

Parent Company Financial Statements

Parent Company Income Statement

EUR	Note	Year ended 31 December	
		2016	2015
Sales	2	3 453 124 842.36	3 440 255 838.46
Changes in inventories of finished goods and work in progress + / -		-8 645 051.00	-69 601.51
Production for own use		667 584.36	364 197.03
Other operating income	3	174 310 491.70	198 839 833.47
Materials and services	4	-2 166 859 866.69	-2 186 849 909.29
Personnel expenses	5	-317 777 201.89	-313 529 620.90
Depreciation and impairment	6	-145 427 540.72	-125 769 638.30
Other operating expenses	7	-740 829 796.33	-744 726 891.92
		<u>-3 204 561 380.57</u>	<u>-3 171 741 631.42</u>
Operating profit		248 563 461.79	268 514 207.04
Financial income and expenses	9	-72 979 442.79	871 572.18
Profit before appropriations and taxes		175 584 019.00	269 385 779.22
Appropriations	10	-43 398 162.94	-75 746 938.54
Income tax expense	11	-11 317.14	-801 015.23
Profit for the period		<u>132 174 538.92</u>	<u>192 837 825.45</u>

Parent Company Statement of Financial Position

		As at 31 December	
EUR	Note	2016	2015
Assets			
Non-current assets			
Intangible assets	13	85 107 806.60	62 805 106.13
Tangible assets	13	925 892 189.71	940 097 325.41
Investments	15	6 960 781 950.22	7 484 096 707.38
Non-current assets total		7 971 781 946.53	8 486 999 138.91
Current assets			
Inventories	16	441 785 203.01	444 879 006.79
Long-term receivables	17	910 124.07	411 894.37
Short-term receivables	18	947 105 678.25	1 388 195 454.17
Financial securities	19	1 807 351 186.59	838 617 495.95
Cash in hand and at bank		452 010 803.21	284 064 198.33
Current assets total		3 649 162 995.13	2 956 168 049.61
Total assets		<u>11 620 944 941.66</u>	<u>11 443 167 188.52</u>
Equity and liabilities			
Equity			
	20		
Share capital	21	1 342 215 448.30	1 342 215 448.30
Share premium		3 638 800 031.65	3 638 800 031.65
Fair valuation reserve		-16 557 887.90	0.00
Invested non-restricted equity fund		633 102 719.13	633 102 719.13
Retained earnings		721 832 826.54	789 333 184.11
Profit for the period		132 174 538.92	192 837 825.45
Total equity		6 451 567 676.64	6 596 289 208.64
Accumulated appropriations	22	179 615 075.26	136 216 912.32
Provisions	23	16 509 827.01	20 412 532.08
Liabilities			
Non-current liabilities	25	1 752 103 707.37	2 347 039 519.21
Current liabilities	26	3 221 148 655.38	2 343 209 016.27
Total liabilities		4 973 252 362.75	4 690 248 535.48
Total equity and liabilities		<u>11 620 944 941.66</u>	<u>11 443 167 188.52</u>

Parent Company Cash Flow Statement

EUR	Year ended 31 December	
	2016	2015
Cash provided by operating activities		
Profit for the period	132 174 538.92	192 837 825.45
Adjustments and reversal of non-cash items:		
Direct taxes	11 317.14	801 015.23
Appropriations	43 398 162.94	75 746 938.54
Depreciation according to plan and impairment	145 427 540.72	125 769 638.30
Unrealised foreign exchange gains and losses	-29 407 050.99	69 930 038.00
Other non-cash items	-6 572 149.89	-1 043 841.35
Financial income and expenses	72 979 442.79	-871 572.18
Change in working capital:		
Increase(-)/decrease(+)		
in current non-interest-bearing receivables	44 236 683.21	63 361 831.83
Increase(-)/decrease(+) in inventories	3 093 803.78	29 139 395.16
Increase(+)/decrease(-)		
in current non-interest-bearing liabilities	63 103 131.44	-29 294 168.56
Cash flow from operating activities before financial items and taxes	468 445 420.06	526 377 100.42
Interest received from operating activities	61 030 249.96	70 765 249.35
Interest paid from operating activities	-122 085 035.78	-130 240 147.06
Dividends received from operating activities	132 744 144.41	245 520 583.43
Other financial items, net	-115 746 463.87	-105 991 103.64
Direct taxes paid	-702 129.85	-801 015.23
Cash provided by operating activities	423 686 184.93	605 630 667.27
Net cash provided by investing activities		
Investments in tangible and intangible assets	-153 717 389.59	-237 252 258.23
Capital gain from sale of tangible and intangible assets	2 683 991.60	5 239 543.92
Expenditure on other investments	-4 723 888.48	-9 039 004.00
Investment in subsidiary shares and other capital contributions	-90 937 620.38	-12 000 000.00
Proceeds from disposal of subsidiary shares and other repayment of capital	0.00	326 030 330.08
Proceeds from disposal of other investments	10 958 624.86	135 757.70
Change in non-current loan receivables	963 583 231.13	51 357 264.09
Net cash provided by investing activities	727 846 949.14	124 471 633.56
Cash flow from financing activities		
Change in long-term liabilities	-586 704 966.95	-461 176 686.11
Change in short-term borrowings	827 168 917.93	-433 284 505.12
Dividends paid	-260 244 595.71	-236 585 996.10
Group contributions received	223 429.39	40 239 614.58
Cash flow from financing activities	-19 557 215.34	-1 090 807 572.75
Net change in cash and cash equivalents	1 131 975 918.73	-360 705 271.92
Translation differences	4 677 208.76	-10 241 504.17
Cash and cash equivalents at start of year	1 122 661 750.70	1 493 608 526.79
Cash and cash equivalents at year end	2 259 314 878.19	1 122 661 750.70

