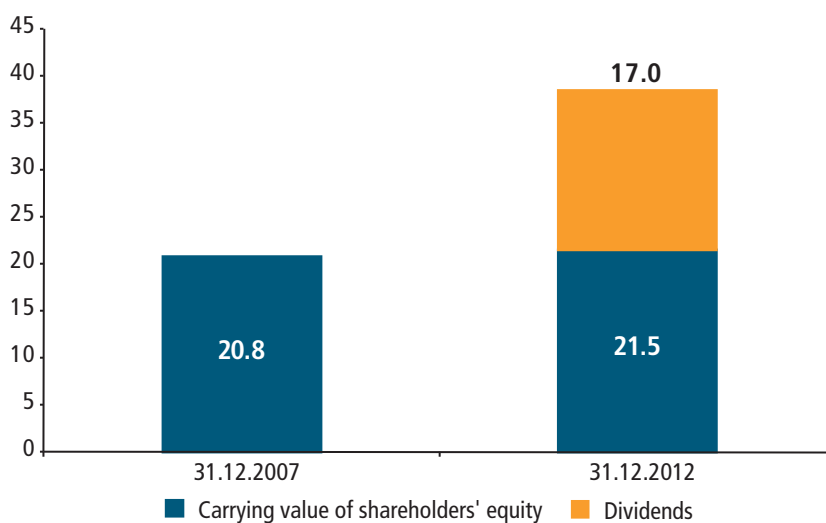
CORPORATE RESPONSIBILITY

Suomen Viljava's corporate responsibility approach lays special emphasis on personnel and environmental matters. The company is committed to the conservation of energy and to seek environmentally-friendly solutions in its operations to support the sustainable use of natural resources. The company has created solutions for directing grain dust to reuse instead of hauling it to landfills. The company seeks to further improve its energy efficiency and to increase the use of renewable energy. As regards social responsibility, the competence development of the personnel and the promotion of working capacity are seen as priority areas.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	17.7	20.1
Operating income	EURm	2.9	7.8
Operating margin	%	16.6	38.9
Total assets	EURm	27.2	27.1
Equity ratio	%	79.1	89.6
Gearing	%	7.6	-8.7
Return on equity	%	9.0	24.6
Return on investment	%	11.9	32.7
Personnel, total		90	90
Personnel, Finland		90	90
Total dividends paid	EURm	3.0	5.0
Dividends received by the State	EURm	3.0	5.0
Investments	EURm	3.2	3.9
Taxes paid	EURm	2.2	1.5

YIELD TO THE STATE, EUR MILLION



The yield to the State was 13.1% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).



VAPO OY

State shareholding: 50.1%

Strategic interest of ownership: the diversity of domestic energy production

Chairman of the Board: Juho Lipsanen

Members of the Board: Risto Kantola, Minna Pajumaa, Perttu Rinta, Arto Sutinen, Marja Tuderman

Chief Executive Officer: Tomi Yli-Kyyny

Industry sector: energy production, sawmill industry, environmental business

Principal places of business in Finland: Jyväskylä, Hankasalmi, Nurmes

Vapo's business operations include the production of peat and wood-based fuels, district heat production, sawmills and the environmental business.

Vapo's special ambition is to reduce the burden on water bodies arising from peat production, to which end the company plans to invest a total of EUR 30 million in water treatment and responsible peat production over a period of three years. The aim is that best available water treatment techniques will be adopted in all peat production areas by the end of 2014.

Vapo set up a subsidiary, Forest Btl, with the objective of building a second-generation traffic fuel plant in Finland fired by wood-based raw material. The project was granted EU support (NER 300) in the amount of EUR 88.5 million to be allocated to the production stage of the plant. The company plans to implement several plant projects later on without support from the EU.

FINANCIAL PERFORMANCE

The year 2012 was the second successive bad season in terms of peat production. Production in summer 2012 only reached 47 per cent of the planned volume due to heavy rainfall. This burdened Vapo's financial result for 2012. The 2012 financial performance was also burdened by the continued poor profitability of sawmill operations. The losses made by pellet operations were reduced following the pellet plant closedowns made. Vapo's wood energy production has not as yet reached satisfactory profitability either.

