

2006



Interim report
1 January–30 June

RAUTE CORPORATION'S INTERIM REPORT JANUARY 1 - JUNE 30, 2006

- Net sales, €55.0 m (€47.6 m), grew by 16% over the comparison period. Operating profit, €2.5 m (€1.8 m), increased by 39%. The order intake totaled €29 m (€54 m), while the order book at the end of the report period amounted to €41 m (€52 m).
- Earnings per share (undiluted) were €0.58 (€0.45).
- Second quarter net sales amounted to €28.5 m (€29.1 m) and operating profit to €1.4 m (€1.4 m).
- Net sales for 2006 are expected to remain at the previous year's level, while operating profit is expected to improve. Net sales in the latter part of the year will be mostly generated in the last quarter.

KEY FIGURES	Q1 - Q2/2006	Q1- Q2/2005	Q1/2006	Q1/2005	2005
Net sales, €m	55.0	47.6	26.5	18.5	108.6
change, %	16	44	43	10	49
Operating profit/loss, €m	2.5	1.8	1.1	0.4	4.4
Profit before tax, €m	2.7	2.4	1.3	0.7	5.5
Equity ratio, %	62	52	53	56	56
Assets total, €m	47.5	55.8	54.4	53.7	55.4
Earnings per share (EPS), €	0.58	0.45	0.24	0.10	1.09
Order intake (Projects), €m	29	54	4	38	109
Order book, €m	41	52	39	56	55
Capital expenditure, €m	0.8	1.6	0.4	0.5	3.8
R&D expenses, % of net sales	3.3	2.9	3.7	3.5	3.3

MR. TAPANI KIISKI, PRESIDENT AND CEO, COMMENTING ON THE INTERIM REPORT: ORDER INTAKE AT A GOOD LEVEL, PROFITABILITY IS IMPROVING

"Demand for Raute's technology and services has continued to be brisk. After a slow period in early 2006, the good demand is now beginning to positively affect the order intake of both projects and technology services. Market focus has remained unchanged, with much of the demand targeting large projects that create new capacity.

The big order placed by Chilean company Paneles Arauco in June for equipment for the expansion of Arauco's plywood mill proceeded exceptionally fast to the decision-making phase. Paneles Arauco is one of our long-term customers, with profound competence and experience in plywood manufacturing. In the case of new players planning to expand their operations to plywood or LVL manufacturing, the decision-making process for large investments lasts considerably longer. An example of this is the major venture in Russia for which a letter of intent was signed earlier this year as reported in late February. The project is progressing but at a considerably slower pace than expected. Regardless of the proceeding of this project,

I anticipate that the amount of new project orders will be on a good level, partly thanks to the LVL mill order received in July.

We saw a year-on-year improvement in operating profit in the first part of 2006 but did not achieve our profitability targets. Certain issues related to the launch of new products proved to be more challenging than expected, and the resulting unexpected expenses continued to burden profitability. I believe we will face less of these issues in the latter part of the year. These investments and strong product development efforts will continue to boost the competitiveness of our technology. Development measures taken to enhance production capacity and cost-effectiveness will also continue to positively affect our profitability and competitiveness.

The continued brisk demand for our technology and services, a good order book, and ongoing development projects forecast a good year 2006 for Raute. We aim at markedly improved performance compared to 2005."

MARKET SITUATION

Market situation in customer industries

The market for the plywood industry continues to look good in Raute's main market areas, with the exception of North America. Especially in the USA, the waning confidence in overall economic development has reduced the demand for plywood panels and lowered their market price.

The outlook for the Laminated Veneer Lumber (LVL) industry is positive in all market areas. The utilization rate of new production capacity introduced in recent years is high.

Demand for wood products technology

Demand for plywood technology is at a healthy level and is particularly strong for large, often mill-scale, projects. The demand is also brisk for smaller projects encompassing individual machines or production lines. They are naturally quicker in reaching the decision-making phase than large projects.

In the LVL industry, significant investment plans to increase production capacity are under way in several market areas. Some of the plans are still in the very early phases, however.

Good demand is also seen in Raute's smaller customer groups, that is, companies overlaying wood-based panels other than plywood, the parquet industry, and the decorative veneer industry.