Notes to the Parent Company Financial Statements

Note 1 Accounting principles

The financial statements of Stora Enso Oyj have been prepared in accordance with the Finnish Accounting Act and other current rules and regulations concerning financial statements in Finland.

Derivative contracts

Stora Enso is exposed to various financial market risks that the group is responsible for managing under policies approved by the Board of Directors. The objective is to have cost-effective funding in group companies and manage financial risks using financial instruments to decrease earnings volatility. The main exposures for the group are interest rate risk, currency risk, funding risk and commodity price risk, especially for pulpwood and energy. The parent company manages these risks centrally in the group.

The Group's risk management principles are presented in more detail in Note 24 (Financial Risk Management) to the consolidated financial statements.

On the balance sheet, derivative contracts are measured at fair value, excluding derivatives not used for hedging purposes. Unrealised losses arising from non-hedging derivatives are recognised immediately, but unrealised gains are recognised in accordance with the precautionary principle when the contract matures or gains are otherwise realised. Derivatives with external counterparties that are held for hedging purposes are recognised as financial assets and liabilities at fair value through the income statement in the same manner as the parent company's derivatives with other Group companies as counterparties. The parent company's derivative contracts that are used to hedge the parent company's own cash flow are measured at fair value, and the change in fair value (effective part) is recognised, in line with hedge accounting principles, in the fair value reserve in equity on the balance sheet, while the ineffective part is recognised in the parent company's income statement.

Interest income and expenses related to derivatives that are used to manage the interest rate risk are allocated over the contract period and are used to adjust interest expenses related to hedged loans. Option premiums are recognised as advance payments until the options mature.

With regard to derivatives, more information about the measurement principles, fair values and changes in fair value is provided in Note 28.

Pension expenses

Statutory pension security is arranged through employment pension insurance companies outside the group. Some employees have additional pension security through life insurance companies outside the group. Pension contributions are allocated in accordance with performance-based salaries and wages for the financial period.

Intangible and tangible assets and depreciation

The balance sheet value of intangible and tangible assets is their direct acquisition cost less depreciation according to plan and any impairment. Depreciation according to plan is recognised for intangible and tangible assets, based on their expected useful lives.

Depreciation is based on the following useful lives:

Buildings and structures	10–50 years
Production machinery and equipment	10–20 years
Light machinery and equipment	3–5 years
Intellectual property rights	3–20 years

No depreciation is recognised for land and water areas.

Inventories

Inventories are measured at acquisition cost or at net realisable value, if lower. Acquisition cost is determined using the FIFO method or the weighted average cost method.

The cost of finished goods and work in progress comprises raw material, direct labour, depreciation, other direct costs and the related production overhead.

Net realisable value is the estimated selling price less costs of completion and sale.

Leasing

Leasing payments are recognised in other operating expenses. The remaining leasing payments under leasing agreements are presented in Note 27 Commitments and Contingencies.

R&D expenditure

Expenditure on research and development is recognised as an expense for the financial period.

Income tax expense

The tax expense on the income statement includes income taxes based on taxable profit for the financial period and tax adjustments for previous periods.

The parent company does not recognise deferred tax assets and liabilities in its financial statements.

Deferred tax assets and liabilities that can be recognised on the balance sheet are presented in Note 24.

Obligatory provisions

Future costs and losses that no longer generate corresponding income, to which the company is committed or by which the company is obligated, are recognised on the income statement according to their nature and in obligatory provisions on the balance sheet.

Change in the presentation method

The amended Accounting Act came into effect on 1 January 2016. With the amendment, the group containing extraordinary income and expenses was removed from the income statement.

The merger loss of EUR 18.1 million that was recognised in extraordinary expenses in 2015 was transferred to other operating expenses. Consequently, operating profit for 2015 were decreased by the same amount. The group contribution of EUR 0.2 million that was recognised in extraordinary income in 2015 was transferred to appropriations.

The corresponding changes were also made to the cash flow statement and Notes 7 and 10.

The company has changed its presentation of derivatives in accordance with Finnish Accounting Board's opinion 13.12.2016 1963/2016. Hedge accounted derivatives that are hedging parent company's own highly probable cash flows are now measured at fair value in the balance sheet according to IFRS standards with effective hedge result being recognised in the fair value reserve in equity. The fair values of such derivatives were previously presented as off-balance sheet items. At the end of the period, the fair value reserve was EUR 16.6 million negative (EUR 10.6 million negative in 2015). The company has also changed presentation of certain non-hedge accounted derivatives with unrealised losses being immediately recognised in the Income Statement while any unrealised gains only being recognized at maturity or when derivative result otherwise realises. In 2016 the change had a negative impact of EUR 35.5 million on the Income Statement (EUR 13.9 million negative in 2015). As a consequence the negative impact on parent company's equity totaled EUR 52.1 million (EUR 22.8 million negative in 2015). Comparative periods have not been restated due to the change.

