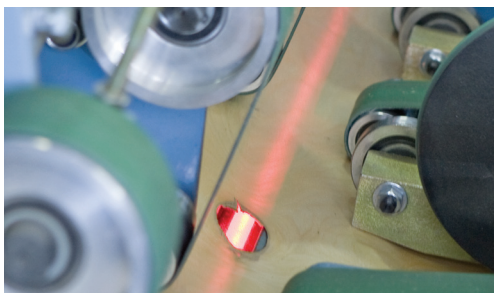


2012

Interim report
January 1–June 30, 2012



RAUTE CORPORATION – INTERIM REPORT JANUARY 1–JUNE 30, 2012

- The Group's net sales, EUR 37.5 million (MEUR 37.8), remained at the level of the comparison period. The order intake almost doubled to EUR 76 million (MEUR 39).
- Operating profit was EUR 0.1 million positive (MEUR -0.6). Result before taxes was EUR 0.1 million positive (MEUR -0.8).
- Earnings per share (undiluted) were EUR -0.05 (EUR -0.19).
- Net sales for the second quarter were EUR 22.4 million and the operating profit EUR 0.6 million. Order intake was EUR 15 million and the order book at the end of the reporting period was EUR 73 million.
- 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: Profit development met expectations

The second quarter of the year in progress met our expectations. The strong order book generated almost 50 percent higher net sales compared to the first quarter and the operating profit for the second quarter was positive. We are still presently at the same level in terms of net sales as in the previous year but our result is better and we have achieved a positive operating result.

Almost EUR 50 million in project deliveries from our strong order book have been planned for the second half of the year, which is nearly twice that of the first half of the year. The focus of the load is shifting from planning to production and start-up resources and to our cooperation partners. We are now in a situation in which we can truly show our expertise and delivery ability, which we have maintained even in difficult years.

The year has proceeded and will continue to proceed in an uncertain market situation. The development of technology services has, however, been positive compared to the first quarter. Construction activity in the main markets of our customers is still on a low level and therefore our customers do not need to make any significant capacity-increasing investments. Various types of projects are underway but the uneasy money market and demand situation make their implementation and the timing of their start-ups uncertain.

A strong order book provides Raute with a clearly positive result and the opportunity 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.

SECOND QUARTER OF 2012

Order intake and order book

Order intake during the second quarter was on a low level, totaling EUR 15 million (MEUR 9). Technology services accounted for EUR 8 million (MEUR 4) of the order intake, increasing by one third from the first quarter. The volume of new orders remained at a low level as several projects which were expected to be realized in the second quarter were delayed due to the uncertainties related to the market development and financing.

The most significant new orders were an automatic drying-grading line to Russia and a pressing line and dryer to Poland.

The order book fell by EUR 9 million during the second quarter but remained on a high level at EUR 73 million (MEUR 35).

Net sales

Second-quarter net sales amounted to EUR 22.4 million (MEUR 23.1). Net sales increased from the first quarter by 48 percent.

Technology services accounted for 34 percent of total net sales (26%).

Result and profitability

Second-quarter operating profit was EUR 0.6 million positive (MEUR 0.8 positive) and accounted for 3 percent (4%) of net sales. The second quarter result was EUR 0.3 million positive (MEUR 0.5 positive), and earnings per share were EUR 0.07 (EUR 0.13).

RAUTE CORPORATION – INTERIM REPORT JANUARY 1–JUNE 30, 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 a few European countries and the threats associated with the development of the United States' economy. 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 improvement investments to ensure quality and cost competitiveness as well as maintain market shares have remained at a low level during the first 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 reporting period was at a very high level totaling EUR 76 million

(MEUR 39). 69 percent of orders received came from South America (7%), 13 percent from Europe (25%), 12 percent from Russia (59%), 4 percent from North America (7%) and 2 percent from the Asia-Pacific area (2%). The considerable changes in the shares of the different market areas result mainly from the effects of mill-scale deliveries.

The most significant transaction during the reporting period consisted of orders received in February, 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 13 million (MEUR 11) of the order intake and increased by 13 percent.

The order book increased during the reporting period by EUR 37 million, amounting to EUR 73 million at the end of the period (MEUR 35). More than EUR 19 million of the order book is estimated to be recognized as net sales 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 and its long-term dedication to serving selected customer industries also enhance its credibility and improve its competitive position as an executor of long-term investment projects.

