

## Interim report

January 1 – March 31, 2010



**RAUTE CORPORATION - INTERIM REPORT JANUARY 1 – MARCH 31, 2010**

- The Group's net sales, EUR 10.4 million (MEUR 11.4), fell by 8% on the comparison period.
- Operating profit EUR -1.4 million (MEUR -2.2) was negative. The result before tax was EUR -1.4 million (MEUR -2.1).
- Earnings per share were EUR -0.24 (EUR -0.47).
- The order intake was EUR 25 million (MEUR 4) and the order book at the end of the reporting period increased to EUR 37 million (MEUR 17).
- The outlook for net sales and profit has remained unchanged. Net sales for the entire year 2010 will increase and operating profit will improve from 2009. Achieving a positive operating profit and its amount will depend on the order intake by the end of the summer.

**MR. TAPANI KIISKI, PRESIDENT AND CEO: 2010 STARTS OFF WITH IMPROVED ORDER BOOK**

The year 2010 has started off on a more promising note than the previous year, despite the fact that our net sales still remained lower during the first quarter than during the comparison period and our operating profit continued to be negative. The two major project orders that we received for our order book last December and in January already started to generate net sales in March. Net sales improved by over a third compared to the last quarter of 2009. To continue the profitability-enhancing restructuring and development measures implemented last year we decided to transfer the production operations of our Jyväskylä unit to our main plant in Nastola. We have also continued the adjustment measures concerning our personnel.

In January we received a significant mill-scale order from the Asia-Pacific area. During the reporting period we also received a few orders for smaller project deliveries.

However, the weak market situation is not over yet, and this has also continued to affect the demand for technology services. The activity of our customers has picked up in many market areas, giving some hope of an upturn in the market situation. Nevertheless, the timing and implementation of customers' new investment decisions and the development of our order book following these orders is still difficult to predict.

Our profit development during the early part of the year and our improved order book put us in a better position in 2010 than last year. This year will, however, again be a challenging one for Raute. Due to a low comparison level, we expect our growth to be strong in terms of net sales growth percentage, but in absolute terms, our net sales will still remain quite low. Our challenge lies in significantly improving the profitability of our business operations in the current market and price competition setting.

**RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – MARCH 31, 2010**

**BUSINESS ENVIRONMENT**

**Market situation in customer industries**

2010 will continue to be challenging in all market areas for Raute's customer industries. The plywood and LVL industries,

manufacturers of wood-based panel products used in investment commodities, are highly affected by fluctuations in the fields

of construction, housing-related consumption, international trade, and transportation. As a result of the ongoing difficult situation in the construction and transport industries, demand for wood-based panel products has remained at a low level in all market areas that are important to Raute. The majority of the mills are still adjusting their production volumes to the lower demand by shortening their workweek and implementing shut-down periods of varied duration. Production is still shut down at the plywood mills with the poorest profitability and the lowest efficiency.

### **Demand for wood products technology and technology services**

Due to the low demand for wood-based panel products and the market outlook, investment activity in the plywood industry has remained at a low level in all market areas. Among the mill-scale projects that had long been in the planning in several market areas, a project was started in the Asia-Pacific area for which Raute will supply a significant part of the equipment. As for the other projects in the planning stage, investment decisions have been further delayed. Investments in the LVL industry, which is dependent on construction industry activity, remain at a low level in all market areas. The challenges of the financing markets in the emerging markets that are important to Raute and the conditions of long-term financing continue to restrict the investments of Raute's customers.

Demand for maintenance and spare parts services will not improve until capacity utilization rates for plywood recover permanently.

### **ORDER INTAKE AND ORDER BOOK**

Raute's business consists of providing project deliveries and technology services to the wood products industry. Project deliveries encompass complete mills, production lines, and individual machines and equipment. Technology services include maintenance, spare parts services, equipment modernization, consulting, training, and re-conditioned machinery.

The first-quarter order intake, EUR 25 million (MEUR 4), was at good level, considering the market situation. 67 percent of orders received came from the Asia-Pacific area, 16 percent from North America, 12 percent from Russia and 5 percent from other market areas. Technology services accounted for EUR 3 million (MEUR 2) of the order intake.

In January, Raute received a significant new order from an established plywood producer operating in the Asia-Pacific area for nearly all of the production lines in a plywood mill. Machine deliveries are scheduled between June and September 2010 and the start-up of the mill will take place by summer 2011. Other major new orders received during the first quarter were for a dryer to the U.S. and a peeling line to Russia.

The order book grew during the reporting period by EUR 15 million, amounting to EUR 37 million at the end of the period (MEUR 17).

