

FINANCIAL STATEMENTS 2014



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(English translation of Financial statements 2014)

Report of the Board of Directors

The Group's net sales for 2014 totaled EUR 94.0 million (MEUR 83.3), up by 13 percent from the previous year. The Group's operating profit was EUR 2.6 million positive (MEUR +1.8), an increase of 43 percent on the previous year. Financial income and expenses totaled EUR +0.2 million (MEUR -0.2). The result before taxes was EUR 2.8 million positive (MEUR +1.6). Comprehensive income was EUR 2.6 million positive (MEUR +1.2). Undiluted earnings per share were EUR 0.59 (EUR +0.30) and diluted earnings per share were EUR 0.59 (EUR +0.30). Return on equity was 9.8 percent (5.0%).

In this report, figures in parentheses refer to corresponding figures for the previous years 2013 and 2012.

BUSINESS ENVIRONMENT

Market situation in customer industries

The situation in the global economy and the financial markets during 2014 did not change considerably with respect to Raute or Raute's customer base.

In part due to political crises, economic development even partly took a turn for the worse during the year in Russia and Europe. Also in Asia, including China, economic growth slowed down towards year-end.

Construction activity remained at a low level in all market areas, including North America, where the economy already took a promising upward trend. As a result of the uncertainty, however, the order books of Raute's customers are often short, which meant the situation was not conducive to realizing significant investments. A sign of this has been the slow progress of major projects that are under negotiation.

Demand for maintenance and spare parts services continued at a good level. This bears testimony to the fact that the utilization rates of Raute's customers' production facilities mainly remained good.

Demand for wood products technology and technology services

In 2014, two major capacity-generating projects were started up: the construction of softwood plywood and LVL mills in Poland. In addition to these, several large projects were in the planning and negotiation phase but the requirements for making the investment decisions, i.e. trust in the permanence of demand and the availability of funding, did not yet materialize.

Even though the North American economy experienced strong growth compared to the rest of the world, construction activity failed to embark on a similar growth trajectory. Among Raute's customers, demand focused on smaller modernization projects and technology services.

The uncertainty resulting from the crisis in Ukraine obviously caused investment decisions to be postponed in the Russian markets, although preparations for many investments have been actively continued. It is difficult to estimate when the situation in Russia will normalize, but it is not expected to happen anytime soon.

In South America, Raute's customers focused, as expected, on ramping up the capacity of the large plywood mill investments they have made a few years ago and no major new investment projects were started up.

ORDER INTAKE AND ORDER BOOK

Raute serves the wood products industry with a full-service concept based on service that 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 for 2014 stood at EUR 112 million (MEUR 63). Of new orders, 63 percent came from Europe (35%), 15 percent from Russia (23%), 10 percent from North America (25%), 7 percent from South America (13%) and 5 percent from Asia-Pacific (4%). The strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

The order intake for project deliveries stood at EUR 73 million (MEUR 29) and increased on the previous year by 154 percent. The new orders received included two capacity-generating projects in Poland, which accounted for EUR 38 million of the order intake. Excluding these capacity-generating projects, the order intake for project deliveries increased 21 percent.

The order intake for technology services stood at EUR 39 million (MEUR 34). The increase in order intake, 12 percent, resulted from modernizations and spare parts.

The order book grew in 2014 by EUR 16 million, amounting to EUR 44 million at the end of the financial year (MEUR 28).

COMPETITIVE POSITION

Raute's competitive position has remained good. Raute's solutions help customers in securing their delivery and service capabilities throughout the life cycle of the production process or part thereof supplied by Raute. 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 a company that carries out long-term investment projects.

NET SALES

The Group's net sales (IFRS) totaled EUR 94.0 million (2013: MEUR 83.3; 2012: MEUR 101.3). Net sales grew by 13 percent on 2013. The increase resulted from the high order intake and from the scheduling of our order book.

Net sales were generated by project deliveries related to the wood products technology business and by technology services.

Net sales for project deliveries totaled EUR 58 million (MEUR 51), up 12 percent from the previous year. Project deliveries accounted for 62 percent of total net sales (62%). The plywood industry's share of the net sales of project deliveries was 75 percent (77%), while the LVL industry's share was 25 percent (23%).

Net sales for technology services totaled EUR 36 million (MEUR 32). Net sales grew 14 percent from the previous year and accounted for 38 percent (38%) of total net sales. The increase in net sales came primarily from modernizations and spare parts.

Of the total net sales in 2014, Europe accounted for 52 percent (40%), Russia for 18 percent (19%), North America for 14 percent (14%), South America for 13 percent (22%), and Asia-Pacific for 3 percent (5%). Finland accounted for 6 percent (6%) of the Group's net sales.

In 2014, the net sales (FAS) of the Parent company Raute Corporation totaled EUR 80.9 million (2013: MEUR 73.0; 2012: MEUR 92.9).

RESULT AND PROFITABILITY

The Group's operating profit (IFRS) for 2014 was EUR 2.6 million positive (2013: MEUR +1.8; 2012: MEUR +5.0) and 3 percent of net sales (2013: +2%; 2012: +5%). The profit developed primarily during the latter half of the year due to the order intake and timing of the order book. The fourth quarter accounted for a record EUR 34.0 million of net sales and operating profit for EUR 3.6 million.

The operating profit improved 43 percent on the previous year as a result of an increase in net sales. However, the Group failed to reach the profitability level in line with the actual net sales. Large variations in the workload during the year substantially impeded the efficient use of resources and cost control. In addition, the result was burdened by non-recurring, unforeseen additional costs incurred in two projects, totaling EUR 1.7 million. In one of these projects, the behavior of a new wood species in industrially tried and tested processes made it necessary to carry out modifications to the equipment, thus delaying the acceptance of the delivery. The other project is a pilot delivery involving

the development of new technology and generating significant new business in future.

The Group's financial income and expenses totaled EUR +0.2 million (MEUR -0.2). The Group's profit before tax was EUR 2.8 million positive (MEUR +1.6) and profit for the financial year was EUR 2.4 million positive (MEUR +1.2). Comprehensive income for the Group was EUR 2.6 million positive (MEUR +1.2).

Undiluted earnings per share were EUR 0.59 (EUR 0.30) and diluted earnings per share were EUR 0.59 (EUR 0.30). Return on investment was 11 percent (7%) and return on equity 10 percent (+5%).

The operating profit (FAS) of the Parent company Raute Corporation was EUR 1.0 million positive (2013: MEUR +2.0; 2012: MEUR +6.0). The operating profit accounted for 1 percent (2013: 3%; 2012: 6%) of net sales. The profit for the financial year (FAS) was EUR 0.9 million positive (MEUR 1.3 positive). The Parent company's result was burdened by EUR 1.0 million in impairment for receivables from the Russian subsidiary.

CASH FLOW AND BALANCE SHEET

The Group's financial position remained good throughout the year. At the end of the financial year, the Group's cash and cash equivalents exceeded interest-bearing liabilities by EUR 1.7 million (MEUR 6.7). At the end of the financial year gearing was -7 percent (2013: -28%; 2012: -34%). The change in gearing was affected by the high amount of accounts receivables at the end of the financial year. Equity ratio was 56 percent (2013: 57%; 2012: 48%).

The Group's cash and cash equivalents amounted to EUR 4.4 million (MEUR 12.7) at the end of the financial year. The change in cash and cash equivalents during the financial year was EUR 8.1 million negative (MEUR 6.8 negative). Operating cash flow was EUR 1.9 million negative (MEUR 3.7 positive). Cash flow from investment activities was EUR 1.1 million negative (MEUR 3.2 negative). Cash flow from financing activities was EUR 5.2 million negative (MEUR 7.4 negative), including EUR 2.0 million (MEUR 2.0) in dividend payment and repayment of equity from the non-restricted equity reserve and EUR 3.3 million (MEUR 5.4) in debt repayments.

The Group's balance sheet total at the end of the year stood at EUR 52.6 million (2013: MEUR 48.8 ; 2012: MEUR 63.1). 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.

Interest-bearing liabilities amounted to EUR 2.8 million (MEUR 6.0) at the end of the financial year, with current interest-bearing liabilities accounting for EUR 1.5 million (MEUR 3.5).

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 Parent company Raute Corporation is prepared for future working capital needs and has concluded long-term credit facility agreements with three Nordic banks totaling EUR 23.0 million. The main covenants for the credit facility are an equity ratio of >30% and gearing of <100%. Of the credit facility, EUR 20.0 million remained unused at the end of the financial year.

At the end of the financial year, the equity ratio (FAS) of the Parent company Raute Corporation was 54 percent (2013: 56%; 2012: 45%).

LOANS TO RELATED PARTIES AND OTHER LIABILITIES

On December 31, 2014, the Parent company Raute Corporation did not have any loan receivables from its subsidiaries. Other liabilities are presented in the notes to the financial statements.

RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Raute is a leading technology supplier for the plywood and LVL industries and focuses strongly on the development of increasingly efficient, productive and environmentally friendly manufacturing technology and supporting measurement and machine vision applications.

In 2014, the Group's research and development costs totaled EUR 1.8 million (2013: MEUR 2.5; 2012: MEUR 2.5) and 1.9 percent of net sales (2013: 3.0%; 2012: 2.5%). In 2014, new technologies were developed for China's developing plywood manufacturing markets, research was carried out on new wood processing methods, and the extensive program aimed at developing automation, measurement systems and machine vision to produce new, more advanced applications for process optimization in the plywood and LVL industries was continued.

The Group's investments during the financial year totaled EUR 1.7 million (2013: MEUR 3.2; 2012: MEUR 3.5). The investments essentially consisted of replacement investments related to fixed assets.

The Group's investments include EUR 0.3 million in capitalized development costs (2013: MEUR 0.6; 2012: MEUR 1.0).

During the financial year, the research and development costs (FAS) of the Parent company Raute Corporation were EUR 1.7 million, representing 2.1 percent of net sales (2013: MEUR 2.7 / 3.7% of net sales; 2012: MEUR 2.4 / 2.6% of net sales). Investments totaled EUR 1.1 million (2013: MEUR 1.7; 2012: MEUR 2.2).

DEVELOPMENT OF OPERATIONS

The "Särmä" (Edge) change project, which was started in 2012, was completed in 2014, and the identified practices

were integrated into Raute's working culture. The objective of the "Särmä" project, which spanned the entire year, was to get Raute's entire personnel to commit even more strongly to Raute's customer promise and the better quality of products, services and operations. Raute's entire personnel were involved in the project.

PERSONNEL

The Group's headcount at the end of 2014 was 587 (534). Finnish Group companies accounted for 67 percent (73%) of employees, Chinese companies for 18 percent (14%), North American companies for 11 percent (10%), and other sales and maintenance companies for 4 percent (3%).

Converted to full-time employees ("effective headcount"), the average number of employees during the financial year was 530 (2013: 515; 2012: 480). These numbers are affected by the adjustment measures carried out during the first quarter in the Nastola and Jyväskylä units in Finland as well as the outsourcing of the Jyväskylä unit's engineering functions through a business transaction at the beginning of April. Salaries and remunerations paid by the Group totaled EUR 24.1 million (2013: MEUR 22.7; 2012: MEUR 23.7).

The Group continued to develop the competence of its personnel and increase their commitment to the company. Two percent (3%) of the payroll was invested in personnel training. The "Great Place to Work" project was used to develop Raute as a work community and work environment.

Converted to full-time employees, the average number of personnel employed by the Parent company Raute Corporation in 2014 was 385 (2013: 375; 2012: 357). Salaries and remunerations paid by the Parent company totaled EUR 18.2 million (2013: MEUR 17.6; 2012: MEUR 17.9).

REMUNERATION

The Group has remuneration systems in place that cover the entire personnel.

Option-based incentive plan 2010

The Annual General Meeting held on March 31, 2010 resolved to issue a maximum of 240,000 stock options. Of the stock options transferred, 5,000 stock options marked with the symbol 2010 C were returned to the company during 2014. During 2014, a total of 10,470 new series A shares were subscribed for by key persons under the 2010 series A stock option rights.

The Group's key personnel held on December 31, 2014 a total of 69,530 stock options marked with the symbol 2010 A, 80,000 stock options marked 2010 B and 75,000 stock options marked 2010 C. The subscription period for series A stock options began on March 1, 2013 and for series B stock options on April 1, 2014. The terms and conditions of the stock option incentive plan 2010 are available on the company's website.

Share-based incentive program 2014–2018

The Group has a valid long-term share-based incentive program based on performance. The plan includes three separate share plans commencing in 2014, 2015 and 2016. Each plan will span three years. Each share plan includes a one-year performance period (years 2014, 2015 and 2016), the payment of the possible share reward in the form of the company's series A shares in the spring following the performance period (2015, 2016 and 2017) and a two-year vesting period following the performance period, during which the reward's value development is based on the development of the value of the share. The share plans will commence in 2014, 2015 and 2016. The terms and conditions of the share-based incentive plan 2014–2018 are available on the company's website. No share reward will be paid for the performance period 2014.

SOCIETY AND THE ENVIRONMENT

The environment is one of the values that guide Raute's operations. Raute strives to systematically develop the environmental soundness of its products and services and to reduce the environmental impacts of its operations. The Group abides by the principles of good corporate citizenship, taking into consideration nature and its protection, and how society as a whole operates, while respecting local cultures.

Raute's operations mainly affect the environment indirectly when the company's technology is used in the production processes of the wood products industry. Raute's technology enables the wood products industry to substantially reduce the environmental load caused by its operations through, for example, more efficient use of wood raw materials, additives and energy.

The Group's own operations do not involve considerable environmental risks that might have a direct impact on the Group's business operations or financial position. The Nastola main production units manage environmental matters in compliance with a certified environmental system. The operations and ethical principles of the partner and subcontractor network are also subjected to systematic inspection.

Raute aims to continuously reduce energy consumption, decrease the volume of waste, and develop the working environment.

RISKS AND RISK MANAGEMENT

The Group's identified key risk areas relate to the nature of the business, the business environment, financing, and damage or loss. The fluctuations in demand resulting from economic cycles and delivery and technology risks have been identified as the Group's most significant business risks.

Risks in the near term continue to be driven by the uncertainty relating to the global economic situation and the development of the financial markets, as well as by inter-

national political instability. The most significant risks for Raute are related to the development of net sales and profitability resulting from changes in demand.

The Group has no ongoing legal proceedings or other disputes in progress that might materially affect the continuity of business operations, nor is the Board of Directors aware of any other legal risks related to the Group's operations that might have such an effect.

Business risks

Impact of economic cycles on business operations

Raute's business operations are characterized by the sensitivity of investment demand to fluctuations in the global economy and the financing markets, and the cyclical nature of project business. The impact of changes in demand on the Group's result is reduced by increasing the share of technology services, increasing operations in market areas with a small current market share, creating products for completely new customer groups and developing the partner network.

Deliveries and technology

The bulk of Raute's business operations consists of project deliveries, which expose the company to risks caused by customer-specific solutions related to each customer's end product, production methods or raw materials. At the quotation and negotiation phase, the company has to take risks relating to the promised performance figures and make estimates of implementation costs.

Raute invests heavily in product development. The developmental phase for new technologies involves the risk that the project will not lead to a technologically or commercially acceptable solution. The functionality and capacity of new solutions produced as a result of development work cannot be fully verified until the solutions can be tested under production conditions in conjunction with the customer deliveries.

Contract, product liability, implementation, cost and capacity risks are managed using project management procedures that comply with the company's ISO-certified quality system. Technology risks are reduced by the conditions of delivery contracts and by restricting the number of simultaneous first deliveries.

Emerging markets

Raute's objective is to increase its local business in China and Russia, among others, where, besides opportunities, companies face risks typical for emerging markets. Information security risks are managed according to a defined information security policy.

Human resources

Competence retention and development and ensuring the sufficiency of human resources are particularly important in cyclical business. Continuity is ensured by monitoring the development of the age structure, implementing system-

atic human resources management and investing in well-being at work.

Financing risks

The most significant financing risks in the Group's international business operations are default risks and currency risks related to counterparties. The Group is also exposed to liquidity, refinancing, interest rate and price risks.

The default risk relating to customers' solvency is managed by covering the unpaid sum with bank guarantees, letters of credit or other securities and with accelerated payment terms. The Group's liquid assets are mainly held in banks in the Nordic countries.

The Group's main currency is the euro. The most significant currency risks result from the following currencies: Chinese yuan (CNY), Russian ruble (RUB), Canadian dollar (CAD) and US dollar (USD). The main hedging instruments used are foreign currency forward contracts. Currency clauses are included in quotations to hedge against currency risks during the quotation period. Depending on the case, currency risks related to preliminary sales contracts are hedged with currency option contracts.

The Group has made preparations for fluctuating working capital requirements and possible disturbances in the availability of money through long-term credit facility agreements with three Nordic banks. The interest rate risk related to the company's variable interest rate loans is hedged with interest rate swaps. The Group's interest risks are mainly related to the return on liquid assets.

The financing risks, as well as the risk management objectives and procedures, are described in more detail in note number 2 to the financial statements.

Risks of damage or loss

Raute's most significant single risks concerning material damage and business interruption loss are a fire or a serious machine or information system breakdown at the Nastola main unit, where the production, planning, financial, and ERP systems serving the Group's key technologies are centrally located.

Other risks of damage or loss include occupational safety risks, which are managed by means of active risk-prevention measures, such as continuous personnel training and investigation of all near-miss situations. Occupational safety and ergonomics are under continuous development.

Raute's production operations do not involve significant environmental risks. The main unit in Nastola has an ISO-certified environmental management program, whose principles are also adhered to in other units.

The Group hedges against risks of damage or loss by assessing its facilities and processes in terms of risk management and by maintaining emergency plans.

Global and local insurance programs are checked regularly as part of overall risk management. The objective is to use insurance policies to sufficiently hedge against all risks that are reasonable to handle through insurance due to economical or other reasons.

Organizing risk management

Raute's risk management policy is approved by the Board of Directors. The Board is responsible for organizing internal control and risk management, and for monitoring their efficiency.

The Executive Board defines the Group's general risk management principles and operating policies, and defines the boundaries of the organization's powers. The President and CEO and the CFO regularly report significant risks to the Board.

The Group's President and CEO controls the implementation of the risk management principles in the entire Group, while the Presidents of the Group companies are responsible for risk management in their respective companies. The members of the Group's Executive Board are responsible for their own areas of responsibility across company boundaries.

Raute has no separate internal auditing organization. The Controller function oversees the annual internal control plan approved by the Board, develops internal control and risk management procedures together with the operative leadership, and monitors compliance with risk management principles, operational policies and powers.

GROUP STRUCTURE

No changes took place in the Group's legal structure during 2014.

SHAREHOLDERS

The number of shareholders totaled 1,915 at the beginning of the year and 1,991 at the end of the financial year. Series K shares were held by 50 private individuals (49) at the end of the financial year. Nominee-registered shares accounted for 3.1 percent (3.1%) of shares.

On December 31, 2014, the Board of Directors and the Group's President and CEO held altogether 228,479 company shares, totaling 5.7 percent (5.7%) of the company shares and 11.2 percent (11.2%) of the votes. The figures include the holdings of their own, minor children and control entities.

The distribution of ownership by sector and by size as well as the largest shareholders are presented in the financial statements under "Shares and shareholders".

AUDITORS

At Raute Corporation's Annual General Meeting on March 31, 2014, the authorized public accounting company PricewaterhouseCoopers was chosen as auditor with Authorized Public Accountant Janne Rajalahti as the principal auditor.

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 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.

CORPORATE GOVERNANCE STATEMENT

Raute Corporation's Board of Directors has handled Raute Corporation's Corporate Governance Statement for 2014 according to chapter 7, section 7 of the Finnish Securities Markets Act and recommendation 54 of the Finnish Corporate Governance Code 2010 for listed companies issued by the Securities Market Association on June 15, 2010. The statement has been drawn up separately from the Report of the Board of Directors.

BOARD OF DIRECTORS AND PRESIDENT AND CEO

The Annual General Meeting elects the Chairman and Vice-Chairman for the Board of Directors, and 3–5 Board members.

At Raute Corporation's Annual General Meeting on March 31, 2014, Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio Vice-Chairman and Mr. Joni Bask, Mr. Risto Hautamäki, Ms. Päivi Leiwo and Mr. Pekka Suominen as Board members.

The Board of Directors appoints the President and CEO and confirms the terms of his or her employment, including fringe benefits.