NET SALES

The net sales for the reporting period, EUR 37.5 million (MEUR 37.8), equaled the level of the comparison period.

South America's share of the net sales rose to 36 percent (6%). Europe's share of total net sales was 29 percent (26%), Russia's 20 percent (33%), North America's 11 percent (10%) and Asia-Pacific's 4 percent (25%).

Net sales for technology services increased 4 percent on the comparison period, accounting for 37 percent (33%) of total net sales.

RESULT AND PROFITABILITY

Operating profit for the reporting period was EUR 0.1 million positive (MEUR 0.6 negative) and accounted for 0 percent (-2%) of net sales.

The result before taxes for the reporting period was EUR 0.1 million positive (MEUR 0.8 negative) and the result EUR 0.2 million negative (MEUR 0.7 negative). Earnings per share (undiluted) were EUR -0.05 (EUR -0.19).

CASH FLOW AND BALANCE SHEET

The Group's financial position is good. At the end of the reporting period, gearing was -60 percent (-36%) and equity ratio 45 percent (50%). 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 the project business.

The Group's cash and cash equivalents, including financial assets recognized at fair value through profit or loss, amounted to EUR 25.8 million (MEUR 19.1) at the end of the reporting period. Operating cash flow was EUR +4.4 million (MEUR -0.8). Cash flow from investment activities was EUR -1.1 million (MEUR -0.6). Cash flow from financing activities was EUR -3.2 million (MEUR -3.3), including dividend payments of EUR 1.2 million and loan repayments of EUR 2.0 million.

Interest-bearing liabilities amounted to EUR 13.4 million (MEUR 11.1) 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.
April 16, 2012 Decisions by Raute's Annual General Meeting 2012.

DEVELOPMENT OF OPERATIONS

Raute Corporation has outsourced its warehouse and other internal logistics operations located at Nastola to ISS Palvelut Oy starting on April 1, 2012.

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 1.2 million (MEUR 0.8) and accounted for 3.1 percent (2.7%) of net sales.

Investments totaled EUR 1.8 million (MEUR 0.7) during the reporting period. The majority

of the investments were related to technology acquisitions and product development.

PERSONNEL

At the end of the reporting period, the Group's personnel numbered 505 (486). Group companies outside Finland accounted for 25 percent (25%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 469 (457) during the reporting period.

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 Article 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 30.2 million (MEUR 39.3), with series K shares valued at the closing price of series A shares, EUR 7.55 (EUR 9.81), on June 30, 2012.

STOCK OPTION SCHEME 2010

The Annual General Meeting held on March 31, 2010 resolved to issue a maximum of 240,000 stock options.

In compliance with the authorization granted by the Annual General Meeting, the Board of Directors issued a total of 73,000 stock options marked with the symbol 2010 C to the Group's key employees on June 21, 2012. The share subscription period for 2010 C stock options will be from March 1, 2015 to March 31, 2018 and the exercise price EUR 8.40.

Earlier, on May 5, 2010, 80,000 stock options marked 2010 A and on May 31, 2011 and September 26, 2011 altogether 80,000 stock options marked 2010 B were granted to the Group's key employees under this stock option scheme.

SHAREHOLDERS

The number of shareholders totaled 1,667 at the beginning of the year and 1,653 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 (7.1%) of the company shares and 13.9 percent (13.3%) 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. On April 16, 2012 the shareholders proposed and the Annual General Meeting elected as Board members a group of persons consisting only of men.

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 EUR 0.30 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 and series K shares for EUR 297,348.30. The dividend payment date was April 26, 2012.

BOARD OF DIRECTORS AND BOARD COMMITTEES

At Raute Corporation's Annual General Meeting on April 16, 2012, 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.

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. The Appointments Committee is chaired by Mr. Erkki Pehu-Lehtonen and its members are Mr. Mika Mustakallio and Mr. Ville Korhonen, who was elected by the major shareholders from amongst their number. The Working Committee is chaired by 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.

EVENTS AFTER THE REPORTING PERIOD

On July 30, 2012, Raute Corporation received an order worth total EUR 14 million from the German company Pollmeier Furnierwerkstoffe GmbH & Co.KG. The order comprises a peeling line, a drying line and an LVL lay-up line. The

ordered equipment will be delivered in the spring 2013. The order received is not included in the June 30, 2012 order book.