### **COMPETITIVE POSITION**

There have been no essential changes in Raute's competitive position, and thus Raute will be competitive when demand recovers. Customers appreciate comprehensive competence and strong technology development in their strategic investments aimed at ensuring their ability to deliver and provide service and to improve their competitiveness. The competitive advantage provided by Raute's technology plays an important role when customers select their suppliers. Raute's strong financial position also enhances its credibility and improves its competitive position as an executor of long-term investment projects.

### **NET SALES**

Net sales for the reporting period totaled EUR 10.4 million (MEUR 11.4), down 8 percent on the first quarter of 2009. The decline in net sales resulted from the timing of deliveries in the order book. Net sales was, however, up on the last three quarters of last year.

Net sales were generated exclusively by project deliveries and technology services related to the wood products technology business. Technology services accounted for 39 percent (30 %) of net sales for the reporting period.

Russia's share of the total net sales was 45 percent (19%), Europe's 21 percent (58%), North America's 20 percent (6%) and the share of other market areas 14 percent (17%).

### **RESULT AND PROFITABILITY**

Operating profit was EUR 1.4 million in the negative (MEUR 2.2 negative) and accounted for -13 percent (-19%) of net sales.

The first-quarter result was negative due to low net sales. The two significant new orders received in December and in January did not start to show in the production workload and net sales growth until March. March accounted for over half of the net sales generated during the reporting period.

To adapt to the prevailing market situation and to streamline operations, Raute decided to transfer the production operations of its Jyväskylä unit to the main production plant in Nastola. A total of EUR 0.3 million in one-time costs was expensed in the first quarter for the restructuring and valuation of the Jyväskylä industrial real estate to the actual sales price in April.

Result before tax for the reporting period was EUR 1.4 million in the negative (MEUR 2.1 negative). Result for the reporting period was EUR 1.0 million in the negative (MEUR 1.9 negative). Earnings per share (undiluted) were EUR -0.24 (EUR -0.47).

### **CASH FLOW AND BALANCE SHEET**

The Group's financial position is good. At the end of the reporting period, gearing was -54 percent (-36%) and equity ratio 44 percent (60%). The fluctuation in balance sheet items and the key figures based on them is a result of differences in the timing of customer payments and the cost ac-

cumulation from project deliveries, which is typical of project business.

Raute's liquid assets stood at EUR 30.4 million (MEUR 21.8) at the end of the reporting period. Operating cash flow was EUR 2.9 million positive (MEUR 1.0). Cash flow from investment activities totaled EUR -0.5 million (MEUR -0.2). Cash flow from financing activities was EUR -0.1 million (MEUR -0.1).

Interest-bearing liabilities amounted to EUR 18.4 million (MEUR 10.3) at the end of the reporting period, with TyEL loans accounting for EUR 18.0 million (MEUR 10.0). Unused long-term credit limits amounted to EUR 8 million (MEUR 14). The company also has a EUR 10 million (MEUR 10) commercial paper program.

### **DEVELOPMENT OF OPERATIONS**

At the end of March, Raute decided to transfer the production operations of its Jyväskylä unit to Nastola. Other operations related to panel handling technology, such as planning, and local maintenance services remain in Jyväskylä. The objective is to increase the efficiency of operations and to improve profitability as the difficult market situation drags on.

Between May and September, Raute's Canadian unit will move to new leased premises that are better aligned with the current operating model. Production investments will be carried out in connection with the move to improve productivity and shorten delivery times.

### **RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURES**

Research and development costs totaled EUR 0.3 million (MEUR 0.8) in the reporting period, representing 3.1 percent (6.6 %) of net sales.

Investments totaled EUR 0.5 million (MEUR 0.2) and were mainly targeted at developing production in the Canadian unit. Investments do not include capitalized development costs (MEUR 0.1).

## **PERSONNEL**

The Group's headcount at the end of the reporting period was 506 (547). Group companies outside Finland accounted for 25 percent (23%) of employees.

The number of personnel was adjusted during the reporting period by 25 percent (16%) and the Group's entire personnel was affected by temporary lay-offs of varied duration and other adjustment arrangements. Converted to full-time employees, the average number of employees was 386 (465).

During the reporting period, negotiations in accordance with the Act on Co-operation within Undertakings were carried out in the Group on transferring the production operations of the Jyväskylä unit to the Group's Nastola plant. Previously negotiated adjustment measures will be continued over the course of the year according to the work situation.

## **SHARES**

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

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 right to redeem the share under the terms described in section 4 of the Articles of Association.