Mr. Tapani Kiiski, Licentiate in Technology, continued as Raute Corporation's President and CEO. He was appointed as Raute Corporation's President and CEO on March 16, 2004. As agreed in the executive contract, the term of notice is six months, and the severance pay equals twelve months' salary.

Raute Corporation's Articles of Association do not grant any unusual authorizations to the Board of Directors, or to the President and CEO.

Any decisions on changes to the Articles of Association or an increase in share capital are made in compliance with the regulations of the effective Companies Act.

EXECUTIVE BOARD

Raute Group's Executive Board and the members' areas of responsibility:

Tapani Kiiski, President and CEO, Chairman – Sales
Arja Hakala, Group Vice President, Finance, CFO – Finance and administration
Marko Hjelt, Group Vice President, Human Resources – Human resources and competence development
Mika Hyysti, Group Vice President, Technology – Technology, products and R&D
Timo Kangas, Group Vice President, Customer Care – Customer relationships and marketing, market area EMEA
Petri Lakka, Group Vice President, Technology Services – Technology services
Petri Strengell, Group Vice President, Supply Chain – Sourcing and production.

SHARES

The number of Raute Corporation's shares at the end of 2014 totaled 4,015,228 (4,004,758), of which 991,161 (991,161) were series K shares (ordinary share, 20 votes/share) and 3,024,067 (3,013,597) series A shares (1 vote/share). The shares have a nominal value of two 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 new owner 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. During 2014, 593,682 shares were traded (513,699) worth altogether EUR 4.6 million (MEUR 4.4). The number of shares traded represents 20 percent (17%) of all listed series A shares. The average price of a series A share was EUR 7.69 (EUR 8.49). The highest closing price of the year was EUR 8.60 and the lowest EUR 6.90.

During 2014, a total of 10,470 new series A shares were subscribed for under the 2010 series A stock option rights.

The company's market capitalization at the end of 2014 totaled EUR 29.3 million (MEUR 27.8), with series K shares valued at the closing price of series A shares, EUR 7.30 (EUR 6.95), on December 31, 2014.

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.

DISTRIBUTION OF PROFITS FOR THE 2013 FINANCIAL YEAR

The Annual General Meeting held on March 31, 2014 decided to pay a dividend of EUR 0.20 per share for the financial year 2013. The dividends amounted to a total of EUR 0.8 million, of which series A shares accounted for EUR 603,133.40 and series K shares for EUR 198,232.20. The dividend payment date was April 10, 2014.

The Annual General Meeting on March 31, 2014 resolved, on the basis of the balance sheet adopted in respect of the financial year ended on 31 December 2013, on the repayment of assets from the invested non-restricted equity reserve in the amount of EUR 0.30 per share, i.e. a total of EUR 1,202,048.40 and the remainder, EUR 5,296,293.40, to be retained in equity. The date of repayment of equity was April 10, 2014.

AUTHORIZATION OF REPURCHASE AND DISPOSAL OF OWN SHARES

The Annual General Meeting held on March 31, 2014 authorized the company's Board of Directors to decide on the repurchase of Raute Corporation series A shares with assets from the company's non-restricted equity and to decide on a directed issue of a maximum of 400,000 shares. The Board of Directors did not exercise the authorization in 2014.

The company did not possess company shares at the end of the financial year or hold them as security.

ANNUAL GENERAL MEETING 2015

Raute Corporation's Annual General Meeting will be held in Lahti on Tuesday March 24, 2015.

BOARD OF DIRECTORS' PROPOSAL CONCERNING PROFIT DISTRIBUTION, DIVIDEND EUR 0.40 PER SHARE

On December 31, 2014, the Parent Company's distributable assets totaled EUR 12,752 thousand, of which EUR 908 thousand stand for the profit for the financial year 2014.

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 24, 2015, that a dividend of EUR 0.40 per share be paid to holders of series A and series K shares for the financial year 2014, and that the remainder of distributable assets be transferred to equity.

On the date of the profit distribution proposal, the number of shares entitled to a dividend is 4,015,228 shares, which would amount to total dividends of EUR 1,606 thousand. Shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date for dividend distribution, March 26, 2015, would be entitled to dividends. The dividend payment date would be April 2, 2015.

No essential changes have taken place in the company's financial position since the end of the financial year. The company has good liquidity, and in the Board of Directors' view, the proposed dividend does not pose a risk to solvency.

BOARD OF DIRECTORS' PROPOSAL CONCERNING REPAYMENT OF EQUITY FROM INVESTED NON-RESTRICTED EQUITY RESERVE, EUR 0.20 PER SHARE

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 24, 2015, that the Annual General Meeting decide to distribute non-restricted equity as repayment of equity from the invested non-restricted equity reserve in the amount of EUR 0.20 per share. The non-restricted equity repayment would be paid to a shareholder who, on the record date for dividend distribution, March 26, 2015, is registered as a shareholder in the Company's share register maintained by Euroclear Finland Ltd. The payment date would be April 2, 2015.

OUTLOOK FOR 2015

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

The development of the global economy and financial markets is still facing major uncertainty, which reflects on the market situation for Raute's customer industries.

However, improvement investments in the plywood industry to ensure quality and cost competitiveness and to 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. Several large projects encompassing single production lines and mill-scale deliveries that are in the planning and negotiation phase are also pending.

Thanks to its strong financial and market position and the development measures carried out, Raute is well positioned to respond to demand.

In the prevailing global economic and financial market situation, Raute will have opportunities in 2015 to achieve growth in project deliveries in Europe and Asia. The growth in technology services is expected to continue. Based on the order book, offers and ongoing negotiations, Raute's net sales are expected to grow in 2015 and its operating profit is anticipated to improve over the previous year 2014.

Consolidated statement of comprehensive income

EUR 1,000		1.1.-31.12.2014	1.1.-31.12.2013
Note			
4, 5	NET SALES	94,021	83,274
	Change in inventories of finished goods and work in progress	1,672	-954
6	Other operating income	72	295
7	Materials and services	-51,775	-40,711
8	Employee benefits expense	-29,304	-27,417
11	Depreciation and amortization	-2,018	-2,174
12	Other operating expenses	-10,062	-10,485
	Total operating expenses	-93,160	-80,787
	OPERATING PROFIT (LOSS)	2,605	1,828
13	Financial income	605	735
13	Financial expenses	-400	-974
	PROFIT (LOSS) BEFORE TAX	2,810	1,589
15	Income taxes	-449	-394
	PROFIT (LOSS) FOR THE FINANCIAL YEAR	2,361	1,196
	Other comprehensive income items:		
	Items that will not be reclassified to profit or loss		
	Remeasurement of defined benefit obligations	2	84
	Items that may be subsequently reclassified to profit or loss		
	Exchange differences on translating foreign operations	201	-83
	Other comprehensive income items for the financial year, net of tax	203	1
	COMPREHENSIVE PROFIT (LOSS) FOR THE FINANCIAL YEAR	2,564	1,196
	Profit (loss) for the financial year attributable to		
	Equity holders of the Parent company	2,361	1,196
	Comprehensive profit (loss) for the financial year attributable to		
	Equity holders of the Parent company	2,564	1,196
	Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR		
16	Undiluted earnings per share	0.59	0.30
16	Diluted earnings per share	0.59	0.30
	Shares, 1 000 pcs		
	Adjusted average number of shares	4,010	4,005
	Adjusted average number of shares diluted	4,011	4,013

Consolidated balance sheet

EUR 1,000	31.12.2014	31.12.2013	
Note			
ASSETS			
Non-current assets			
18	Intangible assets	3,492	3,574
19	Property, plant and equipment	7,930	8,396
20	Other financial assets	500	500
28	Deferred tax assets	185	96
	Total	12,107	12,565
Current assets			
21	Inventories	7,855	5,047
22	Accounts receivables and other receivables	27,568	18,329
22	Income tax receivable	684	183
23	Cash and cash equivalents	4,431	12,658
	Total	40,539	36,218
	TOTAL ASSETS	52,646	48,783
EQUITY AND LIABILITIES			
Equity attributable to Equity holders of the Parent company			
24	Share capital	8,031	8,010
24	Fair value reserve and other reserves	6,001	7,061
24	Exchange differences	220	20
	Retained earnings	7,722	7,327
	Profit (loss) for the financial year	2,361	1,196
	Share of shareholders' equity that belongs to the owners of the Parent company	24,334	23,613
	Total equity	24,334	23,613
Non-current liabilities			
27	Provisions	314	460
28	Deferred tax liability	238	423
29	Non-current interest-bearing liabilities	1,250	2,500
31	Pension obligations	2	4
	Total	1,804	3,387
Current liabilities			
27	Provisions	2,201	775
30	Current interest-bearing liabilities	1,512	3,481
32	Advance payments received	9,072	7,099
32	Income tax liability	67	5
32	Trade payables and other liabilities	13,656	10,423
	Total	26,508	21,783
	Total liabilities	28,312	25,170
	TOTAL EQUITY AND LIABILITIES	52,646	48,783

Consolidated statement of cash flows

EUR 1,000	1.1.-31.12.2014	1.1.-31.12.2013
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from customers	89,032	76,836
Other operating income	95	295
Payments to suppliers and employees	-90,193	-73,187
Cash flow before financial items and taxes	-1,066	3,944
Interests paid from operating activities	-217	-364
Dividends received from operating activities	100	180
Interests received from operating activities	35	122
Other financing items from operating activities	260	153
Income taxes paid from operating activities	-969	-329
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	-1,858	3,704
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	-1,461	-3,226
Proceeds from sale of property, plant and equipment and intangible assets	361	53
Purchase of other investments	-	-3
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-1,101	-3,176
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	64	-
Repayments of current borrowings	-2,000	-2,100
Repayments of non-current borrowings	-1,250	-3,250
Dividends paid and repayment of equity	-2,003	-2,002
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-5,189	-7,352
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	-8,148	-6,825
increase (+) / decrease (-)		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR*	12,658	19,548
NET CHANGE IN CASH AND CASH EQUIVALENTS	-8,148	-6,825
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	-79	-66
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*	4,431	12,658
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE FINANCIAL YEAR		
Cash and cash equivalents	4,431	12,658
TOTAL	4,431	12,658

*Cash and cash equivalents comprise cash and bank receivables, which will be due within the following three months' period.

Consolidated statement of changes in shareholders' equity

EUR 1,000	Note	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange rate differences	Retained earnings	To the owners of the Parent company	EQUITY TOTAL
EQUITY at Jan. 1, 2013 (ADJUSTED)		8,010	6,498	364	103	9,245	24,220	24,220
Comprehensive profit (loss) for the financial year								
Profit (loss) for the financial year (adjusted)		-	-	-	-	1,196	1,196	1,196
Other comprehensive income items:								
Remeasurement of defined benefit net liabilities		-	-	-	-	84	84	84
Exchange differences on translating foreign operations		-	-	-	-83	-	-83	-83
Total comprehensive profit (loss) for the financial year		-	-	-	-83	1,280	1,196	1,196
Transactions with owners								
Share-options exercised		-	-	-	-	-	-	-
Equity-settled share-based transactions	26	-	-	199	-	-	199	199
Dividends and repayment of equity		-	-	-	-	-2,002	-2,002	-2,002
Total transactions with owners		-	-	199	-	-2,002	-1,803	-1,803
EQUITY at Dec. 31, 2013		8,010	6,498	563	20	8,522	23,613	23,613
EQUITY at Jan. 1, 2014		8,010	6,498	563	20	8,522	23,613	23,613
Comprehensive profit (loss) for the financial year								
Profit (loss) for the financial year		-	-	-	-	2,361	2,361	2,361
Other comprehensive income items:								
Remeasurement of defined benefit net liabilities		-	-	-	-	-	-	-
Exchange differences on translating foreign operations		-	-	-	201	-	201	201
Total comprehensive profit (loss) for the financial year		-	-	-	201	2,361	2,562	2,562
Transactions with owners								
Share-options exercised	26	21	43	-	-	-	64	64
Equity-settled share-based transactions	26	-	-	99	-	-	99	99
Dividends and repayment of equity		-	-1,202	-	-	-801	-2,003	-2,003
Total transactions with owners		21	-1,159	99	-	-801	-1,841	-1,841
EQUITY at Dec. 31, 2014		8,031	5,339	662	220	10,083	24,334	24,334

Notes to the consolidated financial statements

1. ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Raute Group ('Group') is a globally operating technology company. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood and LVL. 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, Raute Corporation, is a Finnish public limited liability company 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. The address of its registered office is Rautetie 2, FI-15550 Nastola, and its postal address is P.O. Box 69, FI-15551 Nastola.

These consolidated financial statements for the period between January 1 and December 31, 2014 were authorized for issue by Raute Corporation's Board of Directors at its meeting on February 12, 2015. According to the Finnish Companies Act, shareholders may approve or reject the financial statements at the shareholders' meeting arranged after the statements have been issued. The shareholders' meeting also has the opportunity to make changes to the financial statements.

Raute Corporation's consolidated financial statement information is available online at www.raute.com or at the head office of the Parent company, Rautetie 2, FI-15550 Nastola, Finland.

Basis of preparation

Raute Corporation's consolidated financial statements for January 1–December 31, 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations released accepted for application in the EU. Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on December 31, 2014. The notes to the consolidated financial statements also comply with Finnish accounting legislation. Raute Corporation's consolidated financial statements have been prepared under the historical cost convention, except for items measured at fair value, which are available-for-sale financial assets, financial assets and liabilities recognized at fair value through profit or loss, cash-settled share-based payment transactions and derivative contracts.

The figures presented in these consolidated financial statements are in thousand euro, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make certain critical accounting estimates and to exercise its judgment in applying the Group's accounting policies. Because the forward-looking estimates and assumptions are based on management's best knowledge at the reporting date, they comprise risks and uncertainties. The actual results may differ from these estimates. Information about the estimates and judgment that the management has used and that are most critical to the figures in the financial statements are disclosed under "Critical accounting judgments and key sources of estimation uncertainty".

Amendments to accounting principles of consolidated financial statements and information to be presented

The consolidated financial statements have been prepared according to the same accounting principles as in 2013, with the exception of the following new standards, interpretations and amendments to existing standards which the Group has applied as of January 1, 2014:

- IFRS 10 Consolidated financial statements. The standard defines the principle of control and establishes control as the basis for consolidation. It also sets out the accounting requirements for the preparation of consolidated financial statements. The standard has had no essential material impact on the consolidated financial statements.
- IFRS 11 Joint arrangements. The standard provide accounting of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. The standard also requires reporting on joint arrangements method for using the equity method. Proportional consolidation of joint ventures is no longer valid. The standard has had no material impact on the consolidated financial statements.
- IFRS 12 Disclosures of interests in other entities. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities. The standard has had no essential material impact on the consolidated financial statements.
- IAS 27 (revised 2011) Separate financial statements. The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The revision of the standard has had no material impact on the consolidated financial statement.
- IAS 32 (amendment) Financial instruments: presentation - Financial assets and liabilities offsetting. The amendment clarify the requirements for offsetting financial assets and financial liabilities and increase the application guidance of

the topic. The amendment has had no essential material impact on the consolidated financial statements

- IAS 36 (amendment) Impairment of assets. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment has had no essential material impact on the consolidated financial statements.
- IAS 39 (amendment) Financial instruments: recognition and measurement. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. Of the amendment, the hedge accounting may be continued in novation under certain conditions. The amendment has had no essential material impact on the consolidated financial statements.

Preparation of consolidated financial statements

The consolidated financial statements include the Parent company Raute Corporation and its subsidiaries in which the Group has control. The Group controls an entity when the group is exposed to or has rights to variable returns from its involvement with the entity. Furthermore the Group has the ability to affect the variable return through its power over entity. In Raute Group, control is usually based on share ownership that represents more than 50 percent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control in the other company. Subsidiaries are fully consolidated in the consolidated financial statements from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. List of Group's subsidiaries has been presented in the note number 33 to the financial statements.

Business combinations are entered using the acquisition method. The consideration paid for the acquisition of a subsidiary is determined as the fair value of the transferred assets, liabilities incurred and equity interests issued by the Group. The consideration transferred contains the fair value of the asset or liability that results from the contingent consideration arrangement. Expenditure related to the acquisition is recognized as an expense when it is incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed by the business combination, have been measured at the acquisition-date fair value. Non-controlling interests have not been recognized in business combinations.

Transactions, receivables and liabilities, and unrealized gains between Group companies are eliminated. Unrealized losses are also eliminated. Where necessary, the accounting principles of the subsidiaries have been changed to comply with the Group's principles.

The allocation of the profit or loss for the financial year to the equity holders of the Parent company has been presented in connection with the statement of comprehensive income.

Transactions in foreign currency

The consolidated financial statements have been presented in euro, which is the Parent company's functional and presentation currency.

The figures concerning the profit or loss and financial position of the companies combined under the consolidated financial statements have been measured in the currency of the economic environment in which that company mainly operates (functional currency).

Foreign currency transactions have been translated into the functional currency using the exchange rates prevailing at the dates of the transactions. In practice the translation is often carried out using rates that approximately correspond to those prevailing at the dates of transactions. Monetary items in foreign currency have been translated into the functional currency using the rates prevailing on the last day of the reporting period. Foreign currency non-monetary items measured at fair value have been translated into the functional currency using the rates prevailing at the date of fair value measurement. Otherwise non-monetary items have been measured using the rate prevailing at the date of transaction.

Gains and losses from foreign currency transactions and translation of monetary items have been recognized in the income statement. Translation differences on monetary items have been recognized in other comprehensive income items as qualifying cash flow hedges. Exchange rate gains and losses from transactions have been presented in the corresponding items above the operating profit or loss. Exchange rate gains and losses related to cash and cash equivalents, loans and other financial assets and liabilities have been presented in the income statement under financial income or expenses.

The income statements of foreign subsidiaries have been translated into euro using the weighted average exchange rates during the financial year and balance sheets have been translated at the average rate on the balance sheet date. Translation of income and comprehensive income at different exchange rates in the income statement and in the balance sheet results in translation differences which have been recognized in the balance sheet under equity, the difference of which has been recognized in the items of the comprehensive income. The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from the translation of equity items accumulated after the acquisition have been recognized in the other items of the comprehensive income. On partial or full disposal of a subsidiary, the accumulated translation differences have been recognized through profit or loss as part of the gains or losses from disposal.

The exchange rates used for the consolidation of subsidiaries are presented in the notes to the consolidated income statement and balance sheet, note number 38 to the financial statements.

Revenue recognition

Net sales include revenue from the sale of products and services, as well as raw materials and equipment, adjusted net of indirect

taxes, discounts, and exchange differences from foreign currency sales. All components pertaining to each contractual entity have been treated as a whole and the same revenue recognition method is applied to them.

Project deliveries and modernizations in technology services have been treated and recognized based on the percentage of completion except the projects which do not obtain the classification requirements of long term projects.

Revenue and cost from long-term projects has been recognized as an income and expense as soon as the outcome has been reliably estimated. Percentage of completion is measured on a cost basis as the relation of actual project costs to the estimated total project costs. When it is probable that the total costs needed to complete the contract will exceed total contract revenue, the expected loss has been recognized as an expense immediately. If the result of a long-term project cannot be reliably estimated, the project costs have been recognized as an expenditure in the period in which they have been incurred, and project revenue has been recognized only to the extent of project costs incurred that are likely to be recovered. Costs related to projects that have not yet been recognized in revenue have been recognized as long-term projects in progress under inventories. If the incurred costs and recognized profits are larger than the amount invoiced for the project, the difference has been recognized in the accounts receivables and other receivables balance sheet item. If the incurred costs and recognized profit are smaller than the amount invoiced for the project, the difference has been recognized in the trade and other payables item. During the financial year 2014 and the comparison period, the Group had no financial costs allocated to the long-term projects entered in the balance sheet.

Changes to the project, requirements concerning additional charges and incentives have been taken into account in the project income to the extent that can be reliably determined and which has been agreed upon with the customer. If a contractual entity (e.g. mill-scale delivery) includes sub-entities (e.g. production lines) with determined contract terms and conditions and with risks, rewards and control of ownership transferred to the buyer separately from the rest of the contractual entity, they have been treated as separate long-term projects.

Revenues from the sale of spare parts and other goods, as well as small and short-term projects, have been recognized in full when the significant risks and rewards have been transferred to the buyer and the Group no longer has right of possession of and control over the product. This generally means the moment at which the goods have been delivered to the customer in accordance with the agreed delivery clause. The delivery conditions used in the Group are based on Incoterms 2010 delivery clauses which have been presented in the official rules published by the International Chamber of Commerce for the interpretation of trade terms.