The growing demand for biofuels in Finland is expected to be directed towards wood-based energy in the future. The use of peat, on the other hand, is expected to decrease from the recent years' average level of 23 TWh to a level of around 11 to 13 TWh. A peat stock of around 6 to 8 TWh would be required for balancing weather-induced risks across different years.

With regard to pellets, the oversupply in Europe is expected to continue for several years; in response to this, Vapo has stopped exporting pellets from Finland. The profitability of Finnish pellet production will be improved by the closedown of Vapo's three small pellet plants.

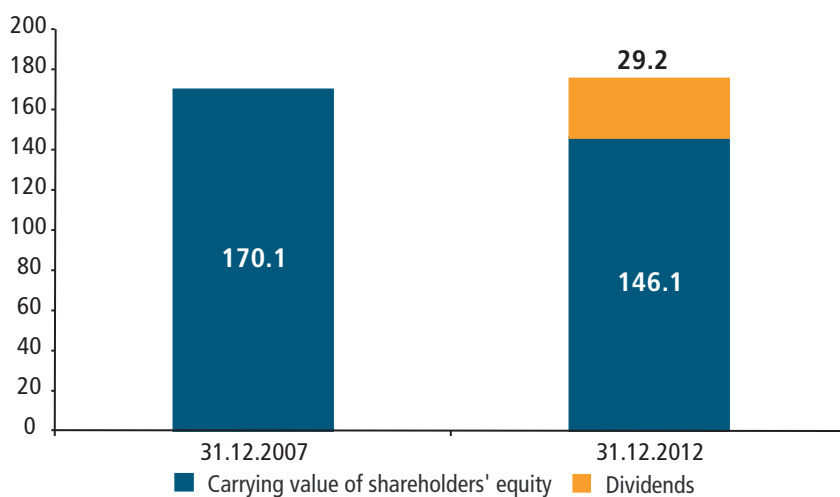
CORPORATE RESPONSIBILITY

Vapo published its new commitments to environmental responsibility in December 2012. First, Vapo only looks for new production areas in peatlands that have already been altered by human activity, mostly by means of drainage. Second, the new production areas will be such that they in fact lower the levels of suspended soils and humic water downstream of the production area. Third, Vapo monitors emissions during the production season in all of its production areas and year-round in half of its production areas.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	652.9	705.0
Operating income	EURm	5.8	-41.9
Operating margin	%	0.9	-5.9
Total assets	EURm	804.8	869.3
Equity ratio	%	37.1	33.8
Gearing	%	122.0	145.8
Return on equity	%	0.9	-11.9
Return on investment	%	0.9	-5.8
Personnel, total		1,154	1,226
Personnel, Finland		770	783
Total dividends paid	EURm	10.0	0
Dividends received by the State	EURm	5.01	0
Investments	EURm	48.0	94.5
Taxes paid	EURm	-3.6	4.4

YIELD TO THE STATE, EUR MILLION



The yield to the State was 0.6% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

VR-GROUP LTD

State shareholding: 100%

Strategic interest of ownership: to promote rail traffic and its functioning

Chairman of the Supervisory Board: Kari Rajamäki

Chairman of the Board: Hannu Syrjänen

Members of the Board: Riku Aalto, Christer Granskog, Maaret Heiskari, Jarmo Kilpelä, Antti Mäkelä, Liisa Rohweder, Tuija Soanjärvi

Chief Executive Officer: Mikael Aro

Industry sector: railway and road transport including track construction and maintenance

Principal places of business in Finland: Helsinki, Kouvola, Oulu and Tampere

VR has operations in three principal business areas. VR provides rail passenger services and Pohjolan Liikenne operates bus and coach services. VR Transport provides logistics services. VR Track is responsible for infrastructure engineering. Additionally, the Group includes AVECRA, a company responsible for restaurant operations and Corenet, a company responsible for telecom services. While VR's main market area is Finland, a substantial share of its freight transport operations is international. Nearly half of its net sales are generated by rail transport.

