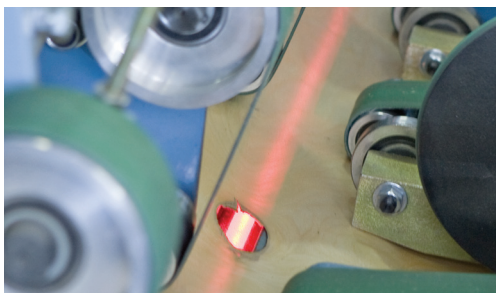


2012

Interim report
January 1–March 31, 2012



RAUTE CORPORATION – INTERIM REPORT JANUARY 1–MARCH 31, 2012

- The Group's net sales, EUR 15.1 million (MEUR 14.6), increased 3% on the comparison period.
- Operating profit was EUR -0.5 million (MEUR -1.4). Result before taxes was EUR -0.5 million (MEUR -1.6).
- Earnings per share (undiluted) were EUR -0.12 (EUR -0.32).
- Order intake was EUR 61 million (MEUR 29) and the order book at the end of the reporting period increased to EUR 82 million (MEUR 48).
- The outlook for financial performance remains unchanged. Net sales in 2012 will increase significantly on the comparison year and the operating profit will be clearly positive.

Tapani Kiiski, President and CEO: Record-breaking order secures good start to the year

The net sales for the first quarter of the year remained low. The order intake, on the other hand, reached a record high. Also taking into account the significant amount of orders we received during the final quarter of 2011, we can already at this stage be fairly certain of our outlook for the year in progress.

The proportion of mill-scale projects presently in our order book is exceptionally large. Once an order has been received, net sales begin to accumulate more slowly for mill-scale projects than for individual line or equipment deliveries. Due to this our net sales remained low in the first quarter despite our good order book situation at the beginning of the year. Our result was negative as a result of the low net sales. In light of the actual net sales of EUR 15 million, the operating loss of some half a million euros was in line with our estimates.

For several years now the volume of new orders has fluctuated dramatically from quarter to quarter. We have typically received major orders at the end of the year and at the beginning of the year. The middle of the year has, however, been quiet on the order front.

We have been unable to identify any specific reason for this recurring fluctuation which has continued for several years. The variation in the volume of our order intake has created powerful fluctuations in our net sales with a delay of around two quarters of a year. At least for the three first quarters of the current year our net sales will follow this rhythm.

The year has begun in a challenging market situation, with the exception of the notably large mill order which we received in February. Construction activity in our customers' main markets is still at a fairly low level, decreasing the need for our customers to make any major investments in new capacity. Various projects are being moved forward, however in this type of situation their activation is uncertain.

A strong order book provides Raute with the keys to a distinctly positive result and the chance to focus our efforts on the implementation of our strategy and on development projects which will guarantee us a better position to meet the challenges of the changing markets and, on the other hand, the opportunities presented by the improving markets when the global economy regains its stability.

RAUTE CORPORATION – INTERIM REPORT JANUARY 1–MARCH 31, 2012

BUSINESS ENVIRONMENT

Market situation in customer industries

Raute's customers in the veneer, plywood and LVL (Laminated Veneer Lumber) industries are engaged in the manufacture of wood products used in investment commodities and are thus highly affected by fluctuations in construction, housing-related consumption, international trade, and transportation.

Significant uncertainty is still associated with the development of the global economy and financial markets due to the hazards of growing debt among some European countries and in the United States. For Raute's customer industries, the market situation has continued to be uncertain in a number of market areas.

Demand for wood products technology and technology services

The plywood industry's upgrade investments to ensure quality and cost competitiveness as well as maintain market shares have remained at a reasonable level during the early part of the year.

Several large projects encompassing single production lines and mill-scale deliveries under planning and negotiation are pending. Customers will decide on and realize these projects only once they are more confident that demand has recovered permanently and once financing for the projects can be arranged.

ORDER INTAKE AND ORDER BOOK

Raute serves the wood products industry with a full-service concept based on service which encompasses the entire life-cycle of the delivered equipment. Raute's business consists of project deliveries and technology services. Project deliveries comprise complete production machinery for new mills, production lines and individual machines and equipment. Additionally, Raute's full-service concept includes comprehensive technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations as

well as consulting, training and reconditioned machinery.

The order intake during the first quarter was at a very high level totaling EUR 61 million (MEUR 29). 83 percent of orders received came from South America (7%), 8 percent from Russia (61%), 5 percent from Europe (26%), 2 percent from North America (5%) and 2 percent from the Asia-Pacific area (1%).

In February Raute received orders equaling more than EUR 50 million for the machinery and equipment for a plywood mill for Paneles Arauco S.A. in Chile. The machinery and equipment will be delivered mainly during the latter part of 2012 for the rebuilding of the Nueva Aldea plywood mill which burned down at the beginning of January.

Technology services accounted for EUR 5 million (MEUR 7) of the order intake.

During the reporting period Raute Corporation signed a long-term contract with UPM Plywood for the proactive maintenance and spare parts services for UPM Plywood's Finnish mills in Pellos, Jyväskylä, Savonlinna, Joensuu and Kalso, as well as the Chudovo mill in Russia and Otepää mill in Estonia. Based on the contract Raute will take on the responsibility for some of the proactive maintenance inspections and scheduled maintenance programs performed at specified production lines at UPM's plywood mills.

The order book grew during the reporting period by EUR 46 million, amounting to EUR 82 million at the end of the period (MEUR 48). More than EUR 15 million of the order book is estimated to be entered as income in 2013.