The presentation method applied to tangible and intangible assets in progress on the balance sheet has been further specified. Consequently, the amount of intangible assets in the comparison period increased by EUR 29.1 million and that of tangible assets decreased accordingly.

Emission rights

During 2016, the company was issued 1.0 million tonnes of free emission allowances in accordance with the EU Emissions Trading Directive. Emission allowances are recognised through a net cash cost basis, meaning that the difference between the actual emissions and the emission allowances received is recognised through profit or loss if the actual emissions are larger than the emission allowances received. During the financial period, the emissions emitted were 1.0 million tonnes, which did not exceed the amount of emission rights held by the company on 31 December 2016. The emission rights purchased during the financial period are recognised in other operating expenses, and the emission rights sold during the financial period are recognised in other operating income.

At the end of the financial period, the market value of the emission rights was EUR 6.54 per tonne.

EUR	Year ended 31 December	
	2016	2015
Note 2. Net Sales by Division and Market Area		
By division		
Consumer Board	1 052 808 277.00	1 055 909 893.00
Packaging Solutions	288 985 761.00	150 516 916.00
Biomaterials	506 731 725.00	495 457 347.00
Paper	1 243 920 473.00	1 391 512 321.00
Other	360 678 606.36	346 859 361.46
Total	3 453 124 842.36	3 440 255 838.46
Distribution by region		
Finland	741 320 891.08	698 936 424.00
Other Europe	2 029 117 014.31	2 022 888 445.81
North and South America	123 002 595.91	169 337 149.00
Asia and Oceania	406 891 857.22	391 892 950.61
Africa	87 550 389.00	54 430 794.00
Others	65 242 094.84	102 770 075.04
Total	3 453 124 842.36	3 440 255 838.46

Note 3. Other Operating Income

Rent and equivalents	5 156 715.36	5 688 665.84
Gains on sale of fixed assets	2 674 919.03	3 979 980.17
Insurance compensation	305.65	227 371.81
Production and maintenance services	11 137 921.74	10 325 780.76
Subsidies, grants and equivalents	2 541 637.29	2 359 237.04
Administration services	125 674 094.01	121 963 046.61
Proceeds from sales of emission rights	5 466 669.62	10 201 388.25
Other operating income	21 658 229.00	44 094 362.99

Total	174 310 491.70	198 839 833.47
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Note 4. Materials and Services

Materials and supplies		
Purchases during the period	1 618 158 361.01	1 621 704 972.27
Change in inventories +/-	-9 554 043.92	23 329 756.80
External services	558 255 549.60	541 815 180.22
Total materials and services	2 166 859 866.69	2 186 849 909.29

EUR	Year ended 31 December	
	2016	2015

Note 5. Personnel Expenses and Average Number of Employees

Salaries and fees	252 598 728.18	253 777 670.05
Statutory employer costs		
Pension expenses	48 845 436.78	45 515 078,01
Other statutory employer contributions	16 333 036.93	14 236 872,84
Total	317 777 201.89	313 529 620.90

Remuneration for the CEO and the members of the Board of Directors

Remuneration for the CEO and the members of the Board of Directors is presented in Note 7, Consolidated financial statements.

Pension liabilities for the CEO

Pension liabilities for the CEO are presented in Note 7, Consolidated financial statements.

Receivables from Management

There were no loan receivables from the company's management.

Average number of employees

During the reporting period, the company had employees.

4 182

4 244

Note 6. Depreciation and Impairment

Depreciation according to plan	141 490 107.00	125 769 638.30
Impairment of fixed assets	3 937 433.72	0.00
Total	145 427 540.72	125 769 638.30

Depreciation and amortisation on each item in the statement of financial position is included under intangible and tangible assets.

Note 7. Other Operating Expenses

Product freight	335 679 214.99	340 065 680.44
Sales commissions	88 359 289.45	87 653 024.84
Rental costs	22 162 585.86	21 723 199.71
Administration and office services	234 542 018.18	209 651 046.53
Insurance premiums	5 237 967.50	5 778 105.17
Other personnel expenses	28 758 695.44	29 651 484.02
Representation costs	695 502.08	782 893.29
Public and other relations	3 946 957.29	3 106 386.11
Other operating expenses	21 447 565.54	28 202 361.37
Merger loss	0.00	18 112 710.44
Total	740 829 796.33	744 726 891.92