FINANCIAL PERFORMANCE

VR's comparable net sales for 2012 were up 3.9 per cent on the previous year, Net sales increased in passenger services and infrastructure engineering. The comparable net sales generated by logistics remained at the previous year's level. The net sales for 2013 are expected to fall slightly short of the 2012 level.

VR's operating income showed positive development. Operating income increased in passenger services and logistics, and operating loss was reduced in infrastructure engineering. The comparable operating income for 2013 is expected to improve from the previous year's level.

The purchase of new electric locomotives will be decided in 2013. This will be the largest single investment in VR's history. The investment programme worth EUR 700 to 900 million extends up to 2025.

The uncertain state of the economy has a visible impact on the logistics business, in particular. As both logistics and passenger traffic are expected to grow further in Russia, the country risk posed by Russia is growing in importance.

Infrastructure engineering is expected to maintain its current market position in Finland. In Finland, the risks relate to the decline in the market and to increasing competition.

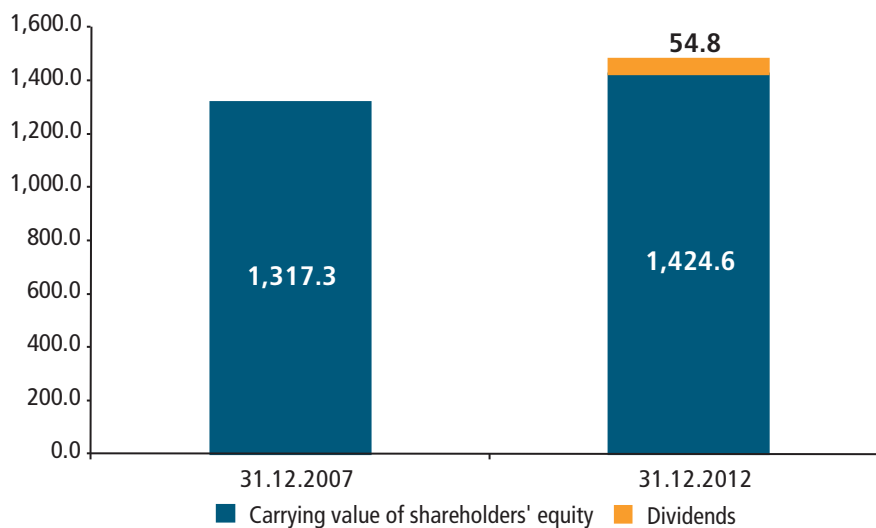
CORPORATE RESPONSIBILITY

At VR, responsibility is integrated as part of the Group strategy. VR's most significant goals relate to reducing its carbon dioxide emissions and energy consumption. VR can provide transport services that are more environmentally friendly than other forms of transport.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	1,437.8	1,437.2
Operating income	EURm	52.4	20.9
Operating margin	%	3.6	1.5
Total assets	EURm	1,773.7	1,748.1
Equity ratio	%	82.2	81.0
Gearing	%	-14.3	-12.3
Return on equity	%	2.9	1.6
Return on investment	%	3.9	1.7
Personnel, total		11,080	11,391
Personnel, Finland		10,582	10,874
Total dividends paid	EURm	0	0
Dividends received by the State	EURm	0	0
Gross investments	EURm	122	163
Taxes paid	EURm	1.7	2.7

YIELD TO THE STATE, EUR MILLION



The yield to the State was 2.3% a year in the period 31 December 2007 – 31 December 2012 (CAGR, Compound annual growth rate).