The demand for technology services has picked up after the first part of the year. Postponed modernization projects, especially in Europe, will most likely cause growth in technology services to drop clearly from last year's figures. The sluggish North American market also affects the demand for technology services, especially those related to modernizations. Demand for spare part and maintenance services remained at a good level.

Order intake and order book

The order intake in the report period amounted to EUR 29 million (€54 m), 56% of which targeted South America, 25% Europe, and 16% Russia.

The second quarter saw an order intake totaling EUR 26 million (€16 m). The most significant new

deal was an order for plywood mill equipment to be delivered to Paneles Arauco S.A. in Chile. The total value of the deal is over EUR 15 million. Deliveries will take place between December 2006 and March 2007, and the expanded production capacity will be in full use during summer 2007. Another important order was for a multi-opening overlaying line in Finland.

The order intake for technology services amounted to EUR 13 million (€15 m) in the report period. It has been affected by lower European demand for modernizations than in the comparison period. The order intake for spare part and maintenance services continued to develop positively.

The second quarter order book amounted to EUR 41 million (€52 m) at the end of the report period.

Competitive position

Raute is generally in a good competitive position, which looks particularly strong in its traditional technology areas: the plywood and veneer industry, as well as the LVL industry. The company's position is based on a comprehensive offering of technology and services, leading technology in the field that is maintained by strong product development, and solid references. Reference deliveries in the order book, targeting both new market areas and new applications, will reinforce Raute's competitive position after production roll-out.

EVENTS IN THE REPORT PERIOD

The ERP and financial administration systems of Raute's North American operations were harmonized to comply with the information systems used at the main production unit in Nastola, Finland. Harmonized systems will enhance quotation processes, project implementation, and cooperation between organizations.

Raute Corporation decided to establish a subsidiary in Shanghai, China. The new company will strengthen the Group's procurement operations, handle subcontracting and materials purchases in China, and improve the Group's presence on the Chinese market.

The dissolution of Eloc Oy, an associated company, was completed on May 31, 2006.

NET SALES AND RESULT

Net sales in the report period totaled EUR 55.0 million (€47.6 m), showing a growth of 16% over the previous year. Business consisted exclusively of project deliveries and technology services related to the wood products technology business.

Europe's share of net sales dropped to 24 percent (37%), North America's to 14 percent (27%), and Russia's to 9 percent (16%), while Asia accounted for 8 percent (7%). Other market areas increased their share to 45 percent (13%), fueled by a mill-scale project delivery to Chile.

Operating profit, at EUR 2.5 million (€1.8 m), and profit before tax, at EUR 2.7 million (€2.4 m), were both up on the comparison year. Profit for the period was EUR 2.2 million (€1.6 m).

R&D expenses grew by EUR 0.4 million on the comparison period due to the scheduling of product development projects. Unexpected expenses of product development nature were also generated in the report period due to first deliveries of new products.

Profit for the report period benefited from a EUR 0.1 million (€-1.1 m) IFRS-compliant recognition of currency hedges. Profit for the previous year was improved by the release of excess cover totaling EUR 0.4 million in conjunction with the dissolution of the pension fund. Taxes for the report period are reduced by a credit loss recognized in Raute Corporation and Mecano Group Oy for commercial receivables from the Canadian subsidiary Raute Wood Ltd.

The second quarter accounted for EUR 28.5 million (€29.1 m) of net sales and EUR 1.4 million (€1.4 m) of operating profit.

FINANCING

The Group's financial position remained good. Gearing was -20.7 percent (-46.2%) and the equity ratio 61.9 percent (51.5%). The balance sheet totaled EUR 47.5 million (€55.8 m).

Liquid assets dropped by EUR 5.9 million to EUR 5.5 million (€11.4 m) in the report period.

Operating cash flow was EUR -2.4 million (€6.1 m) and investment cash flow EUR -0.8 million (€-1.0 m). The financing cash flow, EUR -2.3 million (€-3.0 m), resulted mainly from the payment of year 2005 dividends.

The strong fluctuation in balance sheet items, and the key ratios based on them, results from differences in the timing of customer payments and the corresponding cost accumulation, which is typical of project business.