EUR	Year ended 31 December	
	2016	2015
Note 8. Auditors' Fees		
Audit fees	1 385 180,01	1 368 970.00
Other audit-related fees	210 278,49	252 550.41
Other fees	146 566,89	279 794.65
Total	1 742 025,39	1 901 315.06
Note 9. Financial Income and Expenses		
Dividend income		
From Group companies	123 056 884.01	236 705 607.44
From equity accounted investments	12 300 000.00	8 610 000.00
From others	562 319.98	204 975.99
Total	135 919 203.99	245 520 583.43
Interest income from non-current investments		
From Group companies	42 456 668.81	56 741 886.98
From equity accounted investments	31 450.00	105 320.00
From others	3 516 003.44	4 070 896.40
Total	46 004 122.25	60 918 103.38
Other interest and financial income		
From Group companies	2 436 412.76	2 489 436.27
From others	26 471 274.64	19 210 930.12
Total	28 907 687.40	21 700 366.39
Total financial income	210 831 013,64	328 139 053.20
Interest and other financial expenses		
To Group companies	-207 684.76	-287 261.29
Other financial expenses	-225 602 771.67	-243 426 385.16
Total	-225 810 456.43	-243 713 646.45
Impairment on investments		
Impairment on investments in non-current assets	-58 000 000.00	-83 554 134.57
Total financial expenses	-283 810 456.43	-327 267 781.02
Total financial income and expenses	-72 979 442,79	871 272.18
The item "Interest and financial income/expenses" includes exchange rate gains/losses (net)	-64 649 916.38	-51 201 803.28

EUR	Year ended 31 December	
	2016	2015

Note 10. Appropriations

Difference between depreciation according to plan and depreciation recognised in taxation	-43 398 162.94	-75 970 366.51
Group contributions received	0.00	223 427.97
Total appropriations	-43 398 162.94	-75 746 938.54

Note 11. Income Tax Expense

Income taxes from primary operations for the period	-32 344.26	-792 750.08
Income tax for previous periods	21 027.12	-8 265.15
Total income tax	-11 317.14	-801 015.23

Note 12. Environmental expenses

Materials and services	36 470 186.25	33 721 239.48
Personnel expenses	3 321 772.08	2 766 542.16
Depreciation and impairment	11 653 107.10	10 095 745.12
Total	51 445 065.44	46 583 526.76
Air quality protection	11 950 603.94	9 826 359.58
Wastewater treatment	27 068 274.28	27 133 870.86
Waste management	8 957 678.20	6 685 776.11
Soil and groundwater protection	454 944.54	400 793.41
Noise and vibration prevention	101 094.00	98 580.49
Biodiversity and landscape protection	310 072.81	334 470.98
Radiation protection	3 101.00	4 507.00
Research and development	206 067.90	55 929.10
Other environmental protection measures	2 393 228.77	2 043 239.22
Total	51 445 065.44	46 583 526.76

Note 13. Intangible and Tangible Assets

Intangible assets

	Intellectual property rights	Other non- current expendit ure	Goodwill	Advance payments and acquisitions in progress	Total
Acquisition cost 1 Jan	171 792 887.34	35 023 335.90	107 896 546.70	29 083 654.48	343 796 424.42
Increases	6 570 608.87	485 210.50	0.00	23 827 014.73	30 882 834.10
Decreases	-4 188 997.15	-785 239.68	-107 376 802.07	0.00	-112 351 038.90
Reclassification	1 694 987.66	361 066.61	0.00	-2 070 962.26	-14 907.99
Acquisition cost 31 Dec	175 869 486.72	35 084 373.33	519 744.63	50 839 706.95	262 313 311.63
Accumulated depreciation and impairment 1 Jan	-154 398 236.67	-18 696 534.92	-107 896 546.70	0.00	-280 991 318.29
Accumulated depreciation on decreases and reclassifications	4 188 997.15	785 239.68	107 376 802.07	0.00	112 351 038.90
Charge for the year	-5 631 752.53	-2 933 473.11	0.00	0.00	-8 565 225.64
Impairment	0.00	0.00	0.00	0.00	0.00
Accumulated depreciation 31 Dec	-155 840 992.05	-20 844 768.35	-519 744.63	0.00	-177 205 505.03
Book value on 31 December 2016	20 028 494.67	14 239 604.98	0.00	50 839 706.95	85 107 806.60
Book value on 31 December 2015	17 394 650.67	16 326 800.98	0.00	29 083 654.48	62 805 106.13

Tangible assets

	Land and water areas	Buildings and structures	Plant and equipment	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost 1 Jan	28 095 777.87	792 733 300.71	3 852 257 801.82	214 453 602.60	46 315 466.62	4 933 855 949.62
Increases	17 274.04	2 646 048.75	69 840 373.71	108 352.55	50 222 506.44	122 834 555.49
Decreases	-98 696.78	-3 657 690.78	-33 167 952.55	-598 559.99	0	-37 522 900.10
Reclassification	0.00	1 155 113.89	35 680 339.70	7 926 084.44	-44 746 630.04	14 907.99
Acquisition cost 31 Dec	28 014 355.13	792 876 772.57	3 924 610 562.68	221 889 479.60	51 791 343.02	5 019 182 513.00
Accumulated depreciation and impairment 1 Jan	0.00	-603 513 381.63	-3 204 264 826.82	-189 775 609.59	0	-3 997 553 818.04
Accumulated depreciation on decreases and reclassifications	0.00	3 657 690.78	33 167 952.55	598 559.99	0	37 424 203.32
Depreciation for the period	0.00	-14 485 724.68	-113 927 958.41	-4 511 198.27	0	-132 924 881.36
Impairment	0.00	0.00	0.00	-3 937 433.72	0	-3 937 433.72
Accumulated depreciation 31 Dec	0.00	-614 341 415.53	-3 285 024 832.68	-197 625 681.59	0	-4 096 991 929.80
Increase in value 1 Jan	3 795 193.82	0.00	0.00	0.00	0	3 795 193.82
Decreases	-93 587.31	0.00	0.00	0.00	0	-93 587.31
Increase in value 31 Dec	3 701 606.51	0.00	0.00	0.00	0	3 701 606.51
Book value on 31 December 2016	31 715 961.64	178 535 357.04	639 585 730.00	24 263 798.01	51 791 343.02	925 892 189.71
Book value on 31 December 2015	31 890 971.69	189 219 919.08	647 992 975.00	24 677 993.01	46 315 466.62	940 097 325.40