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



GOVERNIA OY

State shareholding: 100%

Special assignment: to serve as a state investment company that can be used for special ownership restructuring purposes

Chairman of the Board: Jarmo Kilpelä

Members of the Board: Rita Linna, Aija Tasa, Petri Vihervuori

Chief Executive Officer: Raimo Korpinen

Industry sector: investment operations

Principal places of business in Finland: Helsinki

Governia was established in 2009 when Solidium Oy, a company that had previously attended to the duties now assigned to Governia, was divided into Solidium, which administers the State's shareholdings in non-strategic listed companies, and Governia, which is engaged in the property business. Governia is a holding company whose most important subsidiaries are Kruunuasunnot Oy and Easy Km Ltd. In managing and developing its assets, Governia seeks a return on its investments and pursues a prudent risk management policy. The company looks to increase shareholder value. Governia seeks to generate a return on liquid funds while overseeing the operations and business development of its subsidiaries. Kruunuasunnot Oy owns some 190 residential buildings with around 2,890 rental flats in 29 localities. Of the housing stock, 1,666 (1,738) flats were rented to the Finnish Defence Forces at the end of 2012. Easy Km's fleet included 7,778 vehicles at the end of 2012.

FINANCIAL PERFORMANCE

Governia's consolidated net sales remained more or less unchanged, totalling EUR 121.3 (122.4) million. Easy Km's net sales totalled EUR 92.6 (92.4) million and that of Kruunuasunnot EUR 28.7 (30.7) million. The consolidated result for the period was EUR 0.7 (2.4) million. The result was burdened by Easy Km's weakened financial performance, which was mainly due to the loss-making servicing operations. The rearrangement of refinancing has contributed to the improved profitability of financing operations. The profitability of Kruunuasunnot remained more or less unchanged. The company's financial performance continued to be burdened by renovation and repair projects. The demand for owner-occupied housing units fell short of the best years. The proceeds from the sale of dwellings amounted to EUR 5.6 million.

CORPORATE RESPONSIBILITY

Operations at the Group level are guided by ethical guidelines. Corporate responsibility is integrated as part of the management systems of the Group companies. For Kruunuasunnot, key corporate responsibility aspects include social responsibility, in particular a safe and healthy living environment as well as energy and materials efficiency. Given that energy costs account for a substantial part of the company's expenses, the company will be able to attain further cost savings by improving

its energy efficiency. In its investments, the company lays special emphasis on energy efficiency with respect to materials and technical building systems, and sustainable solutions with respect to the environment. The company has also invested in the improvement of living comfort. In the construction sector, combating the grey economy poses challenges to the company, and ensuring responsibility throughout the subcontracting chain takes on special importance.

As a financing company, economic responsibility is of pronounced importance for Easy Km. Easy Km's environmental effects are indirect and become concrete in the form of carbon dioxide emissions from the vehicle chosen by the customer. As a financier, expertise in the reduction of carbon dioxide emissions may provide the company with a competitive advantage. As regards personnel matters, the company puts special efforts in developing managerial skills.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	121.3	122.4
Operating income	EURm	5.4	5.9
Operating margin	%	4.5	4.9
Total assets	EURm	380.6	324.9
Equity ratio	%	34.2	39.7
Gearing	%	129.5	90.7
Return on equity	%	0.7	1.6
Return on investment	%	2.0	2.8
Personnel, total		63	59
Personnel, Finland		63	59
Total dividends paid	EURm	-	-
Dividends received by the State	EURm	-	-
Investments	EURm	88.6	81.6
Taxes paid	EURm	1.3	1.4

SOLIDIUM OY

State shareholding: 100%

Special interest of ownership: to reinforce and consolidate domestic ownership in companies of national significance and increase the economic value of the assets in the long-term.

Chairman of the Board: Pekka Ala-Pietilä

Members of the Board: Eija Ailasmaa, Antti Herlin, Markku Hyvärinen, Marketta Kokkonen, Anni Vepsäläinen, Jarmo Väisänen

Chief Executive Officer: Kari Järvinen

Industry sector: investment operations

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 11 listed companies in which it holds a non-controlling interest.

Solidium's financial year is from 1 July to 30 June. During the current financial year (2012–2013), the European Commission approved the transaction in which Outokumpu's acquired ThyssenKrupp AG's stainless steel business, Inoxum. The new company commenced operations on 29 December 2012. Through a directed share issue, ThyssenKrupp became a major shareholder in Outokumpu with a holding of 29.9%. Solidium's holding is 21.8%. A condition for the approval of the acquisition was the divestment of Inoxum's stainless steel mill in Terni, Italy.