Revenues from time-based maintenance contracts have been recognized as income for the maintenance contract period and the costs incurred have been recognized as expenses on performance basis. Revenues from other services have been recognized in net sales for the period in which the service has been provided.

Other operating income includes revenue not included in net sales, such as lease income, insurance compensations and gains on the disposal of fixed assets. Lease income has been recognized as income on a straight-line basis for the lease term.

Interest income has been recognized as income in the period in which it has arisen. Dividend income has been recognized when the company paying dividends pays it.

Royalty income has been recognized on an accrual basis in accordance with the substance of the relevant agreements.

Income taxes

The taxes in the consolidated income statement include the current tax based on the Group companies' taxable income, as well as tax adjustments for previous years and the change in deferred taxes. Current tax based on the taxable income has been calculated on taxable income using the tax rate in force in each country. Taxes have been recognized in the income statement, except when they are related to other comprehensive income items or recognized directly in equity. In which case the tax has also correspondingly been recognized in other comprehensive income items or directly in equity.

Deferred taxes have been calculated for all temporary differences in accounting and taxation. Deferred tax has been determined using tax rates that have been enacted or substantively enacted by the balance sheet date and have been expected to apply when the related deferred tax asset shall be realized or the deferred tax liability shall be settled. The principal temporary differences arise from the amortization of tangible fixed assets and tax losses carried forward unused.

Deferred tax liabilities have been presented in full in the balance sheet. Deferred tax receivables have been presented to the extent that it is probable that taxable profits will be available against which temporary differences can be utilized.

Financial assets

Financial assets have been classified as financial assets at fair value through profit and loss, loans and other receivables and available-for-sale financial assets. Classification has been made based on the purpose of acquisition in conjunction with the original acquisition. Financial assets are derecognized from the balance sheet when the contractual right to receive cash flows has expired or the Group has substantially transferred risks and income outside the Group.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss have been acquired for trading. All purchases and sales of financial assets have been recognized on the transaction date.

Shares and units as well as other securities have been classified as financial assets at fair value through profit or loss. Financial assets held for trading have mainly been acquired to generate profit from short-term changes in market price. Derivatives which are used for hedging purposes, but hedge accounting is not applied, are classified as held for trading. Derivatives held for trading, as well as financial assets maturing within 12 months, are included

in current assets. The items in this Group are measured at fair value. Gains and losses from changes in fair value have been recognized in the income statement under item "Financial income and expenses" and in the period in which they have arisen.

Loan and other receivables

Loan and other receivables are assets with fixed or determinable payments that are not quoted in an active market and which the company does not hold for trading. The Group's loan and other receivables also include the balance sheet's accounts receivables and other receivables as well as cash and cash equivalents. Loans and other receivables have been measured at amortized cost using the effective interest method and they have been presented in non-current assets if they mature over 12 months from the balance sheet date. Otherwise they have been presented in current assets. Only substantial transaction costs are counted for when measuring the acquisition cost.

Sales and other revenue have been recognized in accounts receivables at the original receivable amount. Current accounts receivables have been measured at the original receivable amount. Accounts receivables are classified as non-current financial assets if they mature over 12 months from the balance sheet date. Cash and cash equivalents comprise cash in hand, current bank deposits and other highly liquid short-term investments with original maturities of three months or less. Bank overdrafts are included in current interest-bearing liabilities. Credit accounts related to Group accounts are included in current interest-bearing liabilities and presented net if the Group has a contractual legal right of set-off concerning full or partial payment or elimination of an amount to the lender. Financial assets are derecognized when the contractual right to cash flows expires or the Group has substantially transferred risks and income outside the Group.

Available-for-sale financial assets

Available-for-sale financial assets are assets not included in derivatives that have been expressly assigned to this group or that have not been classified into any other group. They are included in non-current assets unless the intention is to hold them less than 12 months from the balance sheet date, in which case they are included in current assets. Available-for-sale financial assets may consist of shares and interest-bearing investments. They have been measured at fair value or, where fair value cannot be reliably determined, at cost of acquisition. Changes in fair value of available-for-sale financial assets have been recognized in other items of the comprehensive income and they have been presented in the fair value reserve, including the tax effects. Accumulated changes in fair value are transferred from equity and recognized through profit or loss when the investment is sold or when its value has decreased in such a way that an impairment loss must be recognized for the investment. Permanent impairment of assets is always recognized directly in the income statement.

Impairment of financial assets

At the reporting date the Group assesses whether there is objective evidence of impairment of a financial asset or a group of financial assets. If the fair value of the Group's equity investment is significantly less than the acquisition cost and the time period defined by the Group, this is a sign of impairment of the

available-for-sale share. If impairment has occurred, the losses accumulated in the fair value reserve are transferred to the income statement. Impairment losses of equity investments classified as available-for-sale assets have not been reversed through profit or loss, while the later reversal of impairment losses directed at interest-bearing instruments has been recognized through profit or loss.

The default risk related to accounts receivables is estimated on the basis of a comprehensive survey of accounts receivables carried out at the balance sheet date. Factors indicating impairment of accounts receivables include repeated failures or delays to pay, imminent bankruptcy or debt restructuring as a result of major financial difficulties of the debtor. Estimated impairment losses have been recognized in the income statement as the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. If an impairment loss decreases in a subsequent period, and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed through profit or loss.

Financial liabilities

Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial carrying amount of the financial assets at amortized cost. Later, financial liabilities, excluding derivative liabilities, have been measured at amortized cost using the effective interest method. Financial liabilities are included in non-current and current liabilities. Financial liabilities are classified as current unless the Group has the unconditional right to defer the payment of the debt to at least 12 months from the reporting date.

All of the fair values of financial assets and liabilities in the balance sheet are based on market values at the reporting date. The fair values have been presented in the note number 37 to the financial statements.

Derivative financial instruments

The Group has been used currency derivative contracts hedging against currency risks of commercial transactions and currency derivative contracts hedging against currency risks of financing items to hedge against currency risks related to future transactions.

Derivative financial instruments have been recognized in the balance sheet at their fair value at the contract date and are later remeasured at fair value. The fair values of derivative contracts have been determined using the market values at the balance sheet date. Gains and losses from fair value measurement are treated as determined by the purpose of the derivatives.

The changes in the value of derivatives to which hedge accounting has not been applied have been presented in the income statement items before operating profit and the changes in the value of financing derivatives have been presented in financial income or expenses. The fair values of financing derivatives have been set off against each other for the financing derivatives with a right of mutual set-off.

The fair values of the derivatives used in hedging are presented in note number 35 to the financial statements. The derivatives have been presented as accrued expenses or receivables in non-current assets or liabilities in the balance sheet when the remaining hedged item is more than 12 months from the reporting date. Otherwise the derivative has been presented as accrued expenses or receivables under current assets or liabilities in the balance sheet.

Hedge accounting

Hedge accounting has typically been applied when essential exchange risk exists on the derivative contract which is determined as a hedging of the cash flow of the long-term project. The decision to apply hedge accounting is made separately for each contract at the contract date. Hedge accounting has not been applied in the financial statements of the year 2014 and the comparison period.

Intangible assets

An intangible asset has been recognized in the balance sheet when it is probable that the expected future financial benefit attributable to the asset will flow to the entity over a period of several years (amortization period) and the cost of the asset can be measured reliably. In other cases the expenditure from intangible assets has been recognized as an expense when incurred. Intangible assets include capitalized development costs and other intangible assets.

Research and development costs

Research costs have been recognized as an expense in the income statement. Development costs incurred in planning new or more advanced products and in manufacturing test machinery for testing them has been recognized as intangible assets in the balance sheet from the moment the product can be produced technologically, utilized commercially, and future financial benefit is expected from it. Capitalized product development costs include the material, work and testing expenditure incurred directly from completing the product for the intended purpose. Development costs previously recognized as an expense is not capitalized at a later date.

Amortization of capitalized product development costs is started when the product is ready for use. The useful life of development costs is three years, during which time capitalized assets have been recognized as an expense on a straight-line basis. Capitalized costs for product development in progress are tested annually for impairment. If the carrying amount of an asset exceeds the estimated recoverable amount, it is immediately reduced to correspond to the recoverable amount. After they have been originally recognized, capitalized product development costs are measured at acquisition cost less accumulated amortization and impairment.

Other intangible assets

Other intangible asset has been recognized in the balance sheet at original cost when it is probable that the expected future financial benefit attributable to the assets will flow to the entity over a period of several years (amortization period) and the cost of the assets can be measured reliably.

Intangible assets with a finite useful life have been recorded in the balance sheet and recognized in the income statement as an expense based on the straight-line depreciation method over their useful life as follows:

Patents	10 years
Computer software	3–5 years
Other intangible assets	3–10 years.

The expected useful lives of the items in the intangible assets in the balance sheet have been reviewed at each reporting date. If they differ considerably from previous estimates, the amortization plan is updated in accordance with the new expected useful lives. The carrying values of intangible assets with limited useful lives have been reviewed at each reporting date. If the value of an asset has decreased significantly the impairment is transferred to the income statement. A previously made impairment can be reversed if the circumstances can be shown to have improved considerably.

Property, plant and equipment

All property, plant and equipment is measured at acquisition cost less accumulated depreciation and impairment. The acquisition cost includes the purchase price, cash and other discounts, import duties and fixed taxes. When a property, plant or equipment is manufactured in-house, it also includes, in addition to the above-mentioned items, a share of the Group's fixed costs. Ordinary property, plant and equipment repair and maintenance costs have been recognized through profit or loss as incurred. Possible costs incurred in restoring to original state have been taken into account in IFRS accounting as part of the acquisition cost. Raute Corporation's consolidated financial statements of December 31, 2014, including the comparison data, do not include property, plant or equipment for which costs capitalized in the future should be taken into account.

Depreciation of tangible assets is calculated using the straight-line method over their estimated useful lives as follows:

Buildings	25–40 years
Machinery and equipment	4–12 years
Other fixed assets	3–10 years
Land	no depreciations are made.

The residual value and useful lives of assets are reviewed at the last day of each reporting period and are changed if necessary. If the carrying amount of an asset exceeds the estimated recoverable amount, it is immediately reduced to correspond to the recoverable amount. Gains and losses on decommissioning and disposal of property, plant and equipment have been recognized through profit or loss.

Public contributions

Public contributions received as compensation for costs incurred have been recognized in the income statement in the period in which the right to receive the contribution arises. Contributions related to acquisitions of intangible and tangible fixed assets have been recognized as a decrease in the carrying amounts when the Group meets the eligibility criteria for the contribution and a decision granting the contribution is received.

Impairment of non-financial assets

Regular amortizations have not been recognized for the Group's intangible assets with an indefinite useful life. They have been tested annually for impairment. Assets that are subject to the amortization have been reviewed for impairment always when events or changes in circumstances have provided indications that it may be impossible to recover the carrying amount of the assets. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. The value in use is the present value of the expected recoverable cash flows from the asset. For the assessment of impairment, the assets are classified at the lowest levels at which the cash flows can be separately identified.

The amount by which the carrying amount of the asset exceeds the recoverable amount has been recognized in the income statement as an impairment loss. An impairment loss recognized in previous periods for non-financial assets other than goodwill has been reassessed at each balance sheet date. The recognition of an impairment loss has been reversed when a change has taken place in the circumstances or in the estimates used to determine the recoverable amount of the asset. However, reversal of impairment has not exceeded the asset's carrying amount less impairment loss.

Leases

Leases in which a significant portion of the risks and rewards incident to ownership are retained by the lessor have been treated as operating leases. Payments made under other leases have been recognized as an expense based on the lease period.

Inventories

Inventories have been measured at the lower of cost and net realizable value. Raw materials and supplies have been measured using the weighted average cost method. The cost of finished goods and work in progress comprises direct material and production costs and the portion of indirect production costs and depreciation allocated to products at a normal capacity excluding financial expenses. Net realizable value is the estimated selling price in the ordinary course of business, less costs of completion and sale. The value of inventories includes impairment due to obsolescence.

Provisions

Provisions have been recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision related to warranty obligations has been recognized through profit or loss when revenue from a long-term project, service or spare part including a warranty clause has been recognized. The amount of the warranty provision is estimated at the beginning of the project based on past experience from warranty costs. The unused provision has been recognized as income at the end of the warranty period and expiry of the warranty obligations. In long-term projects recognized on the basis of percentage of completion, the warranty provisions are included in the estimated total costs of the project. Provision for unprofitable

contract has been recognized when the unavoidable direct costs and estimated indirect production costs and depreciation under the contract exceed the benefits from the contract.

Employee benefits***Pension obligations***

Pension plans have been classified into defined benefit and defined contribution plans. Under a defined contribution plan the Group pays fixed contributions to a separate insurance company, after which the Group has no other obligations to pay. In addition, the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay retirement benefits. All other plans which do not meet these conditions have been classified as benefit pension plans. Contributions to defined contribution pension plans have been recognized in the income statement as an expense in the period in which they were due. The Finnish statutory employment pension scheme and the pension plans of foreign subsidiaries have been classified as defined contribution plans.

Raute Corporation's voluntary supplement to pension coverage has been treated in accounting as a defined benefit plan. The amount of the obligation has been calculated yearly by the independent actuaries. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation has been determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds. These loans with the interest rate, has been denominated in the currency in which the benefits will be paid. The loans have terms to maturity approximating to the terms of the related pension obligation. Period service cost (pension cost) and a net interest of a net defined benefit liability has been recognized in the comprehensive income statement and presented in the employee benefit expense. Items related to remeasurement of the net defined benefit liability (or assets), as actuarial gains and losses and the return on plan assets, has been recognized in the other comprehensive income items at the financial year they occur.

Share-based payments***Option-based incentive plan***

The Group has a valid option-based incentive plan 2010. Raute Corporation has granted stock options to key persons separately determined by the Board of Directors during the years 2010-2013. The granted stock options are measured at fair value at their grant date. The granted options are measured at fair value at their grant date using the Black-Scholes option pricing model. The fair values of the options granted to the personnel are recognized as an expense in the statement of comprehensive income under social security costs on a straight-line basis over the vesting period. The vesting period refers to a period of time during which all vesting conditions for achieving the right must be met. The counterpart entry of the expense entry is recognized in equity.

The expense determined at the option grant date has been based on the Group's estimate of the number of options expected to vest at the end of the vesting period. The estimated number of final options has been estimated at each reporting date. Any

changes to the estimates are entered in the income statement and in equity. When stock options have been used, money payments received on the basis of share subscription have been recognized in equity, adjusted for any transaction costs. Information on share-based payments is presented in the note number 26 to the financial statements.

Share-based incentive program

The Group has a valid long-term performance based share based incentive program 2014-2018. No share reward has been paid for the performance period 2014.

Employee termination benefits

Items settled in the case of employee termination are recognized as expenses when the Group is set to irrevocably terminate workers' employment contracts. Other liabilities likely to arise on the basis of different codes relating to the benefits of dismissed persons have been estimated at the reporting date and recognized as an expense and liability.

Restructuring provision has been recognized and presented in the income statement in the cost item in which the costs are expected to be incurred, when the Group has drawn up a detailed plan for restructuring and has started to implement the plan or has announced it. In the case of dismissals, a provision for future unemployment pension contributions has been recognized in the Group's Finnish companies for persons whose age may later give rise to the employer company's obligation to pay unemployment contributions.

Profit-based bonuses

An expense and a liability for profit-based bonuses are based on a formula that has taken into consideration the operating profit after certain adjustments. A provision has been recognized when the Group has a contractual obligation or where there has been a past practice that has been created a constructive obligation.

Share capital

Series K and series A shares held by third parties have been presented in share capital.

Expenditure related to issues or acquisitions of own equity instruments has been presented as allowance for equity. When the Parent company repurchases equity instruments, their acquisition cost has been deducted from equity.

Dividend

The dividend proposed by the Board of Directors to the Annual General Meeting has been recognized as a liability and a deduction from distributable equity for the period in which the dividend has been approved for distribution by the shareholders.

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group uses the following definition: operating profit is the net sum calculated by adding other operating income to net sales; deducting purchase expenses that have been adjusted by changes in inventories of finished goods and work in progress and by expenses from production for own use; and by deducting expenses from employee benefits, depre-

ciation and possible impairment losses, as well as other operating expenses. All other income statement items are presented under operating profit before the profit for the financial year.

Critical accounting judgments and key sources of estimation uncertainty

When preparing the consolidated financial statements in compliance with International Financial Reporting Standards, the company management has made certain estimates and assumptions. In addition, the management has exercised its judgment in selecting and applying the accounting policies. These estimates and assumptions have affected the assets and liabilities in the Group's balance sheet, the disclosure of commitments and possible assets in the consolidated financial statements, and income and expenses for the period. Because the estimates have been based on management's best knowledge at the reporting date, actual results may differ from these estimates. Possible changes in estimates and assumptions have been recognized in the financial year in which the estimate or assumptions has been changed. The management is not, by the time the financial statements were to be published, aware of any major uncertainties concerning the estimates on the reporting date or any key assumptions concerning the future, on the basis of which there would be a considerable risk of a substantial change in the carrying values of assets and liabilities during the next financial year. The key items where the estimates have been used are as follows:

Estimated impairment

The Group's intangible assets have been tested for impairment. Other balance sheet assets have been assessed for indications of impairment as explained in the accounting principles above. The recoverable amounts of cash-generating entities have been determined based on value-in-use calculations, which require the use of estimates. Where the carrying amount of the asset exceeds the assets estimated recoverable amount or fair value, impairment has been recognized through profit and loss.

Long-term projects

The percentage of completion method is based on estimates of expected project revenue and expenses, as well as on reliable measurement of project progress. Should the estimates of the project outcome change, the recognized revenue and profit is adjusted in the period in which the change first becomes known and can be estimated.

Warranty provision

The amount of warranty provisions is estimated on the basis of the management's experience from product costs in the warranty period, taking into consideration special product risks.

Receivables

The management has estimated customers' ability to remit the payment of such trade receivables, for which the company has not received any securities. The Group companies' ability to settle the trade receivables and payments related to the loans has been estimated by the management.

Commercialization of new technology

The management has estimated the risk related to the commercialization and first-delivery projects of new technology. At the

balance sheet date, there were two new products in the commercialization phase of new technology. At the balance sheet date December 31, 2014, the balance sheet items of the products in the commercialization phase formed a risk of EUR 2.2 million (EUR 2.8 million). The project income of the commercialization and the first-delivery projects of the new technology has been recognized only to the extent of project costs will be recoverable. The expected loss is recognized as an expense immediately. The operating profit of the financial year includes an effect of EUR -1.7 million, which is related to the first-delivery project.

Income taxes

The management has also made estimates pertaining to the period's income taxes and deferred tax assets and liabilities. Criteria for recognition and measurement of deferred tax assets are estimated at the balance sheet date. The management estimates how likely it is for the Group's companies to have future recoverable taxable income against which unused tax losses can be utilized. The preparatory estimates used for the estimates at the balance sheet date can differ from the actual figures, in which case changes in tax assets have been recognized as expenses in the income statement.

IFRS standards that have been published and will be valid in future financial periods

The following are the standards, interpretations or amendments to the existing standards and interpretations that have been published by IASB but were not effective on the financial year starting on January 1, 2014. The Group will apply them beginning on the date that each standard and interpretation comes into effect, or, if the date of entry into force is a date other than the first day of the financial year, beginning at the start of the financial year following the date of entry into force.

- IAS 19 Employee benefits (amendment) (effective on the financial period beginning of July 1, 2014 or after the fiscal year beginning). The amendment regards employee or third party contributions to defined benefit plans and clarifies the treatment of such contributions in accounting. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognize the benefit of those contributions over employee's working lives. The standard has no essential impact on the consolidated financial statements.
- IFRS 9 Financial instruments (effective for the financial period beginning on or after January 1, 2018). IFRS 9's full version replaces most of the IAS 39 included in the documentation. The standard includes the basis of valuation but is simplified by establishing three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income items and fair value through Income Statement. A new expected credit losses model replaces the incurred loss impairment model. For financial lia-

bilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. The Group is assessing the impact of the standard to the consolidated financial statement accounting principles and additional information of the Group. The standard has not yet adopted in the EU.

