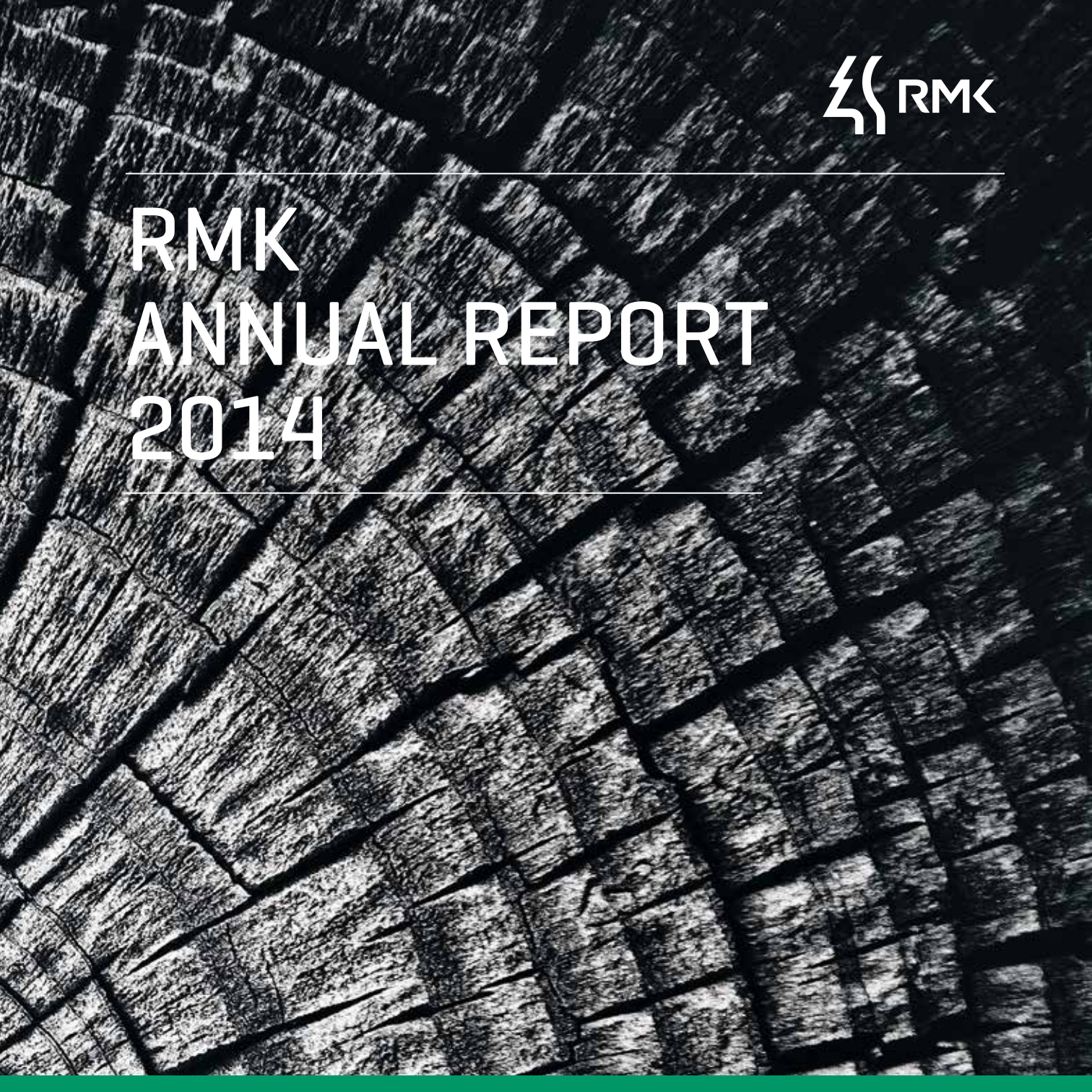


RMK ANNUAL REPORT 2014

ANNUAL REPORT 2014

GROWING FOREST BENEFITS

Aigar Kallas
Chairman of the Management Board of RMK

The RMK Development Plan 2015-2020 was laid down in 2014. The overall idea of the six strategic goals established with the Development Plan is that the forest, land and diverse natural values entrusted to RMK must bring greater and more diverse benefits to the largest possible cross-section of Estonian society.

Such benefits will be evident in jobs and recreation options, construction timber and heating material obtained from the forest, recreational trails, and the peace of mind that our forest is well preserved, protected and managed. We must be certain that Estonia's only renewable natural resource would be used wisely for the benefit of the society of both today and tomorrow, and that natural diversity would be preserved, both in the protected as well as the managed forest.

The setting of goals for the next six years turned out to be a new and unique process for RMK, serving to enhance internal cooperation and also helping to think through and balance the forest related interests within the organisation. Important development projects, which we have now worked on for a year already, were initiated.

For example: how to ensure that each plot of land in the care of RMK would be used in the best possible way? How to reduce the level of bureaucracy when it comes to dealing with forest damage? How to measure and develop the benefits of nature, the value of which cannot be measured in money? And so on.

The topic of forests does not enter the public discussion too often. As Estonians, we are keen to emphasise the importance of the forest in our genetic code; we value wooden furniture and the heat of a fireplace; yet the topic of forest management is quite remote for a large portion of society. Our grand mission and task is to make the forest and works done in the forest comprehensible and accessible for people. We want to show what kind of work is done in the forest and why, what kind of people are doing this work, and what the circle of life is like in the forest. There is no better way to learn about the forest than to spend time in the forest, which is why we are always trying to find new ways and reasons how and why to visit the forest – either to rest, to exercise, to do forest work, or to map natural values.

Forest work is beautiful and important work. The thousands of men and women going about their business in the Estonian state forest are putting their hearts into their work. I thank you, and I thank the forest!

TEN FACTS ABOUT RMK

51% of Estonia is covered with forests. Almost half of it belongs to the state and is maintained by RMK.

18% of Estonian forests are strictly protected; although, protecting biodiversity is also important in a forest that is being managed.

1,5 times is the amount by which the area covered by forests has increased in the last half-century. There has never been as much forest land as now, and more is growing each year than is being cut down.

1% of the state forest land is clearcut each year. All clearcut areas are reforested.

5 of RMK's most important tasks are the growing of forest and the maintaining of natural values, earning a profit for the state through the management of state forests, creating opportunities for moving around in nature, and providing nature education.

0 € is the cost of everyman's right – camping on RMK's trails, spending the night in the forest cabins, or sleeping in a tent within the recreation areas.

Close to **6000** people are employed in the state forest each year – there are 731 full-time employees at RMK, with more than 5,000 people being employed in the state forest either through partner companies or as seasonal employees.

5 of the most unique units within RMK are the Põlula Fish Farm, Elistvere Animal Park, Tartu Tree Nursery, AS Eesti Metsataim, and the Sagadi Forest Centre.