During the first half of the current financial year, Solidium acquired shares for a total of around EUR 26 million as it increased its holding in Outotec from 6.8 per cent to 8.3 per cent. On 21 March 2013, Solidium announced that it had increased its holding in Outotec's shares to 10 per cent.

During the first half of the current financial year, Solidium sold shares for a total of around EUR 148 million as it sold its entire holding in Sponda to a Finnish investor group. Before the disposal, Solidium owned 14.9 per cent of Sponda's outstanding shares. The capital gain before tax from the transaction was around EUR 71 million.

On 15 April 2013, Solidium announced that it became the largest shareholder in Talvivaara with an ownership of around 16.7 per cent following the completion of the rights issue. Prior to the rights issue, Solidium's holding in the company was 8.9 per cent. Solidium subscribed for new shares with around EUR 23 million in the primary rights issue, and with around EUR 24 million in the secondary rights issue.

During the half-year period, Solidium paid EUR 800 million in profit distribution to the State. Following the profit distribution, Solidium's net asset value decreased by EUR 307 million down to EUR 6,550 million.

At the end of the last financial year, Solidium recognised an impairment of EUR -403 million with regard to Rautaruukki's shares. During the half-year period, the company recognised an impairment of EUR 16 million, of which EUR -72 million is related to shares in Talvivaara and EUR 55 million is a reversal of an earlier impairment concerning Rautaruukki

CORPORATE RESPONSIBILITY

The impact of Solidium's corporate responsibility endeavours are realised through its mission as an owner and investor. Solidium's goal is the long-term growth of the economic value added of its investments. Solidium must be aware of its portfolio companies' substantial corporate responsibility matters and their potential effects. This concerns the management of risks related to the portfolio companies' corporate responsibility matters and the utilisation of new business opportunities. Solidium's operating model in corporate responsibility matters is based on an extensive analysis of the portfolio companies' corporate responsibility. In its analysis, the company seeks to evaluate the importance of its portfolio companies' corporate responsibility matters, their business effects, the level of their management, and their performance level. The evaluation of corporate responsibility matters is part of the tasks of an active long-term owner. The disposal of ownership due to corporate responsibility reasons is not, as a rule, typical of the company.

The purpose of Solidium's own corporate responsibility reporting is to describe the significance and manifestation of corporate responsibility endeavours in the company's operations as well as the targets and achievements of the corporate responsibility endeavours. Corporate responsibility matters are viewed from the perspective of an owner and investor on the one hand, and as a company and employer on the other.

KEY FINANCIAL INDICATORS

		1.7.–31.12.2012	1.7.–31.12.2011	1.7.2011– 30.6.2012
Net sales	EURm	0.0	0.0	0.0
Operating income	EURm	69.6	-1.7	132.0
Profit for the financial year	EURm	36.0	7.4	131.2
Return on investments at fair value	%	8.7	-14.9	-14.6
Dividends and capital repayments received	EURm	0.0	6.7	398.8
Administrative cost ratio	%	0.05	0.04	0.05
Net asset value	EURm	6,550.0	6,728.5	6,856.6
Shareholders' equity	EURm	5,019.1	5,659.2	5,783.1
Interest-bearing debts	EURm	600.0	0.0	600.0
Equity ratio	%	89.0	100.0	90.6
Personnel, total		11	11	11
Personnel, Finland		11	11	11
Total dividends paid	EURm	800	660	660
Dividends received by the State	EURm	800	660	660

Solidium's portfolio at 31.12.2012:

Total investments			Total investments in shares		
	EUR	weight		EUR	weight
Elisa	281,080,730	4%	Elisa	281,080,730	4%
Kemira	395,732,676	4%	Kemira	305,832,787	4%
Metso	534,916,995	7%	Metso	534,916,995	7%
Outokumpu	360,318,976	5%	Outokumpu	360,318,976	5%
Outotec	161,064,174	2%	Outotec	161,064,174	2%
Rautaruukki	331,435,047	4%	Rautaruukki	331,435,047	5%
Sampo	1,929,677,147	26%	Sampo	1,929,677,147	27%
Sponda	0	0%	Sponda	0	0%
Stora Enso	534,477,804	7%	Stora Enso	534,477,804	7%
Stora Enso A	316,896,841		Stora Enso A	316,896,841	
Stora Enso R	217,580,963		Stora Enso R	217,580,963	
Talvivaara	30,068,886	1%	Talvivaara	30,068,886	0%
TeliaSonera	2,596,335,520	35%	TeliaSonera	2,596,335,520	36%
Tieto	110,415,574	1%	Tieto	110,415,574	2%
Total investments in shares	7,175,623,640	95%	Total investments in shares	7,175,623,640	100%
Money market placements	349,734,937	5%			
Total investments	7,525,358,577	100%			

Most of the investments in Solidium's portfolio consist of investments in shares. At the end of the reporting period on 31 December 2012, they accounted for about 95 per cent of the total. In share investments, the greatest weight is on TeliaSonera which accounts for around 35 per cent of the whole portfolio. TeliaSonera and Sampo make up substantial weights in Solidium's portfolio.

On 31 December 2012, Solidium's money market investments stood at a total of EUR 350 million (EUR 1,029 million on 30 June 2012). The amount of money market investments during the reporting period was affected by profit distribution, taxes and the acquisitions and sale of shares.

The total yield of Solidium's share portfolio fell short of the weight-limited OMX Helsinki Cap GI gross index both during the reporting period and over the past 12 months.

Return on investments	1.7.–31.12.2012	1.1.–31.12.2012
Total yield of share portfolio	9.9%	9.3%
Money market investments	0.3%	0.6%
Return on investments	8.7%	9.2%
OMX Helsinki Cap GI gross index	15.2%	15.5%

Share yields, 1.1.–31.12.2012

Tieto	42%
Kemira	36%
Sampo	35%
Stora Enso	19%
Metso	18%
Outotec	17%
Elisa	12%
TeliaSonera	4%
Rautaruukki	-12%
Outokumpu	-36%
Talvivaara	-50%

STATE SECURITY NETWORKS LTD

State shareholding: 100%

Special assignment: operation of communications networks critical to the nation's security

Chairman of the Board: Jarmo Väisänen

Members of the Board: Lea Jokinen, Harri Martikainen, Harri Ohra-Aho, Sohvi Rajamäki, Esa Rautalinko, Elina Selinheimo, Anni Vepsäläinen

Chief Executive Officer: Timo Lehtimäki

Industry sector: operation of communications networks

Principal places of business in Finland: Helsinki

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. The parent company State Security Networks Ltd is a non-profit company. Through its subsidiary Leijonaverkot Oy, the company owns and operates a considerable number of the telecommunications centres in Finland. At the beginning of 2012, the company set up the subsidiary Suomen Turvallisuusverkko Oy. During 2012, the company prepared for the commencement of security network operations by recruiting key people, drawing up a business plan and commencing the network operator's competence building, and preparing for the transfer of business. The transfer of security network operations to the company during 2014 will significantly increase the Group's personnel and net sales. By the end of 2014, the company will assume responsibility for operating the security network and services as defined in the State Security Network Act currently under preparation. When complete, the Government Security Network TUVE will be a shared and secure network serving the State leaders and 30,000 safety authority users based on high-level contingency planning.

FINANCIAL PERFORMANCE

The Groups net sales for 2012 stood at EUR 37.7 (31.6) million. The Groups operating income was EUR 3.0 (0.9) million. The improvement in the Group's net sales and profitability was partly due to the business operations of Leijonaverkot. The Group's financial performance was adversely affected by the preparations for the commencement of security network operations. Leijonaverkot increased its net sales to EUR 9.4 million from the previous year's EUR 6.1 million. The financial performance of all subsidiaries remained stable. The parent company's operating income showed a loss of EUR 2.4 (-3.3) million. In 2012, the company received price subsidies in the amount of EUR 6.6 (6.1) million. In 2012, a total of EUR 1 million of capital was injected in State Security Networks in view of the commencement of security network operations.