- IFRS 15 Revenue from contracts with customers. (effective for the financial period beginning on or after January 1, 2017). This is a new, coordinated by the recognition of revenue on the standard. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. Revenue is recognized when a customer obtains control of a good or service. The customer has the ability to direct the use and obtain the benefits from the good or service. The basis of the standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized in a five step recording principle. The standard deals with the disclosure requirements, which resulted in the financial statements users receive comprehensive information on the company's customer contracts in the cash flows from the nature, amount, timing and uncertainty. The Group is assessing the impact of the standard to the consolidated financial statement accounting principles and additional information of the Group. The standard has not yet adopted in the EU.
- IAS 16, Property, plant and equipment and IAS 38, Intangible assets (amendment) (effective for the financial period beginning on or after January 1, 2016). This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The standard has no essential impact on the consolidated financial statements. The standard has not yet adopted in the EU.
- Annual improvements to IFRS standards 2012-2014. These improvements include small and minor urgent amendments. Different standard amendments have not had essential impact on the consolidated financial statements.

In the future, the above-mentioned standards, amended standards and interpretations may have an effect on the handling of future business transactions

2 MANAGEMENT OF FINANCING RISKS

The Group, in its operations, is exposed to financing risks which have been classified into market, counterparty and liquidity risks. The key risk areas of the Group's international business operations have been recognized as default risks of the counterparty risks and currency risks of the market risks. The Group is also ex-

posed to liquidity and refinancing risks, as well as interest and price risks, which are part of market risks.

The aim of the Group's financing risk management is to minimize the negative effects of the changes in the financial markets on the Group's financial performance and ensure sufficient liquidity in all market conditions. The Group implements a financing policy, which is approved by the Parent company's Board of Directors and defines the limiting values that guide operations, the adopted financial and hedging instruments, and the acceptable counterparties. The Parent company's financing unit is responsible for the management of financing risks, with a duty to identify, assess, and hedge financing risks in cooperation with operative units. The Board regularly monitors the extent of the financing risks based on, among others, the net currency position, the age distribution and the hedging of receivables as well as cash flow estimates and financial stress tests.

Market risk

Market risks include currency, interest and price risks. Currency risks are further divided into transaction and translation risks.

Currency risks

The Group operates in international markets and is thus exposed to currency risks resulting from changes in currency exchange rates. The Group's currency risks consist of foreign currency denominated sales and purchases as well as assets and liabilities recognized in the balance sheet (transaction risks) and investments in foreign subsidiaries (translation risks).

The Group's main currency is the euro. The most significant currency risks result from the following currencies:

- Chinese yuan (CNY)
- Russian rouble (RUB)
- Canadian dollar (CAD)
- US dollar (USD).

The distribution of the Group's sales varies annually according to market area. In 2014 amount of 48 percent (60%) of net sales were generated outside the euro zone. The Group primarily uses Group company's functional currency as the primary trading currency, of which the most important is the euro.

The Group's operative units hedge foreign currency denominated accounts receivables based on binding sales contracts through the Parent company's financing unit when the contracts take effect. Currency forward contracts are used to hedge sales payments operatively. Primarily, cash flows accumulating from unhedged accounts receivables in the same currency are used in the hedging of currency risks related to procurement contracts. Future cash flows, which are not based on binding contracts, are usually not hedged with derivative contracts. Currency clauses are used to hedge against currency risks during the quotation period. Depending on the case, currency risks related to preliminary sales contracts are hedged with currency option contracts. The value of forward contracts used to hedge business operations was EUR 2.8 million (MEUR 3.0) at the balance sheet date.

The Group can reduce the temporary effect on the operating profit related to the fair value of derivative contracts resulting from changes in exchange rates by applying hedge accounting to the derivatives connected to binding, fixed-price sales contracts. The Group's Parent company concludes, with an external counterparty, a derivative contract which is defined as a hedging instrument in hedge accounting. Subsidiaries use internal derivatives to hedge transactions defined as hedged items. The total amounts of the valuation gains and losses for derivatives have been presented in the note number 35 to the financial statements.

The internal loans taken out by the Group companies and their deposits are mainly in the functional currency of the subsidiary in question. The currency exchange risks of internal loans has been hedged with forward contracts, with the exception of equity loans and working capital loans, the repayments of which are paid from the forecasted unhedged currency flows of sales in the same currency.

Forward contracts related to the hedging of the Group's financing had a nominal value of EUR 0.3 million (MEUR 1.3) at the end of the financial year 2014. The subsidiaries' loans from external financial institutions are in each company's functional currency.

The forward contract receivables and liabilities related to an economic hedging of a sales currency payments, to which hedge accounting is not applied, increase the currency risk to the Group at the balance sheet date. This currency risk is recognized to the extent that the value of forward contracts exceeds the respective binding sales contracts recorded sales. The measurement of the forward contracts and the percentage of completion receivables had a EUR 7 thousand negative effect on the Group's operating profit (EUR -3 thousand) at the reporting date. The nominal values of derivatives related to financing are presented in the note number 35 of the financial statements.

Transaction risks

The Group regularly monitors transaction risks in the main currency pairs. Currency flows related to binding contracts, and derivative contracts used for their hedging, are taken into account in the net currency position from the reporting date onwards regardless of which year's profit or loss the currency risk will effect. The aim of managing currency risks is to keep the open net currency positions of each Group currency pair at less than EUR 500 thousand for each currency pair other than for the Russian rouble, for which the aim is to keep the net currency position at less than EUR 1 million. The Group's net currency position and its portion included in the balance sheet at the reporting date (Net balance sheet risk) is presented in currency pairs in the following table:

EUR 1,000	Net currency position		Net balance sheet risk	
	2014	2013	2014	2013
CNY/EUR	1,739	-421	-500	-862
RUB/EUR	-198	-948	-198	-948
CAD/EUR	71	45	71	45
USD/EUR	687	423	-859	-1,916

Table: Group transaction risks

Translation risks

The Group is exposed to translation risks. The Group has foreign subsidiaries which have equities in currencies other than the Parent company's functional currency. The currency risks related to the conversion of the foreign subsidiaries' net investments to the Group's home currency, the euro, have not been hedged. The Group's subsidiaries' non-euro-denominated equities equaled altogether EUR -4,962 thousand on December 31, 2014 (EUR -8,223 thousand). Net investments are detailed according to currency in the following table:

EUR 1,000	2014	2013
CNY	1,489	1,489
RUB	-	355
CAD	84	84
USD	17	17
Other	15	15

Table: Net investments in subsidiaries by currency

Sensitivity analysis

A sensitivity analysis in the main currency pairs on the transaction risk, i.e. the effect of reasonable potential changes in the exchange rates on the Group's profit or loss before tax and on equity on December 31, 2014 and at the comparison date, is presented in the following table:

EUR 1,000		Effect on profit after tax		
			2014	2013
CNY	+/- 15 %	+/-	6	+/- 64
RUB	+/- 15 %	+/-	77	+/- 39
CAD	+/- 15 %	+/-	207	+/- 66
USD	+/- 15 %	+/-	5	+/- 2

Table: Sensitivity analysis

All foreign currency receivables and liabilities as well as the currency derivative contracts, recognized in the balance sheet on the reporting date, have been taken into account in the sensitivity analysis. In the analysis, the change in exchange rate has been estimated to be +/-15 percent from the reporting date. Other factors are estimated to remain unchanged.

Interest risk

The Group's interest risk results from non-current liabilities. The Group's objective is to hedge against interest risks related to liabilities through fixed-interest rate loans, interest rate derivative instruments and sufficient liquid assets. The Group takes out loans with either fixed interest rates or floating interest rates. The floating interest rate loans expose the Group's cash flow to interest risk. At the end of the financial year, 100 percent of the Group's loans were fixed-interest.

In the Group, the fluctuating interest level mainly influences the arising return level of liquid assets. In the uncertain financial market situation, the Group is avoiding investment instruments which involve significant interest or price risks. No investments in interest funds were included in the financial statements of December 31, 2014 or the comparison year. On the reporting date, cash and cash equivalents were invested in fixed interest rate accounts.

Price risk

The raw materials used by the Group are reprocessed steel products, other raw materials, components, and commodities. It is not possible to actively hedge against their market price risk with derivatives, and their price risk is a part of the business risk. The price risk of steel is managed by regularly analyzing and following the price fluctuation. The price risk of components is reduced by making blanket agreements with suppliers. The price risk of the electric power used in the Group's production processes is followed and managed through fixed-price contracts. At the balance sheet date, there were no derivatives hedging price risk that would affect the profit or loss in the consolidated financial statements.

In a stable financial market situation, the Group may invest its cash and cash equivalents in equity funds as well as fixed-interest funds and is thus exposed to price risks arising from the changes in the market prices of listed funds. On the balance sheet date, there were no fund or other investments held for sale.

Counterparty risk

The Group's most significant counterparty risks are customer credit risks related to contractual counterparties in the project business and counterparty risks related to the Group's investment activities.

Credit risk and other counterparty risks

Credit risks or counterparty risks are realized when the customer or other counterparty is unable to fulfill its commitments to the Group. The maximum amount of credit risk at the balance sheet date is the book value of financial assets. At the end of the financial period on December 31, 2014 the maximum amount of credit risk was EUR 32.0 million (MEUR 31.0).

Credit risks related to contractual counterparties in project deliveries are managed by expecting bank guarantees or confirmed letters of credit for customer payments, and by accelerated payment terms with long-term customers. Credit risks related to technology services are managed by regularly monitoring the customer-specific amounts of receivables and customers' payment behavior. As a result of the general uncertainty related to the development of the global economy, financial markets and the customers' market situation the risk level for unhedged receivables is expected to be stabilized at a slightly higher level than before the recession.

The maximum credit risk relating to customers' solvency is the amount of receivables relating to binding sales contracts that are not covered by bank guarantees, letters of credit or other securities. Received bank guarantees and letters of credit covered 46 percent (30%) of the accounts receivables and the percentage of completion receivables recorded in the balance sheet and 37 percent (5%) of the order book at the end of the financial year. The credit losses recognized during the financial year amounted to EUR 0.0 million (MEUR 0.5). Parent company has been recognized the amount of EUR 1 million credit loss provision of sales receivables of the Russian subsidiary. No significant credit risk clusters were recognized in the accounts receivables at the balance sheet date.

The outstanding advance payments presented in the table "Customer receivables" are invoiced payments connected to binding contracts which are not included in the assets of the balance sheet at the balance sheet date. The combined age analysis of accounts receivables and advance payments of binding sales contracts invoiced according to payment terms has been presented in the following table "Age distribution of customer receivables".

EUR 1,000	2014	2013
Accounts receivables in the balance sheet	6,049	3,887
Invoiced outstanding advance payments	1,428	373
TOTAL	7,477	4,260

Table: Customer receivables

EUR 1,000	2014	2013
Neither past due nor impaired	4,968	2,819
Overdue 0-29 days	753	403
Overdue 30-60 days	61	247
Overdue more than 60 days	1,695	790
TOTAL	7,477	4,260

Table: Age distribution of customer receivables

Counterparty risk for investment activities

The financing instrument contracts that the Group has concluded with banks and financial institutions involve the risk that the counterparty is not able to fulfill its obligations according to the contract. In investment activities and when concluding derivative contracts, only those parties which have a good credit rating and which meet the other terms and conditions defined by the financing policy are accepted as counterparties. When making investments, or derivative and loan agreements, the Group applies counterparty-specific upper limits to avoid risk concentrations. On the balance sheet date, the investments related to the Group's cash management were in Nordic banks. The liquid assets in financial institutions outside the euro zone were EUR 1.7 million (MEUR 2.0) at the balance sheet date.

Liquidity risks

Due to the nature of the Group's project business, required financing and the amount of liquid assets also fluctuate in the short term. Predicting working capital requirements is made especially challenging by new orders which have individual payment terms and involve uncertainties related to delivery schedules.

The minimum amounts of cash and cash equivalents, current investments, and available credit liabilities have been defined in the Group's financing policy to ensure the Group's liquidity. Good liquidity is maintained primarily through efficient working capital and cash management. In the long term, risks related to the availability and pricing of funding are managed by using a variety of sources for financing. Investments are required to exhibit sufficient liquidity. The Group did not have interest-bearing net liabilities in the consolidated financial statements of December 31, 2014 or in the comparison year. The cash and cash equivalents available to the Group are sufficient to cover the Group's short-term financing needs.

The Group's cash and cash equivalents totaled EUR 4.4 million (MEUR 12.6) at the end of the financial year. The Group has made preparations for fluctuating working capital requirements and possible disturbances in the availability of money with non-current credit limit agreements worth EUR 23.0 million with three Nordic banks. At the end of the financial year, EUR 20.0 million was unused of the limit.

Investments are made mainly in current deposits or in secondary marketable euro-based investments with a good credit rating.

The Group's financial liabilities include trade payables, derivative liabilities and interest-bearing liabilities. Trade payables are due within less than a month on average. Repayment of interest-bearing loans based on the Group's loan contracts and cash flows from financial expenses related to them and cash flows from other financial liabilities are presented in the table below. The items presented in the table are undiscounted cash flows.

EUR 1,000	2015	2016	2017	2018	2019	Yhteensä
Loans from financial institutions						
Repayments	1,512	1,250	-	-	-	2,762
Financial expenses	100	36	-	-	-	136
Total	1,612	1,286	-	-	-	2,898

EUR 1,000	2015	2016	2017	2018	2019	Yhteensä
Trade payables						
Repayments	6,086	-	-	-	-	6,086
Financial expenses	-	-	-	-	-	-
Total	6,086	-	-	-	-	6,086

EUR 1,000	2015	2016	2017	2018	2019	Yhteensä
Accrued expenses and prepaid income						
Repayments	6,236	-	-	-	-	6,236
Financial expenses	-	-	-	-	-	-
Total	6,236	-	-	-	-	6,236

EUR 1,000	2015	2016	2017	2018	2019	Yhteensä
Derivatives						
Repayments	101	-	-	-	-	101
Financial expenses	-	-	-	-	-	-
Total	101	-	-	-	-	101

Table: Maturity analysis

In addition, bank credit limits and Raute Corporation's EUR 10 million (MEUR 10) domestic commercial paper program, which allows the Group to issue commercial papers maturing in less than one year, secure the Group's liquidity. Nordea Bank Finland Plc is the arranger of the program.

Capital structure management

The objective of the Group's capital structure management is an effective capital structure that secures the Group's operational preconditions on the capital market. The Group's Parent company's credit ranking throughout 2014, as well as in the comparison year 2013, was good.

The Group's capital structure is followed using the equity ratio, which has been set a strategic target value. During the financial year 2014 the target value of the equity ratio was over 40 per-

cent. At the end of the financial year, the equity ratio was 56 percent (57%) and gearing -7 percent (-28%).

The Group has set in its loan and credit contracts, as well as in the security agreements related to them, the following key covenants:

- equity ratio to be not less than 30 percent and
- gearing to be under +100 percent.

The loan covenants are reported to the creditor on a quarterly basis. If the Group breaks the loan covenant conditions, the creditor may require expedited repayment of the loans.

During the financial year 2014 and the comparison year, the Group met the conditions of the covenants and reached the set target value of equity ratio.

EUR 1,000	2014	%	2013	%
3 SEGMENT REPORTING				
Operational segment				
Continuing operations of Raute Group belong to the wood products technology segment. Raute Corporation's Board of Directors is the chief operating decision maker that is responsible for assigning resources to the operating segment and assessing its result. The Board monitors profitability through the operating profit key figures.				
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.				
The division into operating segments is based on the Group's internal decision-making order and is consistent with the financial reports submitted to the chief operating decision maker. Segment reporting follows the principles of presentation of the consolidated financial statements.				
Wood products technology				
Net sales	94,021		83,274	
Operating profit (loss)	2,605		1,828	
Assets	52,646		48,783	
Liabilities	28,312		25,170	
Capital expenditure	1,675		3,188	
Assets of the wood products technology segment by geographical location				
Finland	41,532	79	40,492	83
North America	5,222	10	3,914	8
China	4,672	9	2,925	6
Russia	886	2	1,114	2
South America	192	0	198	0
Others	141	0	140	0
TOTAL	52,646	100	48,783	100
Capital expenditure of the wood products technology segment by geographical location				
Finland	1,402	84	2,324	73
China	139	8	837	26
North America	118	7	15	0
Russia	2	0	3	0
South America	3	0	1	0
Others	12	1	8	0
TOTAL	1,675	100	3,188	100

EUR 1,000	2014	%	2013	%
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 single equipment delivery.				
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 project deliveries can temporarily increase the shares of various customers of the Group's net sales to more than ten percent. At the end of the financial year 2014, the Group had two customers (2), whose customized share of the Group's net sales temporarily exceeded 10 percent. Their total share was 28 percent with one customer having a share of 16 percent and the other a share of 16 percent of the Group net sales.				
Net sales by market area				
EMEA (Europe and Africa)	48,737	52	33,697	40
CIS (Russia)	16,813	18	16,291	19
NAM (North America)	13,167	14	11,432	14
LAM (South America)	12,689	13	18,020	22
APAC (Asia-Pacific)	2,616	3	3,834	5
TOTAL	94,021	100	83,274	100
Finland accounted for 6 percent (6%) of net sales.				
5 LONG-TERM PROJECTS				
Net sales				
Net sales by percentage of completion	74,413		66,214	
Other net sales	19,608		17,060	
TOTAL	94,021		83,274	
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	71,178		86,534	
Amount of long-term project revenues not yet entered as income (order book)	42,001		27,770	
Balance sheet items of uncompleted projects				
Projects for which the value of percentage of completion exceeds advance payments invoiced				
- aggregate amount of costs incurred and recognized less recognized losses	51,832		65,872	
- advance payments received	33,709		53,619	
Gross amount due to customers	18,123		12,253	
Projects for which advance payments invoiced exceed the value by percentage of completion				
- aggregate amount of costs incurred and recognized profits less recognized losses	19,233		20,467	
- advance payments received	27,153		26,953	
Gross amount due to customers	7,920		6,486	

EUR 1,000	2014	2013
Advance payments included in the current liabilities in the balance sheet		
Gross amount due to customers	7,920	6,486
Other advance payments received, not under percentage of completion	1,152	613
TOTAL	9,072	7,099
Specification of combined asset and liability items		
Advance payments paid	891	101
Advance payments included in inventories in the balance sheet	891	101
6 OTHER OPERATING INCOME		
Capital gain on sale of fixed assets	36	11
Insurance compensation received	-	121
Other	36	163
TOTAL	72	295
7 MATERIALS AND SERVICES		
Materials and supplies		
- Purchases during the financial year	-45,485	-36,229
- Change in inventories	281	-74
External services	-6,571	-4,408
TOTAL	-51,775	-40,711
8 EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	-24,068	-22,697
Stock options granted	-99	-199
Pension contributions		
- Defined contribution plans	-3,608	-3,184
- Defined benefit plans	2	2
Other personnel costs	-1,531	-1,339
TOTAL	-29,304	-27,417
Information on management's employee benefits and loans has been presented in the note number 33. Information on the share-based payments has been presented in the note number 26.		
9 NUMBER OF PERSONNEL		
Employed at Dec. 31, persons		
Workers	171	160
Office staff	416	374
TOTAL	587	534
- of which personnel working abroad	193	148
Effective, on average, persons		
Workers	158	151
Office staff	372	364
TOTAL	530	515
- of which personnel working abroad	160	141
Average, persons		
Workers	162	155
Office staff	383	367
TOTAL	545	522
- of which personnel working abroad	160	141

EUR 1,000	2014	2013
10 RESEARCH AND DEVELOPMENT COSTS		
Research and development costs for the financial year	-1,767	-2,523
Amortization of capitalized development costs	-239	-405
Development costs recognized as an asset in the balance sheet	292	615
Research and development costs entered as expense for the financial year	-1,714	-2,313
Total research and development costs	-1,767	-2,523
% of net sales	1,9	3,0
Research and development costs have been recognized in operating expenses prior to operating profit.		
11 DEPRECIATION AND AMORTIZATION		
Depreciation and amortization by class of assets		
Intangible assets		
- Capitalized development costs	-239	-405
- Other intangible assets	-386	-377
Property, plant and equipment		
- Buildings and structures	-332	-319
- Machinery and equipment	-1,038	-1,071
- Other tangible assets	-23	-2
TOTAL	-2,018	-2,174
12 OTHER OPERATING EXPENSES		
Indirect production expenses	-2,598	-2,410
Renting expenses	-1,111	-1,198
Sales and marketing expenses	-1,574	-1,767
Credit losses	-24	-534
Administration expenses	-1,917	-1,704
Other expenses	-2,838	-2,872
TOTAL	-10,062	-10,485
Auditors' remunerations		
Authorized Public Accounting Company PricewaterhouseCoopers		
Annual audit	-48	-52
Tax services	-32	-7
Other services	-10	-13
TOTAL	-90	-72

Travel expenses paid to the auditors during the financial year totaled EUR 8 thousand (EUR 3 thousand).