Interest-bearing liabilities totaled EUR 0.5 million (€0.5 m) at the end of the report period. Unused credit limits amounted to EUR 15 million on the same date. The company also has a EUR 15 million commercial paper program.

RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Research and development costs EUR 1.8 million (€1.4 m) were EUR 0.4 million up on the comparison period, representing 3.3 percent (2.9%) of net sales.

Capital expenditure totaled EUR 0.8 million (€1.6 m).

PERSONNEL AND ORGANIZATION

The Group's headcount at the end of the report period, 557 (549), increased as a result of trainees and students employed for the summer months. Converted to full-time employees, the average number of personnel was 539 (528).

CORPORATE GOVERNANCE

The Annual General Meeting held on March 22, 2006, elected Mr. Jarmo Ryttilahti as Chairman of the Board, Ms. Sinikka Mustakallio as Vice-Chairman, and Mika Mustakallio, Panu Mustakallio, Pekka Paasikivi, and Jorma Wiitakorpi as Board members.

All of the Board members are independent of the company. Chairman Jarmo Ryttilahti and two of the members (Pekka Paasikivi and Jorma Wiitakorpi) are independent of major shareholders.

The chairman of the Appointments Committee is Mr. Jarmo Ryttilahti, while Ms. Sinikka Mustakallio

and Mr. Ville Korhonen, a representative of a major shareholder, act as its members. The Working Committee is chaired by Mr. Jarmo Ryttilahti, and its members are Ms. Sinikka Mustakallio and Mr. Pekka Paasikivi.

SHARES

Raute Corporation's series A shares are listed on the main list of the Helsinki Stock Exchange. The trading code is RUTAV. The shares have a nominal value of two euro. The number of shares at the end of the report period totaled 3,836,258, of which 991,161 were series K shares and 2,845,097 series A shares. Raute Corporation has signed a market making agreement with Nordea Bank Finland plc in compliance with the Liquidity Providing (LP) requirements issued by the Helsinki Stock Exchange.

A total of 21,650 series A shares subscribed for through the exercise of B warrants pertaining to the 1998 bond issue were entered in the Trade Register during the report period. A total of 1,000 series A shares had been subscribed for but not yet entered in the Trade Register at the end of the report period.

A total of 600,721 (873,410) series A shares worth EUR 9.2 million (€7.9 m) were traded in the report period. The share price at the end of the period was EUR 13.23 (€11.20). The highest quotation of series A shares was EUR 17.60 and the lowest EUR 12.44, while the average quotation was EUR 15.13.

The company's market capitalization at the end of the report period was EUR 50.7 million (€42.7 m), with series K shares valued at the closing price on June 30, 2006 of series A shares, that is EUR 13.23.

The number of shareholders totaled 974 at the beginning of the year and 1,018 at the end of the report period. No flagging notifications were given to the company in the report period.

The company's Board of Directors is authorized to buy back and dispose of a maximum of 381,625 of the company's series A shares. The Board of Directors has not exercised this authorization.

DIVIDEND

The Annual General Meeting decided to distribute a dividend of EUR 0.60 per share for 2005. A total of EUR 2.3 million was paid in dividend on April 3, 2006.

ACCOUNTING PRINCIPLES

The interim report has been prepared according to international recognition and measurement principles (IFRS). The figures for the report period and the comparison period have not been audited.

The Group has adopted the amendments to IAS 39 issued by IASB in 2004 and 2005. The adoption of the amended standard has not had any material impact on the interim figures. In other respects, the Group has followed the accounting principles described in the financial statements for 2005.

In the future, the Group may apply hedge accounting on a case-by-case basis to new currency derivative contracts that effectively hedge significant foreign currency payments related to long-term project deliveries.

BUSINESS RISKS

Hedging of foreign currency receivables

Forward contracts in Canadian and US dollars related to payments from sales totaled EUR 1.7 million (€14.1 m) at the end of the report period. The measurement of forward contracts in compliance with IFRS improved the company's net sales and operating profit by EUR 0.1 million (€-1.1 m).