A total of EUR 36 million has been used for developing the Virve network over the years 2008–2012. The investments by Leijonaverkot in telecommunications and equipment facilities along with maintenance and development expenditure totalled EUR 6.1 million.

CORPORATE RESPONSIBILITY

The business operations and corporate responsibility endeavours of the State Security Networks are guided by the provision of reliable telecommunications services. Other key corporate responsibility themes focus on the personnel, economic responsibility, ethical business principles and the environment. The company develops and monitors the reliability of its services on a constant basis,

and its operations put special emphasis on contingency planning, data security and the improvement of customer satisfaction. Environmental considerations are incorporated as part of the company's operating principles. As energy efficiency is of pronounced importance in the company's business operations, the company has made efforts to improve it by modernising the base stations of the network, among other things.

KEY FINANCIAL INDICATORS

		2012	2011
Net sales	EURm	37.7	31.6
Operating income	EURm	3.0	0.9
Operating margin	%	7.9	2.9
Total assets	EURm	125.8	120.0
Equity ratio	%	87.8	89.4
Gearing	%	-16.7	-12.4
Return on equity	%	2.0	0.6
Return on investment	%	2.8	1.4
Personnel, total		91	82
Personnel, Finland		91	82
Total dividends paid	EURm	-	-
Dividends received by the State	EURm	-	-
Investments	EURm	13.5	57.4
Taxes paid	EURm	0.3	0.1

APPENDIX 1: 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 % =

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

Operating income % =

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

Return on investment% =

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

Return on equity % =

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

Gearing % =

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

Dividend yield % =

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

Payout ratio % =

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

YIELD

Compound aggregate growth rate

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

where

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

Return on portfolio

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

$$\text{cumulative yield} = ((1+d_1) \times (1+d_2) \times (1+d_3) \dots (1+d_i) - 1)$$

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	Bloomberg EMEA Airlines index
Fortum	STOXX 600 Utilities Index
Neste Oil	STOXX 600 Oil&Gas Index

APPENDIX 2 State shareholdings and parliamentary authorisations on 31 December 2012

Listed companies	Ownership steering	Group	State shareholding	Minimum level of shareholding
Elisa Corporation	Solidium Oy	1a	10.1%	0.0%
Finnair Plc	VNK	1b	55.8%	50.1%
Fortum Corporation	VNK	1b	50.8%	50.1%
Kemira Oyj	Solidium Oy	1a	16.7%	0.0%
Metso Corporation	Solidium Oy	1a	11.1%	0.0%
Neste Oil Corporation	VNK	1b	50.1%	50.1%
Outokumpu Oyj	Solidium Oy	1a	31.2%	0.0%
Outotec Oyj	Solidium Oy	1a	8.3%	0.0%
Rautaruukki Corporation	Solidium Oy	1a	39.7%	0.0%
Sampo Plc	Solidium Oy	1a	14.2%	0.0%
Stora Enso Oyj	Solidium Oy	1a	12.3%	0.0%
Talvivaara Mining Company Plc	Solidium Oy	1a	8.9%	0.0%
TeliaSonera Finland Oyj	Solidium Oy	1a	11.7%	0.0%
Tieto Corporation	Solidium Oy	1a	10.3%	0.0%
Total (number)		14		