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 record-high load on production and start-up resources during the second half of the year, as well as 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 a few European countries and the threats associated with the development of the United States' economy. The market situation for Raute's customer industries is expected to remain uncertain.

However, improvement investments in the plywood industry to ensure quality and cost competitiveness and maintain market shares are expected to be 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 prospective 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.

No changes have occurred in the outlook for the whole of 2012. 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	1.4.–30.6. 2012	1.4.–30.6. 2011	1.1.–30.6. 2012	1.1.–30.6. 2011	1.1.–31.12. 2011
NET SALES	3,4,5	22 365	23 136	37 473	37 763	74 323
Change in inventories of finished goods and work in progress		226	723	691	818	-184
Other operating income		60	68	107	100	168
Materials and services		-12 055	-13 891	-18 861	-20 958	-39 404
Employee benefits expense	12	-6 997	-6 137	-13 631	-12 184	-24 019
Depreciation and amortization		-495	-538	-996	-1 080	-2 128
Other operating expenses		-2 467	-2 547	-4 694	-5 087	-9 494
Total operating expenses		-22 014	-23 113	-38 182	-39 310	-75 045
OPERATING PROFIT (LOSS)		637	814	89	-629	-738
% of net sales		3	4	0	-2	-1
Financing income		181	313	389	523	705
Financing expenses		-150	-362	-345	-680	-1 093
PROFIT (LOSS) BEFORE TAX		669	764	133	-785	-1 126
% of net sales		3	3	0	-2	-2
Income taxes		-406	-244	-334	40	30
PROFIT (LOSS) FOR THE PERIOD		263	520	-201	-745	-1 095
% of net sales		1	2	-1	-2	-1
Other comprehensive income items:						
Exchange differences on translating foreign operations		18	-2	31	-37	23
Cash flow hedging		-	-	-	-	19
Income tax related to cash flow hedges		-	-	-	-	-5
Comprehensive income items for the period, net of tax		18	-2	31	-37	37
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		281	518	-171	-782	-1 058
Profit (loss) for the period attributable to Equity holders of the Parent company		263	520	-201	-745	-1 095
Comprehensive profit (loss) for the period attributable to Equity holders of the Parent company		281	518	-171	-782	-1 058
Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR						
Undiluted earnings per share		0,07	0,13	-0,05	-0,19	-0,27
Diluted earnings per share		0,07	0,13	-0,05	-0,19	-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		4 006	4 012	4 006	4 012	4 005

CONSOLIDATED BALANCE SHEET (EUR 1 000)	Note	30.6. 2012	30.6. 2011	31.12. 2011
ASSETS				
Non-current assets				
Intangible assets	8	2 358	1 102	1 433
Property, plant and equipment	8	8 152	8 338	8 226
Other financial assets		789	789	789
Non-current accounts receivables and other receivables		225	567	549
Deferred tax assets		1 303	1 565	1 601
NON-CURRENT ASSETS		12 827	12 362	12 598
Current assets				
Inventories		6 884	6 014	5 059
Accounts receivables and other receivables	5	18 816	15 113	9 298
Income tax receivable		162	-	37
Cash and cash equivalents		25 799	19 084	25 674
CURRENT ASSETS		51 661	40 211	40 067
ASSETS		64 488	52 573	52 666
EQUITY				
Equity attributable to Equity holders of the Parent company				
Share capital		8 010	8 010	8 010
Share premium account		0	6 498	6 498
Fair value reserve and other reserves		6 776	83	187
Exchange differences		54	-2	23
Retained earnings		6 150	8 447	8 447
Profit (loss) for the period		-201	-745	-1 095
Share of shareholders' equity that belongs to the owners of the Parent company		20 788	22 290	22 069
SHAREHOLDERS' EQUITY		20 788	22 290	22 069
NON-CURRENT LIABILITIES				
Non-current provisions		90	36	123
Non-current interest-bearing liabilities	9	8 430	7 768	10 937
Pension obligations		94	0	0
NON-CURRENT LIABILITIES		8 614	7 804	11 060
CURRENT LIABILITIES				
Current provisions		1 180	898	697
Pension obligations		0	94	98
Current interest-bearing liabilities	9	4 976	3 315	4 340
Current advances received	5	18 158	7 559	5 589
Income tax liability		-	-	416
Trade payables and other liabilities		10 771	10 613	8 399
CURRENT LIABILITIES		35 086	22 479	19 537
TOTAL LIABILITIES		43 700	30 283	30 597
EQUITY AND LIABILITIES		64 488	52 573	52 666