COMPETITIVE POSITION

Raute's competitive position is good. Raute's solutions help customers in securing their ability to deliver and provide service throughout the life cycle of the product. In such investments, the supplier's overall expertise and extensive and diverse technology offering play a key role. The competitive edge provided

by Raute is also a major draw when customers select their cooperation partners. Raute's strong financial position also enhances its credibility and improves its competitive position as an executor of long-term investment projects.

NET SALES

Net sales for the reporting period totaled EUR 15.1 million (MEUR 14.6), up 3 percent on the first quarter of the previous year.

Europe's share of total net sales during the reporting period was 33 percent (33%), Russia's 23 percent (20%), South America's 26 percent (6%), North America's 13 percent (13%), and Asia-Pacific's 4 percent (28%).

RESULT AND PROFITABILITY

Operating loss was EUR 0.5 million negative (MEUR 1.4 negative) and accounted for -4 percent (-10%) of net sales.

The first-quarter result was negative due to low net sales. The three significant new orders received in November–December 2011 and in February 2012 could be observed as an increase in net sales in March. March accounted for almost half of the net sales generated during the reporting period.

The result before taxes for the reporting period was EUR 0.5 million negative (MEUR 1.6 negative) and the result EUR 0.5 million negative (MEUR 1.3 negative). Earnings per share (undiluted) were EUR -0.12 (EUR -0.32).

CASH FLOW AND BALANCE SHEET

The Group's financial position is good. At the end of the reporting period, gearing was -88 percent (-47%) and equity ratio 46 percent (52%). Other fluctuations in balance sheet working capital items and the key figures based on them are due to differences in the timing of customer payments and the cost accumulation from project deliveries, which is typical of project business.

The Group's cash and cash equivalents, including financial assets recognized at fair value through profit or loss, amounted to EUR 34.4 million (MEUR 23.0) at the end of the reporting period. Operating cash flow was EUR 9.3 million positive (MEUR +1.4). Cash flow from investment activities was EUR 0.5 million negative (MEUR -0.2). Cash flow from financing activities was EUR 0 (MEUR -2.1).

Interest-bearing liabilities amounted to EUR 15.3 million (MEUR 12.2) at the end of the reporting period.

The Parent company Raute Corporation has a EUR 10 million commercial paper program, which allows the company to issue commercial papers maturing in less than one year. The company also has unused bilateral credit facilities totaling EUR 5 million with a Nordic bank.

EVENTS DURING THE REPORTING PERIOD

Raute Corporation published stock exchange releases on the following events:

February 10, 2012

Raute received orders valued at over EUR 50 million from Chile.

DEVELOPMENT OF OPERATIONS

Raute Corporation outsourced its warehouse and other internal logistics operations located at Nastola to ISS Palvelut Oy starting on April 1, 2012. The objective of the outsourcing is to improve the efficiency and flexibility of warehouse and internal logistics operations. The outsourcing was carried out as a transfer of an undertaking, in connection with which eight employees from warehouse and transport operations were transferred to ISS Palvelut Oy's employment on their pre-existing terms and conditions.

RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Raute's goal is to be the leading technology supplier in its field, and to invest strongly in continuous research and development, particularly in plywood and LVL manufacturing technology and the supporting automation and instrumentation applications, especially machine vision. Research and development costs in the reporting period totaled EUR 0.6 million (MEUR 0.4) and accounted for 3.7 percent (2.7%) of net sales.

Investments totaled EUR 1.2 million (MEUR 0.2) during the reporting period. The majority of the investments were related to technology acquisitions and product development.

PERSONNEL

The Group's headcount at the end of the reporting period was 469 (476). Group companies outside Finland accounted for 24 percent (27%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 458 (452).

SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 4,004,758, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,013,597 series A shares (1 vote/share). The shares have a nominal value of 2 euros. Series K and A shares confer equal rights to dividends and company assets.

Series K shares can be converted to series A shares under the terms set out in section 3 of the Articles of Association. If an ordinary share is transferred to a transferee who has not previously held series K shares, the new owner must notify the Board of Directors of this in

writing and without delay. Other holders of series K shares have the right to redeem the share under the terms specified in Article 4 of the Articles of Association.

Raute Corporation's series A shares are listed on NASDAQ OMX Helsinki Ltd. The trading code is RUTAV. Raute Corporation has signed a market making agreement with Nordea Bank Finland Plc in compliance with the Liquidity Providing (LP) requirements issued by NASDAQ OMX Helsinki Ltd.

The company's market capitalization at the end of the reporting period was EUR 34.6 million (MEUR 40.6), with series K shares valued at the closing price of series A shares, EUR 8.64 (EUR 10.15), on March 31, 2012.

SHAREHOLDERS

The number of shareholders totaled 1,667 at the beginning of the year and 1,675 at the end of the reporting period. Series K shares are held by 49 private individuals (52). The management (Board of Directors, President and CEO and Presidents of the subsidiaries) held 7.2 percent (7.2%) of the company shares and 13.9 percent (13.2%) of the votes. Nominee-registered shares accounted for 1.5 percent (2.1%) of shares.

No flagging notifications were given to the company during the reporting period.

CORPORATE GOVERNANCE

Raute Corporation complies with the Finnish Corporate Governance Code 2010 for listed companies issued by the Securities Market Association on June 15, 2010. Raute Corporation's Corporate Governance Statement 2011 has been drawn up separately from the Board of Directors' report and was published on the company's website.