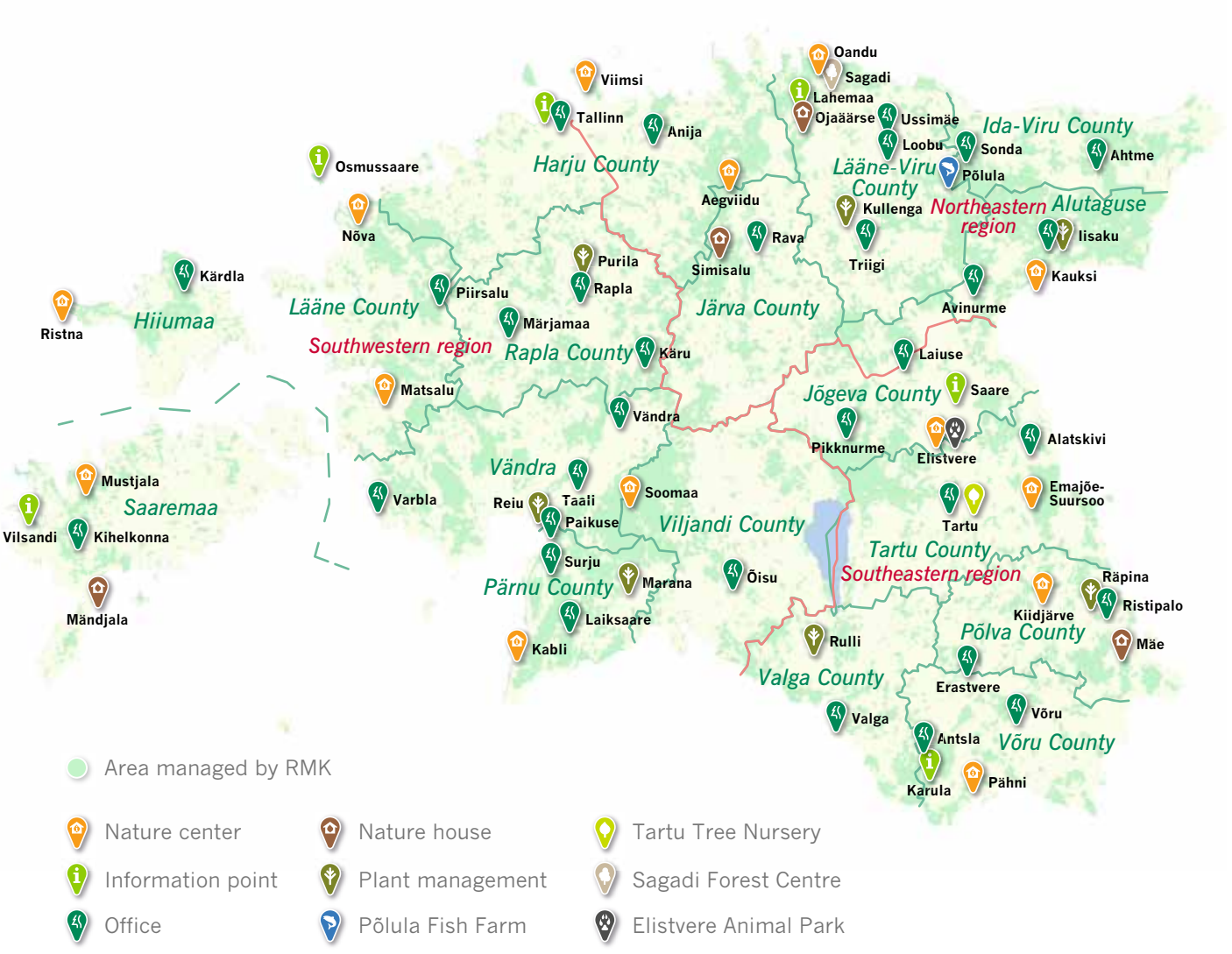
35 offices owned by RMK where the forests are growing. This means that RMK is represented all over Estonia and, for example, only 6% of its employees are working in the capital.

4 certificates proving that RMK bases their activities on high standards. There are the environmental and quality management certificates ISO 14001 and ISO 9001, and the sustainable forestry certificates FSC® and PEFC.

ABOUT THE ORGANISATION

State land managed by RMK	1,226,226 ha
... of which forest land	907,969 ha
Employees in a principal job	731
Turnover	EUR 163.5 million
Profit	EUR 40.8 million
Proprietary income to the state budget	EUR 18.5 million
Land tax	EUR 4.5 million

ALL OVER ESTONIA

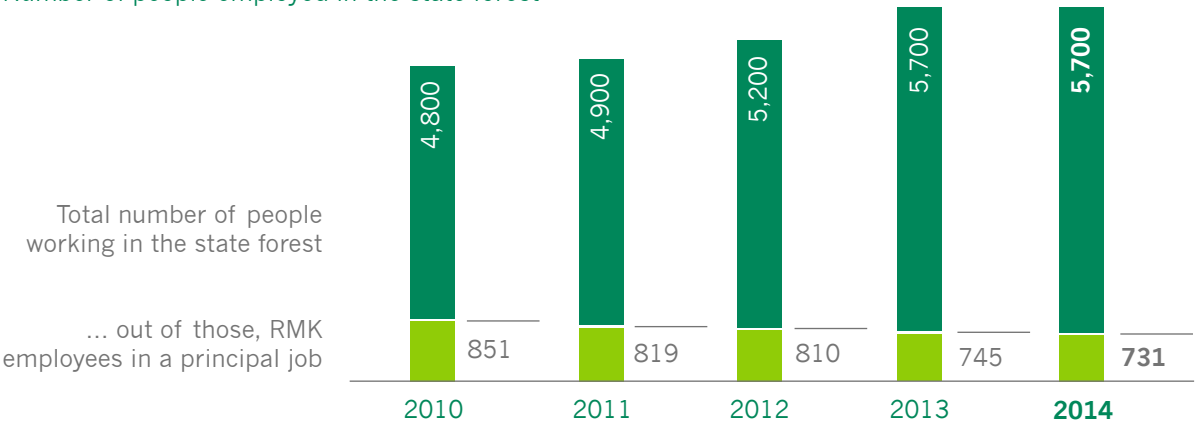


Area managed by RMK

Nature center
Information point
Office
Nature house
Plant management
Põlula Fish Farm
Tartu Tree Nursery
Sagadi Forest Centre
Elistvere Animal Park

EMPLOYEES

Number of people employed in the state forest



RMK employees in a principal job by field	Managers	Specialists	Task managers	Employees	Total
Nursery and seeds	1	3	8	36	48
Forest administration	22	38	89	0	149
Forest management	7	16	104	200	327
Timber marketing	1	9	2	0	12
Visiting organisation and nature education	2	41	43	15	101
Fish farming	1	2	1	4	8
Administration	13	57	0	16	86
Total	47	166	247	271	731

ACKNOWLEDGEMENTS

State enterprise with the best image

According to a survey by TNS Emor, RMK is one of the large enterprises with the best image in Estonia and the only state enterprise to rank in the top three, after the Rakvere Meat Processing Plant and Swedbank.

People aged up to 24 and 35-49, with secondary education and higher income, appreciated RMK the most. Since 2012, RMK's image has constantly been improving. The reputation survey shows that compared to 2013, RMK took a big leap, rising from 15th position to the top three. The earning of the title of the most reputable state enterprise in Estonia was contributed to by the significantly improved image of RMK among non-Estonians, who have been less supportive in earlier years. At the same time, there is still room for improvement with regard to the repute of the name of the enterprise – a third of the people of Estonia are not familiar with RMK.

The survey on the reputation and image of enterprises organised by TNS Emor was responded to by a thousand people in Estonia aged 15-74.

In the top three of the most attractive employers

RMK is one of the three most attractive employers in Estonia, only ranking behind the Port of Tallinn and Eesti Energia, as shown in the survey by TNS Emor.

People living in rural areas see RMK as an especially valuable employer. RMK as an employer is also highly appreciated by its employees, employees of manufacturing companies and the public sector and people over 35 years of age. At the same time, the survey revealed that salaried employees think that forestry does not provide as many career and development opportunities as competing sectors.

The 50 most reputable employers were ranked in April 2014 by 1,101 employees across Estonia. In 2013, RMK ranked fourth in the attractive employers list.

Best app of the public sector

The RMK smartphone application for hikers was nominated as the best public sector mobile app of 2014.

The RMK smartphone application provides users with information on RMK's hiking and study trails, campsites, campfire sites, nature centres and other recreational sites. All recreational sites of RMK can be searched in the app according to your location, type of site or location in the county. The application also provides weather information, nature sound ringtones and information on where to pick berries and mushrooms.

The RMK mobile application is available in Estonian, Russian and English for all popular software platforms for smartphones. The general winner of the contest "Best Estonian Mobile Application of 2014" was the taxi ordering app Taxify.

COOPERATION PROJECTS

A bow to the forest

In order to promote environmental protection and nature preservation, support forestry and the use of timber, and inspire people to actively move in the beautiful nature of Estonia, RMK cooperated with both long-term and new partners.

Forestry and use of timber

- the wooden ship society Vikan and the non-profit association MTÜ Raudlaeva Maja received a one hundred-year-old oak from the RMK Lääne-Viru forest district and placed it in an honourable position as the keel of the authentically copied lifeboat of the steam-powered ice-breaker Suur Tõll, which celebrated its 100th birthday
- the Christmas barge workshops of the Emajõgi River Barge Society and the construction of the magic forest on the Tartu Town Hall Square
- the professional competition for builders of log houses organised by the Estonian Woodhouse Association
- international logging championships organised by the Estonian Forest Society, and the forest week organised every spring
- the 18th international wood sculpture festival Varbola Wood Days, known as the song festival of tree people

Healthy living and activities in nature

- the RMK Kõrvemaa Complex Event, the largest family sports series in North Estonia, where you can put yourself to the test on skis, in the triathlon, and the cycling and running competition

Environmental protection and nature conservation

- nature photography competition “Vereta jaht” (“Bloodless Hunt”)
- photo exhibition “Treescape” by Kaupo Kikkas
- a photo exhibition dedicated to the animal of the year 2014 – the wolf
- the mini family-festival Kitchen Monkey’s Forest Cafe in the forests of Soomaa
- FSC® Friday, dedicated to responsible forestry and celebrated internationally on the last Friday in September
- information days of the Association of Estonian Foresters
- Forestalia, the male choir of forestry workers
- 11th youth conference “Lahe koolipäev” (“Cool day at school”) with more than one thousand participants
- children’s camp of the Estonian Union for Child Welfare at Remniku