EVENTS AFTER THE REPORT PERIOD

Share subscriptions through B warrants pertaining to the 1998 bond issue

A total of 1,000 B warrants pertaining to Raute Corporation's 1998 bond issue were exercised in June to subscribe for series A shares and another 52,200 warrants were exercised after the report period, leading to a total of 53,200 B warrants having been exercised. The share capital increase corresponding to the share subscriptions totals EUR 106,400. The Board of Directors approved

the share subscriptions on August 10, 2006. The subscriptions are expected to be registered on August 21, 2006.

Mill-scale order

After the report period, Raute received an order worth approximately EUR 18 million for production equipment for an LVL plant in the United States. The deliveries will take place in the early months of 2007. Hedge accounting is applied to the measurement of forward contracts that protect sales prices in dollars.

OUTLOOK FOR 2006

Demand for investments in the plywood and LVL industries is expected to remain good. The focus is likely to continue on large projects that create new and replace old production capacity. The brisk demand seen particularly in Russia is expected to result in new orders.

The growth in first-half year's net sales, a good order book, and strong demand, along with continued restructuring measures, promise Raute a positive overall outlook for 2006. Owing to the scheduling of projects in the order book, net sales in the latter part of the year will be mostly generated in the last quarter. Net sales for 2006 are expected to remain at the previous year's level, while operating profit is expected to improve.

CONSOLIDATED INCOME STATEMENT	1.4.-30.6. 2006	1.4.-30.6. 2005	1.1.-30.6. 2006	1.1.-30.6. 2005	1.1.-31.12. 2005
NET SALES	28 543	29 138	55 045	47 630	108 627
Other operating income	72	72	97	525	708
Operating expenses	-26 629	-27 132	-51 431	-44 873	-102 054
Depreciation, amortisation and impairment charges	-579	-675	-1 174	-1 459	-2 877
OPERATING PROFIT	1 408	1 403	2 538	1 823	4 403
% of net sales	5 %	5 %	5 %	4 %	4 %
Financial income	-46	314	363	599	1 131
Financial expenses	-5	-22	-194	-40	-73
PROFIT BEFORE TAX	1 357	1 694	2 707	2 382	5 461
% of net sales	5 %	6 %	5 %	5 %	5 %
Income taxes *)	-50	-531	-473	-795	-1 423
PROFIT FOR THE PERIOD	1 307	1 163	2 235	1 587	4 038
% of net sales	5 %	4 %	4 %	3 %	4 %
BREAKDOWN OF PROFITS					
Minority interest	0	-141	0	-115	-114
Owners of the parent company	1 307	1 304	2 235	1 702	4 152
EARNINGS PER SHARE, EUR					
Basic	0,34	0,34	0,58	0,45	1,09
Diluted	0,33	0,34	0,57	0,44	1,07
NUMBER OF SHARES					
Weighted average, 1 000 pcs	3 822	3 815	3 822	3 815	3 815
Diluted, 1 000 pcs	3 931	3 834	3 931	3 834	3 872
*) Income taxes include the tax liability estimated for the report					
BALANCE SHEET	30.6. 2006		30.6. 2005		31.12. 2005
ASSETS					
FIXED ASSETS AND OTHER NON-CURRENT ASSETS					
- intangible assets	2 704		2 909		2 757
- property, plant and equipment	13 544		13 071		13 939
- available-for-sale investments	432		415		395
- receivables	0		0		48
- deferred tax assets	125		398		210
Fixed and other non-current assets total	16 804		16 793		17 349
CURRENT ASSETS					
- inventories	4 862		5 791		5 026
- accounts receivable and other financial assets	19 894		21 214		21 666
- financial assets at fair value through profit or loss	1 971		8 072		8 975
- cash and cash equivalents	3 963		3 586		2 419
Current assets total	30 690		38 663		38 086
NON-CURRENT ASSETS HELD FOR SALE	0		294		0
TOTAL ASSETS	47 494		55 750		55 435
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
- share capital	7 673		7 629		7 629
- other shareholders' equity	18 577		16 392		18 294
Owners of the parent company	26 250		24 021		25 923
Minority interest	0		174		224
Total shareholders' equity	26 250		24 195		26 147
LIABILITIES					
Non-current liabilities					
- provisions	495		311		475
- deferred tax liabilities	1 219		1 297		1 300
- interest-bearing long-term liabilities	359		367		357
Current liabilities					
- provisions	1 362		1 137		1 927
- income tax liabilities	0		1 050		105
- pension obligations	348		440		380
- interest-bearing short-term liabilities	150		110		176
- customer deposits	5 083		8 798		8 500
- trade and other payables	12 228		18 045		16 068
Total liabilities	21 244		31 555		29 288
TOTAL EQUITY AND LIABILITIES	47 494		55 750		55 435