Production plant and equipment	
Book value on 31 December 2016	618 666 628.00
Book value on 31 December 2015	609 712 095.00

Advance payments and acquisitions in progress

	Intangible assets	Buildings and structures	Plant and equipment	Other tangible assets	Total
Acquisition cost 1 Jan	29 083 654.48	1 342 105.67	37 532 430.39	7 440 930.56	75 399 121.10
Increases	23 827 014.73	7 274 273.12	41 678 780.92	1 269 452.40	74 049 521.17
Reclassification	-2 070 962.26	-1 290 445.02	-36 015 254.46	-7 440 930.56	-46 817 592.30
Acquisition cost 31 Dec	50 839 706.95	7 325 933.77	43 195 956.85	1 269 452.40	102 631 049.97

EUR	As at 31 December	
	2016	2015
Capitalised environmental expenditure		
Acquisition cost 1 Jan	81 561 768.99	52 122 935.53
Additions 1 Jan – 31 Dec	17 349 656.79	21 065 879.80
Transferred in conjunction with the merger	0.00	18 468 698.78
Depreciation and impairment 1 Jan – 31 Dec	-11 653 107.10	-10 095 745.12
Acquisition cost 31 Dec	87 258 318.68	81 561 768.99
Air quality protection	36 153 702.86	32 573 170.07
Wastewater treatment	40 821 608.46	40 768 172.33
Waste management	5 954 726.28	4 052 210.55
Soil and groundwater protection	2 939 200.08	2 768 536.04
Noise and vibration prevention	1 389 081.00	1 399 680.00
Total	87 258 318.68	81 561 768.99

No environmental fines, charges or compensation were paid and no subsidies or grants were received for environmental protection in 2015 and 2016.

Note 14. Capitalised Interest

Buildings and structures		
Capitalised interest 1 Jan	398 628.00	419 295.00
Depreciation and impairment 1 Jan – 31 Dec	-20 672.00	-20 667.00
Capitalised interest 31 Dec	377 956.00	398 628.00
Plant and equipment		
Capitalised interest 1 Jan	2 467 813.00	955 504.00
Additions 1 Jan – 31 Dec	76 476.00	1 526 338.64
Transfers between items 1 Jan – 31 Dec	0.00	185 261.06
Depreciation and impairment 1 Jan – 31 Dec	-246 746.00	-199 290.70
Capitalised interest 31 Dec	2 297 543.00	2 467 813.00
Other tangible assets		
Capitalised interest 1 Jan	172 743.00	202 026.00
Depreciation and impairment 1 Jan – 31 Dec	-29 281.00	-29 283.00
Capitalised interest 31 Dec	143 462.00	172 743.00
Plant and equipment, in progress		
Capitalised interest 1 Jan	0.00	185 261.06
Transfers between items 1 Jan – 31 Dec	0.00	-185 261.06
Capitalised interest 31 Dec	0.00	0.00
Total		
Capitalised interest 1 Jan	3 039 184.00	1 762 086.06
Additions 1 Jan – 31 Dec	76 476.00	1 526 338.64
Depreciation and impairment 1 Jan – 31 Dec	-296 699.00	-249 240.70
Capitalised interest 31 Dec	2 818 961.00	3 039 184.00

EUR	As at 31 December	
	2016	2015

Note 15. Non-Current Investments in Shares and Loan Receivables

Group companies		
Shares	6 178 902 545.05	6 191 670 470.55
Loan receivables	564 531 781.33	1 010 005 989.59
Total	6 743 434 326.38	7 201 676 460.14
Equity accounted investments		
Shares	37 670 709.87	37 885 164.57
Loan receivables	4 908 550.00	4 908 550.00
Total	42 579 259.87	42 793 714.57
Other		
Shares, book value	174 743 396.76	180 132 054.21
Other receivables	24 967.21	59 494 478.46
Total	174 768 363.97	239 626 532.67
Total investments	6 960 781 950.22	7 484 096 707.38

Current assets

Note 16. Inventories

Materials and supplies	176 546 255.01	166 992 211.09
Work in progress	23 798 524.08	22 297 470.54
Finished goods	220 510 994.37	230 657 098.91
Other inventories	20 929 429.55	24 932 226.25
Total	441 785 203.01	444 879 006.79