FOREST MANAGEMENT

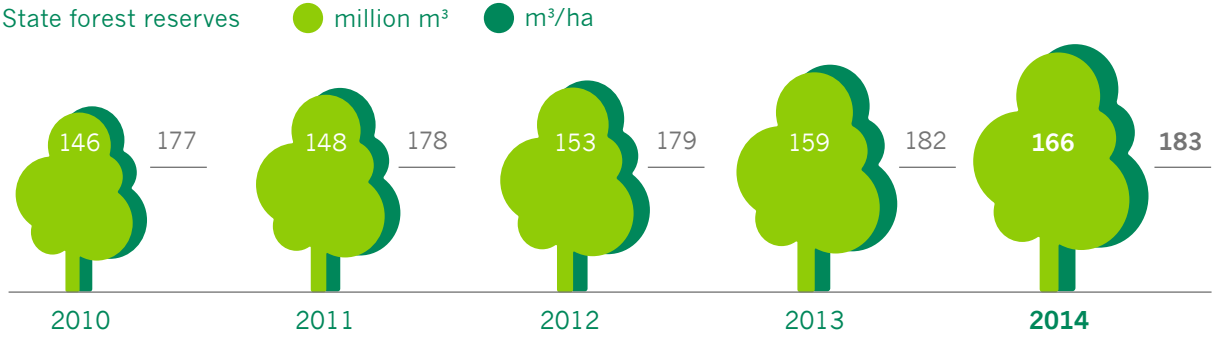
State forest reserve	166.3 million m³
Renewed forest area	10,000 ha
Planted forestry plants	18.5 million
Cleaning	42,400 ha
Thinning	9,900 ha
Regeneration cutting	9,500 ha
Sold timber	3.3 million m³
Income from the sale of timber	EUR 155.2 million

FOREST LAND OVERVIEW

RMK area of forest land and reserves by species of trees

Species	Area		Stock		
	ha	%	m³	%	m³/ha
Pine	390,474	43	79,413,000	47.8	203
Birch	267,857	30	43,584,000	26	163
Spruce	187,618	21	31,675,000	19	169
Aspen	30,839	3	5,990,000	4	194
Black alder	16,105	2	3,178,000	2	197
Grey alder	10,699	1	1,669,000	1	156
Others	4,377	1	783,000	1	179
Total	907,969		166,292,000		183

State forest reserves



CUTTING WORKS

Cutting in state forests (ha)

	2010	2011	2012	2013	**2014**
Thinning	8,293	8,340	8,606	8,717	**9,513**
Regeneration cutting	11,136	13,602	11,895	10,778	**9,909**
Sanitary cutting	6,174	7,487	10,362	6,854	**10,280**
Deforestation	421	1,107	551	1,142	**680**

Regeneration cutting means one-time or gradual cutting of a forest generation and after that, planting of a new forest on the cutting area or establishment of conditions promoting the natural regeneration of the forest.
Thinning is performed several times in the lifespan of a forest, when necessary, by cutting out trees that are damaged, have a poor trunk form, are diseased and dead, and also healthy trees preventing others from growing, in order to create better conditions for other trees.
Sanitary cutting means the cutting of dead and diseased trees, trees conducive to pest reproduction or dying trees, and the seed trees left on the clearcut that have performed their duty, without harming the habitats of wild animals, plants and mushrooms.
Deforestation is cutting made in order to allow for the use of the land for any other purpose than forest management.

Clear border lines

RMK was assigned the following important task by the government: to clear out the area of the border line between Estonia and Russia. The works were started at the end of October.

In the first stage, the state-owned areas in a total length of almost 80 kilometres is to be deforested; the area of the land to be cleared up is almost 270 hectares. For the most part, the boundary lines to be cleared are 10 metres wide, although in some places they extend to a width of up to a few hundred metres. Deforestation will be continued on private land as well, by agreement with private landowners.

During the deforestation works, RMK will cut the forest and brush on the border area, mill stumps and organise the removal of the timber cut. In addition to clearing land from brush, RMK will also remove fallen trees and beaver dams from the border areas.

FOREST RENEWAL

Volume of forest renewal	2010	2011	2012	2013	**2014**
Mineralization of the land for planting, ha	3,871	4,697	3,980	5,610	**5,653**
Mineralization of the land to aid natural renewal, ha	249	529	446	1,096	**1,202**
Forest sowing, ha	860	400	536	416	**617**
Forest planting, ha	3,544	4,530	5,652	5,865	**5,785**
Aiding natural renewal with planting or sowing, ha	217	258	313	348	**408**
Leaving for natural renewal, ha	2,450	2,580	1,480	1,648	**2,017**
Contribution to the forest renewal, ha	2,177	2,197	2,205	2,955	**3,102**
Plants planted, million	10	13.4	17.4	18.4	**18.5**
..out of which container plants, %	33	36	26	34	**42**
Forest renewal maintenance, ha	13,391	15,978	18,751	20,865	**23,048**

Maintenance of young stand (ha)	2010	2011	2012	2013	**2014**
Clearance	14,121	15,624	16,481	18,150	**19,375**

Planting and sowing by tree species (ha)	2010	2011	2012	2013	**2014**
Spruce	2,473	2,802	3,169	3,368	**2,885**
Pine	1,828	1,951	2,905	2,724	**3,329**
Birch	294	413	399	516	**578**
Others	27	23	28	21	**18**
Total	4,622	5,189	6,501	6,628	**6,810**

Ten years since the million tree bee

In 2004, Estonia joined the European Union. This historic moment was celebrated with a planting bee: 10,000 volunteers planting more than one million little trees in the Estonian state and private forests. To date, these spruce, pine and birch plants have grown into beautiful young growth and their development can be observed on the website rmk.ee/miljonpuud. On the map, there are 200 sites across Estonia where the trees were planted during the bee ten years ago. The planters can learn about the work done on the RMK cutting area since then, read the impressions of the planters and view photos.

A million trees is a significant number, but a lot more trees are actually planted by RMK each year. In 2014, RMK planted close to 18 million young trees in the managed state forest. Most of the reforestation works were completed in the spring when, in an intense month and a half of work, approx. 500,000 plants were planted each day, equivalent to the size of a football pitch each minute. For the third year in a row already, RMK planted forest in the autumn as well. 1,700 seasonal workers helped out at the nurseries and in planting the forest.

If trees are usually transported to the clearcut area via off-road vehicles, tractors or ATVs, then in the North-East region of RMK, this was the first time that 70,000 trees were delivered to an extremely inaccessible planting location via helicopter.

More rustling of the birches

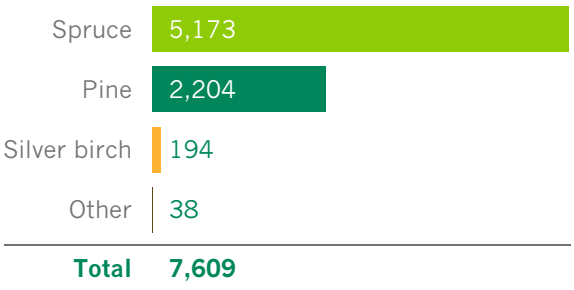
As in the year before, RMK again planted coniferous trees the most – 10.8 million pines and 6.6 million spruces, but 1.1 million birch trees also found their way to the forest.

The proportion of birch trees in reforestation is increasing. In the coming years, RMK is planning to plant double the amount of silver birches, which are well suited for afforesting former arable land, grassland, water-logged areas and exhausted oil shale quarries. In order to create better growing conditions for birches, RMK will establish more than 11,000 square metres of growing fields, in the sum of EUR 220,000, on the territory of the Tartu Tree Nursery.

Plenty of seeds

RMK is tasked with ensuring a sufficient forest seed supply for Estonia. The spruce seed shortage that hit RMK a couple of years ago has now passed, and the current 5,200 kg stock of spruce seeds should satisfy the needs of Estonian forestry for the next 12 years. In addition, there is a stock of 2,200 kg of pine seeds and 194 kg of silver birch seeds, which will last about three years.

Estonian seed stock (kg)



AFFORESTATION OF QUARRIES

Transformation of quarries

RMK afforested a total of 158 hectares of exhausted quarry areas, of which 144 hectares were located in the North-East region.