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

The company's market capitalization at the end of the reporting period was EUR 31.9 million (MEUR 28.3), with series K shares valued at the closing price of series A shares on March 31, 2010, that is EUR 7.97 (EUR 7.06).

## **SHAREHOLDERS**

The number of shareholders totaled 1,820 at the beginning of the year and 1,820 at the end of the reporting period. Series K shares are held by 46 private individuals (46). Management held 4.9 percent (5.0 %) of the company shares and 9.1 percent (9.1%) of the votes. Nominee-registered shares accounted for 2.1 percent (1.6%) of shares.

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

## **ANNUAL GENERAL MEETING 2010**

Raute Corporation's Annual General Meeting was held on March 31, 2010. It adopted the financial statements for 2009, granted discharge from liability to those accountable and decided that no dividend shall be distributed for 2009 and that the loss for the financial year be transferred to retained earnings.

The Annual General Meeting elected the company's Board of Directors for a term that expires at the end of the Annual General Meeting of 2011. Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Ms. Sinikka Mustakallio Vice-Chair and Mr. Risto Hautamäki, Mr. Ilpo Helander, Mr. Mika Mustakallio and Mr. Pekka Suominen as Board members.

The authorized public accounting company PricewaterhouseCoopers Oy was chosen as auditor with Authorized Public Accountant Janne Rajalahti as the principal auditor.

The Annual General Meeting decided that the remuneration paid to the Chairman of the Board will be EUR 40,000 and to the Vice-Chairman of the Board and Board members EUR 20,000 for the term of office and that the Board Members' traveling ex-

penses will be compensated in accordance with the company's travel policy. The auditors' remuneration will be paid on the basis of reasonable invoicing.

The Annual General Meeting decided on issuing stock options to the key personnel of Raute Group.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's series A shares with the company's distributable assets and a directed issue of a maximum of 400,000 of these shares.

More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on March 31, 2010.

#### **DISTRIBUTION OF DIVIDEND FOR THE FINANCIAL YEAR 2009**

The Annual General Meeting held on March 31, 2010 decided that no dividend be paid for 2009 and that the loss for the financial year be transferred to retained earnings.

#### **CORPORATE GOVERNANCE**

As of January 1, 2009, Raute Corporation complies with the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association on October 20, 2008. Raute deviates from the recommendation 22 to elect members to the Appointments Committee in that one member to the Committee is elected from outside the Board of Directors, from among the major shareholders who have significant voting rights. The Board views this exception as justified, when 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. An outline of Raute Corporation's corporate governance principles is presented on the company's website at [www.raute.com](http://www.raute.com).

Raute Corporation's Corporate Governance Statement 2009 has been drawn up sepa-

rately from the financial statements and is published on the company's website.

#### **BOARD OF DIRECTORS AND BOARD COMMITTEES**

The Board of Directors elected by Raute Corporation's Annual General Meeting on March 31, 2010 has held an organizing meeting.

Based on the evaluation of independence, Chairman Erkki Pehu-Lehtonen and members Risto Hautamäki, Ilpo Helander, Mika Mustakallio and Pekka Suominen are independent of the company. Vice-Chair Sinikka Mustakallio, who chaired Raute's Supervisory Board from 1996 to 1998 and has acted as a member of the Board since 1998, is dependent on the company. The Chairman of the Board (Erkki Pehu-Lehtonen) and two Board members (Ilpo Helander and Risto Hautamäki) are independent of major shareholders.

Raute Corporation's Board of Directors has an Appointments Committee and a Working Committee. The Appointments Committee is chaired by Erkki Pehu-Lehtonen and its members are Sinikka Mustakallio and Ville Korhonen, who has been elected by the major shareholders from among themselves. The Working Committee is chaired by Erkki Pehu-Lehtonen and its members are Sinikka Mustakallio and Risto Hautamäki. The Audit Committee's tasks are handled by the Board of Directors.

#### **EVENTS AFTER THE REPORTING PERIOD**

On April 22, 2010, the company gave a flagging notification concerning the increase of Göran Sundholm's ownership share to 15.02 percent of the total number of the company's shares.

#### **BUSINESS RISKS**

Risks in the near term continue to be driven by the global economic situation and the uncertainty concerning its development. During the reporting period, there have

been no essential changes in the business risks described in the 2009 Board of Directors' report and financial statements. The most significant risks for Raute in the near term are related to the development of net sales and profitability.