Receivables

Note 17. Long-term Receivables

Other receivables	910 124.07	411 894.37
Total non-current receivables	910 124.07	411 894.37

EUR	As at 31 December	
	2016	2015

Note 18. Short-term Receivables

Short-term loan receivables

Receivables from Group companies		
Loan receivables	515 200 111.65	931 949 937.43
Interest receivables	24 775 980.89	28 170 095.80
Total	539 976 092.54	960 120 033.23

Receivables from equity accounted investments		
Interest receivables	3 007 218.52	0.00
Total	3 007 218.52	0.00

Others		
Loan receivables	3 317 012.60	2 522 749.00
Interest receivables	12 025 522.02	6 409 148.24
Total	15 342 534.62	8 931 897.24

Total current interest-bearing receivables **558 325 845.68** **969 051 930.47**

Operative receivables

Receivables from Group companies		
Trade receivables	47 813 443.01	70 612 059.73
Other receivables	0.00	313 429.39
Accrued income	542 469.90	2 433 238.61
Total	48 355 912.91	73 358 727.73

Receivables from equity accounted investments		
Trade receivables	414 323.84	587 782.93
Other receivables	35 870.70	43 870.70
Total	450 194.54	631 653.63

Others		
Trade receivables	256 070 250.88	277 724 109.65
Other receivables	30 836 873.71	29 596 119.02
Accrued income	53 066 600.53	37 832 913.67
Total	339 973 725.12	345 153 142.34

Stora Enso may enter into factoring agreements to sell trade receivables in order to accelerate cash conversion. These agreements resulted in the full derecognition of receivables with a nominal value of EUR 174.1 million (EUR 130.2 million in 2015) as at the end of the year.

The continuing involvement of Stora Enso in the sold receivables is estimated to be insignificant.

Total current non-interest-bearing receivables **388 779 832.57** **419 143 523.70**

Total current receivables **947 105 678.25** **1 388 195 454.17**

Significant accruals

Commodity derivative contract accruals from group and other accruals from group	542 469.90	2 351 360.25
Commodity derivative contract accruals from others	15 198 518.53	1 704 278.84

Tax-equivalent receivables	28 538 338.42	26 438 964.67
Advances paid	5 101 524.53	2 541 200.85
Other accruals	4 228 219.05	7 230 347.67
Total	53 609 070.43	40 266 152.28

Note 19. Financial Securities

From Group companies	1 507 093 690.59	711 061 695.45
From others	300 257 496.00	127 555 800.50
Total	1 807 351 186.59	838 617 495.95

EUR	As at 31 December	
	2016	2015

Note 20. Equity

Restricted Equity

Share capital 1 Jan	1 342 215 448.30	1 342 215 448.30
Share capital 31 Dec	1 342 215 448.30	1 342 215 448.30
Share premium fund 1 Jan	3 638 800 031.65	3 638 800 031.65
Share premium fund 31 Dec	3 638 800 031.65	3 638 800 031.65
Fair value reserve 1 Jan	0.00	0.00
Changes to accounting principles:		
Measurement at fair value of		
derivatives used to hedge cash flow	-16 557 887.90	0.00
Fair value reserve 31 Dec	-16 557 887.90	0.00
Total restricted equity	4 964 457 592.05	4 981 015 479.95

Non-restricted equity

Invested unrestricted equity reserve 1 Jan	633 102 719.13	633 102 719.13
Invested unrestricted equity reserve 31 Dec	633 102 719.13	633 102 719.13
Retained earnings 1 Jan	982 171 009.56	1 026 187 952.74
Dividend distribution	-260 244 595.71	-236 585 996.10
Reversal of increase in value of land	-93 587.31	-268 772.53
Retained earnings 31 Dec	721 832 826.54	789 333 184.11
Profit for the period	132 174 538.92	192 837 825.45
Total non-restricted equity	1 487 110 084.59	1 615 273 728.69
Total equity	6 451 567 676.64	6 596 289 208.64

Calculation of distributable equity at 31 December

Fair value reserve 31 Dec	-16 557 887.90	0.00
Invested unrestricted equity reserve 31 Dec	633 102 719.13	633 102 719.13
Retained earnings 31 Dec	721 832 826.54	789 333 184.11
Profit for the period	132 174 538.92	192 837 825.45
Total	1 470 552 196.69	1 615 273 728.69

EUR

Note 21. Share Capital Distribution between A Shares and R Shares

	A shares	R shares	Total
31 December 2014	177 056 204	611 563 783	788 619 987
Conversions of A shares to R shares Dec 2014 – Nov 2015	-524 114	524 114	0
31 December 2015	176 532 090	612 087 897	788 619 987
Conversions of A shares to R shares Dec 2014 – Nov 2015	-25 000	25 000	0
31 December 2016	176 507 090	612 112 897	788 619 987

Counter value (nominal value) EUR 1.70 per share

	A shares	R shares	Total
Share capital 31 Dec 2015	300 454 087	1 041 761 361	1 342 215 448
Share capital 31 Dec 2016	300 411 538	1 041 803 911	1 342 215 448