On the order of Eesti Energia Kaevandused AS, pines and birches were planted on 103 hectares of former oil shale quarry land. As the growth period on the quarry fields was subject to drought conditions, for the first time in practice, all spruce plants were dipped into a hydrogel solution, which improved the ability of the plants to grow by an estimated fifty per cent.

On the order of Kiviõli Oil Shale Processing and Chemicals Plant, pines and birches were planted on 38 hectares of former oil shale quarry area. In the Kiiu Soon exhausted sand quarry, pine and birch plants were planted on an area of three hectares.

TIMBER MARKETING

A controversial timber market

Moderate price growth continued on the timber market, mainly due to the increased demand for logs. The price of spruce and pine logs increased by 7% and the price of hardwood logs went up by 2%.

The coniferous and birch pulpwood markets exhibited some controversial trends. At the beginning of the year, the demand for coniferous pulpwood increased rapidly, but remained modest with regard to birch pulpwood. In the second half-year, both the demand for and price of coniferous pulpwood dropped suddenly, whereas the price of birch pulpwood increased to some extent.

All in all, the annual average price of spruce and pine pulpwood remained at the same level as the year before, while the price of birch pulpwood fell by 2%.

The selling price of firewood remained relatively stable, regardless of the mild winter, and there was no additional price drop. Due to insufficient buying interest, the sales period for firewood was extended and stock reserves were increased. Some of the firewood was used for making wood chips. As the supply of the wood chips delivered to energy producers has exceeded demand for several years already, the potential of cuttings and trunks was left unused and the sales volume of wood chips decreased.

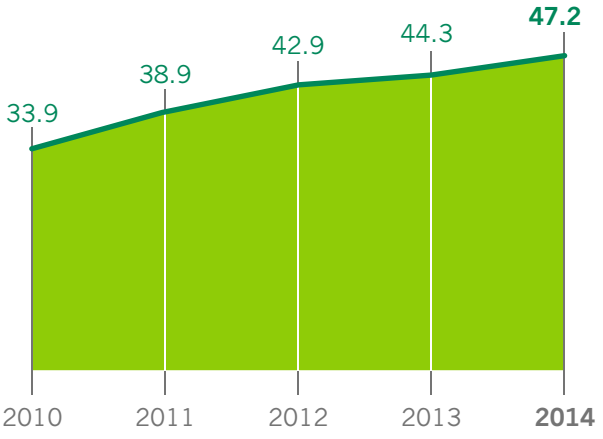
Sale of timber (m³, %)

	2010	2011	2012	2013	**2014**
Logs	1,152,000	1,227,000	1,249,000	1,356,000	**1,492,000**
	41%	41%	40%	40%	**45%**
Pulpwood	1,174,000	1,151,000	1,158,000	1,233,000	**1,216,000**
	41%	38%	37%	37%	**36%**
Firewood	250,000	294,000	399,000	571,000	**487,000**
	9%	10%	13%	17%	**15%**
Wood chips and residuals	268,000	330,000	318,000	211,000	**138,000**
	9%	11%	10%	6%	**4%**

Biggest clients by the amount purchased (m³)

Stora Enso Eesti AS	314,000
Horizon Tselluloosi ja Paberi AS	215,000
Estonian Cell AS	210,000
Metsä Forest Eesti AS	139,000
BillerudKorsnäs Estonia OÜ	125,000
Repo Vabrikud AS	113,000
Toftan AS	112,000
Laesti AS	100,000
Viiratsi Saeveski AS	97,000
SCA Metsad Eesti AS	87,000

Average price of the sold timber (EUR/m³)



FOREST IMPROVEMENT

Access the forest on dry feet

Good access to a forest increases its value because a tidy network of roads facilitates forestry management works and removal and forwarding of timber. Also, decent forest roads ensure safer and more comfortable hiking for holidaymakers, berry pickers and mushroomers and better access for the rescue services for putting out forest fires and doing other noteworthy jobs.

Forest drainage goes back a long way in Estonia, with drainage works starting in the first half of the 19th century. To date, a large portion of the state forest has gradually been drained. According to the estimates of researchers, about a million cubic metres more of timber is grown in Estonia every year due to forest drainage.

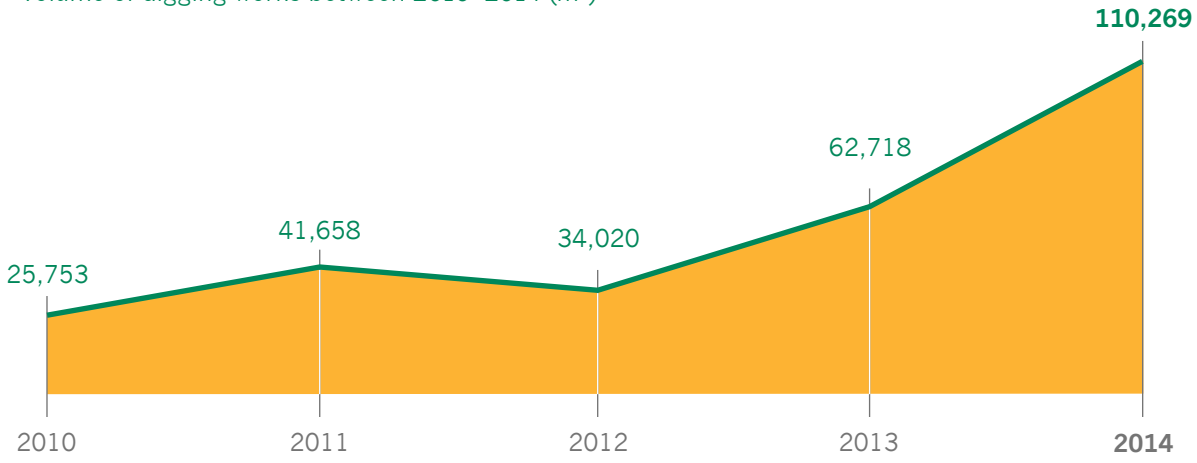
Even though today, as a rule, no new drainage systems are established in the state forest, RMK aims to make sure the existing ones work properly. This is done so that trees can grow better in drier soil and to improve the quality of timber and facilitate the establishment and management of forest roads. Berry pickers and mushroomers can access the forest with dry feet and more easily.

RMK uses the sand and gravel excavated from their property to construct and repair forest roads.

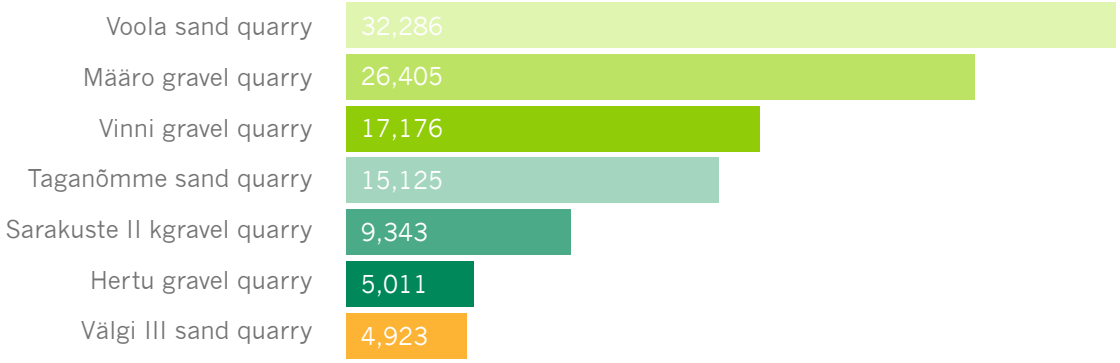
In 2014, RMK invested the record amount of EUR 23.6 million into the reconstruction of forest roads and drainage systems, and running maintenance works, constructing and renewing 267 km of roads and improving drainage systems on more than 7,000 hectares.

The state forest contains a total of 8,300 kilometres of roads, and the drainage systems cover approx. 470,000 hectares.

Volume of digging works between 2010–2014 (m³)



Digging of sand and gravel on RMK's lands in 2014 (m³)



WASTE COLLECTION

The forest is not a rubbish bin

The cleaning bees and public awareness campaigns that have taken place over the years have not brought a resolution to the waste situation – unfortunately, there are still those who think the forest is a good place to dispose of one's waste. During the year, RMK collected 270 tonnes of waste from state land, at a cost of EUR 52,000. Both of these figures have increased considerably compared to the previous year.

The increased amount of waste collected is also affected by the fact that each year RMK acquires state land that has not yet been reformed, and these areas often suffer from increased pollution, which is now the responsibility of the new land owner to eliminate. Most of the waste collected on state land (96%) is everyday waste, mainly construction waste. Most of the hazardous waste (4%) is in the form of asbestos cement. Over the years, the most problematic areas with regard to waste have been Ida-Viru and Harju counties – about half of the waste collected from the state forest each year comes from these two counties.