Unlisted commercial companies	Ownership steering	Group	State shareholding	Minimum level of shareholding
Altia Plc	VNK	1a	100.0%	50.1%
Arctia Shipping Ltd	VNK	1b	100.0%	100.0%
Arek Oy	VNK	1a	9.0%	0.0%
Art and Design City Helsinki Oy Ab	VNK	1a	35.2%	0.0%
Boreal Plant Breeding Ltd	VNK	1b	60.8%	50.1%
Destia Ltd	VNK	1a	100.0%	0.0%
Edita Plc	VNK	1a	100.0%	0.0%
Ekokem Oy Ab	VNK	1b	34.1%	0.0%
Gasum Corporation	VNK	1b	24.0%	0.0%
Itella Corporation	VNK	1b	100.0%	100.0%
Kemijoki Oy	VNK	1a	50.1%	50.1%
Leijona Catering Oy	VNK	1b	100.0%	100.0%
Meritaito Ltd	VNK	1b	100.0%	100.0%
Motiva Oy	VNK	1b	100.0%	100.0%
Patria Plc	VNK	1b	73.2%	50.1%
Raskone Ltd	VNK	1a	85.0%	0.0%
Suomen Lauttaliikenne Oy	VNK	1b	100.0%	100.0%
Mint of Finland Ltd	VNK	1b	100.0%	50.1%
Finnish Seed Potato Centre Ltd	VNK	1b	22.0%	0.0%
Suomen Viljava Oy	VNK	1b	100.0%	100.0%
Vapo Oy	VNK	1b	50.1%	50.1%
VR-Group Ltd	VNK	1b	100.0%	100.0%
Total (number)		22		
Commercial companies in total		36		

Companies entrusted with special state assignments	Ownership steering	Group	State shareholding	Minimum level of shareholding
Aalto University Properties Ltd	VM	2	33.3%	..
Alko Inc	STM	2	100.0%	100.0%
Asset Management Company (Arsenal Ltd1)	VM	2	100.0%	0.0%
CSC-IT Center for Science Ltd	OKM	2	100.0%	100.0%
Finavia Corporation	LVM	2	100.0%	100.0%
Fingrid Oyj	VM	2	53.1%*	0.0%
Finnpilot Pilotage Ltd	LVM	2	100.0%	100.0%
Finnvera Plc	TEM	2	100.0%	100.0%
Governia Oy	VNK	2	100.0%	100.0%
Hansel Ltd	VM	2	100.0%	100.0%
HAUS Kehittämiskeskus Oy	VM	2	100.0%	100.0%
Helsingin Yliopistokiinteistöt Oy	VM	2	33.3%	..
Horse Institute Ltd	OKM	2	25.0%	0.0%
Municipality Finance Plc	YM	2	16.0%	0.0%
Solidium Oy	VNK	2	100.0%	100.0%
Suomen Erillisverkot Oy	VNK	2	100.0%	100.0%
Finnish Aviation Academy Ltd	OKM	2	49.5%	0.0%
Finnish Industry Investment Ltd	TEM	2	100.0%	100.0%
Suomen Yliopistokiinteistöt Oy	VM	2	33.3%	..
Finnish Fund for Industrial Cooperation Ltd	UM	2	90.4%	50.1%
Tietokarhu Oy	VM	2	20.02)%	50.1%
Veikkaus Oy	OKM	2	100.0%	100.0%
Yleisradio Oy	LVM	2	100.0%	100.0%
Yrityspankki Skop Oyj3)	VM	2	95.2%	0.0%
Total (number)		24		
Total, all companies		60		

* The State's share of votes 70.9%

1) In receivership, 21.05% ownership through Government Guarantee Fund

2) The State's share of votes 80%

3) In receivership, ownership through Government Guarantee Fund (52.9%) and through companies in which the State has direct controlling interest based on shareholding (42.3%)

LVM = Ministry of Transport and Communications

OKM = Ministry of Education and Culture

STM = Ministry of Social Affairs and Health

TEM = Ministry of Employment and the Economy

UM = Ministry for Foreign Affairs

VM = Ministry of Finance

VNK = Ownership Steering Department, Prime Minister's Office

YM = Ministry of the Environment

Company Group 1a: The State as an owner has only or almost exclusively a strong shareholder interest. In arranging the ownership steering, the following aspects must be taken into consideration: direct controlling interest or authority relating to the State's shareholding; relating owner's risk; and participation in the company's decision-making on the basis of ownership.

Company Group 1b: Besides a strong shareholder interest, the company is connected with strategic interests owing to which the State is to remain so far a strong shareholder or to safeguard in other ways the strategic interests concerned, if the shareholding is reduced or relinquished.

Company Group 2: The State as an owner has a special interest related to regulation or official duties: the company has an industrial, societal or other political mission defined by the State or some other special role.



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