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1 000)	1.1.-30.6. 2012	1.1.-30.6. 2011	1.1.-31.12. 2011
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	44 045	37 253	64 268
Other operating income	107	37	168
Cash paid to suppliers and employees	-38 839	-37 933	-62 322
Cash flow before financial items and taxes	5 313	-643	2 113
Interest paid from operating activities	-284	-202	-163
Dividends received from operating activities	118	42	108
Interest received from operating activities	227	85	357
Other financing items from operating activities	-423	-72	-183
Income taxes paid from operating activities	-564	-38	298
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	4 385	-828	2 531
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	-1 161	-447	-1 589
Proceeds from sale of property, plant and equipment and intangible assets	25	93	133
Purchase of other investments	-	-293	-293
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-1 136	-646	-1 748
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease of non-current and current receivables	-	1 000	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	-1 970	-9 000	-10 000
Dividends paid	-1 201	-1 201	-1 201
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-3 172	-3 317	846
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	78	-4 791	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	78	-4 791	1 629
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	48	-216	-45
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	25 799	19 084	25 674
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD			
Cash and cash equivalents	25 799	19 084	25 674
TOTAL	25 799	19 084	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	Invested non-restricted equity reserve	Other reserves	Exchange rate diff.	Retained earnings
EQUITY at Jan. 1, 2012	8 010	6 498	0	187	23	7 351
Comprehensive profit (loss) for the period						
Profit (loss) for the period	-	-	-	-	-	-201
Other comprehensive income items:						
Exchange differences on translating foreign operations	-	-	-	-	31	-
Cash flow hedging, net of tax	-	-	-	-	-	-
Total comprehensive profit (loss) for the period	0	0	0	0	31	-201
Transactions with owners						
Equity-settled share-based transactions	-	-	-	92	-	-
Reclassification between items	-	-6 498	6 498	-	-	-
Dividend paid	-	-	-	-	-	-1 201
EQUITY at June 30, 2012	8 010	0	6 498	278	54	5 949

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1 000)	To the owners of the Parent Company	TOTAL
EQUITY at Jan. 1, 2012	22 069	22 069
Comprehensive profit (loss) for the period		
Profit (loss) for the period	-201	-201
Other comprehensive income items:		
Exchange differences on translating foreign operations	31	31
Cash flow hedging, net of tax	-	-
Total comprehensive profit (loss) for the period	-171	-171
Transactions with owners		
Equity-settled share-based transactions	92	92
Reclassification between items	0	0
Dividend paid	-1 201	-1 201
EQUITY at June 30, 2012	20 788	20 788

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	-	-	-	-	-745	-745
Other comprehensive income items:						
Exchange differences on translating foreign operations	-	-	-	-37	-	-37
Cash flow hedging, net of tax	-	-	-	-	-	-
Total comprehensive profit (loss) for the period	0	0	0	-37	-745	-782
Transactions with owners						
Equity-settled share-based transactions	-	-	47	-	-	47
Reclassification between items	-	-	-	-	-	-
Dividend paid	-	-	-	-	-1 201	-1 201
EQUITY at June 30, 2011	8 010	6 498	83	-2	7 701	22 290

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 July 31, 2012 reviewed the Interim financial report for January 1 - June 30, 2012, and approved it to be published in compliance with this release.

2. Accounting principles

Raute Corporation's Interim financial report for January 1 – June 30, 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 – June 30, 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 June 30, 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 has been presented in the Annual financial statements for 2011. The adoption of these standards has 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.