Waste collection in state forests	2010	2011	2012	2013	**2014**
Amount (kg)	146,000	317,000	170,000	164,500	**270,600**
Expenses (EUR)	21,000	32,000	29,000	37,000	**52,000**

FOREST FIRES

Forest fires in state forests	2010	2011	2012	2013	**2014**
Number (pcs)	13	12	0	7	**24**
Area (ha)	19	13.7	0	186.4	**37.8**
Average fire area (ha)	1.5	1.1	0	27	**1.6**

HUNTING

Hunters to plant forest

After the adoption of the new Hunting Act, 2014 was the first year in which the regulations concerning damage caused by game were fully implemented. Even though pursuant to the Act, hunters must compensate to land owners the expenses related to wild game that cause significant damage, by agreement with hunting associations, RMK did not submit any financial claims to them. Instead, the hunters will plant new forest in the areas of the damage.

In the state forest, significant damage caused by game in forest plantations and young growth was registered on 317 hectares, which is a third less than the year before. This was mainly repetitive and older damage; based on the expert analyses by the Environmental Board, new reforestation or development was needed on 18 hectares of forest area with fresh and significant damage. The most damaged species of trees were aspen and pine, with most of the damage being caused by elk.

In cooperation with hunters, RMK made great progress in eliminating damage caused by beavers: old beaver dams and obstructions blocking flow in drainage systems were removed in 50 locations across Estonia, at a cost of EUR 140,000. This work will continue in 2015 – the plan is to fix 34 places with damage caused by beavers, where ditch networks will be cut clean and obstructions blocking flow will be removed.

In 2014 RMK earned EUR 330,000 from the hunting grounds in their use, with the majority coming from public auctions of hunting permits. On average, RMK was paid EUR 2.59 per hectare of hunting ground; EUR 18,330 in revenues from auctions was shared with private land owners.

NATURE PROTECTION

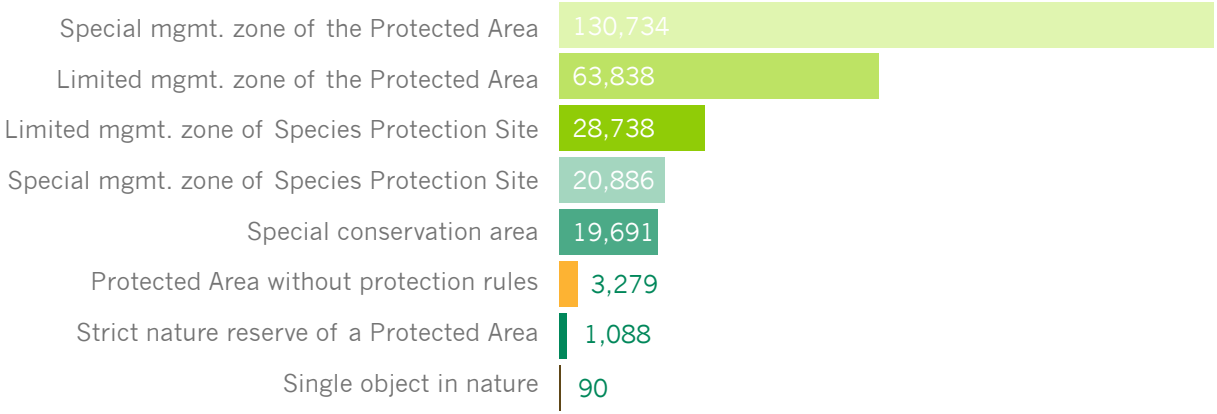
Species under protection	455
Protected species habitats	22,066
Key biotopes	6,078
Total area of key biotopes	14,584 ha
Semi-natural biotic communities managed	18,465 ha
Expenditure on nature protection	EUR 1.8 million

DIVISION OF STATE FOREST

Division of state forest (%)

PROTECTED AREAS

Protected Areas in state forests (ha)



SPECIES UNDER PROTECTION

455 protected species

455 protected species were registered in RMK areas, with four of them being discovered for the first time in the state forest in 2014. The hard shield fern was placed under protection in protection category I, which is the most strictly protected; the soprano pipistrelle was added to protection category II, and Bombus schrencki and the buff-tailed bumblebee were added to protection category III.

In addition to the number of protected species, the changes in the protection status of the species is affected by the number of habitats, that is, the habitat of a specimen of a species or the group habitat of plants that grow in groups. On RMK's lands, there were 22,066 habitats of protected species in total as at the end of 2014; during the year, 1,440 new habitats were found.

The number of established species in the forest habitat is around 10,000 in Estonia, while the presumed number of forest species is believed to be around 20,000. The most diverse are insects (approx. 6,000 species) and fungi (approx. 2,000 species), followed by lichen with 481, vascular plants with 450, and mosses with 250 species, respectively. When compared to the various insects, vertebrate animals · including the various species of mammals and birds – are actually quite rare in the forests, with only 150 species.

Out of the forest species, about 500 are considered to be endangered in Estonia, and to preserve them, protection measures need to be applied constantly.

Safe routes of movement for flying squirrels

RMK mapped and placed under protection the movement corridors of flying squirrels which connect the 47 known habitats of these extremely endangered animals on state land. The mapped movement corridors cover 1,051 hectares of managed state forest and RMK has established restrictions on management in these areas.

Each flying squirrel habitat is typically inhabited by an average of only two or three females, which is why the animals need to move between different spots of the habitat to preserve the population. As the squirrels cannot move on clear areas and cannot cross clearcuts, it is of vital importance that the movement corridors be preserved. There are "stepping stones" located at intervals of 1.5-2 km along the animals' routes of movement, where the flying squirrels can seek shelter, rest, and eat.

The main habitat of flying squirrels is known to be located mainly in the Alutaguse region in Lääne and Ida-Viru counties.

KEY BIOTOPES

14,600 hectares of key biotopes

As at the end of 2014, there were 6,078 key biotopes with a total area of 14,584 ha on RMK's lands. A year before, these numbers were 8,639 key biotopes on 14,398 hectares.

A key biotope is an area of up to seven hectares that has been placed under protection and is highly likely to accommodate endangered, possibly endangered or rare species. On RMK's lands, key biotopes and areas with elements of key biotopes are equally protected.

The list of key biotopes was supplemented with the inventoried key biotopes located on the state land delivered to RMK, but not yet reformed. The reason why the total area of key biotopes decreased and the area of lands with elements of key biotopes increased is a mere formality – expansion of protected areas or placement of new areas under protection changed the status of these areas for the purposes of the Forest Act.

BIODIVERSITY

Biodiversity must be preserved in all forests – in protected forests, forests with economic restrictions as well as managed forests. To preserve biodiversity in Estonian forests, RMK has assumed various responsibilities, some of which are even stricter than those prescribed by the law.

- In the period between spring and summer there is a moratorium on cutting, with the goal being to disturb forest life in this most sensitive period as little as possible
- In the reconstruction of forest drainage, it is made sure that waterlogged forests with a natural water regime would not be damaged.
- Buffer zones are maintained alongside bodies of water, to preserve the quality and life of the water bodies in forests.
- Forest sections that have been established as having elements of key biotopes, and which can serve as a habitat for endangered or rare species (in addition to the protection of confirmed key biotopes), are not cut down.
- More old crop trees and dead trees are left in felled areas than required by law.
- Cutting is halted in case of suspected nesting of category I or II protected species. For category III protected species, the individual is protected along with the prohibition of disturbing the bird during nesting.

NATURE PROTECTION WORKS

Renovation of infrastructure

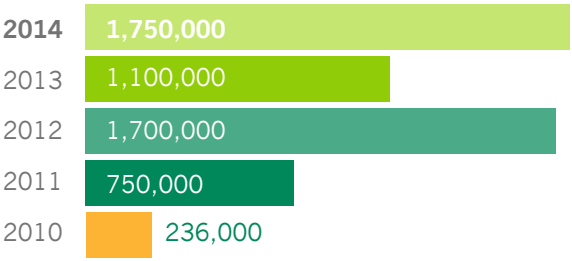
In 2014, RMK performed nature conservation works on 204 sites in a total of EUR 1.75 million. Of this, EUR 1.25 million was provided by the European Regional Development Fund.

A third of the works, that is, 70 nature conservation projects, were related to the development or renewing of infrastructure. One of the most important objects that was completed in the year was the Kloostri bridge-regulator crossing the Kasari River in Matsalu National Park, which will prolong the flood period on the largest flood-meadow in Northern Europe and provide access to the area maintained.