Raute deviates from the Code's recommendation 22 on appointing members to the Appointments Committee in that one member to the Committee is elected from outside the Board of Directors, as per the company's Administrative Instructions, from among the representatives of major shareholders who have significant voting rights. The Board views this exception as justified, taking into consideration the company's ownership structure and the possibility to consider the expectations of major shareholders as early as in the preparation phase of selecting members of the Board of Directors.

Raute deviates from recommendation 9 on the number, composition and competence of the directors in that the company does not have both genders represented on the Board. The shareholders proposed, and the Annual General Meeting elected on April 16, 2012 a group of persons consisting of men as Board members.

EVENTS AFTER THE REPORTING PERIOD

Annual General Meeting 2012

Raute Corporation's Annual General Meeting was held on April 16, 2012. The Annual General Meeting adopted the financial statements for 2011, granted discharge from liability to those accountable and decided to distribute a dividend of 0.30 euro per share.

The Annual General Meeting elected the company's Board of Directors for a term that expires at the end of the Annual General Meeting of 2013. Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio Vice-Chairman and Mr. Joni Bask, Mr. Risto Hautamäki, Mr. Ilpo Helander and Mr. Pekka Suominen as Board members.

The authorized public accounting company PricewaterhouseCoopers was chosen as auditor

with Authorized Public Accountant Janne Rajalahti as the principal auditor.

The Annual General Meeting decided that the remuneration paid to the Chairman of the Board will continue to be EUR 40,000 and to the Vice-Chairman of the Board and Board members EUR 20,000 for the term of office and that the Board members' traveling expenses will be compensated in accordance with the company's travel policy. The auditors' remuneration will be paid on the basis of reasonable invoicing.

The Annual General Meeting decided to amend Article 12 of the Articles of Association so that the Annual General Meeting is convened through a stock exchange release. The Annual General Meeting also authorized the Board of Directors to decide on the repurchase of the company's series A shares with assets from the company's non-restricted equity and a directed issue of a maximum of 400,000 of these shares. In addition the Annual General Meeting decided to decrease the share premium fund as shown in the Company's balance sheet on December 31, 2011 by transferring all of the assets of EUR 6.5 million in the share premium fund into the invested non-restricted equity fund.

More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on April 16, 2012.

Dividends for the 2011 financial year

The Annual General Meeting held on April 16, 2012 decided to pay a dividend of EUR 0.30 per share for the financial year 2011. The total amount of dividends is EUR 1.2 million, series A shares accounting for EUR 904,079.10 (EUR 904,079.10) and series K shares for EUR 297,348.30 (EUR 297,348.30). The dividend payment date was April 26, 2012.

Board of Directors and Board Committees

The Board of Directors elected by Raute Corporation's Annual General Meeting on April 16, 2012 has held an organizing meeting.

Based on the evaluation of independence, Chairman Erkki Pehu-Lehtonen and members Joni Bask, Risto Hautamäki, Ilpo Helander, Mika Mustakallio, and Pekka Suominen are independent of the company. The Chairman of the Board (Mr. Erkki Pehu-Lehtonen) and two Board members (Mr. Ilpo Helander and Mr. Risto Hautamäki) are independent of major shareholders.

Raute Corporation's Board of Directors has an Appointments Committee and a Working Committee. Mr. Erkki Pehu-Lehtonen is Chairman of the Appointments Committee, and Mr. Mika Mustakallio and Mr. Ville Korhonen – chosen from among the representatives of major shareholders – act as its members. The Chairman of the Working Committee is Mr. Erkki Pehu-Lehtonen and its members are Mr. Mika Mustakallio and Mr. Risto Hautamäki. The Audit Committee's tasks are handled by the Board of Directors.

BUSINESS RISKS

Risks in the near term continue to be driven by the global economic situation and the uncertainty concerning its development. During the reporting period, there have been no essential changes in the business risks described in the 2011 Board of Directors' report and financial statements. The most significant risks for Raute in the near term are related to the development of demand and the order book after the delivery of the present strong order book has taken place.

OUTLOOK FOR 2012

Raute's business operations are characterized by the sensitivity of investment demand to cyclical fluctuations in the global economy and the financial markets.

Significant uncertainty is still associated with the development of the global economy and financial markets due to the hazards of growing debt among some European countries and in the United States. The market situation for Raute's customer industries is expected to remain uncertain.

However, upgrade investments in the plywood industry to ensure quality and cost competitiveness and maintain market shares will remain at a reasonable level in the near future, provided that the economic uncertainty does not spiral into a new crisis.

Production line and mill-scale investment projects are being planned in several market areas. The implementation and timing of these projects will depend on investors' confidence that the market for wood products will remain at a reasonable level and on the arrangement of financing for customer projects in some market areas.

Thanks to its strong financial and market position and the development measures it has carried out, Raute is well positioned to respond to growing demand once the markets recover. The implemented adaptation measures have led to a lighter cost structure and business is more profitable than before, even in a difficult market situation.

Due to a strong order book and projects in the negotiation phase, net sales in 2012 will increase significantly on the comparison year and the operating profit will be clearly positive.