	30.6.		30.6.		31.12.	
Wood products technology	2012		2011		2011	
Net sales	37 473		37 763		74 323	
Operating profit (loss)	89		-629		-738	
Assets	64 488		52 573		52 666	
Liabilities	43 700		30 283		30 597	
Capital expenditure	1 811		668		1 885	
Assets of the wood products technology segment by geographical location	30.6.		30.6.		31.12.	
	2012	%	2011	%	2011	%
Finland	56 731	88	46 652	89	46 196	88
North America	3 568	6	2 868	5	3 305	6
China	2 576	4	1 521	3	1 550	3
Russia	1 282	2	1 240	2	1 302	2
South America	185	0	149	0	170	0
Others	148	0	143	0	143	0
TOTAL	64 488	100	52 573	100	52 666	100
Capital expenditure of the wood products technology segment by geographical location	30.6.		30.6.		31.12.	
	2012	%	2011	%	2011	%
Finland	1 784	98	656	98	1 824	97
North America	6	0	3	0	22	1
China	17	1	6	1	36	2
Russia	1	0	-	-	-	-
South America	1	0	1	0	2	0
Others	2	0	1	0	1	0
TOTAL	1 811	100	668	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 modernizations 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 customers (2), whose share of the Group's net sales temporarily exceeded ten percent.

Net sales by market area	1.1.–30.6.		1.1.–30.6.		1.1.–31.12.	
	2012	%	2011	%	2011	%
South America	13 502	36	2 244	6	4 301	6
Rest of Europe	7 687	21	4 450	12	10 593	14
Russia	7 484	20	12 545	33	26 026	35
North America	3 962	11	3 811	10	6 090	8
Finland	3 099	8	5 101	14	8 891	12
Asia-Pacific	1 611	4	9 514	25	18 299	25
Others	129	0	98	0	124	0
TOTAL	37 473	100	37 763	100	74 323	100

5. Long-term projects	30.6. 2012	30.6. 2011	31.12. 2011
Net sales			
Net sales by percentage of completion	28 140	31 638	58 760
Other net sales	9 333	6 125	15 563
TOTAL	37 473	37 763	74 323
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	45 804	53 852	45 250
Amount of long-term project revenues not yet entered as income (order book)	72 363	32 902	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	31 149	35 404	16 805
- advance payments received	22 140	27 366	13 431
Gross amount due from customers	9 009	8 036	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	14 655	20 885	28 445
- advance payments received	32 149	26 710	33 704
Gross amount due to customers	17 494	5 825	5 259
Specification of combined asset and liability items			
Advance payments paid	674	531	101
Advance payments received included in inventories in the balance sheet	674	531	101
Advance payments in the balance sheet	18 158	7 559	5 589
6. Number of personnel, persons	30.6. 2012	30.6. 2011	31.12. 2011
Effective, on average	469	457	457
In books, on average	478	482	475
In books, at the end of period	505	486	464
- of which personnel working abroad	125	120	117

7. Research and development costs	30.6.	30.6.	31.12.
	2012	2011	2011
Research and development costs for the period	1 162	781	2 020
Amortization of previously capitalized development costs	73	148	262
Development costs recognized as an asset in the balance sheet	327	-	-209
Research and development costs entered as expenses for the period	1 562	928	2 072
8. Changes in Intangible assets and in Property, plant and equipment	30.6.	30.6.	31.12.
	2012	2011	2011
Intangible assets			
Carrying amount at the beginning of the period	12 448	11 759	11 759
Exchange rate differences	15	-15	16
Additions	1 157	64	609
Reclassifications between items	-679	23	63
Carrying amount at the end of the period	12 942	11 830	12 447
Accumulated depreciation and amortization at the beginning of the period	-11 015	-10 418	-10 420
Exchange rate differences	-13	9	-8
Reclassifications between items	679	-	18
Depreciation and amortization for the period	-234	-319	-604
Accumulated depreciation and amortization at the end of the period	-10 583	-10 729	-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	2 358	1 102	1 433
Property, plant and equipment			
Carrying amount at the beginning of the period	44 463	43 714	43 714
Exchange rate differences	342	-546	117
Additions	654	310	983
Disposals	-7	-31	-67
Reclassifications between items	-3 774	-23	-285
Carrying amount at the end of the period	41 679	43 424	44 463
Accumulated depreciation and amortization at the beginning of the period	-36 236	-34 800	-34 801
Exchange rate differences	-302	474	-96
Reclassifications between items	3 774	-	202
Depreciation and amortization for the period	-761	-758	-1 541
Accumulated depreciation and amortization at the end of the period	-33 527	-35 085	-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	8 152	8 338	8 226