EUR 1,000	2014	2013
13 FINANCIAL INCOME AND EXPENSES		
Financial income		
Interest income from receivables	32	39
Dividend income from available-for-sale investments	100	180
Exchange rate gains from financial liabilities, net	126	190
Exchange rate gains from other financial items	344	245
Other financial income	3	81
TOTAL	605	735
Financial expenses		
Interest expenses on financing loans recognized at amortized cost	-194	-334
Exchange rate losses from financing loans	-15	-
Interest rate swap agreements, fair value adjustments	42	-42
Exchange rate losses from other financial items	-86	-161
Impairment losses on available-for-sale investments	-	-293
Other financial expenses	-147	-144
TOTAL	-400	-974
Financial income and expenses, net	205	-238
Other comprehensive income items		
Remeasurement of defined benefit obligations	2	84
Exchange rate differences	201	-83
TOTAL	203	1
14 EXCHANGE RATE GAINS AND LOSSES (NET)		
Included in net sales	76	-16
Included in financial income and expenses	370	275
Included in other comprehensive income items	201	-83
TOTAL	647	176
15 INCOME TAXES		
Consolidated income statement		
Current tax based on the taxable profit of the financial year	-544	-364
Current tax of previous financial years	16	-2
Deferred taxes (note number 28)	79	-28
TOTAL	-449	-394
Reconciliation of the relationship between realized tax expense and theoretical accounting result using the Finnish tax rate of 20.0 percent		
Profit before taxes	2,810	1,589
Tax effect of the following items:		
Taxes calculated using the Finnish tax rate, 20.0%	-562	-389
Effect of differences in tax rates of foreign subsidiaries	-120	-1
Non-taxable income	111	44
Non-deductible costs in taxation	-162	-14
Taxes from the previous financial years	12	-2
Utilization of previously unrecognized tax losses	265	-65
Unrecognized tax assets from the losses of foreign subsidiaries	-4	-119
Re-measurement of deferred tax - change in the Finnish income tax rate	-	45
Other items	11	107
Consolidated tax expense	-449	-394
Effective tax rate, %	16.0	24.8

EUR 1,000	2014	2013
16 EARNINGS PER SHARE		
Undiluted earnings per share		
Undiluted earnings per share have been calculated based on the weighted average of outstanding shares during the financial year. Undiluted earnings per share is calculated by dividing the period's profit of loss attributable to equity holders of the Parent company by the weighted average of outstanding shares in the period.		
Share of profit that belongs to the owners of the Parent company, EUR 1,000	2,361	1,196
Weighted average number of shares, 1,000 pcs	4,010	4,005
Earnings per share, EUR	0.59	0.30
Diluted earnings per share		
Diluted earnings per share have been calculated by adjusting the average of outstanding shares by the dilutive effect of the share options. The exercise of options is not taken into account in the calculation of earnings per share if the exercise price of the options exceeds the average market price of shares during the period. Share options have dilutive effect if the exercise price of the share options is lower than the fair value of the share.		
For the calculation of diluted earnings per share, share options calculation is done to determine the number of shares that could have been acquired at fair value (the average annual market share price) based on the monetary value of the subscription rights attached to outstanding share options. This number of shares is compared with the number of shares that would have been issued assuming the exercise of the share options.		
At the balance sheet date, December 31, 2014, the stock options had a diluted effect of 1,282 pieces on calculating the diluted earnings per share.		
Share of profit that belongs to the owners of the Parent company, EUR 1,000	2,361	1,196
Diluted weighted average number of shares, 1,000 pcs	4,011	4,013
Diluted earnings per share, EUR	0.59	0.30

17 DIVIDEND PER SHARE

The Annual General Meeting held on March 31, 2014 decided to pay a dividend of EUR 0.20 per share for the financial year 2013. The total amount of dividends was EUR 801,365.60, with series A shares accounting for EUR 603,133.40 (EUR 1,506,798.50) and series K shares for EUR 198,232.20 (EUR 495,580.50). The dividend payment date was April 10, 2014.

The AGM on March 31, 2014, resolved on the repayment of assets from the invested non-restricted equity reserve in the amount of EUR 0.30 per share, i.e. a total of EUR 1,202,048.40 and the remainder, EUR 5,296,293.53, to be retained in equity. The date of repayment of equity was April 10, 2014.

The Board of Directors will propose to Raute Corporation's Annual General Meeting 2015, to be held on March 24, 2015 that a dividend of EUR 0.40 per share be paid for the financial year 2014, and that the remainder of distributable funds be transferred to equity. At the date of the proposal for profit distribution, there are a total of 4,015,228 shares entitled for the dividend, i.e. the total amount of dividends would be EUR 1,606,091.20.

The Board of Directors will propose to Raute Corporation's Annual General Meeting 2015, to be held on March 24, 2015, that the Annual General Meeting would resolve to distribute EUR 0.20 per share from the invested non-restricted equity reserve as repayment of equity.

18 INTANGIBLE ASSETS

EUR 1,000	Development costs	Other intangible assets	Development costs in progress	Advance payments	TOTAL
Intangible assets 2014					
Carrying amount at Jan. 1, 2014	3,789	8,225	1,358	0	13,372
Exchange rate differences	-	65	-	-	65
Additions	171	205	121	-	497
Reclassifications between items	117	-109	-117	-	-109
Carrying amount at Dec. 31, 2014	4,077	8,387	1,363	-	13,826
Accumulated depreciation and amortization at Jan. 1, 2014					
	-3,722	-6,077	-	-	-9,799
Exchange rate differences	-	-34	-	-	-34
Accumulated depreciation and amortization of disposals and reclassifications	-	129	-	-	129
Depreciation and amortization for the financial year	-239	-392	-	-	-630
Accumulated depreciation and amortization at Dec. 31, 2014	-3,961	-6,374	-	-	-10,334
Book value at Dec. 31, 2014	117	2,013	1,363	0	3,492
Intangible assets 2013					
Carrying amount at Jan. 1, 2013	3,478	9,368	1,054	118	14,019
Exchange rate differences	-	-8	-	-2	-10
Additions	311	218	304	719	1,552
Reclassifications between items	-	-1,353	-	-835	-2,188
Carrying amount at Dec. 31, 2013	3,789	8,225	1,358	0	13,372
Accumulated depreciation and amortization at Jan. 1, 2013					
	-3,317	-7,497	-	-	-10,815
Exchange rate differences	-	7	-	-	7
Accumulated depreciation and amortization of disposals and reclassifications	-	1,791	-	-	1,791
Depreciation and amortization for the financial year	-405	-377	-	-	-782
Accumulated depreciation and amortization at Dec. 31, 2013	-3,722	-6,077	-	-	-9,799
Book value at Dec. 31, 2013	67	2,148	1,358	0	3,574

The carrying amount of a capitalized product development in progress is tested using the value-in-use calculations. The determinations of the value are sensitive to the assumptions related to the future expected profit and discount rates. The discount rate describes the estimated expected rate in the market including the time-value of money and the specific risks relating to relevant assets. Readjustments related to these risks have not been adjusted to the estimated cash flows.

The discount rate has been estimated using the weighted average cost of capital and reflects the total cost of equity and liabilities including the specific risks relating to the relevant assets. The discount rate used for the calculations is 10.9 percent. During the financial year 2014, an impairment loss of EUR 171 thousand (EUR 311 thousand) has been recognized on the capitalized development costs in progress.

19 PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	Land and water	Buildings and structures	Machinery and equip- ment	Other tangible assets	Advance payments and assets in progress	TOTAL
Property, plant and equipment 2014						
Carrying amount at Jan. 1, 2014	386	9,720	31,255	576	732	42,670
Exchange rate differences	-	-	441	10	-	451
Additions	-	-	633	-	545	1,178
Disposals	-	-	-324	-	-	-324
Reclassifications between items	-	333	820	-9	-1,175	-31
Carrying amount at Dec. 31, 2014	386	10,053	32,826	577	102	43,944
Accumulated depreciation and amortization at Jan. 1, 2014						
Exchange rate differences (+/-)	-	-6,379	-27,507	-388	-	-34,274
Accumulated depreciation and amortization of disposals and reclassifications	-	-	-	9	-	9
Depreciation and amortization for the financial year	-	-332	-1,038	-23	-	-1,394
Accumulated depreciation and amortization at Dec. 31, 2014	-	-6,711	-28,897	-406	-	-36,014
Book value at Dec. 31, 2014	386	3,342	3,928	171	102	7,930
Property, plant and equipment 2013						
Carrying amount at Jan. 1, 2013	386	9,593	30,447	648	600	41,673
Exchange rate differences	-	-	-919	-29	0	-947
Additions	-	-	469	-	1,165	1,634
Disposals	-	-	-43	-	-1	-44
Reclassifications between items	-	127	1,302	-43	-1,032	354
Carrying amount at Dec. 31, 2013	386	9,720	31,255	576	732	42,670
Accumulated depreciation and amortization at Jan. 1, 2013						
Exchange rate differences (+/-)	-	-6,060	-27,283	-439	-	-33,782
Accumulated depreciation and amortization of disposals and reclassifications	-	-	-	43	-	44
Depreciation and amortization for the financial year	-	-319	-1,071	-2	-	-1,392
Accumulated depreciation and amortization at Dec. 31, 2013	-	-6,379	-27,507	-388	-	-34,274
Book value at Dec. 31, 2013	386	3,341	3,749	188	732	8,396

EUR 1,000		2014	2013
20	OTHER FINANCIAL ASSETS		
	Available-for-sale investments		
	Unquoted share investments	500	789
	Additions	-	3
	Disposals	-	-293
	TOTAL	500	500
	Unquoted shares are recognized at cost deducted with possible impairments, since their fair value cannot be determined reliably.		
	Realized sales losses have not been recognized from available-for-sale investments during the financial year 2014 or the comparison period.		
21	INVENTORIES		
	Materials and supplies	3,789	3,335
	Work in progress	2,816	1,016
	Other inventories	359	595
	Advance payments	891	101
	TOTAL	7,855	5,047
	During the financial year, EUR 142 thousand (EUR 144 thousand) were recognized in expenses, reducing the carrying amount of inventories to correspond to the disposal price.		
22	ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES		
	Current receivables		
	- Accounts receivables	6,049	3,887
	- Receivables according to percentage of completion from customers' long-term projects	18,472	12,253
	- Accrued income and prepaid expenses	1,377	863
	- Derivative contract receivables	-	130
	- Other receivables	2,354	1,380
	TOTAL	28,253	18,513

Balance sheet values correspond the amount of money that is the maximum amount of credit risk without taking into consideration the fair value of collaterals, in such a case where other contract parties are not able to fulfill their obligations related to financial instruments. Accounts receivables of EUR 6,049 thousand are non-interest-bearing with average terms of payment of 30 days. Age analysis of accounts receivables is presented in the note number 2 to the financial statements.

Receivables according to percentage of completion from customers' long-term projects with binding sales contracts is an item comparable to accounts receivables. Accounts receivables and receivables according to percentage of completion have been presented as financial asset in the note number 37 to the financial statements.

Impairment of accounts receivables has been recorded, if there is evidence that the Group will not receive payment for overdue receivables. Impairment of accounts receivables of EUR 24 thousand (EUR 534 thousand) has been recognized during the financial year. Impairments are presented in the item "Other operating expenses" in income statement.

The credit risks related to receivables at the balance sheet date have been presented in the note number 2 to the financial statements. The fair values of receivables have been presented in the note number 37 to the financial statements.

EUR 1,000	2014	2013
Substantial items included in accrued income		
- Periodizing of personnel costs	14	49
- Income tax receivable	684	183
- Other accrued income and prepaid expenses	679	631
TOTAL	1,377	863
23 CASH AND CASH EQUIVALENTS		
Cash and bank accounts	4,431	12,658
Bank deposits	-	-
TOTAL	4,431	12,658
Cash and cash equivalents in cash flow statement		
Cash and cash equivalents	4,431	12,658
TOTAL	4,431	12,658
24 NOTES TO EQUITY		
Shares		
Raute Corporation has two series of shares, series K and series A. The nominal value of one share is two euros		
Reconciliation of the number of shares, 1,000 pcs		
Number of shares at Jan. 1	4,005	4,005
Exercised stock options	10	-
Number of shares at Dec. 31	4,015	4,005
Specification by series of shares, 1,000 pcs		
Series K shares (20 votes/share)	991	991
Series A shares (1 vote/share)	3,024	3,014
Share capital		
The minimum share capital is EUR 5,000,000 and the maximum share capital is EUR 20,000,000. All issued shares are paid in full. As a result of the share subscriptions to be made with the outstanding stock options, Raute Corporation's share capital can increase with a maximum of EUR 459,060.		
Changes in share capital		
Share capital at Jan. 1	8,010	8,010
Exercised stock options	21	-
Share capital at Dec. 31	8,031	8,010
Invested non-restricted equity reserve		
Invested non-restricted equity reserve includes other equity investments and the share subscription price unless not recognized to the equity based on an explicit resolution.		
Invested non-restricted equity reserve at Jan. 1	6,498	6,498
Subscription with stock options	43	-
Repayment of equity	-1,202	-
Invested non-restricted equity reserve at Dec. 31	5,339	6,498

EUR 1,000	2014	2013
Other reserves		
Other reserves include granted share-based remuneration settled in shares.		
Other reserves at Jan. 1	563	364
Equity settled share-based payments	99	199
Other reserves at Dec. 31	662	563
Exchange rate differences		
Exchange rate differences include exchange differences arising from translation of foreign subsidiaries financial statements as well as gains and losses arising from hedging of net investments in subsidiaries.		
Exchange rate differences at Jan. 1	20	103
Exchange rate differences on translating foreign operations	200	-83
Exchange rate differences at Dec. 31	220	20

25 OWN SHARES

The company did not purchase or repurchase own shares during the financial year and comparison year. The company did not hold own shares at the end of the reporting year.

26 SHARE-BASED PAYMENTS

Option-based incentive plan 2010

Raute Corporation has had a valid stock option plan. According to the plan Raute Corporation's Board of Directors has offered stock options to key personnel of Raute Group during the financial years 2011-2013. The stock options have been issued free of charge according to the stock option plan. Each stock option entitles the subscription for or acquisition of one series A share of Raute Corporation at a price and time determined in the terms and conditions of the option plan. The option rights have been marked with the symbols 2010 A, 2010 B and 2010 C. Each lot has contained 80,000 option rights.

The option right ceases if the employment contract with the Group is terminated due to a reason specified in the terms and conditions of the option plan before the end of the earning period. A total of 5,000 options were returned to Raute Corporation during the financial year.

A fair value for the options has been determined using the Black-Scholes model. The granted options have been measured at fair value at their grant date. The fair value of an option right has been recognized as an expense in the comprehensive income statement during the earning period. During the financial year 2014 the impact of the options on the comprehensive income statement was EUR 99 thousand (EUR 199 thousand). The weighted average assumptions used in the pricing model have been described in the following table.

Variables used in the pricing model

	2010 A	2010 B	2010 C
- Share price at grant date, EUR	7.90-9.12	7.33-10.50	7.55-9.12
- Price at transfer date, EUR	7.64	9.83	8.40
- Volatility	30	30	30
- Employee departure estimate, %	0	0	0
- Period of validity of options at transfer date, years	3 - 6	4 - 6	5 - 6
- Risk-free interest rate, %	2.07	2.07	2.07
- Number of persons	10	24	27

Expected volatility has been determined on the basis of the Parent company's history of stock price changes using daily observations for a period corresponding to the option's six year maturity. The determined volatility has been changed, because, due to modest trading during the period, historic volatility is not considered to be fully reflected in the option's value. Due to modest trading, selling transactions have a negative influence on the share price.

The employee departure estimate used in the pricing model has been based on the average period of employment of the personnel group in question, until the condition is met. A risk-free interest rate has been determined for the term of the option on the basis of the interest at the estimated subscription date.

At the balance sheet date, an amount of 49,500 stock options were exercisable of the total amount of outstanding 125,730 stock options. During the financial year, a total of 10,470 stock options were exercised. The considerations paid, total EUR 43,333.80, from the exercised stock options has been recognized in equity. The weighted average price of the shares acquired with the exercised stock options was EUR 7.99.

Share-based incentive program 2014-2018

A long-term performance based share incentive program has been established for Raute Group's top management. The plan includes three share plans, each with the length of three years. The individual share plans commence in 2014, 2015 and 2016. Each share plan consists of a one-year performance period (years 2014, 2015 and 2016), the payment of the potential share reward in series A shares of the Company in the spring (2015, 2016 and 2017) following the performance period and a two-year restriction period following the performance period during which the development of the value of the reward is based on the development of the value of the Company's share. The participant of the program may not sell or otherwise transfer the shares received as a reward during the restriction period. The commencement of the share plans is subject to a separate decision of the Company's Board of Directors.

The Board of Directors of the Company decides separately on the participants of each commencing share plan and on the performance criteria applicable to the performance period of each share plan, the target setting thereof and the target and maximum levels of the payable reward. The first share plan includes 11 members of the Group's top management as participants, including the members of the Executive Board. The performance criteria of the first share plan were earnings per share (EPS) and revenue growth.

No share reward will be paid from the performance period 2014.

EUR 1,000		2014	2013
27	PROVISIONS		
	Warranty provisions		
	Book value at Jan. 1	1,198	934
	Additions	1,348	1,046
	Decrease	-719	-782
	Book value at Dec. 31	1,827	1,198
	Losses from long-term projects in order book		
	Book value at Jan. 1	36	255
	Additions	651	-
	Decrease	-	-219
	Book value at Dec. 31	687	36
	TOTAL	2,514	1,234
	from which		
	- non-current	314	460
	- current	2,200	775

28 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

EUR 1,000		Entered in		Recognized		
		Entered through profit or loss	comprehensive income statement	in shareholders' equity		
	Deferred tax assets	Jan. 1, 2013			Dec. 31, 2013	
	Intercompany inventory profit	32	-3	-	-	28
	Provisions	72	-62	-	-	11
	Employee benefits	15	-27	22	-	10
	Tax losses and credits unused	201	-105	-	-	96
	Other temporary differences	67	-46	-	-	21
	Deferred tax assets, total	387	-244	22	-	165
	Offset from deferred tax liabilities	-347	281	-	-	-66
	Deferred tax assets, net	38	37	22	0	96
	Deferred tax assets	Jan. 1, 2014				Dec. 31, 2014
	Intercompany inventory profit	28	-	-	-	28
	Provisions	11	339	-	-	350
	Employee benefits	10	-8	-	-	1
	Tax losses and credits unused	96	88	-	-	185
	Other temporary differences	21	200	-	-	221
	Deferred tax assets, total	165	619	-	-	784
	Offset from deferred tax liabilities	-66	-530	-	-	-596
	Deferred tax assets, net	96	89	0	0	185

A deferred tax asset of EUR 5 thousand (EUR 142 thousand) has been recognized from losses of foreign subsidiaries from the financial year 2014. A deferred tax asset of EUR 1,713 thousand (EUR 1,740 thousand) has been unrecognized from loss carry-forwards of foreign subsidiaries. It is probable that no taxable income, against which the losses can be utilized, shall be available to the Group before the expiry date of the losses.

EUR 1,000		Entered in		Recognized		
		Entered through profit or loss	comprehensive income statement	in shareholders' equity		
	Deferred tax liabilities	Jan. 1, 2013			Dec. 31, 2013	
	Effect of Group consolidation	219	-51	-	-	168
	Other temporary differences	302	20	-	-	322
	Deferred tax liabilities, total	521	-31	-	-	490
	Offset to deferred tax assets	-347	281	-	-	-66
	Deferred tax liabilities, net	423	249	-	-	423
	Deferred tax liabilities	Jan. 1, 2014				Dec. 31, 2014
	Effect of Group consolidation	168	132	-	-	300
	Other temporary differences	322	212	-	-	534
	Deferred tax liabilities, total	490	345	-	-	834
	Offset to deferred tax assets	-66	-530	-	-	-596
	Deferred tax liabilities, net	423	-185	-	-	238

Deferred tax liability has not been recognized from undistributed earnings of foreign subsidiaries. The assets have been permanently reinvested. Deferred tax liabilities and deferred tax assets have been deducted from each other, if there has been a right to set off tax liabilities from the taxable income of the financial year against tax assets from the taxable income of the financial year, if deferred taxes are related to the same tax jurisdiction.