TABLES SECTION OF THE INTERIM REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1 000)	Note	1.1.–31.3. 2012	1.1.–31.3. 2011	1.1.–31.3. 2012	1.1.–31.3. 2011	1.1.–31.12. 2011
NET SALES	3,4,5	15 109	14 627	15 109	14 627	74 323
Change in inventories of finished goods and work in progress		464	95	464	95	-184
Other operating income		46	32	46	32	168
Materials and services		-6 806	-7 067	-6 806	-7 067	-39 404
Employee benefits expense	12	-6 635	-6 047	-6 635	-6 047	-24 019
Depreciation and amortization		-501	-542	-501	-542	-2 128
Other operating expenses		-2 227	-2 540	-2 227	-2 540	-9 494
Total operating expenses		-16 168	-16 196	-16 168	-16 196	-75 045
OPERATING PROFIT (LOSS)		-549	-1 442	-549	-1 442	-738
% of net sales		-4	-10	-4	-10	-1
Financing income		208	211	208	211	705
Financing expenses		-195	-318	-195	-318	-1 093
PROFIT (LOSS) BEFORE TAX		-536	-1 550	-536	-1 550	-1 126
% of net sales		-4	-11	-4	-11	-2
Income taxes		72	285	72	285	30
PROFIT (LOSS) FOR THE PERIOD		-464	-1 265	-464	-1 265	-1 095
% of net sales		-3	-9	-3	-9	-1
Other comprehensive income items:						
Exchange differences on translating foreign operations		13	-15	13	-15	23
Cash flow hedging		-	-	-	-	19
Income tax related to cash flow hedges		-	-	-	-	-5
Comprehensive income items for the period, net of tax		13	-15	13	-15	37
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		-451	-1 280	-451	-1 280	-1 058
Profit (loss) for the period attributable to						
Equity holders of the Parent company		-464	-1 265	-464	-1 265	-1 095
Comprehensive profit (loss) for the period attributable to						
Equity holders of the Parent company		-451	-1 280	-451	-1 280	-1 058
Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR						
Undiluted earnings per share		-0,12	-0,32	-0,12	-0,32	-0,27
Diluted earnings per share		-0,12	-0,32	-0,12	-0,32	-0,27
Shares, 1 000 pcs						
Adjusted average number of shares		4 005	4 005	4 005	4 005	4 005
Adjusted average number of shares diluted		4 005	4 014	4 005	4 014	4 005

CONSOLIDATED BALANCE SHEET (EUR 1 000)	Note	31.3. 2012	31.3. 2011	31.12. 2011
ASSETS				
Non-current assets				
Intangible assets	8	2 152	1 188	1 433
Property, plant and equipment	8	8 211	8 657	8 226
Other financial assets		789	497	789
Accounts receivables and other receivables		549	729	549
Deferred tax assets		1 699	1 801	1 601
NON-CURRENT ASSETS		13 401	12 871	12 598
Current assets				
Inventories		5 903	5 238	5 059
Accounts receivables and other receivables	5	11 760	13 602	9 298
Income tax receivable		15	-	37
Cash and cash equivalents		34 433	23 030	25 674
CURRENT ASSETS		52 110	41 870	40 067
ASSETS		65 510	54 742	52 666
EQUITY				
Equity attributable to Equity holders of the Parent company				
Share capital		8 010	8 010	8 010
Share premium account		6 498	6 498	6 498
Fair value reserve and other reserves		232	55	187
Exchange differences		36	0	23
Retained earnings		7 351	9 647	8 447
Profit (loss) for the period		-464	-1 265	-1 095
Share of shareholders' equity that belongs to the owners of the Parent company		21 663	22 945	22 069
SHAREHOLDERS' EQUITY		21 663	22 945	22 069
NON-CURRENT LIABILITIES				
Non-current provisions		96	22	123
Non-current interest-bearing liabilities	9	11 017	9 923	10 937
Pension obligations		96	0	0
NON-CURRENT LIABILITIES		11 209	9 945	11 060
CURRENT LIABILITIES				
Current provisions		682	616	697
Pension obligations		0	93	98
Current interest-bearing liabilities	9	4 340	2 315	4 340
Current advances received	5	18 237	10 985	5 589
Income tax liability		10	-	416
Trade payables and other liabilities		9 369	7 842	8 399
CURRENT LIABILITIES		32 638	21 851	19 537
TOTAL LIABILITIES		43 847	31 796	30 597
EQUITY AND LIABILITIES		65 510	54 742	52 666

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1 000)	31.3. 2012	31.3. 2011	31.12. 2011
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	27 098	19 101	64 268
Other operating income	46	30	168
Cash paid to suppliers and employees	-17 474	-17 749	-62 322
Cash flow before financial items and taxes	9 670	1 382	2 113
Interest paid from operating activities	-23	-45	-163
Dividends received from operating activities	96	22	108
Interest received from operating activities	132	111	357
Other financing items from operating activities	-189	-42	-183
Income taxes paid from operating activities	-413	0	298
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	9 273	1 428	2 531
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	-559	-225	-1 589
Proceeds from sale of property, plant and equipment and intangible assets	22	20	133
Purchase of other investments	-	-	-293
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-538	-205	-1 748
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease of non-current and current receivables	-	-	1 000
Increase of current borrowings	-	-	163
Repayments of current borrowings	-	-115	-115
Increase of non-current borrowings	-	6 000	11 000
Repayments of non-current borrowings	-	-8 000	-10 000
Dividends paid	-	-	-1 201
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-	-2 116	846
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	8 735	-893	1 629
increase (+)/decrease (-)			
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	25 674	24 090	24 090
NET CHANGE IN CASH AND CASH EQUIVALENTS	8 735	-893	1 629
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	23	-167	-45
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	34 433	23 030	25 674
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD			
Cash and cash equivalents	34 433	23 030	25 674
TOTAL	34 433	23 030	25 674