9. Interest-bearing liabilities	30.6.	30.6.	31.12.
	2012	2011	2011
Non-current interest-bearing liabilities recognized at amortized cost	8 430	7 767	10 937
Current interest-bearing liabilities	4 976	3 315	4 340
TOTAL	13 406	11 082	15 277

Maturities of the interest-bearing financial liabilities

Financial liability	Current	Non-current	Total
Pension loans (TyEL)	2 000	1 000	3 000
Loans from financial institutions	2 876	7 431	10 307
Other loans	100	-	100
Total	4 976	8 430	13 406

10. Pledged assets and contingent liabilities	30.6.	30.6.	31.12.
	2012	2011	2011
Pledged assets on behalf of the Parent company			
Loans from financial institutions	10 307	5 768	11 177
Business mortgages	6 700	3 500	6 700
Pension loans (TyEL)	3 000	5 000	4 000
Business mortgages	900	1 500	1 200
Credit insurance agreements	2 100	3 500	2 800
Other loans	100	100	100
Real estate mortgages	101	101	101
Mortgage agreements on behalf of subsidiaries			
Loans from financial institutions	251	218	240
Business mortgages	200	200	240
Commercial bank guarantees on behalf of the Parent company and subsidiaries	35 421	12 426	18 472
Other own obligations			
Rental liabilities maturing within one year	928	551	546
Rental liabilities maturing in one to five years	2 645	1 051	1 358
Rental liabilities maturing more than five years	811	610	523
Total	4 383	2 212	2 426

Loans and guarantees on behalf of the related party

No loans are granted to the company's management. On June 30, 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 1 554 thousand (EUR 573 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	30.6.	30.6.	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	1 826	6 548	1 211
- Related to hedging of net sales	2 006	137	637
Fair values of forward contracts in foreign currency			
Economic hedging			
- Related to financing	7	-4	-32
- Related to the hedging of net sales	57	2	4
Interest rate and currency swap agreements			
- Nominal value	5 125	5 924	5 937
- Fair value	-139	-78	-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 92 thousand (EUR 47 thousand) was recognized for the options in the income statement during the period. In compliance with authorization by the Annual General Meeting, Raute Corporation's Board of Directors issued a total of 73 000 option rights marked with the symbol 2010 C to the Group's key personnel during the period.

Key terms and conditions of the granted option arrangements are:

Nature of arrangement	stock options
Grant date	21.6.2012
Number of stock options granted	73 000
Price, EUR	8,40
Share market value at grant date, EUR	7,55
Term, years	3
Subscription period	1.3.2015-31.3.2018
Realization	in shares

13. Dividend distribution

Raute Corporations' Annual General Meeting decided 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 was EUR 1,201,427.40. The dividend payment date was April 26, 2012.

14. Exchange rates used

	1.1.-30.6.	1.1.-30.6.	1.1.-31.12.
	2012	2011	2011
Income statement, euros			
USD (US dollar)	1,2968	1,4031	1,3917
CAD (Canadian dollar)	1,3041	1,3703	1,3756
SGD (Singapore dollar)	1,6391	1,7654	1,7491
CLP (Chilean peso)	638,2838	666,7786	672,0723
RUB (Russian rouble)	39,6978	40,1449	40,8797
CNY (Chinese yuan)	8,1917	9,1760	8,9958
Balance sheet, euros			
	30.6.	30.6.	31.12.
	2012	2011	2011
USD (US dollar)	1,2590	1,4453	1,2939
CAD (Canadian dollar)	1,2871	1,3951	1,3215
SGD (Singapore dollar)	1,5974	1,7761	1,6819
CLP (Chilean peso)	632,4559	675,7233	680,1710
RUB (Russian rouble)	41,3700	40,4000	41,7650
CNY (Chinese yuan)	7,9669	9,3187	8,3499

15. Events after the reporting period

On July 30, 2012, Raute Corporation received an order worth total EUR 14 million from the German company Pollmeier Furnierwerkstoffe GmbH & Co.KG. The order comprises a peeling line, a drying line and an LVL lay-up line. The ordered equipment will be delivered in the spring 2013. The order received is not included in the June 30, 2012 order book.