EUR 1,000	2014	2013
29 NON-CURRENT INTEREST-BEARING LIABILITIES		
Non-current financial liabilities recognized at amortized cost		
- Loans from financial institutions	1,250	2,500
TOTAL	1,250	2,500
Maturities of the interest-bearing financial liabilities at Dec. 31		
Financial liability		
- Loans from financial institutions, current	1,512	3,481
- Loans from financial institutions, non-current	1,250	2,500
Total	2,762	5,981

The average interest rate of the loans from financial institutions is 3.71 percent (3.85%).

Loans from financial institutions include a euro-based loan from financial institutions in the amount of EUR 2.5 million.

Partial payments of loans from financing institutions maturing during the following financial year have been presented in current liabilities.

A foreign subsidiary has a EUR 0.2 million financial loan from a financial institution approved by the Parent Company. The collateral given for the loan is a mortgage agreement given by the Parent company.

Fair values of non-current financial liabilities have been presented in the note number 37 to the financial statements.

EUR 1,000	2014	2013
30 CURRENT INTEREST-BEARING LIABILITIES		
Partial payments of non-current loans	1,512	3,481
TOTAL	1,512	3,481
Distribution of the Group's current loans by currencies		
- Swedish krona (SEK)	-	36%
- Euro (EUR)	83%	57%
- Chinese yuan (CNY)	17%	7%
The weighted averages of effective interest rates of current interest-bearing liabilities		
Partial payments of non-current loans	3,87%	3.88%
Fair values of current financial liabilities have been presented in the note number 37 to the financial statements.		
31 PENSION OBLIGATIONS		
Raute Corporation's voluntary supplement to pension coverage has been treated in accounting as a defined benefit plan. The current employees' voluntary supplementary pension insurances have been arranged through the Mandatum Life Insurance Company. The pension plan of foreign subsidiaries has been arranged according to the local legislation and are defined as contribution plan. Sensitivity of the defined benefit obligation for changes in actuarial assumptions is minor, which means that no separate sensitivity analysis has been prepared.		

EUR 1,000	2014	2013
Pension obligations in the balance sheet		
Present value of unfunded obligations	115	109
Present value of funded obligations	-114	-105
Pension liability (+) / receivable (-) in the balance sheet	2	4
Pension costs recognized in comprehensive income statement		
Current service-based pension costs	3	2
Benefit-related interest expense, net	-	-1
Remeasurement	-	-84
Pension costs recognized in comprehensive income statement (+) cost / (-) income	3	-84
Changes in the fair value of pension obligations		
Opening defined benefit obligation	109	367
Current service-based pension costs	3	3
Interest expenses	3	16
Actuarial gains and losses	-	-251
Settlements	-	-26
Closing defined benefit obligations	115	109
Changes in the fair value of plan assets		
Opening defined benefit obligation	105	378
Interest income	3	17
Actuarial gains (+) and losses (-)	-	-170
Contribution paid	6	-100
Settlements	-	-21
Closing fair value of plan assets	114	105
Actuarial assumptions		
- Discount rate, %	2.6	2.6
- Inflation, %	1.7	1.7
- Future salary increase, %	3.3	3.3
32 ADVANCE PAYMENTS RECEIVED, TRADE AND OTHER PAYABLES		
Current interest-free liabilities in the balance sheet		
- Advance payments received	9,072	7,099
- Trade payables	6,086	4,055
- Accrued expenses and prepaid income	6,236	5,001
- Derivatives	101	71
- Income tax liability	67	5
- Other liabilities	1,234	1,297
TOTAL	22,795	17,527
Substantial items included in accrued expenses and prepaid income		
- Accrued project expenses related to long-term projects	849	344
- Accrued employee related expenses	4,599	4,210
- Financial expenses	7	26
- Other accrued expenses and prepaid income	781	421
TOTAL	6,236	5,001

Advance payments received, EUR 9,072 thousand (EUR 7,099 thousand) include an EUR 7,920 thousand (EUR 6,486 thousand) share in the long-term projects.

33 RELATED PARTY TRANSACTIONS

Raute Group's management consists of the Board of Directors, President and CEO and Executive Board. The Group's related parties consist of, in addition to Raute Group's management, subsidiaries and Raute Corporation's Sickness Fund.

Group companies	Group's ownership interest and voting power, %	Parent company's ownership interest and voting power, %
Raute Corporation, Lahti, Finland (Parent company)		
Raute Canada Ltd., Delta, B.C., Canada	100	100
Raute Inc., Delaware, USA	100	100
Raute US, Inc., Rossville, Tennessee, USA	100	-
RWS-Engineering Oy, Lahti, Finland	100	100
Raute Group Asia Pte Ltd., Singapore	100	100
Raute WPM Oy, Lahti, Finland	100	100
Raute Chile Ltda., Santiago, Chile	100	50
Raute Service LLC, St. Petersburg, Russia	100	-
Raute (Shanghai) Machinery Co., Ltd, Shanghai, China	100	100
Raute (Shanghai) Trading Co., Ltd, Shanghai, China	100	100

EUR 1,000

2014

2013

Salaries and remunerations of the President and CEO and Board of Directors of the Parent company

President and CEO

Kiiski, Tapani	President and CEO	274	384
TOTAL		274	384

Members of the Board of Directors

Pehu-Lehtonen, Erkki	Chairman of the Board	40	40
Mustakallio, Mika	Vice-Chairman of the Board	20	20
Hautamäki, Risto	Member of the Board	20	20
Helander, Ilpo	Member of the Board until March 31, 2014	7	20
Suominen, Pekka	Member of the Board	20	20
Bask, Joni	Member of the Board	20	20
Leiwo, Päivi	Member of the Board as of March 31, 2014	13	-
TOTAL		140	140

The President and CEO has a possibility to have a profit-related bonus amounting to a maximum of six months' salary. The President and CEO's term of notice is six months, and the severance pay equals twelve months' salary.

Pension obligations of the President and CEO and the Board Members

The pension obligations of the President and CEO are determined according to the Employees Pensions Act. Other special conditions concerning retirement or the amount of retirement allowance have not been agreed on. The statutory pension cost in the financial year 2014 was EUR 49 thousand (EUR 64 thousand).

The pension obligations of the Board Members are based on Employee Pensions Act and include no special conditions concerning the amount of retirement allowance. The remunerations paid to the Board Members in the financial year 2014 have no statutory pension obligations.

EUR 1,000	2014	2013
Group management's employee benefits		
Salaries and other short-term employee benefits	1,261	1,284
Post-employment benefits	210	199
Share-based payments	99	110
TOTAL	1,570	1,593
Management's share-based payments		
Granted stock options, pcs	-	136,200
- of which exercisable, pcs	-	49,500

Members of the Board of Directors have not been granted stock options. The terms and conditions of the stock options have been described in the note number 26 to the financial statements.

Management interest

The company's Board of Directors, President and CEO and Executive Board members owned a total of 111,849 series A shares and 122,830 series K shares at December 31, 2014. Management's ownership corresponds to 5.8 percent of the shares in the company and 11.2 percent of associated total voting rights. The figures include the holdings of their own, minor children and control entities.

(EUR 240 thousand) for the loan of the foreign subsidiary. Raute Corporation has given a commercial counter guarantee of EUR 227 thousand on behalf of subsidiaries. No pledges or other commitments have been given on behalf of the company's management and shareholders.

Sickness Fund

Raute's Sickness Fund is an insurance fund, which pays its members additional benefits on top of compensations paid according to the Sickness Insurance Act. Raute's Sickness Fund covers the personnel of Raute Corporation and the personnel of Lahti Precision Oy.

Loans and guarantees on behalf of the related party

No loans are granted to the company's management. Raute Corporation has given a counter guarantee of EUR 262 thousand

EUR 1,000	2014	2013
34 OTHER LEASE AGREEMENTS		
Group as lessee		
Minimum rents paid on the basis of other non-cancellable leases:		
- Within one year	717	845
- After the period of more than one year and less than five years	1,674	2,398
- More than five years	13	185
TOTAL	2,404	3,428
35 DERIVATIVES		
Nominal values of forward contracts in foreign currency		
Economic hedging		
- Related to financing	348	1 311
- Related to the hedging of net sales	2 785	2 967
Fair values of forward contracts in foreign currency		
Economic hedging		
- Related to financing	-7	-3
- Related to the hedging of net sales	-136	24
Interest rate and currency swap agreement		
- Nominal value	-	1 991
- Fair value	-	-42

EUR 1,000	2014	2013
36 PLEDGED ASSETS AND CONTINGENT LIABILITIES		
On behalf of the Parent company		
Business mortgages	7,011	3,946
Loans from financial institutions	2,500	5,741
- Business mortgages	2,500	5,750
Mortgage agreements on behalf of subsidiaries		
- Loans from financial institutions	262	240
- Other obligations	227	64
- Business mortgages	489	304
Commercial bank guarantees on behalf of the Parent company and subsidiaries	13,999	1,484
Other own obligations		
Rental liabilities maturing within one year	717	845
Rental liabilities maturing in one to five years	1,674	2,398
Rental liabilities maturing later	13	185
Total	2,404	3,428

37 CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table below shows the fair values and carrying amounts of each financial item as carried in the consolidated balance sheet. The Group's principles of fair value determination related to the financial instruments have been described below.

EUR 1,000	Note	Carrying amount Dec. 31, 2014	Fair value Dec. 31, 2014	Carrying amount Dec. 31, 2013	Fair value Dec. 31, 2013
Financial assets					
Financial assets at fair value through profit or loss					
Available-for-sale financial assets	20	500	500	500	500
Receivables					
Derivative contracts	22	-	-	130	130
Accounts receivables and other receivables*	22	27,568	27,568	18,329	18,329
Cash and cash equivalents	23	4,431	4,431	12,658	12,658
TOTAL		32,499	32,499	31,617	31,617
Financial liabilities					
Financial liabilities at fair value through profit or loss					
Derivative contracts	32	101	101	71	71
Financial liabilities recognized at amortized cost					
Financial loans	29, 30	2,762	2,762	5,981	5,981
Trade payables and other liabilities	32	16,392	16,392	12,451	12,451
Accrued expenses and prepaid income	32	6,236	6,236	5,001	5,001
TOTAL		25,490	25,490	23,503	23,503
Financial instruments by category					
Receivables		32,000	32,000	31,117	31,117
Available-for-sale financial assets		500	500	500	500
Financial liabilities at fair value through profit or loss		101	101	71	71
Financial liabilities recognized at amortized cost		25,389	25,389	23,432	23,432

*The balance sheet item Accounts receivables and other receivables includes percentage of completion receivables from customers' long-term projects in the amount of EUR 18 472 thousand (EUR 12,253 thousand).

Other financial assets

Available-for-sale financial assets consist of investments in unquoted shares. Investments in unquoted shares have been valued at cost less potential impairment because their value cannot be determined reliably. There are no active market for unquoted shares and The Group has so far no intention to abandon these investment.

Accounts receivables and other receivables

The original carrying value of the accounts receivables and other receivables corresponds their fair value. Discounting has no material effect when maturity is taken into account. Accounts receivables in the balance sheet do not include significant concentration of risks at the balance sheet date.

Derivatives

The fair values of derivative instruments have been determined using the market values of the contract determined to the similar period at the balance sheet date. The nominal values of currency derivative contracts have been disclosed in the note number 35 to the financial statements.

Loans from financial institutions and other loans

Fair values of liabilities correspond the carrying value in the balance sheet.

Trade payables and other liabilities

The carrying value of trade payables and other payables corresponds their fair value. Discounting has no material effect when maturity is taken into account.

Financial assets and liabilities that are measured at fair value : able from the market data but instruments are not traded in an active market. The fair value of the instruments included in level 3 is not based on the observable market data but is based on the estimates from the management.

Financial instruments at fair value are categorized according to standard IFRS 7. Instruments included in level 1 are traded in active markets. The fair values of these instruments are based on the quoted market prices at the balance sheet date. The fair value of the instruments included in level 2 is based on the price avail-

EUR 1,000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Available-for-sale financial assets	-	-	500	500
- Derivative contract	-	-	-	-
TOTAL	-	-	500	500
Financial liabilities at fair value through profit or loss				
- Derivative liabilities	-	101	-	101
TOTAL	-	101	-	101

38 EXCHANGE RATES USED IN CONSOLIDATION OF SUBSIDIARIES

	2014	2013		2014	2013
Income statement	EUR	EUR	Balance sheet	EUR	EUR
CNY	8.1883	8.1655	CNY	7.6330	8.3248
RUB	51.0113	42.3248	RUB	72.3370	45.3246
CAD	1.4669	1.3685	CAD	1.4063	1.4671
USD	1.3288	1.3282	USD	1.2141	1.3791
SGD	1.6831	1.6618	SGD	1.6058	1.7414
CLP	756.9608	658.1306	CLP	756.4665	725.0943

EUR 1,000	2014	2013
39 ADJUSTMENTS TO OPERATING CASH FLOW		
Non-cash transactions in operating activities		
Depreciation and amortization	-2,018	-2,174
Employee benefits	-99	-199
Exchange rate differences	-235	275
Profit or loss from change in fair value of financial assets through profit or loss	-325	-339
TOTAL	-2,677	-2,437

Parent company's income statement, FAS

EUR		1.1.-31.12.2014	1.1.-31.12.2013
Note			
2,3	NET SALES	80,935,786.65	73,004,191.35
	Change in inventories of finished goods and work in progress	1,013,956.45	-79,183.30
4	Other operating income	408,109.99	377,909.61
5	Materials and supplies	-48,646,971.45	-39,715,799.16
6	Personnel expenses	-22,451,555.17	-21,411,383.01
8	Depreciation, amortization and impairment charges	-1,314,097.24	-1,381,630.17
9	Other operating expenses	-8,957,432.00	-8,829,635.57
	Total operating expenses	-81,370,055.86	-71,338,447.91
	OPERATING PROFIT (LOSS)	987,797.23	1,964,469.75
10	Financial income and expenses	459,482.54	-281,531.57
	PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	1,447,279.77	1,682,938.18
18	Appropriations	-35,827.09	-
11	Income taxes	-503,510.33	-371,348.11
	PROFIT (LOSS) FOR THE FINANCIAL YEAR	907,942.35	1,311,590.07

Parent company's balance sheet, FAS

EUR		31.12.2014	31.12.2013
Note			
ASSETS			
Non-current assets			
12	Intangible assets	1,691,950.01	1,800,641.28
13	Tangible assets	5,411,929.09	5,831,684.20
14	Investments	2,316,073.61	2,316,073.61
	Total non-current assets	9,419,952.71	9,948,399.09
Current assets			
5, 15	Inventories	6,057,125.19	3,781,791.08
16	Non-current receivables	-	1,586,616.50
16	Current receivables	26,173,860.41	16,252,754.70
	Cash and cash equivalents	3,512,088.65	11,376,591.90
	Total current assets	35,743,074.25	32,997,754.18
	TOTAL ASSETS	45,163,026.96	42,946,153.27
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
17	Share capital	8,030,456.00	8,009,516.00
17	Fair value reserve and other reserves	5,339,627.33	6,498,341.93
17	Retained earnings	6,504,224.63	5,994,000.16
17	Profit (loss) for the financial year	907,942.35	1,311,590.07
	Total shareholders' equity	20,782,250.31	21,813,448.16
18	Accumulated appropriations	35,827.09	-
19	Obligatory provisions	2,434,975.44	1,200,906.53
Liabilities			
20	Non-current liabilities	1,250,000.00	2,500,000.00
20	Current liabilities	20,659,974.12	17,431,798.58
	Total liabilities	21,909,974.12	19,931,798.58
	TOTAL LIABILITIES	45,163,026.96	42,946,153.27

Parent company's cash flow statement, FAS

EUR	1.1.-31.12.2014	1.1.-31.12.2013
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from sales	75,637,592.43	71,618,694.23
Proceeds from other operating income	377,454.06	315,028.91
Payments of operating expenses	-78,597,918.38	-67,728,447.71
Cash flow before financial items and taxes	-2,582,871.89	4,205,275.43
Interest paid from operating activities	-197,968.89	-342,429.47
Dividends received from operating activities	208,171.00	180,360.00
Interests received from operating activities	114,879.19	172,560.43
Other operating finance costs	-75,278.19	-6,994.79
Income tax paid	-966,343.55	-332,510.52
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	-3,499,412.33	3,876,261.08
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure in tangible and intangible assets	-1,202,278.08	-1,729,557.18
Proceeds from sale of tangible and intangible assets	360,539.60	53,373.39
Purchase of subsidiary shares	-	-613,638.11
Purchases of available-for-sale investments	-	-3,000.00
Loans granted	-	-1,083,005.47
Repayments of loan receivables	1,558,991.64	165,040.48
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	717,253.16	-3,210,786.89
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	64,273.80	-
Repayments of current liabilities	-2,000,000.00	-2,100,000.00
Repayments of non-current liabilities	-1,250,000.00	-3,250,000.00
Dividends paid and repayment of equity	-2,003,414.00	-2,002,379.00
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-5,189,140.20	-7,352,379.00
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	-7,971,299.37	-6,686,904.81
increase (+) / decrease (-)		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	11,376,591.90	18,125,792.32
NET CHANGE IN CASH AND CASH EQUIVALENTS	-7,971,299.37	-6,686,904.81
EFFECT OF EXCHANGE RATE CHANGES ON CASH	106,796.12	-62,295.61
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3,512,088.65	11,376,591.90

Notes to the Parent company's financial statements

1 ACCOUNTING PRINCIPLES

The accounting principles of the Parent company's financial statements have been presented only for those parts that differ from the IFRS accounting principles of the consolidated financial statements.

Basis of preparation

The Parent company's financial statements have been prepared in accordance with the Finnish Accountancy Act (FAS).

Foreign currency items

Other than euro-denominated transactions have been recognized at the exchange rate effective on the transaction date. Receivables and liabilities denominated in other than euro-based currencies have been translated into euro at the average rate of the balance sheet date, except for business operations where the associated currency risk has been hedged by a currency derivative contract. These items have been measured at the value hedged through the derivative contract. Advances paid and received have been recognized in the balance sheet at the exchange rate effective on the payment date. The exchange rate gains or losses, resulting from the extension of forward exchange contracts, hedging accounts receivables against changes in currency exchange rates, have been recognized into accrued expenses or receivables. Other exchange gains and losses related to changes in the exchange rates have been recognized through profit or loss.

Non-current assets

Tangible and intangible assets have been recognized in the balance sheet at original cost less accumulated depreciation, with the exception of shares, which have been subject to impairment. Variable costs arising from the acquisition and production of a product have been included in the carrying amount. Depreciations of tangible assets and amortizations of intangible assets according to a plan have been recorded with the straight-line method over the expected economic lives of the assets as follows:

Other intangible assets	3-10 years
Buildings	25-40 years
Machinery and equipment	4-12 years
Other assets	3-10 years.

Depreciations and amortizations have been recorded from the beginning of the month in which the asset has been taken into use. Residual expenditures on decommissioning and disposal of tangible assets are presented under the item "Depreciation, amortization and impairment charges" in the income statement. Gains and losses on disposal of tangible assets are presented in other operating income or expenses.

Financial assets, financial liabilities and derivatives

Financial assets have been measured at the lower of acquisition cost or likely disposal price.

At the balance sheet date, financial liabilities include a euro-based loan. The euro-based loan has a fixed interest rate.

The Company's derivatives include currency derivative contracts. Currency derivatives are used for hedging related to changes in cash flows in foreign currency. The fair values of currency derivative contracts have been presented in the note number 23 to the financial statements.

Research and development costs

Research and development costs have been recognized as expenses in the income statement in the year in which they are incurred.

Pensions

Statutory pension coverage of the Parent company has been arranged through an external pension insurance company. Pension expenses have been recognized as expenses according to accrual over time.

Income taxes

Income taxes presented in the income statement include direct taxes for the financial year and tax adjustments for previous years. Current tax based on the taxable income of the financial year is calculated on taxable income using the tax rate in force.

The deferred tax liability included in the accelerated depreciation has been presented in the note number 18 to the financial statements.