*Cash and cash equivalents comprise assets at fair value through profit and loss, as well as cash and bank receivables, which will be due within the following three months' period.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						
(EUR 1 000)	Share capital	Share premium	Other reserves	Exchange rate diff.	Retained earnings	TOTAL
EQUITY at Jan. 1, 2012	8 010	6 498	187	23	7 351	22 069
Comprehensive profit (loss) for the period						
Profit (loss) for the period	-	-	-	-	-464	-464
Other comprehensive income items:						0
Exchange differences on translating foreign operations	-	-	-	13	-	13
Cash flow hedging, net of tax	-	-	-	-	-	-
Total comprehensive profit (loss) for the period	0	0	0	13	-464	-451
Transactions with owners						
Equity-settled share-based transactions	-	-	45	-	-	45
Dividend paid	-	-	-	-	-	-
EQUITY at March 31, 2012	8 010	6 498	232	36	6 887	21 663

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						
(EUR 1 000)	Share capital	Share premium	Other reserves	Exchange rate diff.	Retained earnings	TOTAL
EQUITY at Jan. 1, 2011	8 010	6 498	36	35	9 648	24 227
Comprehensive profit (loss) for the period						
Profit (loss) for the period	-	-	-	-	-1 265	-1 265
Other comprehensive income items:						
Exchange differences on translating foreign operations	-	-	-	-35	-	-35
Cash flow hedging, net of tax	-	-	-	-	-	-
Total comprehensive profit (loss) for the period	0	0	0	-35	-1 265	-1 301
Transactions with owners						
Equity-settled share-based transactions	-	-	19	-	-	19
Dividend paid	-	-	-	-	-	-
EQUITY at March 31, 2011	8 010	6 498	55	0	8 383	22 945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Raute Group is a technology and service company that operates worldwide. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood and LVL (Laminated Veneer Lumber). Raute's technology offering covers machinery and equipment for the entire production process. Raute's full-service concept is based on product life-cycle management. In addition to a broad range of machines and equipment, our solutions cover technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in Nastola, Finland. Its other production plants are in the Vancouver area in Canada, in the Shanghai area in China, and in Kajaani, Finland. The company's sales network has a global reach.

Raute Group's Parent company is a Finnish public limited liability company, Raute Corporation, established in accordance with Finnish law (Business ID FI01490726). Its series A shares are quoted on NASDAQ OMX Helsinki Ltd., under Industrials. Raute Corporation is domiciled in Lahti, Finland. The address of its registered office is Rautetie 2, FI-15550 Nastola, Finland, and its postal address is P.O. Box 69, FI-15551 Nastola, Finland.

The Consolidated financial statements are available online at www.raute.com and at the head office of the Parent company, Rautetie 2, FI-15550 Nastola, Finland.

Raute Corporation's Board of Directors has on May 4, 2012 reviewed the Interim financial report for January 1 - March 31, 2012, and approved it to be published in compliance with this release.

2. Accounting principles

Raute Corporation's Interim financial report January 1 - March 31, 2012 has been prepared in accordance with standard IAS 34 Interim Financial Reporting. The Interim financial report does not contain full notes and other information presented in the financial statements, and therefore the Interim financial report should be read in conjunction with the Financial statements published for 2011.

Raute Corporation's Interim financial report for January 1 - March 31, 2012 has been prepared in accordance with international financial statement standards (International Financial Reporting Standards, IFRS) as adopted by the European Union, and preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on March 31, 2012. The notes to the Interim financial statements also comply with Finnish accounting legislation. The presented Interim financial report figures have not been audited.

The Interim financial report has been prepared according to the same accounting principles as those applied in the Annual financial statements for 2011 except for the certain new or revised standards, interpretations and amendments which the Group has applied as of January 1, 2012. The impact of the new and revised standards have been presented in the Annual financial statements for 2011. The adoption of these standards have not had an impact on the Interim financial report.

All the monetary figures presented in the Interim financial report are in thousand euros, unless otherwise stated. Due to the rounding of the figures in the financial statement tables, the sums of figures may deviate from the sum total presented in the table. Figures in parentheses refer to the corresponding figures in the comparison period.

The preparation of Interim financial report according to IFRS standards requires management to use estimates and assumptions in the process of applying the accounting principles. Because estimates and assumptions are based on management's best knowledge at the reporting date, they comprise risks and uncertainties. The actual results may therefore differ from these estimates.

3. Segment information

Operational segment

Continuing operations of Raute Group belong to the wood products technology segment.

Due to Raute's business model, operational nature and administrative structure, the operational segment to be reported as wood products technology segment is comprised of the whole Group and the information on the segment is consistent with that of the Group. Segment reporting follows the principles of presentation of the consolidated financial statements.

	31.3.		31.3.		31.12.
Wood products technology	2012		2011		2011
Net sales	15 109		14 627		74 323
Operating profit (loss)	-549		-1 442		-738
Assets	65 510		54 742		52 666
Liabilities	43 847		31 796		30 597
Capital expenditure	1 216		226		1 885

Assets of the wood products technology segment by geographical location	31.3.		31.3.		31.12.	
	2012	%	2011	%	2011	%
Finland	58 693	90	45 729	84	46 196	88
North America	3 402	5	3 357	6	3 305	6
China	1 609	2	4 018	7	1 550	3
Russia	1 436	2	1 319	2	1 302	2
South America	196	0	143	0	170	0
Others	173	0	176	0	143	0
TOTAL	65 510	100	54 742	100	52 666	100

Capital expenditure of the wood products technology segment by geographical location	31.3.		31.3.		31.12.	
	2012	%	2011	%	2011	%
Finland	1 203	99	220	97	1 824	97
North America	6	0	2	1	22	1
China	3	0	3	1	36	2
Russia	1	0	-	-	-	-
South America	1	0	-	-	2	0
Others	1	0	-	-	1	0
TOTAL	1 216	100	226	100	1 885	100

4. Net sales

The main part of the net sales is comprised of project deliveries related to wood products technology and modernizations in technology services, which are treated as long-term projects. The rest of the net sales is comprised of technology services provided to the wood products industry such as spare parts and maintenance services as well as services provided to the development of customers' business.