### **OUTLOOK FOR 2010**

Due to the uncertainty related to the development of the global economy and financial markets, the market situation of Raute's customer industries is expected to continue to be uncertain. Demand for investments and services in the wood products industry is not expected to improve significantly during 2010. Individual mill-scale investment projects, through which customers are already making preparations for the period following the present recession, are, however, in the planning phase in many market areas. There is still uncertainties related to their implementation and scheduling. In addition, restructuring resulting from the difficult situation in the customer industries may activate new investment projects.

Thanks to its strong financial position, market position and the implemented development efforts, Raute's ability to survive the economic slowdown and to respond to growing demand as soon as the markets recover will be excellent.

The outlook for net sales and profit has remained unchanged. Net sales for the entire year 2010 will increase and operating profit will improve from 2009. Achieving a positive operating profit and its amount will depend on the order intake by the end of the summer.

### **SUMMARY OF FINANCIAL STATEMENTS AND NOTES**

The figures presented in the interim report have not been audited, with the exception of the figures of the financial statements for 2009.

**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**7 of 23**

**INTERIM REPORT JANUARY 1 – MARCH 31, 2010**

The figures presented in the Interim financial report have not been audited except the figures for the financial statements for 2009.

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1 000)</b>	<b>Note</b>	<b>1.1.-31.3. 2010</b>	<b>1.1.-31.3. 2009</b>	<b>1.1.-31.3. 2010</b>	<b>1.1.-31.3. 2009</b>	<b>1.1.-31.12. 2009</b>
<b>NET SALES</b>	3, 4, 5	<b>10 435</b>	<b>11 366</b>	<b>10 435</b>	<b>11 366</b>	<b>36 638</b>
Other operating income		18	32	18	32	153
Increase (+) or decrease (-) in inventories of finished goods and work in progress		-332	252	-332	252	795
Materials and services		3 671	5 171	3 671	5 171	15 695
Expenses from employee benefits		5 387	6 132	5 387	6 132	22 047
Depreciation and amortization		637	674	637	674	2 670
Other operating expenses		1 817	1 851	1 817	1 851	6 869
<b>Total operating expenses</b>		<b>11 512</b>	<b>13 828</b>	<b>11 512</b>	<b>13 828</b>	<b>47 281</b>
<b>OPERATING PROFIT</b>		<b>-1 391</b>	<b>-2 179</b>	<b>-1 391</b>	<b>-2 179</b>	<b>-9 695</b>
<b>% of net sales</b>		<b>-13</b>	<b>-19</b>	<b>-13</b>	<b>-19</b>	<b>-26</b>
Financial income		376	250	376	250	356
Financial expenses		-344	-204	-344	-204	-551
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>-1 359</b>	<b>-2 132</b>	<b>-1 359</b>	<b>-2 132</b>	<b>-9 890</b>
<b>% of net sales</b>		<b>-13</b>	<b>-19</b>	<b>-13</b>	<b>-19</b>	<b>-27</b>
Income taxes	7	409	236	409	236	1 749
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>-950</b>	<b>-1 895</b>	<b>-950</b>	<b>-1 895</b>	<b>-8 141</b>
<b>% of net sales</b>		<b>-9</b>	<b>-17</b>	<b>-9</b>	<b>-17</b>	<b>-22</b>
<b>Other comprehensive income items:</b>						
Exchange differences on translating foreign operations		-11	10	-11	10	-228
Cash flow hedging		-8	0	-8	0	0
Income tax related to cash flow hedging		2	0	2	0	0
<b>Other comprehensive income items for the period, net of tax</b>		<b>-17</b>	<b>10</b>	<b>-17</b>	<b>10</b>	<b>-228</b>
<b>COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD</b>		<b>-967</b>	<b>-1 885</b>	<b>-967</b>	<b>-1 885</b>	<b>-8 369</b>
<b>Profit (loss) for the period attributable to</b>						
Equity holders of the Parent company		-950	-1 895	-950	-1 895	-8 141
<b>Comprehensive profit (loss) for the period attributable to</b>						
Equity holders of the Parent company		-967	-1 885	-967	-1 885	-8 369
<b>Earnings per share for profit (loss) attributable to the Equity holders of the Parent company, EUR</b>						
Undiluted earnings per share		-0,24	-0,47	-0,24	-0,47	-2,03
Diluted earnings per share		-0,24	-0,47	-0,24	-0,47	-2,03
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares		4 005	3 998	4 005	3 998	4 003
Adjusted average number of shares diluted		4 005	3 998	4 005	3 998	4 003