EUR 1,000		2014	%	2013	%
2	NET SALES BY MARKET AREA				
	EMEA (Europe and Africa)	49,202	61	33,792	46
	CIS (Russia)	15,886	20	15,634	21
	LAM (Latin America)	12,518	15	17,825	24
	NAM (North America)	1,872	2	2,903	4
	APAC (Asia-Pacific)	1,458	2	2,851	4
	TOTAL	80,936	100	73,004	100
	Finland accounted for 7 percent (7%) of the Parent company's net sales.				
3	LONG-TERM PROJECTS				
	Net sales				
	Net sales by percentage of completion	68,471		62,067	
	Other net sales	12,465		10,937	
	TOTAL	80,936		73,004	
	Project revenues entered as income from currently undelivered long-term project recognized by percentage of completion	65,579		83,383	
	Amount of long-term project revenues not yet entered as income (order book)	40,394		22,983	
	The balance sheet items of the undelivered projects				
	Projects for which the value by percentage of completion exceeds advance payments invoiced				
	- aggregate amount of costs incurred and recognized profits	47,782		64,882	
	- advance payments received	29,810		54,189	
	Gross amount due from customers	17,972		10,693	
	Projects for which advance payments invoiced exceed the value by percentage of completion				
	- aggregate amount of costs incurred and recognized profits less recognized losses	24,857		18,501	
	- advance payments received	17,797		22,664	
	Gross amount due to customers	7,060		4,163	
	Advance payments included in the current liabilities in the balance sheet				
	Gross amount due to customers	7,060		4,163	
	Other advance payments received, not under percentage of completion	675		129	
	TOTAL	7,735		4,292	
	Specification of combined asset and liability items				
	Advance payments paid	1,334		105	
	Advance payments included in inventories	1,334		105	
4	OTHER OPERATING INCOME				
	Capital gain on non-current assets	36		11	
	Other income from Group companies	265		149	
	Insurance compensations received	-		121	
	Other operating income	107		97	
	TOTAL	408		378	

EUR 1,000		2014	2013
5	MATERIALS AND SERVICES		
	Purchases during the financial year	-41 656	-34 817
	Increase or decrease in inventories	32	-8
	External services	-7 023	-4 890
	TOTAL	-48 647	-39 715
6	PERSONNEL EXPENSES		
	Wages and salaries	-18,208	-17,571
	Pension costs	-3,248	-2,839
	Other personnel expenses	-996	-1,002
	TOTAL	-22,452	-21,411
	<p>The salaries, remunerations, pension obligations and employee benefits of the President and CEO, Board members and the Group Management have been presented in the note number 33 to Raute Group's consolidated financial statements.</p> <p>Raute Corporation has share-based incentive plans directed to the Raute Group's key personnel. The main information of the stock option system has presented in the note number 26 to the Raute Group's consolidated financial statements.</p>		
7	PERSONNEL		
	Employed at Dec. 31, persons		
	Workers	138	134
	Office staff	258	254
	TOTAL	396	388
	- of which personnel abroad	2	2
	Effective, on average, persons		
	Workers	132	133
	Office staff	254	251
	TOTAL	385	384
	- of which personnel abroad	1	2
	Effective, on average, persons		
	Workers	128	128
	Office staff	242	247
	TOTAL	370	375
	- of which personnel abroad	1	2
8	DEPRECIATION, AMORTIZATION AND IMPAIRMENT CHARGES		
	Depreciation and amortization from intangible assets	-297	-312
	Depreciation and amortization from tangible assets	-1,017	-1,069
	TOTAL	-1,314	-1,382

EUR 1,000	2014	2013
9 OTHER OPERATING EXPENSES		
Indirect production costs	-2,350	-2,160
Sales and marketing costs	-1,901	-2,197
Administration costs	-1,565	-1,428
Credit losses	-1,011	-533
Other costs	-2,131	-2,512
TOTAL	-8,957	-8,830
Auditor's remunerations		
Authorized Public Accountants PricewaterhouseCoopers		
Audit expenses, statutory	-36	-40
Audit expenses, tax services	-32	-7
Audit expenses, other services	-10	-13
TOTAL	-78	-59
Travel expenses paid to the auditors during the financial year totaled EUR 8 thousand (EUR 3 thousand).		
10 FINANCIAL INCOME AND EXPENSES		
Dividend income		
From Group companies	456	-
From others	100	180
TOTAL	556	180
Other interest and financial income		
From Group companies	163	55
From others	57	350
TOTAL	220	405
Total financial income	776	586
Interest and other financial expenses		
To Group companies	-28	-5
Impairments of non-current investments	-	-293
To others	-330	-527
TOTAL	-358	-825
Fair value changes of derivatives	42	-42
Total financial expenses	-316	-867
Financial income and expenses, net	460	-282
Exchange rate gains (+) / losses (-) included in total financial income and expenses	89	153
11 INCOME TAXES		
Income taxes from operations	-525	-334
Current tax of previous financial years	22	-
Change in deferred tax receivable and liability	-	-37
TOTAL	-504	-371

12	INTANGIBLE ASSETS		Intangible rights	Intangible assets	TOTAL
EUR 1,000					
	Carrying amount at Jan. 1, 2014		2,319	5,180	7,499
	Additions		88	80	168
	Disposals		-	-1	-1
	Reclassifications between items		-	22	22
	Carrying amount at Dec. 31, 2014		2,407	5,280	7,687
	Accumulated depreciation at Jan. 1, 2014		-1,113	-4,585	-5,698
	Depreciation and amortization for the financial year		-93	-204	-297
	Accumulated depreciation and amortization at Dec. 31, 2014		-1,206	-4,789	-5,995
	Book value at Dec. 31, 2014		1,201	491	1,692
	Book value at Dec. 31, 2013		1,206	594	1,801

13	TANGIBLE ASSETS					TOTAL
EUR 1,000						
	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and assets in progress	
	218	8,611	22,256	355	732	32,172
	-	-	397	-	545	942
	-	-	-323	-	-	-323
	-	333	820	-	-1,175	-22
	218	8,943	23,150	355	102	32,769
	-	-6,037	-19,975	-328	-	-26,340
	-	-264	-751	-2	-	-1,017
	-	-6,301	-20,726	-330	-	-27,357
	218	2,643	2,424	25	102	5,412
	218	2,573	2,282	27	732	5,832
	Book value for production machinery					
	Dec. 31, 2014	1,496				
	Dec. 31, 2013	1,519				

14	NON-CURRENT INVESTMENTS		TOTAL
EUR 1,000			
	Shares, Group companies	Shares, Others	
	7,983	792	8,775
	7,983	792	8,775
	-6,166	-293	-6,459
	-6,166	-293	-6,459
	1,817	500	2,317
	1,817	500	2,317

Shares owned by the company have been presented in the note number 24 to the financial statements.

EUR 1,000	2014	2013
15 INVENTORIES		
Materials and supplies	2,933	2,901
Work in progress	1,760	704
Other inventories	30	73
Advance payments	1,334	105
TOTAL	6,057	3,782
16 SPECIFICATION OF RECEIVABLES		
Non-current receivables		
Non-current receivables from Group companies		
- Loan receivables	-	1,587
Total from Group companies	-	1,587
Current receivables		
Current receivables from Group companies		
- Accounts receivables	970	1,156
- Dividend receivables	348	-
- Accrued income and prepaid expenses	-	226
- Other receivables	18	31
Total from Group companies	1,336	1,413
Current receivables from others		
- Accounts receivables	4,155	2,694
- Accrued income and prepaid expenses	19,064	11,153
- Other receivables, non-interest-bearing	1,619	992
Total from others	24,838	14,839
TOTAL	26,174	16,252
Substantial items included in accrued income		
- Project receivables entered according to percentage of completion	17,972	10,498
- Income tax receivables	684	163
- Other accrued income	408	492
TOTAL	19,064	11,153
17 SHAREHOLDERS' EQUITY		
Share capital at Jan. 1	8,010	8,010
Increase in share capital	21	-
Share capital at Dec. 31	8,030	8,010
Invested non-restricted equity reserve at Jan. 1	6,498	6,498
Exercised stock options	43	-
Repayment of non-restricted equity	-1,202	-
Invested non-restricted equity reserve at Dec. 31	5,340	6,498

EUR 1,000	2014	2013
Retained earnings at Jan. 1	5,994	5,178
Changes during the financial year		
- Profit (loss) from the previous year	1,312	2,818
- Dividends	-801	-2,002
Retained earnings at Dec. 31	6,504	5,994
Profit (loss) for the financial year	908	1,312
SHAREHOLDERS' EQUITY AT DEC. 31	20,782	21,813
Distributable funds		
Retained earnings at Dec. 31	6,504	5,994
Profit (loss) for the financial year	908	1,312
Invested non-restricted equity reserve	5,340	6,498
Distributable funds at Dec. 31	12,752	13,804
Shares of the company		
Shares, 1,000 pcs	4,015	4,005
Nominal value, EUR	2,00	2,00
Total nominal value, 1,000 EUR	8,030	8,010
Series K shares (ordinary shares, 20 votes/share), 1,000 pcs	991	991
Series A shares (1 vote/shares), 1,000 pcs	3,024	3,014
18 APPROPRIATIONS AND ACCUMULATED APPROPRIATIONS		
The income statement item Appropriations includes an EUR 36 thousand change in accelerated depreciation difference recognized during the financial year. In the balance sheet, accumulated appropriations consist of accelerated depreciation difference of EUR 36 thousand.		
19 OBLIGATORY PROVISIONS		
Warranty provisions		
Book value at Jan. 1	1,165	905
Additions	1,283	1,012
Disposals	-700	-752
Book value at Dec. 31	1,748	1,165
Estimated warranty costs include non-current provisions EUR 314 thousand (EUR 460 thousand).		
Losses from long-term projects in order book		
Book value at Jan. 1	12	92
Amendment during the financial year	42	-80
Book value at Dec. 31	54	12
Other obligatory provisions		
Book value at Jan. 1	24	163
Amendment during the financial year	609	-139
Book value at Dec. 31	633	24
TOTAL	2,435	1,201

EUR 1,000		2014	2013
20	LIABILITIES		
	Non-current liabilities		
	Non-current liabilities to others		
	- Loans from financial institutions	1 250	2 500
	TOTAL	1 250	2 500
	Non-current liabilities presented in Raute Corporation's financial statements do not include items maturing after five years or later.		
	Current liabilities		
	Current liabilities to Group companies		
	- Advance payments received	805	97
	- Accounts payable	586	135
	- Other current liabilities	849	1,456
	Total to Group companies	2,240	1,688
	Current liabilities to others		
	- Loans from financial institutions	1,250	3,241
	- Advance payments received	6,930	4,195
	- Accounts payable	5,174	3,185
	- Accrued expenses and prepaid income	4,524	4,473
	- Other current liabilities	542	649
	Total to others	18,420	15,743
	TOTAL	20,660	17,431
	Interest-bearing liabilities		
	- Non-current	1,250	2,500
	- Current	2,099	4,697
	TOTAL	3,349	7,197
	Substantial items included in accrued expenses and prepaid income		
	- Accrued personnel expenses	3,915	3,732
	- Accrued project expenses	126	325
	- Income tax liability	59	-
	- Other accrued expenses	423	417
	TOTAL	4,524	4,474
21	OTHER LEASES		
	Raute Corporation as lessee		
	Minimum rents paid on the basis of other non-cancellable leases:		
	- Within one year	144	239
	- After a period of more than one year and less than five years	228	339
	TOTAL	372	578

EUR 1,000	2014	2013
22 PLEDGED ASSETS AND CONTINGENT LIABILITIES		
On behalf of Parent company		
Business mortgages	7,011	3,946
Loans from financial institutions	2,500	5,741
Business mortgages	2,500	5,750
Mortgage agreements on behalf of subsidiaries		
Loans from financial institutions	262	240
Other obligations	227	64
Business mortgages	489	304
Commercial bank guarantees on behalf of the Parent company and subsidiaries	13,999	1,484
<p>"Letters of Guarantee" engagements have been issued on behalf of certain subsidiaries. No other pledges or other contingent liabilities have been given on behalf of the management or shareholders. No loans have been granted to the management and shareholders.</p>		
23 DERIVATIVES		
Nominal values of forward contracts in foreign currency		
Economic hedging		
- Related to internal financing	348	1,311
- Related to the hedging of net sales	1,857	2,774
Fair values of forward contracts in foreign currency		
Economic hedging		
- Related to internal financing	-7	-3
- Related to the hedging of net sales	-140	24
Interest rate and currency swap agreement		
- Nominal value	-	1,991
- Fair value	-	-42

24 SHARES OWNED BY THE COMPANY

Subsidiaries	Holding and voting right, %	Book value, EUR 1,000
Raute (Shanghai) Machinery Co., Ltd, Shanghai, China	100	1,394
RWS-Engineering Oy, Lahti, Finland	100	203
Raute (Shanghai) Trading Co., Ltd, Shanghai, China	100	95
Raute Canada Ltd., Delta, B.C., Canada	100	84
Raute Inc., Delaware, USA	100	17
Raute WPM Oy, Lahti, Finland	100	9
Raute Group Asia Pte Ltd., Singapore	100	0
Raute Chile Ltda., Santiago, Chile	50	15
TOTAL		1,817

Other shares	Number of shares, pcs	Book value, EUR 1,000
Lahden Seudun Puhelin Oy	1,717	326
Ahkera Smart Tech Ltd	143,914	0
Esys Oy	600	51
FIMECC Oy	50	50
PHP Holding Oy	112	19
Finnish Wood Research Oy	10	10
Other		44
TOTAL		500

Key ratios describing the Group's financial development

EUR 1,000	2014	2013	2012	2011	2010
Net sales	94,021	83,274	101,273	74,323	62,867
Change in net sales, %	12.9	-17.8	36.3	18.2	71.6
Exported portion of net sales	88,696	78,436	95,099	65,432	57,773
% of net sales	94.3	94.2	93.9	88.0	91.9
Operating profit (loss)	2,605	1,828	5,022	-738	1,311
% of net sales	2.8	2.2	5.0	-1.0	2.1
Profit (loss) before tax	2,810	1,589	4,766	-1,126	1,122
% of net sales	3.0	1.9	4.7	-1.5	1.8
Profit (loss) for the financial year	2,361	1,196	2,985	-1,095	1,158
% of net sales	2.5	1.4	3.0	-1.5	1.8
Return on investment (ROI), %	10.9	7.3	15.0	-0.1	5.1
Return on equity (ROE), %	9.8	5.0	13.1	-4.7	4.9
Balance sheet total	52,646	48,783	63,076	52,666	53,034
Interest-bearing net liabilities	-1,669	-6,677	-8,087	-10,397	-9,651
% of net sales	-1.8	-8.0	-8.0	-14.0	-15.4
Non-interest-bearing liabilities	22,795	18,302	27,235	15,320	14,368
Equity ratio, %	55.8	56.6	48.0	46.9	50.7
Gearing, %	-6.9	-28.3	-33.5	-47.1	-39.8
Gross capital expenditure	1,675	3,189	3,529	1,885	2,224
% of net sales	1.8	3.8	3.5	2.5	3.5
Research and development costs	1,767	2,523	2,516	2,020	1,849
% of net sales	1.9	3.0	2.5	2.7	2.9
Order book, EUR million	44	28	50	36	33
Order intake, EUR million	112	63	116	77	72
Personnel at Dec. 31	587	534	503	464	495
Personnel, effective, on average	530	515	480	457	438
Personnel, average	545	522	488	475	512
Dividend	1 606*	801	2,002	1,201	1,201
Repayment of equity	803*	1,201	-	-	-

*The Board of Directors' proposal to the Annual General Meeting.

Share-related data

	2014	2013	2012	2011	2010
Earnings per share, EUR	0.59	0.30	0.75	-0.27	0.29
Equity to share, EUR	6.06	5.90	6.03	5.51	6.05
Dividend per series A share, EUR	0.40*	0.20	0.50	0.30	0.30
Dividend per series K share, EUR	0.40*	0.20	0.50	0.30	0.30
Dividend per profit, %	68.0*	66.7	66.4	-109.7	103.8
Effective dividend return, %	5.5*	2.9	5.6	4.8	3.1
Price/earnings ratio (P/E ratio)	12.42*	23.28	11.95	-22.67	33.55
Repayment of equity from invested non-restricted equity reserve, EUR	0.20*	0.30	-	-	-
Development in share price (series A share)					
Lowest share price for the financial year, EUR	6.90	6.88	6.18	6.05	7.24
Highest share price for the financial year, EUR	8.60	9.33	9.24	11.55	10.10
Average share price for the financial year, EUR	7.69	8.49	8.22	8.57	8.21
Share price at Dec. 31, EUR	7.30	6.95	9.00	6.20	9.70
Market value of capital stock at Dec. 31, EUR thousand**	29,311	27,833	36,043	24,829	38,846
Trading in the company's shares (series A shares)					
Shares traded during the financial year, 1,000 pcs	594	514	302	522	646
% of the number of series A shares	20.0	17.0	10.0	17.3	21.4
Total number of shares (undiluted)					
Issue-adjusted weighted average number of shares	4,009,777	4,004,758	4,004,758	4,004,758	4,004,758
Issue-adjusted number of shares at the end of the financial year	4,015,228	4,004,758	4,004,758	4,004,758	4,004,758

The deferred tax liabilities have been included in the calculation of the key ratios.

*Board of Directors' proposal to the Annual General Meeting.

**Series K shares valued at the value of series A shares.

Calculation of key ratios

Return on investment (ROI), % =	$\frac{\text{Profit (loss) before tax + financial expenses}}{\text{Shareholders' equity + interest-bearing financial liabilities (average of the financial year)}} \times 100$
Return on equity (ROE), % =	$\frac{\text{Profit (loss) for the financial year}}{\text{Shareholders' equity (average of the financial year)}} \times 100$
Interest-bearing net liabilities =	Interest-bearing liabilities ./. (cash and cash equivalents + financial assets at fair value through profit or loss)
Gearing, % =	$\frac{\text{Interest-bearing net financial liabilities}}{\text{Shareholders' equity}} \times 100$
Equity ratio =	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total ./. advance payments received}} \times 100$
Earnings per share, undiluted, euros =	$\frac{\text{Profit (loss) for the financial year}}{\text{Equity issue-adjusted average number of shares during the financial year}}$
Earnings per share, diluted, euros =	$\frac{\text{Diluted profit (loss) for the financial year}}{\text{Diluted equity issue-adjusted average number of shares during the financial year}}$
Equity to share, euros =	$\frac{\text{Share of shareholders' equity belonging to the owners of the Parent company}}{\text{Undiluted number of shares at the end of the financial year}}$
Dividend per share, euros =	$\frac{\text{Distributed dividend for the financial year}}{\text{Undiluted number of shares at the end of the financial year}}$
Dividend per profit, % =	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend return, %	$\frac{\text{Dividend per share}}{\text{Closing share price at the end of the financial year}} \times 100$
Price/earnings ratio (P/E ratio) =	$\frac{\text{Closing share price at the end of the financial year}}{\text{Earnings per share}}$
Trend in share turnover in volume and percentage figures (series A shares) =	The trend in turnover of shares is given as the number of shares traded during the financial year and as the percentage of the average undiluted number of traded shares relative to issued share stock during the financial year
Market value of capital stock =	Undiluted number of shares at the end of the financial year (series A + series K shares) x closing price of the share on the last day of the financial year

Shares and shareholders

>> Real-time information on Raute's shares and shareholders can be found on the company's website at www.raute.com.

SHARE CAPITAL AT DEC. 31, 2014

Shares	Voting rights	Nominal value EUR/shares	Number of shares 1,000 pcs	Total nominal value EUR 1,000
Series K shares (ordinary shares)	20 votes/share	2.00	991	1,982
Series A shares	1 vote/share	2.00	3,024	6,048
Total shares at Dec. 31, 2014			4,015	8,030

Changes in share capital from Jan. 1, 1994 to Dec. 31, 2014	Share capital EUR	Number of series K shares	Number of series A shares
Share capital at Jan. 1, 1994	5,359,073	1,054,600	2,124,240
Issue of share capital Sep. 21, 1994	1,069,285		635,768
Conversion of series K shares into series A shares 1998		-14,000	14,000
Decrease of share capital (premium fund) June 30, 2000	-12,648		
Increase of share capital, capitalization issue June 30, 2000	1,213,506		
Conversion of series K shares into series A shares, 2003		-44,539	44,539
Conversion of series K shares into series A shares, 2004		-4,900	4,900
Registration of shares with options Jan. 1 - Dec. 31, 2006	380,300		190,150
Share subscriptions with series 2010 A stock options Jan. 1 - Dec. 31, 2014	20,940		10,470
Share capital at Dec. 31, 2014	8,030,456	991,161	3,024,067

Shares and share capital

Raute Corporation's shares are registered in the book-entry securities system maintained by Euroclear Finland Ltd. As of December 31, 2014, Raute's paid up and registered share capital amounted to EUR 8,030,456.00. The capital stock totalled 4,015,228 shares, of which 991,161 were series K shares (ordinary share, 20 votes/share), and 3,024,067 were series A shares (1 vote/share). The shares have a nominal value of EUR 2.00. Series K shares can be converted to series A shares under the terms described in section 3 of the Articles of Association. If a series K share is transferred to a new owner who does not previously hold series K shares, other shareholders of the K series have the primary right and the company has the secondary right to redeem the share under the terms described in section 4 of the Articles of Association.