For better management of semi-natural biotic communities, more than 20 kilometres of roads in Soomaa National Park and Kärevere Nature Reserve were reconditioned. In addition, 25 culverts were installed at Soomaa and more than three kilometres of ditches were cleaned up. To improve the maintenance conditions of Kasari meadow, 15 culverts were installed and four exit ways were developed.

Landscape maintenance and restoration works were performed on 34 hectares. Maintenance works were also continued in nine parks on a total of 37 hectares.

Cost of nature protection works



Maintaining species protection and biotic communities

Almost a fifth of the nature conservation works were performed for the purpose of restoring and maintaining the habitats of protected plant, lichen and bird species on a total of 130 hectares.

In the Soomaa National Park region, forest was cut down on about 30 hectares to study the wood grouse; in the Vilsandi National Park on Harilaid Peninsula, cutting took place on 50 hectares, to restore the open coastal landscape needed by the rare natterjack toad. On the Mustoja Landscape Conservation Area, open habitats for plant species that are rare in Estonia, originally coming from the steppes, were established on more than ten hectares.

Maintenance and restoration works involving various biotic communities took place on 230 hectares, with the majority of the works having been performed to restore the natural water regime of the Endla bog. On the restoration area of the cutover peatland of Rannu bog, stump offshoot control was performed on 30 hectares to preserve favourable conditions for swamp formation in the area.

Maintained plant heritages

A semi-natural biotic community or a plant heritage is a community with natural life that has been constantly harvested or grazed – for example, woodlands, alvars, coastal meadows and heaths.

The area of state land rented out by RMK for maintaining semi-natural biotic communities is increasing year on year. As of 2014, 18,266 hectares of land has been rented out and there are 289 tenants who take care of the preservation of plant heritages.

RMK maintained and restored semi-natural biotic communities on 195 hectares. The volume of restoration cutting on the land amounted to 162 hectares, of which almost one half took place on the island of Saaremaa. The maintenance of semi-natural biotic communities continued on about 10 hectares in the Pirita River Primeval Valley Landscape Reserve, where due to the high land tax it is not likely that the areas will be rented out, although public interest is high.

The power of doing something together

RMK was assisted in nature conservation works by volunteers from the Estonian Fund for Nature. The many volunteers maintained the woodlands at Nedrema, restored the habitats of natterjacks at Harilaid and Kumari islet, contributed to the preservation of valuable crowberry heaths on Rammu island, and cleaned the alvars on Osmusaar and Vormsi. A total of 215 people participated in the 17 bees, contributing more than 1,900 working hours to nature conservation works.

Semi-natural biotic communities rented out (ha)	2010	2011	2012	2013	**2014**
Total	5,908	6,409	7,694	14,509	**18,266**
... out of them new lands rented out	475	501	1,285	6,815	**3,757**

PÕLULA FISH FARM

Salmon and sea trout back to the rivers

The Põlula Fish Farm, located in Lavi Village, in Lääne-Viru County, belongs to RMK. As of the beginning of 2014, it is the only state fish farm in Estonia that restores fish stocks.

Based on recommendations by the Estonian Marine Institute of the University of Tartu, in 2014, the Selja, Pirita, Jägala, Loobu, Purtse, Pärnu and Valgejõgi were stocked with salmon juveniles. A total of 98,000 larvae, 107,000 one-summer, 15,000 one-year, 9,000 two-summer and 35,000 two-year salmon juveniles were stocked. In addition, the Pudisoo and Pühajõgi Rivers were stocked with 10,000 one-summer, 7,000 one-year and 5,000 two-year sea trout. Juveniles are grown and stocked in order to restore and strengthen fish populations in rivers where the natural populations have been destroyed.

The adipose fin between the dorsal fin and the caudal fin was removed from all salmon and trout that are at least one year old to allow for later identification of the farm. In addition, to study migration and growth speed, a total of 2,500 salmon and 500 sea trout juveniles from each two-year fish stock batch were branded with individual markers attached under the dorsal fin.

In the autumn, fish eggs were collected from 140 female and 147 male salmon of the salmon broodstock in the fish farm and the natural salmon caught in the Kunda River. The 380,000 salmon and 12,000 sea trout eggs incubated will be grown into juveniles of various ages, in order to stock Estonian rivers in the years 2015-2017.

ACTIVITIES IN NATURE AND NATURE EDUCATION

Number of visits to RMK recreational and protected areas	1.9 million
Visitors	
... at information points	70,000
... at Elistvere Animal Park	55,400
... at Sagadi Forest Museum	34,000
Participants in nature education programmes	47,500
Cost of nature holiday and education	EUR 5.9 million

POSSIBILITIES FOR MOVING IN NATURE

Number of visits to RMK recreational and protected areas

RMK invites you to visit the state forest

2,000 km of hiking trails

Two branches of a hiking trail across Estonia: Oandu-Aegviidu-Ikla 375 km and Aegviidu-Ähijärve 628 km

309 covered campfire sites

60 camping areas

27 forest huts

19 forest houses

4 cross-country areas

Hiking gives you strength

Befitting the Year of Moving 2014, RMK focused on improving opportunities for nature walking. The Loosalu-Paluküla nature trail, the boardwalk on the Öördi study trail, the Koigi bog study trail, the recreational areas of Järve Landscape Reserve, the Oandu open-air classroom and open-air study trails, the Pähni forest study trail, the Meenikunno hiking trail, and the Simisalu drying house and open-air classroom were all given new leases on life.

RMK's recreational and protected areas were visited 1.9 million times in the year. The most popular recreational areas were coastal areas – Nõva, Kauksi, Lemme, Mändjala, Kaberneeme

and Meremõisa. National parks were also actively visited, with Lahemaa and Sooma receiving the most guests.

The current year saw about 70,000 people hiking on the Oandu-Ikla (375 km) and Aegviidu-Ähijärve (628 km) branches of RMK's long hiking trail. In 2015, the Aegviidu-Ähijärve branch of the popular trail will be supplemented with a new section from Peraküla to Aegviidu.

With support from the European Regional Development Fund, 21 projects for renewing trails located in protected areas were started. As a result, the following trails will be improved by the year 2015: the nature trail of the Marimetsa Nature Reserve, the Penijõe hiking trail in Matsalu National Park, the Rüütli hiking trail in the Muraka Nature Reserve, the trail around the Kaali meteorite crater, the study trail of the Nigula Nature Reserve, the Männikjärve study trail and the tower in Endla Nature Reserve, the Saare study trail in the Silma Nature Reserve, the study trail in the Viitna Landscape Reserve, a new part of a trail in Taevaskoja by the Mother's Spring, the Oandu forest nature trail in Lahemaa National Park and the nature trail in the Mukri bog.

RMK is also planning to improve the Pikanõmme, Selisoo, Liiapeksi-Aegviidu, Alatskivi and Rumpo nature trails, the Lemme, Krapi, Matsiranna, Soontagana, Kauksi, Hirmuste, Palli, Meiuste and Peraküla camping areas, and the Kaberneeme, Kaiu, Uuejõe, Põõsaspea, and Osmussaar campfire sites.

Forest houses online

The forest houses of RMK can now be booked online, which makes it easier and faster to book the desired house. During the year-long pilot project, the booking service will be provided by the nordicrent.ee service and the web page for booking the houses is also accessible through RMK's web page loodusegakoos.ee.

In total, RMK has 19 forest houses located in nine counties across Estonia, capable of accommodating groups of 2-20 people. In addition to the forest houses, RMK has 27 forest huts in different areas of Estonia which can be used by all hikers for free, without prior booking and based on everyman's right.

NATURE EDUCATION

Educational nature centres

During the year, 2,455 educational programmes were carried out at RMK's nature centres and the Sagadi Nature School, attended by 47,500 students. Contests, hiking days, theme nights and information days were attended by 155,000 nature lovers.

Out of all the contests, the forest quiz was still the most popular, with a record-breaking attendance by 906 classes with 9,196 pupils. For the schoolchildren's forest postcard contest, held for the 12th time already, more than 1,500 works were submitted. The best works were chosen based on a poll.

For kindergarten children, the RMK Aegviidu Nature Centre organised a contest "Meisterdusi metsast" ("Handicraft from the forest") and 92 little crafters submitted their works made from natural materials.

In Viimsi, the thorougly renovated outbuilding of the RMK Nature Centre was opened, where the permanent exhibition "Metsas on väge!" ("There is power in the forest!") introducing the benefits and importance of the forest. During the period 2011–2014, RMK has renewed 11 nature centres with the help of the European Regional Development Fund.