EUR	As at 31 December	
	2016	2015
Note 22. Accumulated Appropriations		
Depreciation difference		
Intellectual property rights	-2 760 236.36	-3 656 550.34
Other non-current expenditure	1 442 088.98	1 598 935.98
Buildings and structures	26 149 251.82	26 686 184.86
Plant and equipment	153 605 150.19	105 672 081.19
Other tangible assets	1 178 820.63	5 916 260.63
Total	179 615 075.26	136 216 912.32

Note 23. Obligatory provisions

Restructuring provisions	3 927 054.88	11 032 670.93
Environmental provisions	11 918 336.97	8 611 194.07
Pension provisions	664 435.16	420 791.86
Other provisions	0.00	347 875.22
Total	16 509 827.01	20 412 532.08

Note 24. Deferred Tax Liabilities and Receivables

Deferred tax liability due to depreciation difference	21 496 644.00	13 450 172.00
Deferred tax receivable due to loss	-144 166 447.00	-153 887 166.00
Deferred tax receivable due to provisions	-2 621 603.00	-3 402 144.00
Total deferred tax receivable	-125 291 406.00	-143 839 138.00

Deferred tax receivables and liabilities have not been recognised in the statement of financial position.

EUR	As at 31 December	
	2016	2015

Non-current liabilities

Note 25. Non-current Liabilities

Bonds	1 444 377 794.61	1 838 459 648.32
Loans from credit institutions	305 000 000.00	496 250 000.00
Pension loans	1 875 000.00	5 625 000.00
Other non-current liabilities	850 912.76	6 704 870.89
Total	1 752 103 707.37	2 347 039 519.21

Liabilities with maturities later than five years

Bonds	731 173 020.16	422 957 585.42
Loans from credit institutions	150 000 000.00	153 750 000.00
Other non-current liabilities	0.00	4 663 294.88
Total	881 173 020.16	581 370 880.30

				As at 31 December	
EUR million					
				2016	2015
Bonds					
	Interest rate	Currency	Original Loan capital	Carrying value	Carrying value
Fixed rate					
1993–2019	8.600	USD	50.0	49.0	48.0
2006–2036	7.250	USD	300.0	282.0	273.0
2012–2017	5.750	SEK	500.0	50.2	54.3
2012–2018	5.000	EUR	500.0	211.9	499.0
2012–2019	5.500	EUR	500.0	427.2	499.6
2016–2023	2.125	EUR	300.0	299.2	0.0
Total				1 319.5	1 373.9
Loans matured and extinguished in 2016				362.3	
Floating rate					
2006–2018	Euribor + 0.96	EUR	25.0	25.0	25.0
2006–2018	Euribor + 0.72	EUR	50.0	0.0	50.0
2009–2016	Euribor + 4.21	EUR	390.0	0.0	0.5
2012–2017	Stibor + 3.90	SEK	2 200.0	215.8	239.6
2015–2025	Euribor + 2.25	EUR	125.0	125.0	125.0
2015–2027	Euribor + 2.35	EUR	25.0	25.0	25.0
Total				390.8	465.1
Loans matured and extinguished in 2016				64.9	
Total bonds				1 710.3	1 839.0

EUR	As at 31 December	
	2016	2015
Note 26. Current Liabilities		
Current interest-bearing liabilities		
Liabilities to Group companies		
Other loans	1 890 963 486.35	1 428 504 278.50
Interest due	18 948 471.80	68 374.81
Total	1 909 911 958.15	1 428 572 653.31
Liabilities to others		
Other loans	281 684 197.81	272 481 670.72
Interest due	96 866 876.44	74 074 751.90
Bonds	265 884 237.29	500 000.00
Loans from credit institutions	125 312 500.00	57 924 100.99
Pension loans	3 750 000.00	3 750 000.00
Total	773 497 811.54	408 730 523.61
Total current interest-bearing liabilities	2 683 409 769.69	1 837 303 176.92
Current non-interest-bearing liabilities		
Liabilities to Group companies		
Advances received	6 272.39	6 272.39
Accounts payable	70 097 725.83	83 507 996.42
Other loans	198 069.10	1 201 449.87
Accrued liabilities	2 671 843.22	1 118 878.52
Total	72 973 910.54	85 834 597.20
Liabilities to equity accounted investments		
Trade payables	25 725 720.19	20 172 407.70
Other loans	463 657.58	483 057.33
Total	26 189 377.77	20 655 465.03
Liabilities to others		
Advances received	3 844 589.33	3 273 783.62
Accounts payable	290 809 478.13	241 701 427.68
Other loans	26 023 652.42	29 376 917.30
Accrued liabilities	117 897 877.50	125 063 648.52
Total	438 575 597.38	399 415 777.12
Total current non-interest-bearing liabilities	537 738 885.69	505 905 839.35
Total current liabilities	3 221 148 655.38	2 343 209 016.27
Substantial accrued liabilities and deferred income		
Payroll payments accrued	64 902 112.38	64 150 906.53
Annual discounts	38 595 226.08	42 682 161.46
Other accrued liabilities and deferred income	17 072 382.26	19 349 459.05
Total	120 569 720.72	126 182 527.04