Market capitalization and trade

Raute Corporation's series A shares are listed on the NASDAQ OMX Helsinki Ltd in the Industrials sector. 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.

In 2014, a total of 593,682 Raute Corporation's series A shares were traded (513,699 pcs). The total value of trading was EUR 4.6 million (MEUR 4.4). The highest share price was EUR 8.60 (EUR 9.33) and the lowest EUR 6.90 (EUR 6.88). At the end of the year 2014, the share price was EUR 7.30 (EUR 6.95). The average price was EUR 7.69 (EUR 8.49). The company's market capitalization at the end of the financial

year was EUR 29.3 million (MEUR 27.8), with series K shares valued at the closing price of series A shares on December 31, 2014.

Shareholders

The number of shareholders totalled 1,915 at the beginning of the year 2014 and 1,991 at the end of the financial year. Series K shares were owned by 50 (49) private individuals at the end of the financial year.

Board authorizations

The Annual General Meeting on March 31, 2014 authorized the Board to decide on the repurchase of a maximum of 400,000 Raute Corporation's series A shares using assets from the company's non-restricted equity, which would lead to a decrease in the company's distributable assets.

The authorization entitles the Board to acquire the company's series A shares to be used for the development of the company's capital structure, as consideration for funding or carrying out any acquisitions or other arrangements, or to be otherwise disposed of or cancelled.

The purchase consideration paid for shares purchased by virtue of the authorization shall be based on the price of the series A share in public trading so that the minimum price of acquired shares is the lowest market price quoted in public trading during the term of validity of the authorization and the maximum price, correspondingly, the highest market price quoted in public trading during the term of validity of the authorization.

The authorization includes the right to acquire shares other than in proportion to the holdings of the shareholders. A targeted repurchase of the company's own shares can take place, for example, by acquiring shares in public trading in markets where, according to regulations, the company is permitted to engage in the trade of its own shares. Repurchasing shares in public trading as mentioned above or otherwise in a targeted way, requires that the company has a weighty financial reason to do so.

Series K shares can be converted to series A shares in accordance with Article 3 of Raute Corporation's Articles of Association. The Board of Directors will decide on the other conditions related to share repurchases.

By the authority granted to the Board at the Annual General Meeting on March 31, 2014, the Board can to decide on an issue of Raute Corporation's series A shares, as well as on all of the related conditions, including the recipients and the sum of consideration to be paid. The Board of Directors may decide to issue either new shares or company shares held by Raute. The maximum number of shares that can be issued is 400,000 series A shares. As proposed, the authorization can be used to fund or carry out acquisitions or other arrangements or for other purposes decided by the Board of Directors.

The authorizations are valid until the end of the next Annual General Meeting. By the end of the financial year, the Board had not yet used the authorizations granted to it at the 2014 Annual General Meeting.

No decisions on share issues were made during the financial year, nor were any convertible bonds issued. The company did not possess company shares or hold them as security at the end of the financial year.

As of December 31, 2014, the company had no valid share issues.

Option-based incentive plan 2010

The Annual General Meeting held on March 31, 2010 resolved to issue stock options to the key personnel of Raute Group. In deviation from the shareholders' pre-emptive rights, the stock options were offered to key personnel of Raute Group separately determined by the Board of Directors and to a wholly-owned subsidiary of Raute Corporation for further delivery to the key personnel of Raute Group. The maximum total number of stock options is 240,000. Stock options entitle the subscription for a total maximum of 240,000 of Raute Corporation's series A shares and the share capital of Raute Corporation may, as a result of the share subscriptions made with the stock options, increase with a maximum of EUR 480,000. Each stock option entitles the subscription for one (1) series A share. Of the stock options, a maximum of 80,000 are marked with the symbol 2010 A, a maximum of 80,000 with the symbol 2010 B and a maximum of 80,000 with the symbol 2010 C. The stock options shall be issued free of charge.

The share subscription price for the stock options is determined based on the trade volume weighted average quotation of the share of Raute Corporation in continuous trad-

ing, rounded off to the nearest cent, on the NASDAQ OMX Helsinki Ltd. For stock options 2010 A the subscription price was determined during the two month period immediately following the announcement day of the financial statements for the year 2009, i.e. February 12, 2010 – April 11, 2010, for stock options 2010 B during the two month period immediately following the announcement day of the financial statements for the year 2010, i.e. February 16, 2011 – April 15, 2011 and for stock options 2010 C during the two month period immediately following the announcement day of the financial statements for the year 2011, i.e. February 15, 2012 – April 14, 2012. From the share subscription price is deducted the amount of the dividend or distribution of funds from the distributable equity fund decided after the beginning of the period for determination of the subscription price but before share subscription. Out of the share subscription price the amount equaling the nominal value of the share will be entered into the share capital and the exceeding amount into the invested non-restricted equity fund.

The share subscription period for stock options 2010 A is from March 1, 2013 to March 31, 2016, for stock options 2010 B from March 1, 2014 to March 31, 2017 and for stock options 2010 C from March 1, 2015 to March 31, 2018. During the financial year, a total of 10,470 new series A shares have been subscribed for with stock options 2010 A.

At the end of the financial year, the Group's key personnel held altogether 69,530 of the company's series A stock options, 80,000 series B stock options and 75,000 series C stock options.

The terms and conditions of the stock option system have been published on the Company's website at www.raute.com.

Share-based incentive program 2014-2018

On February 12, 2014, the Board of Directors of Raute Corporation decided on the establishment of a new long-term performance based share incentive program (Performance Share Plan) for Raute Group's top management. The aim of the plan is to align the objectives of the Company's owners and the management in order to i.a. develop the company value and to commit the management to the Company through offering them a competitive incentive system based on ownership of the Company's shares.

The plan includes three individual share plans, each with the length of three years. Each share plan consists of a one-year performance period, the payment of the potential share reward in series A shares of the Company in the spring following the performance period and a two-year restriction period following the performance period during which the development of the value of the reward is based on the development of the value of the Company's share. The participant of the program may not sell or otherwise transfer the shares received as a reward during the restriction period. The individual share plans commence in 2014, 2015 and 2016. The commencement of the share plans 2015 and 2016 is, however, subject to a separate decision of the Company's Board of Directors.

The Board of Directors of the Company decides separately on the participants of each commencing share plan and on the performance criteria applicable to the performance period of each share plan, the target setting thereof and the target and maximum levels of the payable reward. The first share plan includes 11 members of the Group's top management as participants, including the members of the Executive Board. The performance criteria of the first share plan were earnings per share (EPS) and revenue growth.

Insider issues

Raute Corporation follows the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd, the Central Chamber of Commerce, and the Confederation of Finnish Industries EK. In addition, the company applies separate insider instructions approved by the Board of Directors. The Chief Financial Officer is in charge of insider issues in the company.

Raute Corporation's insiders comprise public insiders, permanent company-specific insiders and project-specific insid-

ers in accordance with the Finnish Securities Markets Act. The company's public insiders include the Board of Directors, the President and CEO, the Executive Board, and auditors. The company's permanent company-specific insiders include those persons employed by the company or persons performing work for the company on the basis of some other contract who, by virtue of their positions or tasks, receive or have access to insider information on a regular basis. A project-specific insider register is set up if the person responsible for the project considers that the publication of the project may have a significant impact on the value of the company's shares.

The information on insiders subject to disclosure requirements is kept available in the NetSire system maintained by Euroclear Finland Ltd. The insider registers of issuers are available for public display at Euroclear Finland Ltd, Urho Kekkosen katu 5 C, FI-00100, Helsinki. In addition, the public information on the insiders is available on Raute Corporation's website at www.raute.com.

DISTRIBUTION OF OWNERSHIP BY SHAREHOLDER CATEGORY AT DEC. 31, 2014

Series A and series K shares by shareholder category	Number of shareholders	%	Number of shares	%	Number of voting rights	%
Households	1,866	93.7	3,387,406	84.4	22,219,465	97.3
Financial and insurance institutions	7	0.5	266,764	6.6	266,764	1.2
Foreign shareholders	2	0.1	2,500	0.1	2,500	0.0
Non-profit institutions	11	0.6	22,564	0.6	22,564	0.1
Public institutions	2	0.1	60,350	1.5	60,350	0.3
Companies	98	4.9	150,140	3.7	150,140	0.7
Nominee-registered	5	0.3	125,504	3.1	125,504	0.5
Total	1,991	100.0	4,015,228	100.0	22,847,287	100.0

DISTRIBUTION OF SERIES A SHARES OWNERSHIP AT DEC. 31, 2014

Series A shares by shareholder category	Number of shareholders	%	Number of shares	%	Number of voting rights	%
Households	1,849	93.7	2,396,245	79.2	2,396,245	79.2
Financial and insurance institutions	7	0.4	266,764	8.8	266,764	8.8
Foreign shareholders	2	0.1	2,500	0.1	2,500	0.1
Non-profit institutions	11	0.6	22,564	0.7	22,564	0.7
Public institutions	2	0.1	60,350	2.0	60,350	2.0
Companies	98	5.0	150,140	5.0	150,140	5.0
Nominee-registered	5	0.3	125,504	4.2	125,504	4.2
Total	1,974	100.0	3,024,067	100.0	3,024,067	100.0

Series A shares by number of shares	Number of shareholders	%	Number of shares	%	Number of voting rights	%
1– 1 000	1,719	87.1	517,568	17.1	517,568	17.1
1 001– 5 000	196	9.9	397,296	13.1	397,296	13.1
5 001–10 000	29	1.5	207,849	6.9	207,849	6.9
10 001– 50 000	19	1.0	483,987	16.0	483,987	16.0
50 001–100 000	8	0.4	491,150	16.2	491,150	16.2
100 001–	3	0.2	926,217	30.6	926,217	30.6
Total	1,974	100.0	3,024,067	100.0	3,024,067	100.0

DISTRIBUTION OF SERIES K SHARES OWNERSHIP AT DEC. 31, 2014

Series K shares by shareholder category	Number of shareholders	%	Number of shares	%	Number of voting rights	%
Households	50	100.0	991,161	100.0	19,823,220	100.0
Total	50	100.0	991,161	100.0	19,823,220	100.0

Series K shares by number of shares	Number of shareholders	%	Number of shares	%	Number of voting rights	%
1– 1 000	5	10.0	840	0.1	16,800	0.1
1 001– 5 000	8	16.0	21,551	2.2	431,020	2.2
5 001–10 000	6	12.0	32,100	3.2	642,000	3.2
10 001– 50 000	25	50.0	598,570	60.4	11,971,400	60.4
50 001–100 000	6	12.0	338,100	34.1	6,762,000	34.1
Total	50	100.0	991,161	100.0	19,823,220	100.0

20 LARGEST SHAREHOLDERS AT DEC. 31, 2014

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
By number of shares						
1. Sundholm Göran Wilhelm	-	624,398	624,398	15.6	624,398	2.7
2. Mandatum Life Unit-Linked	-	181,900	181,900	4.5	181,900	0.8
3. Laakkonen Mikko	-	119,919	119,919	3.0	119,919	0.5
4. Suominen Pekka	48,000	62,429	110,429	2.8	1,022,429	4.5
5. Suominen Tiina Sini-Maria	48,000	62,316	110,316	2.7	1,022,316	4.5
6. Siivonen Osku Pekka	50,640	53,539	104,179	2.6	1,066,339	4.7
7. Kirmo Kaisa Marketta	55,680	48,341	104,021	2.6	1,161,941	5.1
8. Mustakallio Mika Tapani	57,580	29,270	86,850	2.2	1,180,870	5.2
9. Relander Harald	-	85,000	85,000	2.1	85,000	0.4
10. Keskiaho Kaija Leena	33,600	51,116	84,716	2.1	723,116	3.2
11. Särkijärvi Riitta	60,480	22,009	82,489	2.1	1,231,609	5.4
12. Mustakallio Kari Pauli	60,480	500	60,980	1.5	1,210,100	5.3
13. Mustakallio Marja Helena	43,240	16,047	59,287	1.5	880,847	3.9
14. Särkijärvi Timo	12,000	43,256	55,256	1.4	283,256	1.2
15. Särkijärvi-Martinez Anu Riitta	12,000	43,256	55,256	1.4	283,256	1.2
16. Mustakallio Ulla Sinikka	53,240	-	53,240	1.3	1,064,800	4.7
17. Suominen Jukka Matias	24,960	27,964	52,924	1.3	527,164	2.3
18. Keskinäinen työeläkevakuutusyhtiö Varma	-	51,950	51,950	1.3	51,950	0.2
19. Suominen Jussi	48,000	-	48,000	1.2	960,000	4.2
20. Keskiaho Marjaana	24,780	21,500	46,280	1.2	517,100	2.3
Total	632,680	1,544,710	2,177,390	54.2	14,198,310	62.1

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
By number of votes						
1. Särkijärvi Riitta	60,480	22,009	82,489	2.1	1,231,609	5.4
2. Mustakallio Kari Pauli	60,480	500	60,980	1.5	1,210,100	5.3
3. Mustakallio Mika Tapani	57,580	29,270	86,850	2.2	1,180,870	5.2
4. Kirmo Kaisa Marketta	55,680	48,341	104,021	2.6	1,161,941	5.1
5. Siivonen Osku Pekka	50,640	53,539	104,179	2.6	1,066,339	4.7
6. Mustakallio Ulla Sinikka	53,240	-	53,240	1.3	1,064,800	4.7
7. Suominen Pekka	48,000	62,429	110,429	2.8	1,022,429	4.5
8. Suominen Tiina Sini-Maria	48,000	62,316	110,316	2.7	1,022,316	4.5
9. Suominen Jussi	48,000	-	48,000	1.2	960,000	4.2
10. Mustakallio Marja Helena	43,240	16,047	59,287	1.5	880,847	3.9
11. Mustakallio Risto Knut kuolinpesä	42,240	-	42,240	1.1	844,800	3.7
12. Keskiaho Kaija Leena	33,600	51,116	84,716	2.1	723,116	3.2
13. Sundholm Göran Wilhelm	-	624,398	624,398	15.6	624,398	2.7
14. Keskiaho Vesa Heikki	29,680	-	29,680	0.7	593,600	2.6
15. Keskiaho Juha-Pekka	27,880	6,991	34,871	0.9	564,591	2.5
16. Kirmo Lasse	27,645	9,621	37,266	0.9	562,521	2.5
17. Suominen Jukka Matias	24,960	27,964	52,924	1.3	527,164	2.3
18. Keskiaho Marjaana	24,780	21,500	46,280	1.2	517,100	2.3
19. Kultanen Leea Annikka	22,405	8,031	30,436	0.8	456,131	2.0
20. Molander Sole	20,160	-	20,160	0.5	403,200	1.8
Total	778,690	1,044,072	1,822,762	45.4	16,617,872	72.7

MANAGEMENT'S AND PUBLIC INSIDERS' SHAREHOLDING AND NOMINEE-REGISTERED SHARES

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
Management's and public insiders' share holding at Dec. 31, 2014						
Board of Directors, the Group's President and CEO and Executive Board*	122,830	111,849	234,679	5.8	2,568,449	11.2
Total at Dec. 31, 2014	122,830	111,849	234,679	5.8	2,568,449	11.2
Nominee-registered shares at Dec. 31, 2014	-	125,504	125,504	3.1	125,504	0.5

*The figures include the holdings of their own, minor children and control entities.

The Board of Directors' proposal for profit distribution, signatures for the report of the Board of Directors and financial statements and the Auditor's note

The Parent company's distributable funds total EUR 12,751,794.31, of which the profit for the financial year is EUR 907,942.35 and the balance sheet amounts to EUR 45,163,026.96.

The Board of Directors will propose to the Annual General Meeting 2015 that the distributable funds will be used in the following way based on the total amount of shares entitled for the dividend at the date of the proposal for dividend distribution, i.e. 4,015,228 shares:

- EUR 0.40 per share to be distributed as dividend, i.e. total of	EUR	1,606,091.20
- Retained in equity	EUR	11,145,703.11
	EUR	<u>12,751,794.31</u>

The Board of Directors will also propose to the Annual General Meeting that from the invested non-restricted equity of EUR 5,339,627.33

- EUR 0.20 per share be distributed as repayment of fund, i.e. total of	EUR	803,045.60
- Retained in equity	EUR	4,536,581.73
	EUR	<u>5,339,627.33</u>

No material changes have taken place in the company's financial position after the end of the financial year. The company has good liquidity, and the proposed profit distribution does not pose a risk to solvency.

Nastola, February 12, 2015

Erkki Pehu-Lehtonen
Chairman of the Board

Mika Mustakallio

Joni Bask

Risto Hautamäki

Päivi Leiwo

Pekka Suominen

Tapani Kiiski
President and CEO

Auditor's note

The Auditor's report has been issued today.

Nastola, February 12, 2015

PricewaterhouseCoopers Oy
Authorized Public Accountants

Janne Rajalahti
Authorized Public Accountant

List of the Parent company's common document types, accounting journal types and means of storing

FINANCIAL STATEMENTS DECEMBER 31, 2014

Common document types used

Balance sheet book
 General journal and general ledger
 Accounts payable and accounts receivable

Documents' means of storing

Separately bound, in paper
 In electronic format
 In electronic format

Description of accounting journals

Bank and cash vouchers
 Purchase invoices
 Sales invoices
 Transactions of purchase and sales invoices
 Fixed asset register
 Salary entries
 Memo vouchers
 Automatic contra entries of memo vouchers
 Imputed and entries of cost accounting

Accounting journal

10, 11 and 15
 81, 82, 85, 86 and 87
 30, 31, 34 and 35
 70, 71, 72 and 80

 65, 66, 67 and 68
 6, 20, 21, 22 and 25
 98
 28 and 29

Journal's means of storing

In paper
 In electronic format
 In paper
 In electronic format
 In paper
 In paper
 In paper
 In electronic format
 In electronic format and in paper (28)

Development of quarterly results

EUR 1,000	Q 1 2014	Q 2 2014	Q 3 2014	Q 4 2014	Total 2014
NET SALES	15,020	20,329	24,693	33,978	94,021
Change in inventories of finished goods and work in progress	69	263	631	710	1,672
Other operating income	25	7	67	-28	72
Materials and services	-7,197	-10,154	-14,850	-19,574	-51,775
Employee benefits expense	-7,164	-7,000	-7,117	-8,023	-29,304
Depreciation and amortization	-465	-476	-554	-524	-2,018
Other operating expenses	-2,209	-2,338	-2,562	-2,953	-10,062
Total operating expenses	-17,035	-19,967	-25,083	-31,075	-93,160
OPERATING PROFIT (LOSS)	-1,920	632	308	3,585	2,605
% of net sales	-13	3	1	11	3
Financial income	205	65	92	244	605
Financial expenses	-213	-58	-128	-2	-400
PROFIT (LOSS) BEFORE TAX	-1,928	639	273	3,826	2,810
% of net sales	-13	3	1	11	3
Income taxes	345	-139	-22	-633	-449
TOTAL PROFIT (LOSS) FOR THE PERIOD	-1,583	500	251	3,193	2,361
% of net sales	-11	2	1	9	3
Attributable to					
Equity holders of the Parent company	-1,583	500	251	3,193	2,361
Earnings per share EUR					
Undiluted earnings per share	-0,40	0,12	0,06	0,80	0,59
Diluted earnings per share	-0,40	0,12	0,06	0,80	0,59
Shares 1,000 pcs					
Adjusted average number of shares	4,005	4,007	4,007	4,015	4,010
Adjusted average number of shares diluted	4,008	4,008	4,008	4,017	4,011

Auditor's report

To the Annual General Meeting of Raute Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Raute Corporation for the year ended 31 December, 2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Nastola, 12 February 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant



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