CONSOLIDATED CASH FLOW STATEMENTS	1.1.-30.6. 2006	1.1.-30.6. 2005	1.1.-31.12. 2005
CASH FLOW FROM OPERATING ACTIVITIES			
Payments received:			
- receipts from sales	54 994	47 887	108 934
- receipts from other operating income	55	1 391	483
Payments made:			
- expenses	-57 175	-42 477	-99 840
- interest and other financial expenses paid	-54	-37	-80
Interest and other financial income received	518	384	764
Dividend income received	24	36	56
Income taxes paid	-785	-1 093	-2 636
Net cash from(+)/used in (-) operating activities (A)	-2 423	6 091	7 681
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure:			
- capital expenditure in tangible and intangible assets	-802	-783	-3 554
- purchases of available-for-sale as financial assets	-48		
Subsidiary shares:			
- acquisition of subsidiary shares	0	-752	-304
Proceeds:			
- proceeds from sale of tangible and intangible assets	73	531	713
- proceeds from sale of investments	8	0	180
Net cash from (+) / used in (-) investing activities (B)	-769	-1 004	-2 965
CASH FLOW FROM FINANCING ACTIVITIES			
Change:			
- in short-term loans	0	-1 528	-1 537
- in long-term loans	-26	145	212
- in long-term and short-term receivables	48	-50	
Dividends paid	-2 290	-1 526	-1 526
Net cash from (+) / used in (-) financing activities (C)	-2 268	-2 959	-2 851
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	-5 460	2 128	1 865
Increase (+)/decrease (-)			
CASH AND CASH EQUIVALENTS*)			
- at the beginning	11 395	9 530	9 530
- at the end	5 934	11 658	11 395

*) Cash and cash equivalents comprise of trading assets as well as cash and bank receivables

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Share premium	Other funds	Exchange rate diff.	Retained earnings	Total
1.1.2005	7 629	5 429	0	902	10 726	24 686
Other increase / decrease				-1 021	180	-841
Increase in share capital (warrants)						0
Dividends paid					-1 526	-1 526
Profit for the period					1 702	1 702
30.6.2005	7 629	5 429	0	-119	11 082	24 021

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continue)	Owners of the company	Minority interest	TOTAL
1.1.2005	24 686	353	25 039
Other increase / decrease	-841	-64	-905
Increase in share capital (warrants)			0
Dividends paid	-1 526		-1 526
Profit for the period	1 702	-115	1 587
30.6.2005	24 021	174	24 195

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Share premium	Other funds	Exchange rate diff.	Retained earnings	Total
1.1.2006	7 629	5 429	14	-533	13 384	25 923
Other increase / decrease				223		223
Increase in share capital (warrants)	44	122	-6			159
Dividends paid					-2 290	-2 290
Profit for the period					2 235	2 235
30.6.2006	7 673	5 551	8	-310	13 329	26 250

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continue)	Owners of the company	Minority interest	TOTAL
1.1.2006	25 923	224	26 147
Other increase / decrease	223	-224 *)	-1
Increase in share capital (warrants)	159		159
Dividends paid	-2 290		-2 290
Profit for the period	2 235		2 235
30.6.2006	26 250	0	26 250