Nature programmes and their participants	2010	2011	2012	2013	**2014**
Nature programmes organised	1,926	2,449	2,993	2,953	**2,455**
Participants in programmes	42,200	50,800	59,900	48,400	**47,500**

SAGADI FOREST CENTRE

Insects are honoured

Insects were the focus at Sagadi Forest Centre in 2014. The beautiful summer weather and the exciting programme dedicated to insects brought a record 850 nature lovers to the traditional Sagadi Tree Days. The main attraction of the family event, organised for the 11th time already, was the furnishing of the multi-storey insect hotel, made from timber and other forest materials, which will later be put on display in Sagadi Manor's apple orchard. As appropriate for the year of the insect, an exhibition on butterflies was opened in the forest museum, wooden butterflies were made, and several lectures were dedicated to butterflies.

The events in the “Lahemaa Nature School” series for learning about nature, both in the classroom and on trips to the forest, remained popular. In addition to regular school classes, nature intermediation training was held on the order of Tallinn University and the University of Tartu, attended by 21 groups with 456 employees of nature centres, teachers, lecturers, and principals.

The Sagadi night museum evenings were attended by lots of people as usual. The Night Walk of Three Manors on a dim August evening, with only a couple of hundred of the fastest people being able to take part and experience the manors on a romantic walking tour, proved to be more popular than expected.

Sagadi Manor is a popular place for both personal and corporate events. A tradition of historical parties was started in the manor house.

During the year, Sagadi Manor was visited by more than 50,000 museum visitors, participants in various training courses and events and overnighters at the manor hotel.

Number of Visitors to the Sagadi Forest Centre	2010	2011	2012	2013	**2014**
Visitors at Forest Museum	24,000	32,000	29,000	25,000	**34,000**
Accommodation clients	7,400	9,900	8,600	8,500	**9,800**

ELISTVERE ANIMAL PARK

New inhabitants

During the year, the Elistvere Animal Park in Jõgeva County was visited by more than 55,000 people. The animal park was also open during the five white nights of the summer, when as many as about 2,000 visitors came to see the animals.

The star in the spotlight was Paula, the young European bison calf born in the autumn. During the year, the wild boar family grew by two striped piglets; a roe deer calf and two fox cubs were also born in the park. A week-old elk calf was brought to the animal park as a foundling, and the lynx Gella came from Tallinn Zoo to Jõgeva County to enjoy the calmer rural life. At the Nature Preservation Department's spring bee, a new shelter was built for fallow deer, and the deer and lynx enclosures were repaired. The volunteers also continued the construction of the boardwalk for disabled visitors. The result, after an interval of many years, is a path once again stretching from the park to the river.

There are 50 wild animals and five birds in RMK's Elistvere Animal Park, and fifty rodents indoors.

NATURE CAMERA

Beavers and deer on camera

At the beginning of 2014, RMK set up a nature camera with live feed in Saaremaa. In the winter, spring and autumn, people were able to view the deer and in the summer, the camera was put outside a badger sett.

On the deer feeding ground, most of the action took place when it was dark outside. In addition to the main characters, a few elks, a wild deer, wild boars munching away, raccoons eating apples, a few foxes and a pair of common cranes appeared on camera. At one moment, the viewers could even see as many as 16 does, bucks and fawns – this is the biggest group ever seen on RMK's camera. In the summer, the RMK Saaremaa nature camera followed the activities of the female badger Kadi and her companion living in the vicinity of the deer. The badger couple were busy tidying up and lining the sett. The animals, which are mainly active at dusk and at night, also found time for mating, even though they did not have any offspring this year.

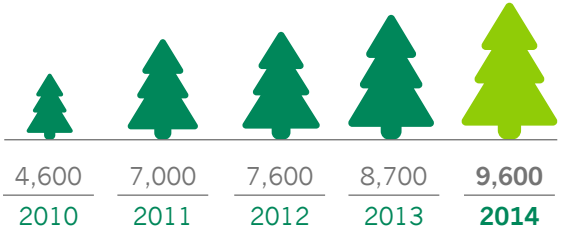
The nature camera can be viewed on the websites rmk.ee and looduskalender.ee.

CHRISTMAS TREES

Modern Christmas trees

Regardless of the fact that proper winter arrived in Estonia only immediately before Christmas, 9,600 spruces were brought home from the state forest, which is 900 trees more than the year before. Year upon year, finding a Christmas tree with the help of RMK's mobile application is gaining popularity: 75% of the people who brought a tree home from the state forest found one to their liking and paid for it with the RMK mobile app. The hunt for the tree was the most active on the weekend preceding the holidays when half of the trees were taken home. As an act of charity, RMK helped bring a hundred Christmas trees to substitute homes. RMK has been providing the option of bringing home one's own Christmas tree from the state forest since 2008. Christmas trees may be cut down only where they stand no chance of growing to maturity: along the edges of roads and ditches, under overhead power lines and under old forest.

Christmas trees from the state forest



HERITAGE CULTURE

A detailed overview

Although the promoters of heritage culture had earned a break after the busy heritage year of 2013, several noteworthy projects were still completed. The Estonian heritage culture database was supplemented with 599 new objects, together with details, location coordinates, and photos. The geoportal of the Estonian Land Board was supplemented with a map application of the mnemoscapes of national parks, which is linked to the heritage culture data as well.

Cartographer Jaanus Tahk began restoring a post mill in Kihelkonna Rural Municipality, on the island of Saaremaa, together with the community. A long-term research project for identifying the effect of forest management on heritage culture objects was also started.

The Society of Estonian Areal Studies acknowledged the work done by those mapping the heritage culture at RMK and nominated the book "Järvselja pärandkultuuri radadel" ("Cultural Heritage in Järvselja"), by Kersti Siim, as the best book of the year on areal studies

RESEARCH WORK

Supported applied research projects 2008–2014	11
... incl. in process	5
Applied research project budget 2008–2014	EUR 1.3 million
Forestry scholarships	5
Expenditure on scholarships	EUR 32,000

APPLIED RESEARCH PROJECTS

Intermediate results published

In 2013, RMK decided to fund three research projects, the most large-scale of which is studying the habitats of the wood grouse, with close to EUR 570,000. In addition, researchers are attempting to identify how drained forests affect climate change, and they are developing methods for evaluating the impact of clear-cutting. The first intermediate summaries of the research projects continuing for two-three years have been completed.

The wood grouse back to the forest

The wood grouse, which mainly lives in pine forests, is demanding towards its habitat, and its population is gradually shrinking. Current protection measures have not provided the desired results. The aim of the research to be carried out on the testing area established in Soomaa with help by RMK is to study the use of habitat by the wood grouse and the factors that limit it. Now, the initial results have been published which focused on the potential impact of forest drainage on the wood grouse population.

The intermediate results showed that the quality of the habitat of the wood grouse does not directly depend on the drainage of mixotrophic bog forests, but is instead dependent on two other factors. Firstly, the wood grouse population is linked to the number of old pine trees – this result was expected as wood grouse mainly feed on pine needles, especially during winter. Secondly, the wood grouse population is affected by the amount of shrub plants in the drained forest, which can be explained by the fact that wood grouse chicks eat the insects on blueberry plants and other shrub plants. The researchers also admitted that the wood grouse leads a hazardous life, and its success when it comes to breeding is significantly affected by predation. In the two-hectare wood grouse habitat used in the study, as many as half a dozen types of predators appeared within a year, both birds and mammals. In the next stage of studying the wood grouse, the habitats of those which have had offspring are focused on. The expected results of the research project ending in 2016 will help organise the protection of wood grouse more efficiently than so far, both by restoring habitats and reducing the impact of predation.

A COMPLEX STUDY OF THE FACTORS INFLUENCING THE HABITAT QUALITY OF THE WOOD GROUSE

Project implementers:
Experts from the University of Tartu, the Estonian University of Life Sciences and the Estonian Ornithological Society

Project manager:
Asko Lõhmus, the University of Tartu

Cost:
EUR 308,500

Clearcutting needs clarification and communication

As a result of the research project, methods will be developed for RMK for evaluating the impact of clearcutting and for preventing potential conflicts.

By implementing extensive research methods, the research group found three main reasons for conflicts arising in clearcutting: different ideas on the value and purpose of the forest, low involvement and poor cooperation between parties, and the poor knowledge of people regarding forest management.

In order to avoid conflicts in clearcutting, the researchers proposed a decision tree method based on ecological, socioeconomic and cultural effects, which helps to analyse where conflicts are the most likely to occur. The researchers tested the method in Saku, Aegviidu and Iisaku rural municipalities, by analysing how many conflicting clearcuts may appear in these regions in the near future, what types of conflicts there are, and which measures would help prevent these conflicts.