FINANCIAL DEVELOPMENT	30.6.	30.6.	31.12.
	2012	2011	2011
Change in net sales, %	-0,8	26,0	18,2
Exported portion of net sales, %	91,7	86,5	88,0
Return on investment (ROI), %	2,7	-0,6	-0,1
Return on equity (ROE), %	-1,9	-6,4	-4,7
Interest-bearing net liabilities, EUR million	-12,4	-8,0	-10,4
Gearing, %	-59,6	-35,9	-47,1
Equity ratio, %	44,9	49,5	46,9
Gross capital expenditure, EUR million	1,8	0,7	1,9
% of net sales	4,8	1,8	2,5
Research and development costs, EUR million	1,2	0,8	2,0
% of net sales	3,1	2,1	2,7
Order book, EUR million	73	35	36
Order intake, EUR million	76	39	77

SHARE-RELATED DATA	30.6.	30.6.	31.12.
	2012	2011	2011
Earnings per share, (EPS), undiluted, EUR	-0,05	-0,19	-0,27
Earnings per share, (EPS), diluted, EUR	-0,05	-0,19	-0,27
Equity to share, EUR	5,19	5,57	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	9,07	6,05
Highest share price for the period, EUR	9,24	11,55	11,55
Average share price for the period, EUR	8,44	10,41	8,57
Share price at the end of the period, EUR	7,55	9,81	6,20
Market value of capital stock			
- Series K shares, EUR million*	7,5	9,7	6,1
- Series A shares, EUR million	22,8	29,6	18,7
Total, EUR million	30,2	39,3	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	125 951	185 108	522 287
Trading of shares, EUR million	1,1	1,9	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	4 006	4 012	4 005
The number of shareholders	1 653	1 763	1 667

DEVELOPMENT OF QUARTERLY RESULTS (EUR 1 000)	Q 3 2011	Q 4 2011	Q 1 2012	Q 2 2012	Rolling 1.7.2011 – 30.6.2012	Rolling 1.7.2010 – 30.6.2011
NET SALES	21 626	14 934	15 109	22 365	74 034	70 648
Change in inventories of finished goods and work in progress	223	-1 225	464	226	-311	1 588
Other operating income	45	23	46	60	174	4 541
Materials and services	-12 885	-5 561	-6 806	-12 055	-37 307	-39 355
Employee benefits expense	-5 397	-6 437	-6 635	-6 997	-25 466	-24 053
Depreciation and amortization	-530	-518	-501	-495	-2 043	-2 234
Other operating expenses	-2 071	-2 336	-2 227	-2 467	-9 101	-9 166
Total operating expenses	-20 883	-14 853	-16 168	-22 014	-73 918	-74 807
OPERATING PROFIT (LOSS)	1 011	-1 121	-549	637	-20	1 971
% of net sales	5	-8	-4	3	0	3
Financing income	242	-60	208	181	571	691
Financing expenses	-403	-10	-195	-150	-758	-996
PROFIT (LOSS) BEFORE TAX	850	-1 190	-536	669	-207	1 665
% of net sales	4	-8	-4	3	0	2
Income taxes	-180	170	72	-406	-344	-177
PROFIT (LOSS) FOR THE PERIOD	670	-1 020	-464	263	-551	1 488
% of net sales	3	-7	-3	1	-1	2
Attributable to						
Equity holders of the Parent company	670	-1020	-464	263	-551	845
Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR						
Undiluted earnings per share	0,17	-0,25	-0,12	0,07	-0,14	0,21
Diluted earnings per share	0,17	-0,25	-0,12	0,07	-0,14	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	4 005	4 005	4 005	4 006	4 006	4 012

LARGEST SHAREHOLDERS AT June 30, 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	-	624 398	624 398
2. Mandatum Life Unit-Linked	-	181 900	181 900
3. Suominen Jussi Matias	48 000	74 759	122 759
4. Sijoitusrahasto Alfred Berg Small Cap Finland	-	117 619	117 619
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 Bertel	-	70 900	70 900
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	1 736 110	2 336 250
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	1 218 684	1 609 705
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 JULY 31, 2012 AT 2 P.M.:

A briefing will be organized for analysts, investors and the media on Tuesday, July 31, 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–September 30, 2012 will be published on Tuesday, October 30, 2012.

FURTHER INFORMATION:

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DISTRIBUTION:

NASDAQ OMX Helsinki Ltd, main media, www.raute.com

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 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. Raute's net sales in 2011 were EUR 74.3 million. The number of personnel at the end of 2011 was 464.

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