*) Associated company Eloc Oy, dissolution

THE DEVELOPMENT OF QUARTERLY RESULTS	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Rolling 1.7.05 - 30.6.06	Rolling 1.7.04 - 30.6.05
NET SALES	28 543	26 503	31 503	29 494	116 043	87 623
Other operating income	72	25	88	94	280	753
Operating expenses	-26 629	-24 803	-30 184	-26 997	-108 612	-80 581
Depreciation, amortisation and impairment charges	-579	-595	-714	-705	-2 592	-3 079
OPERATING PROFIT	1 408	1 130	694	1 886	5 118	4 716
% of net sales	5 %	4 %	2 %	6 %	4 %	5 %
Financial income and expenses	-46	409	253	279	894	991
Financial expenses	-5	-189	3	-36	-227	-259
Share of the associated companies' result						-20
PROFIT BEFORE TAX	1 357	1 350	950	2 129	5 786	5 428
% of net sales	5 %	5 %	3 %	7 %	5 %	6 %
Income taxes	-50	-423	-32	-596	-1 100	-1 561
PROFIT FROM CONTINUING OPERATIONS	1 307	927	918	1 533	4 686	3 867
Profit from discontinued operations						113
PROFIT FOR THE PERIOD	1 307	927	918	1 533	4 686	3 980
% of net sales	5 %	3 %	3 %	5 %	4 %	5 %
BREAKDOWN OF PROFITS						
Minority interest	0	0	3	-2	1	-108
Owners of the parent company	1 307	927	915	1 535	4 685	4 088
EARNINGS PER SHARE, EUR						
Basic	0,34	0,24	0,24	0,40		
Diluted	0,33	0,24	0,24	0,40		
NUMBER OF SHARES						
Weighted average, 1 000 pcs	3 822	3 816	3 815	3 815		
Diluted, 1 000 pcs	3 931	3 925	3 872	3 861		

PERSONNEL	30.6. 2006	30.6. 2005	31.12. 2005
Personnel			
- effective on average	539	528	536
- in books on average	530	533	537
- in books, at the end of the period	557	549	533

SEGMENT INFORMATION *) BY GEOGRAPHICAL LOCATION	1.1.-30.6. 2006	%	1.1.-30.6. 2005	%	1.1.-31.12. 2005	%
*) Raute's primary reporting segment is the business segment. All continuing operations are categorized in the wood products technology segment. The secondary reporting segment is geographical location.						
NET SALES						
Europe	13 178	24	17 556	37	43 954	40
Russia	4 789	9	7 443	16	15 534	14
North America	7 915	14	12 876	27	28 817	27
Asia	4 404	8	3 423	7	8 107	7
Rest of the world	24 759	45	6 332	13	12 215	12
TOTAL	55 045	100	47 630	100	108 627	100
ASSETS						
Europe	40 972	86	47 266	85	48 655	89
Russia	123	0	0	0	200	0
North America	6 234	13	8 341	15	6 375	11
Asia	122	0	143	0	155	0
Rest of the world	44	0	0	0	50	0
TOTAL	47 494	100	55 750	100	55 435	100
CAPITAL EXPENDITURE						
Europe	593	96	1 543	98	3 654	96
Russia	0	0	0	0	0	0
North America	26	4	36	2	142	4
Asia	0	0	0	0	1	0
Rest of the world	0	0	0	0	1	0
TOTAL	619	100	1 579	100	3 798	100

NET SALES BY MARKET AREA	1.1.-30.6. 2006	%	1.1.-30.6. 2005	%	1.1.-31.12. 2005	%
Finland	3 366	6	12 177	26	30 444	28
Rest of Europe	9 812	18	5 379	11	13 510	12
Russia	4 789	9	7 443	16	15 534	14
North America	7 915	14	12 876	27	28 817	27
Asia	4 404	8	3 423	7	8 107	7
South America	24 264	44	1 818	4	4 556	4
Oceania	148	0	1 740	4	2 366	2
Other	347	1	2 774	6	5 293	6
TOTAL	55 045	100	47 630	100	108 627	100

OFF BALANCE SHEET COMMITMENTS AND DERIVATIVES	30.6. 2006	30.6. 2005	31.12. 2005
COMMITMENTS			
Security of own debts			
- mortgages	11 134	11 134	11 134
Security for Group's liabilities			
- guarantees	10 966	7 469	4 111
Security for others' liabilities			
- guarantees	0	20	0
Other own liabilities			
Leasing and rent liabilities:			
- for the current accounting period	105	98	179
- for the following accounting periods	127	57	122
FOREIGN EXCHANGE DERIVATIVES			
Foreign exchange derivatives are used for currency hedging.			
Forward contracts:			
- nominal value	8 386	20 992	9 901
- market value	27	-1 165	-145
No loans or pledges given or other commitments made on behalf of the company's management, shareholders or associated companies.			