Project deliveries and modernization related to technology services include both product and service sales, making it impossible to give a reliable presentation of the breakdown of the Group's net sales into purely product and service sales.

Large delivery projects can temporarily increase the shares of various customers of the Group's net sales to more than ten percent. At the end of the period, the Group had three (3) customers, whose share of the Group's net sales temporarily exceeded ten percent.

Net sales by market area	1.1.-31.3.		1.1.-31.3.		1.1.-31.12.	
	2012	%	2011	%	2011	%
South America	4 002	26	958	6	4 301	6
Rest of Europe	3 692	24	2 057	14	10 593	14
Russia	3 498	23	2 883	20	26 026	35
North America	2 019	13	1 836	13	6 090	8
Finland	1 251	8	2 759	19	8 891	12
Asia-Pacific	600	4	4 089	28	18 299	25
Others	47	0	46	0	124	0
TOTAL	15 109	100	14 627	100	74 323	100

5. Long-term projects	31.3.	31.3.	31.12.
	2012	2011	2011
Net sales			
Net sales by percentage of completion	12 053	11 630	58 760
Other net sales	3 056	2 997	15 563
TOTAL	15 109	14 627	74 323
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	51 273	48 898	45 250
Amount of long-term project revenues not yet entered as income (order book)	80 651	46 866	35 034
Projects for which the value by percentage of completion exceeds advance payments invoiced			
- aggregate amount of costs incurred and recognized profits less recognized losses	18 285	28 210	16 805
- advance payments received	13 703	21 923	13 431
Gross amount due from customers	4 582	6 287	3 374
Projects for which advance payments invoiced exceed the value by percentage of completion			
- aggregate amount of costs incurred and recognized profits less recognized losses	32 988	20 687	28 445
- advance payments received	50 487	29 337	33 704
Gross amount due to customers	17 499	8 650	5 259
Specification of combined asset and liability items			
Advance payments paid	386	332	101
Advance payments received included in inventories in the balance sheet	386	332	101
Advance payments in the balance sheet	18 237	10 985	5 589
6. Number of personnel, persons	31.3.	31.3.	31.12.
	2012	2011	2011
Effective, on average	458	452	457
In books, on average	468	483	475
In books, at the end of period	469	476	464
- of which personnel working abroad	112	128	117
7. Research and development costs	31.3.	31.3.	31.12.
	2012	2011	2011
Research and development costs for the period	565	402	2020
Amortization of previously capitalized development costs	40	88	262
Development costs recognized as an asset in the balance sheet	-70	-	-209
Research and development costs entered as expenses for the period	535	490	2 072

8. Changes in Intangible assets and in Property, plant and equipment	31.3. 2012	31.3. 2011	31.12. 2011
Intangible assets			
Carrying amount at the beginning of the period	12 448	11 759	11 759
Exchange rate differences	1	-13	16
Additions	839	30	609
Reclassifications between items	-679	-	63
Carrying amount at the end of the period	12 609	11 775	12 447
Accumulated depreciation and amortization at the beginning of the period	-11 015	-10 418	-10 420
Exchange rate differences	0	8	-8
Reclassifications between items	679	-	18
Depreciation and amortization for the period	-120	-178	-604
Accumulated depreciation and amortization at the end of the period	-10 456	-10 587	-11 013
Book value of Intangible assets, at the beginning of the period	1 433	1 341	1 341
Book value of Intangible assets, at the end of the period	2 152	1 188	1 433
Property, plant and equipment			
Carrying amount at the beginning of the period	44 463	43 714	43 714
Exchange rate differences	-79	-419	117
Additions	377	195	983
Disposals	-7	-18	-67
Reclassifications between items	-3 686	-	-285
Carrying amount at the end of the period	41 068	43 472	44 463
Accumulated depreciation and amortization at the beginning of the period	-36 236	-34 800	-34 801
Exchange rate differences	74	356	-96
Reclassifications between items	3 685	-	202
Depreciation and amortization for the period	-381	-371	-1 541
Accumulated depreciation and amortization at the end of the period	-32 857	-34 815	-36 236
Book value of Property, plant and equipment, at the beginning of the period	8 227	8 913	8 913
Book value of Property, plant and equipment, at the end of the period	8 211	8 656	8 226
9. Interest-bearing liabilities	31.3. 2012	31.3. 2011	31.12. 2011
Non-current interest-bearing liabilities recognized at amortized cost	11 017	9 921	10 937
Current interest-bearing liabilities	4 340	2 318	4 340
TOTAL	15 357	12 238	15 277
Maturities of the interest-bearing financial liabilities			
Financial liability	Current	Non-current	Total
Pension loans (TyEL)	2 000	2 000	4 000
Loans from financial institutions	2 240	9 018	11 258
Other loans	100	-	100
Total	4 340	11 017	15 357