EUR	As at 31 December	
	2016	2015
Note 27. Commitments and Contingencies		
On own behalf, for own debt		
Mortgages	168 187.00	168 187.00
For Group debt		
Guarantees	1 649 824 684.00	1 826 767 609.00
For joint venture debt		
Guarantees	473 524 104.00	524 832 011.00
On behalf of Group companies		
Guarantees	4 387 546.00	16 970 036.00
On behalf of others		
Guarantees	26 242 916.00	23 673 416.00
Other commitments, own		
Leasing commitments, in next 12 months	27 305 922.54	30 011 734,81
Leasing commitments, after next 12 months	116 752 279.48	140 181 325,40
Mortgages	8 763 600.00	3 363 600,00
Other commitments	7 268 302.97	8 781 987,17
Total	2 314 237 541.99	2 574 749 906.38
Mortgages	8 931 787.00	3 531 787.00
Guarantees	2 153 979 250.00	2 392 243 072.00
Leasing commitments	144 058 202.02	170 193 060.21
Other commitments	7 268 302.97	8 781 987.17
Total	2 314 237 541.99	2 574 749 906.38

Contingent liabilities

Stora Enso Oyj has implemented significant restructuring measures in recent years. These measures have included divestments of business operations and production units, as well as mill closures. These transactions include a risk of possible environmental or other obligations the existence of which would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. A provision has been recognised for obligations for which the related amount can be estimated reliably.

Stora Enso Oyj is party to legal proceedings that arise in the ordinary course of business and primarily involve claims arising out of commercial law. The management does not consider that liabilities related to such proceedings, before insurance recoveries, if any, are likely to be material to the company's financial condition or operating result. Some of the most significant legal proceedings are described in Note 29, Consolidated financial statements.

Note 28. Financial instruments

Valuation of derivatives

The fair value is defined as the amount at which derivative instrument could be exchanged in an orderly transaction between market participants at the measurement date. The fair values of such instruments are determined on the following basis:

- Currency and equity option contract values are calculated using year-end market rates together with common option pricing models.
- The carrying amounts of foreign exchange forward contracts are calculated using forward exchange rates at the reporting date.
- The fair values of interest rate swaps are calculated using a discounted cash flow analysis.
- The fair value of the interest rate swap options (swaption contracts) are calculated using year-end interest rates together with common option pricing models.
- The fair value of the commodity derivatives is calculated on the basis of quoted market prices on trading venues.
- The fair value of the commodity options are calculated using year-end market rates together with common option pricing models.
- The fair value of the hedging instruments related to option schemes (synthetic equity swaps) is calculated using year-end equity prices as well as year-end interest rates.

Fair value hierarchy

Stora Enso uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair values that are not based on observable market data.

The parent company's derivatives are classified as Level 2 in the fair value hierarchy.

EUR million	As at 31 December		
	Positive	Negative	Net
	2016		
Cash flow hedges entered into on behalf of the parent company and its subsidiaries, for which hedge accounting is applied in target companies			
Currency forward contracts	16.2	-21.6	-5.4
Currency options	15.3	-25.7	-10.4
Commodity contracts	14.5	-10.6	3.9
Interest rate swaps	-	-7.9	-7.9
Derivatives not qualifying for hedge accounting			
Currency forward contracts	-	-8.6	-8.6
Total	46.0	-74.4	-28.4
of which against subsidiaries	18.8	-18.9	-0.1
of which against external party	27.2	-55.5	-28.3

Nominal Values of Derivative Financial Instruments

EUR million	As at 31 December 2016
Interest rate derivatives	
Interest rate derivatives	
Maturity under 1 year	-
Maturity 2–5 years	-
Maturity 6–10 years	125.0
Maturity longer than 10 years	25.0
Total	150.0
Currency derivatives	
Forward contracts	3 959.2
Currency options	2 449.3
Total	6 408.5
Commodity derivatives	
Commodity contracts	518.3
Total	518.3
Equity swaps	
Synthetic equity swaps (TRS)	25.0
Total	25.0

Fair value reserve

In the parent company's own factories, the net amount of unrealised cash flow hedge losses in the fair value reserve was EUR 16.6 million, of which a loss of EUR 21.3 million was related to currency and interest rate derivatives and a gain of EUR 4.7 million to commodity derivatives. These unrealised gains and losses are recognised in the income statement at maturity of the hedging contracts. The longest hedging contract will mature in 2027. However, the major portion is expected to mature during 2017. The ineffective portion of hedges are recognised as adjustments to revenue or materials and services according to the hedged item. There were no ineffective hedges during 2016. Derivatives used in currency cash flow hedges are mainly forward contracts and options. Swaps are mainly used in commodity hedges and interest rate cash flow hedges.

Hedge gains and losses in financial income and losses

EUR million	As at 31 December 2016
Derivatives not qualifying for hedge accounting	
Net losses on currency derivatives	-71.3
Net losses in financial items	-71.3

Hedge gains and losses in operating profit

EUR million	As at 31 December 2016
Cash flow hedges	
Currency hedges	7.6
Commodity contract hedges	-0.3
Total	7.3
Adjustments to revenue	10.4
Adjustments to materials and services	-3.1
Items realised from fair value reserve that are recognised in the income statement	7,3
Net gains on cash flow hedges	7.3