GROUP KEY RATIOS	1.1.-30.6. 2006	1.1.-30.6. 2005	1.1.-31.12. 2005
Return on investment , ROI	21,7 %	18,8 %	20,7 %
Return on equity , ROE	17,1 %	12,9 %	15,8 %
Quick ratio	2,0	1,7	2,0
Gearing	-20,7 %	-46,2 %	-41,5 %
Equity ratio	61,9 %	51,5 %	55,7 %
Order book, €m	41	52	55
Order intake, €m	29	54	109
Exported portion of net sales	93,9 %	74,4 %	72,0 %
Change in net sales %	15,6 %	9,5 %	48,6 %
Gross capital expenditure, €m	0,8	1,6	3,8
Gross capital expenditure of net sales	1,5 %	3,3 %	3,5 %
Research and development	1,8	1,4	3,6
- capital expenditure, €m	-0,2	0,1	0,2
- expenses, €m	1,6	1,3	3,4
Research and development of net sales	3,3 %	2,9 %	3,3 %

SHARE RELATED KEY RATIOS	1.1.-30.6. 2006	1.1.-30.6. 2005	1.1.-31.12. 2005
Earnings per share (EPS), EUR			
- basic	0,58	0,45	1,09
- diluted	0,57	0,44	1,07
Equity to share, EUR	6,84	6,30	6,80
Dividend per share, EUR			0,60
Dividend per profit, %			55,1 %
Effective dividend return, %			4,2 %
Share price at the end of period	13,23	11,20	14,24
Equity issue adjusted number of shares			
-weighted average, 1 000 pcs	3 822	3 815	3 815
-diluted, 1 000 pcs	3 931	3 834	3 872

THE LARGEST REGISTERED SHAREHOLDERS on 31 March 2006	Number of K-shares (20 votes per share)	Number of A-shares (1 vote per share)	Total number of shares
1. Sundholm Göran		461 900	461 900
2. Varma Mutual Pension Insurance Company		150 000	150 000
3. Suominen Jussi Matias	48 000	74 759	122 759
4. Suominen Tiina Sini-Maria	48 000	74 759	122 759
5. Mustakallio Kari Pauli	60 480	60 009	120 489
6. Kirmo Kaisa Marketta	50 280	65 092	115 372
7. Suominen Pekka Matias	48 000	64 159	112 159
8. Siivonen Osku Pekka	50 640	59 539	110 179
9. Op Suomi Kasvu Mutual Fund		100 000	100 000
10. Keskiaho Leena	33 600	51 116	84 716
11. Särkijärvi Riitta	60 480	22 009	82 489
12. Mustakallio Risto	42 240	35 862	78 102
13. Mustakallio Ulla Sinikka	47 240	25 862	73 102
14. Mustakallio Mika	37 750	34 670	72 420
15. Sijoitusrahasto Op-Suomi Arvo		67 900	67 900
16. Mustakallio Marja Helena	42 240	20 662	62 902
17. Mustakallio Kai Henrik	47 240	12 362	59 602
18. Kirmo Lasse	30 000	26 200	56 200
19. Särkijärvi Timo Juha	12 000	43 256	55 256
20. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256
TOTAL	670 190	1 493 372	2 163 562
percentage from total amount of shares	67,6 %	52,5 %	56,4 %
Administrative registered		62 180	62 180
OTHER SHAREHOLDERS	320 971	1 289 545	1 610 516
TOTAL	991 161	2 845 097	3 836 258

MANAGEMENT'S STAGE	96 990	76 838	173 828
percentage from total amount of shares	9,8 %	2,7 %	4,5 %

Members of the Board had 10 000 pcs warrants to subscribe Raute Corporation's A-shares on 30 June 2006.

RAUTE CORPORATION

Board of Directors

FURTHER INFORMATION:

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