10. Pledged assets and contingent liabilities	31.3.	31.3.	31.12.
	2012	2011	2011
Pledged assets on behalf of the Parent company			
Loans from financial institutions	11 017	5 921	11 177
Business mortgages	6 700	4 700	6 700
Pension loans (TyEL)	4 000	6 000	4 000
Business mortgages	1 200	1 800	1 200
Credit insurance agreements	2 800	4 200	2 800
Other loans	100	100	100
Real estate mortgages	101	101	101
Mortgage agreements on behalf of subsidiaries			
Loans from financial institutions	240	218	240
Business mortgages	240	200	240
Commercial bank guarantees on behalf of the Parent company and subsidiaries	21 076	12 475	18 472
Other own obligations			
Within one year	548	552	546
After the period of more than one and less than five years	1 314	1 121	1 358
More than five years	503	668	523
Total	2 365	2 340	2 426

Loans and guarantees on behalf of the related party

No loans are granted to the company's management. On March 31, 2012, the Parent Company Raute Corporation had loan receivables from its subsidiary Raute Service LLC EUR 355 thousand (EUR 355 thousand) and from Raute Canada Ltd. EUR 1 502 thousand (EUR 363 thousand). Raute Corporation had a EUR 100 thousand (EUR 100 thousand) liability to Raute Sickness Fund.

No pledges have been given or other commitments made on behalf of the company's management and shareholders.

11. Currency derivatives and hedging instruments	31.3.	31.3.	31.12.
	2012	2011	2011
Currency derivatives are used for hedging purposes.			
Nominal values of forward contracts in foreign currency			
Economic hedging			
- Related to financing	1 503	6 284	1 211
- Related to hedging of net sales	460	661	637
Fair values of forward contracts in foreign currency			
Economic hedging			
- Related to financing	10	-75	-32
- Related to the hedging of net sales	12	-39	4
Interest rate and currency swap agreements			
- Nominal value	6 093	5 921	5 937
- Fair value	-250	-53	-285

12. Share-based payments

The fair value of the options granted according to the 2010 stock option plan is recognized as an expense in the income statement during the earning period of the options. An expense of EUR 45 thousand (EUR 19 thousand) was recognized for the options in the income statement during the period.

13. Dividend distribution

Raute Corporation's Annual General Meeting decided according to proposal of the Board of Directors to distribute a dividend of EUR 0,30 per share to be paid for series A and K shares. A total amount of dividends to be paid is EUR 1,201,427.40.

14. Exchange rates used

	1.1.-31.3.	1.1.-31.3.	1.1.-31.12.
Income statement, euros	2012	2011	2011
USD (US dollar)	1,3110	1,3669	1,3917
CAD (Canadian dollar)	1,3129	1,3478	1,3756
SGD (Singapore dollar)	1,6573	1,7457	1,7491
CLP (Chilean peso)	640,5550	658,4032	672,0723
RUB (Russian rouble)	39,5477	40,0029	40,8797
CNY (Chinese yuan)	8,2702	8,9966	8,9958

	31.3.	31.3.	31.12.
Balance sheet, euros	2012	2011	2011
USD (US dollar)	1,3356	1,4207	1,2939
CAD (Canadian dollar)	1,3311	1,3785	1,3215
SGD (Singapore dollar)	1,6775	1,7902	1,6819
CLP (Chilean peso)	641,7271	671,5218	680,1710
RUB (Russian rouble)	39,2950	40,285	41,7650
CNY (Chinese yuan)	8,3326	9,1902	8,3499

FINANCIAL DEVELOPMENT	31.3.	31.3.	31.12.
	2012	2011	2011
Change in net sales, %	3,3	40,2	18,2
Exported portion of net sales, %	91,7	81,1	88,0
Return on investment (ROI), %	-3,8	-13,3	-0,1
Return on equity (ROE), %	-8,5	-21,5	-4,7
Interest-bearing net liabilities, EUR million	-19,1	-10,8	-10,4
Gearing, %	-88,1	-47,0	-47,1
Equity ratio, %	45,8	52,4	46,9
Gross capital expenditure, EUR million	1,2	0,2	1,9
% of net sales	8,0	1,5	2,5
Research and development costs, EUR million	0,6	0,4	2,0
% of net sales	3,7	2,7	2,7
Order book, EUR million	82	48	36
Order intake, EUR million	61	29	77

SHARE-RELATED DATA	31.3.	31.3.	31.12.
	2012	2011	2011
Earnings per share, (EPS), undiluted, EUR	-0,12	-0,32	-0,27
Earnings per share, (EPS), diluted, EUR	-0,12	-0,32	-0,27
Equity to share, EUR	5,41	5,73	5,51
Dividend per share, EUR	-	-	0,30
Dividend per profit, %	-	-	-109,7
Effective dividend return, %	-	-	4,8
Development in share price (series A shares)			
Lowest share price for the period, EUR	6,18	9,65	6,05
Highest share price for the period, EUR	9,24	11,55	11,55
Average share price for the period, EUR	8,48	10,71	8,57
Share price at the end of the period, EUR	8,64	10,15	6,20
Market value of capital stock			
- Series K shares, EUR million*	8,6	10,1	6,1
- Series A shares, EUR million	26,0	30,6	18,7
Total, EUR million	34,6	40,6	24,8
*Series K shares valued at the value of series A shares.			
Trading of the company's shares (series A shares)			
Trading of shares, pcs	90 908	88 445	522 287
Trading of shares, EUR million	0,8	0,9	4,3
Number of shares			
- Series K shares, ordinary shares (20 votes/share)	991 161	991 161	991 161
- Series A shares (1 vote/share)	3 013 597	3 013 597	3 013 597
Total	4 004 758	4 004 758	4 004 758
Number of shares, weighted average, 1 000 pcs	4 005	4 005	4 005
Number of shares diluted, 1 000 pcs	4 005	4 014	4 005
The number of shareholders	1 675	1 776	1 667