As the method is based on GIS analysis, the data possessed by different parties needs to be collected first to implement the method.

METHODOLOGY FOR ASSESSING THE IMPACT OF CLEARCUTTING AND FOR PREVENTING CONFLICTS:

Project implementers:
Researchers from the University of Tartu and the Estonian University of Life Sciences

Project manager:
Kalev Sepp, Estonian University of Life Sciences

Cost:
EUR 98,500

Role of drained forests in climate change

More than a third of Estonia's forests have been drained, but it is not known whether the increased rate of forest growth, which is a result of the draining, helps prevent global warming or rather accelerates the process.

The intermediate results of the ongoing research showed that in drained forests methane emissions are 50-200 times lower than in undrained mixotrophic bog forests and bog woodlands, while carbon emissions are 80-120 times higher, and the volatilisation of nitrous oxide is 110-550 times higher.

The end result of the research project should provide knowledge on whether drained forests absorb more greenhouse gases than they emit and identify the factors that affect the dynamics of these greenhouse gases.

CARBON AND NITROGEN CIRCULATION IN FORESTS WITH AN ALTERED WATER REGIME

Project implementers:
Researchers from the University of Tartu and the Estonian University of Life Sciences

Project manager:
Ülo Mander, University of Tartu

Volume of funding:
EUR 160,000

USE OF RESEARCH RESULTS

As a responsible and smart manager of the forest, RMK closely cooperates with researchers to apply new knowledge and practical recommendations in its everyday work. Since 2011, three major research projects have been completed, which provide valuable information for nature conservation and more sustainable forest management.

Analysis of shelterwood cutting as an alternative to clearcutting

The study on shelterwood cutting provided new information for more nature-friendly management of forests in places where clearcutting is not recommended for various reasons. After analysing the ecological, economic and aesthetic aspects of shelterwood cutting as an alternative to clearcutting, it was found that the valid Forest Act and the rules of forest management hinder proper reforestation under the shelterwood of the old forest. Recommendations were made for making the current economic models for shelterwood cutting more efficient and for updating the existing rules by treating shelterwood cutting and selection cutting as a single package, as an alternative to clearcutting.

Assessment of forest stand characteristics

The study conducted on Aegviidu testing area assessed forest stand characteristics based on LiDAR measurements and multispectral imagery. The study revealed that based on LiDAR data, it is possible to rather accurately estimate the height of a forest stand, but not the reserve. For the better establishment of the survey data by remote monitoring, further development activities are needed. The study supports RMK's vision to implement forest inventory based on remote monitoring.

Energetic value and environmental impacts of spruce stumps

The study identified the biomass, reserve and energetic value of the stump wood resulting from uprooting spruce stumps. The practical value of the study lies in the fact that stump uprooting and use for bioenergy production is possible and feasible and will not bring about a significant loss of nutrients and carbon.

In addition, two applied research projects started in 2012 are about to be finished, and the results will be published in 2015. One of these projects focuses on the development of volume equations for stand and forest assortments in Estonian growing condition. The expected result can be directly applied to forestry machinery, permitting the volume of timber assortment based on local measurement data to be calculated more accurately than before, and to also take into consideration the thickness of the bark. The other project studies the forest protection problems associated with reforestation. The results of this project will help decrease the environmental impact arising from the application of forest protection methods because compared to synthetic pesticides, the use of biopestides poses a lower environmental risk.

SCHOLARSHIPS

Awards for the best

To support forestry education, RMK awarded scholarships in the amount of EUR 32,000. A portion of this money was directed toward last year's scholarship recipients and new scholarships were awarded in the amount of EUR 18,000 in 2014.

Two scholarships, named after the forestry scientist Endel Laas, in the amount of EUR 4,800 were awarded to doctoral students Martin Tishler and Teele Paluots, from the Estonian University of Life Sciences.

Two EUR 3,200 scholarships established in the memory of Heino Teder, legendary man of the forest, were awarded to Sigrid Strantsov and Aleksei Potapov, Master's students at the Estonian University of Life Sciences.

The EUR 1,917 Toomas Ehrpais scholarship – the oldest scholarship at Luua Forestry School – was awarded to Jaanus Sosar, a second year student of forestry.

Award for Master's thesis

RMK presented an EUR 700 award to Erko Soolmann, from the Estonian University of Life Sciences, for the best Master's thesis of the year on forestry. The thesis addressed the appearance of natural regrowth in uniform shelterwood cutting.

Uniform shelterwood cutting is the most common method used in shelterwood cutting, making it possible to regrow the forest in a natural manner. In his Master's thesis, 40 cases of shelterwood cuttings, with both successful and unsuccessful results, were examined in Harju County and in the state forests of South Estonia. The structure, cutting intensity, openness of the area and the quality of the growth area were measured.

It was concluded that shortly after the cutting, the intensity of the cutting does not have a significant effect on natural reforestation, and the number of new plants mainly depends on the amount of seeds and characteristics of the earth that are suitable for germination. However, analyses over a longer period reflect that after the regrowth has appeared, the trees in the upper front have a significant inhibitive effect on the growth. Competition between the roots creates a deficiency of nutrients and other growth resources, which is why in thicker forest stands the natural regrowth will not be able to thrive and perishes.

It was the 14th time that RMK presented the award for the best Master's thesis.

FINANCIAL SUMMARY

BALANCE SHEET

(in EUR)

ASSETS	31.12.2014	31.12.2013
Current assets		
Cash	27,868,302	17,032,435
Receivables and prepayments	12,548,056	12,392,905
Inventories	15,140,767	12,099,514
Biological assets	29,620,886	30,383,680
Total current assets	85,178,011	71,908,534
Fixed assets		
Long-term financial investments	2,273,432	2,241,151
Investment properties	7,119,651	7,270,497
Tangible assets	432,416,390	407,728,106
Intangible fixed assets	980,293	920,659
Biological assets	741,847,889	741,847,889
Total fixed assets	1,184,637,655	1,160,008,302
TOTAL ASSETS	**1,269,815,666**	**1,231,916,836**

LIABILITIES AND EQUITY CAPITAL	31.12.2014	31.12.2013
Liabilities		
Short-term liabilities		
Debts and prepayments	14,605,548	13,814,836
Short-term provisions	100,195	84,057
Total short-term liabilities	14,705,743	13,898,893
Long-term liabilities		
Long-term provisions	605,278	475,333,
Total long-term liabilities	605,278	475,333
TOTAL LIABILITIES	15,311,021	14,374,226
Equity capital		
State capital	1,112,757,915	1,101,822,038
Retained profit	100,987,663	84,245,317
Profit for the financial year	40,759,067	31,475,255
TOTAL EQUITY CAPITAL	1,254,504,645	1,217,542,610
TOTAL LIABILITIES AND EQUITY CAPITAL	**1,269,815,666**	**1,231,916,836**

INCOME STATEMENT

(in EUR)

	2014	2013
Revenue	160,505,096	150,731,408
Other operating revenue	3,031,358	4,149,281
Profit (loss) from biological assets	-762,794	2,160,504
Change in the inventory of finished and unfinished products	3,043,878	-1,742,507
Work performed by an entity in the production of non-current assets for its own purpose and capitalised	156,283	104,672
Goods, raw materials, materials and services	-82,002,295	-82,291,555
Miscellaneous operating expenses	-11,165,992	-10,969,338
Labour costs	-21,462,235	-20,181,922
Depreciation and impairment of fixed assets	-6,904,978	-6,511,434,
Other operating expenses	-39,784	-38,165
Operating profit	44,398,537	35,410,944
Financial income from subsidiaries	157,189	262,967
Other financial income and expenditure	86,480	11,445
Profit before income tax	44,642,206	35,685,356,
Income tax	-3,883,139	-4,210,101
Profit for the financial year	40,759,067	31,475,255

AUDITOR'S REPORT

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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

(Translation of the Estonian original)

To the Supervisory Board of Riigimetsa Majandamise Keskus

The accompanying summary financial statements, which comprise the balance sheet as of 31 December 2014, the income statement for the year then ended, and related notes, are derived from the audited financial statements of Riigimetsa Majandamise Keskus for the year ended 31 December 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 26 February 2015.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in Estonia. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Riigimetsa Majandamise Keskus.

Management Board's Responsibility for the Summary Financial Statements

Management Board is responsible for the preparation of the summary financial statements that are derived from the audited financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 „Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Riigimetsa Majandamise Keskus for the year ended 31 December 2014 are consistent, in all material respects, with those financial statements.

Laile Kaasik
Auditor's Certificate No. 511

Ree Teinberg
Auditor's Certificate No. 625

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