DEVELOPMENT OF QUARTERLY RESULTS (EUR 1 000)	Q 2 2011	Q 3 2011	Q 4 2011	Q 1 2012	Rolling 1.4.2011 – 31.3.2012	Rolling 1.4.2010 – 31.3.2011
NET SALES	23 136	21 626	14 934	15 109	74 805	67 059
Change in inventories of finished goods and work in progress	723	223	-1 225	464	185	778
Other operating income	68	45	23	46	182	4 593
Materials and services	-13 891	-12 885	-5 561	-6 806	-39 143	-36 075
Employee benefits expense	-6 137	-5 397	-6 437	-6 635	-24 606	-24 126
Depreciation and amortization	-538	-530	-518	-501	-2 086	-2 155
Other operating expenses	-2 547	-2 071	-2 336	-2 227	-9 181	-8 814
Total operating expenses	-23 113	-20 883	-14 853	-16 168	-75 017	-71 170
OPERATING PROFIT (LOSS)	814	1 011	-1 121	-549	156	1 261
% of net sales	4	5	-8	-4	0	2
Financing income	313	242	-60	208	702	563
Financing expenses	-362	-403	-10	-195	-969	-890
PROFIT (LOSS) BEFORE TAX	764	850	-1 190	-536	-112	934
% of net sales	3	4	-8	-4	0	1
Income taxes	-244	-180	170	72	-183	-89
PROFIT (LOSS) FOR THE PERIOD	520	670	-1 020	-464	-294	845
% of net sales	2	3	-7	-3	0	1
Attributable to						
Equity holders of the Parent company	520	670	-1 020	-464	-294	845
Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR						
Undiluted earnings per share	0,13	0,17	-0,25	-0,12	-0,07	0,21
Diluted earnings per share	0,13	0,17	-0,25	-0,12	-0,07	0,21
Shares, 1 000 pcs						
Adjusted average number of shares	4 005	4 005	4 005	4 005	4 005	4 005
Adjusted average number of shares diluted	4 012	4 005	4 005	4 005	4 005	4 014

LARGEST SHAREHOLDERS AT March 31, 2012	Number of series K shares (20 votes per share)	Number of series A shares (1 vote per share)	Total number of shares
1. Sundholm Göran	-	624 798	624 798
2. Mandatum Henkivakuutusosakeyhtiö	-	181 900	181 900
3. Suominen Jussi Matias	48 000	74 759	122 759
4. Sijoitusrahasto Alfred Berg Small Cap Finland	-	121 168	121 168
5. Mustakallio Kari Pauli	60 480	56 900	117 380
6. Suominen Pekka	48 000	62 429	110 429
7. Suominen Tiina Sini-Maria	48 000	62 316	110 316
8. Siivonen Osku Pekka	50 640	53 539	104 179
9. Kirmo Kaisa Marketta	50 280	41 826	92 106
10. Mustakallio Mika Tapani	56 180	29 670	85 850
11. Keskiaho Kaija Leena	33 600	51 116	84 716
12. Särkijärvi Anna Riitta	60 480	22 009	82 489
13. Mustakallio Ulla Sinikka	47 240	30 862	78 102
14. Laakkosen Arvopaperi Oy	-	71 849	71 849
15. Relander Harald	-	65 300	65 300
16. Mustakallio Marja Helena	43 240	16 047	59 287
17. Sijoitusrahasto Nordea Suomi Small Cap	-	57 349	57 349
18. Särkijärvi Timo	12 000	43 256	55 256
19. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256
20. Kirmo Lasse	30 000	24 110	54 110
TOTAL	600 140	1 734 459	2 334 599
Share of total amount of shares, %	60,5	57,6	58,3
Share of total voting rights, %	60,5	57,6	60,2
Nominee-registered	-	58 803	58 803
Other shareholders	391 021	1 220 335	1 611 356
TOTAL	991 161	3 013 597	4 004 758
MANAGEMENT'S SHAREHOLDING	151 470	136 049	287 519
Share of total amount of shares, %	15,3	4,5	7,2
Share of total voting rights, %	15,3	4,5	13,9

RAUTE CORPORATION
Board of Directors

BRIEFING ON MAY 7, 2012 AT 2 P.M.:

A briefing will be organized for analysts, investors and the media on Monday, May 7, 2012 at 2 p.m. at Scandic Simonkenttä Hotel, Roba cabinet, Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Arja Hakala, CFO.

NEXT INTERIM REPORT:

Raute Corporation's interim report January 1–June 30, 2012 will be published on Tuesday July 31, 2012.

FURTHER INFORMATION:

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DISTRIBUTION:

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RAUTE IN BRIEF:

Raute is a technology and service company that operates worldwide. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood and LVL (Laminated Veneer Lumber). The technology offering covers machinery and equipment for the entire production process. As a supplier of mill-scale projects Raute is a global market leader both in the plywood and LVL industries. Additionally, Raute's full-service concept includes services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in Nastola, Finland. Its other production plants are in the Vancouver area in Canada, in the Shanghai area in China, and in Kajaani, Finland. Raute's net sales in 2011 were EUR 74.3 million. The Group's headcount at the end of 2011 was 464.

More information about the company can be found at www.raute.com.