**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**8 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

<b>CONSOLIDATED BALANCE SHEET (EUR 1 000)</b>	<b>Note</b>	<b>31.3. 2010</b>	<b>31.3. 2009</b>	<b>31.12. 2009</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	9	1 670	2 385	1 831
Tangible assets	9	8 845	11 097	10 267
Other financial assets		487	499	486
Receivables		1 000	0	1 000
Deferred tax assets		2 132	120	1 741
<b>Total</b>		<b>14 133</b>	<b>14 101</b>	<b>15 325</b>
<b>Current assets</b>				
Inventories		4 771	4 211	4 330
Accounts receivables and other receivables	5	11 525	16 810	9 832
Cash and cash equivalents		30 436	21 817	27 900
<b>Total</b>		<b>46 733</b>	<b>42 838</b>	<b>42 062</b>
Non-current assets classified as held for sale	10	1 557	0	0
<b>Total</b>		<b>1 557</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>		<b>62 423</b>	<b>56 939</b>	<b>57 387</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Equity attributable to Equity holders of the Parent company</b>				
Share capital		8 010	8 010	8 010
Share premium		6 498	6 498	6 498
Other funds		288	294	294
Exchange differences		44	158	55
Retained earnings		8 196	19 275	16 337
Profit (loss) for the period		-950	-1 895	-8 141
<b>Share of shareholders' equity that belongs to the owners of the Parent company</b>		<b>22 086</b>	<b>32 340</b>	<b>23 053</b>
<b>Total shareholders' equity</b>		<b>22 086</b>	<b>32 340</b>	<b>23 053</b>
<b>Long-term liabilities</b>				
Provisions		118	142	182
Deferred tax liabilities		266	652	271
Long-term interest-bearing liabilities	12	14 223	8 231	14 318
<b>Total</b>		<b>14 608</b>	<b>9 025</b>	<b>14 771</b>
<b>Short-term liabilities</b>				
Provisions		1 046	2 100	1 325
Pension obligations		137	166	143
Short-term interest-bearing liabilities	12	4 215	2 100	4 215
Advance payments received	5	12 296	3 234	7 222
Trade and other payables		8 035	7 975	6 658
<b>Total</b>		<b>25 729</b>	<b>15 574</b>	<b>19 563</b>
<b>Total liabilities</b>		<b>40 337</b>	<b>24 600</b>	<b>34 334</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>62 423</b>	<b>56 939</b>	<b>57 387</b>

**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**9 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

<b>CONSOLIDATED CASH FLOW STATEMENT (EUR 1 000)</b>	<b>1.1.–31.3. 2010</b>	<b>1.1.–31.3. 2009</b>	<b>1.1.–31.12. 2009</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from sales	14 438	15 203	50 988
Proceeds from other operating income	18	29	85
Payments of operating expenses	-11 496	-13 758	-46 020
<b>Cash flow before financial items and taxes</b>	<b>2 960</b>	<b>1 474</b>	<b>5 053</b>
Interests and other operating financial expenses paid	-153	-102	-486
Interests and other income received	10	171	423
Dividends received	82	75	79
Income taxes paid	14	-614	550
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>2 912</b>	<b>1 005</b>	<b>5 619</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure in tangible and intangible assets	-465	-175	-1 034
Purchases of assets-for-sale as investments	-1	0	0
Proceeds from sale of tangible and intangible assets	0	4	79
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-466</b>	<b>-171</b>	<b>-955</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase of long-term and short-term receivables	0	0	-3 000
Repayments of short-term liabilities	0	-125	-125
Increase of long-term liabilities	0	0	10 200
Repayment of long-term liabilities	-100	0	-2 000
Repurchase of own shares	0	0	-138
Dividends paid	0	0	-2 803
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-99</b>	<b>-125</b>	<b>2 134</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>2 348</b>	<b>709</b>	<b>6 798</b>
increase (+)/decrease (-)			
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>	<b>27 900</b>	<b>21 109</b>	<b>21 109</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>189</b>	<b>0</b>	<b>-7</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>30 436</b>	<b>21 817</b>	<b>27 900</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD</b>			
Cash and cash equivalents	30 436	21 817	27 900
<b>TOTAL</b>	<b>30 436</b>	<b>21 817</b>	<b>27 900</b>

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

**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**10 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

<b>CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>					
<b>(EUR 1 000)</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Other funds</b>	<b>Exchange rate diff.</b>	<b>Retained earnings</b>
<b>EQUITY Jan. 1, 2010</b>	<b>8 010</b>	<b>6 498</b>	<b>294</b>	<b>55</b>	<b>8 196</b>
Profit (loss) for the period					-950
Comprehensive profit (loss) for the period:					
Exchange differences on translating foreign operations, net of tax				-11	
Cash flow hedging, net of tax			-6		
<b>Total comprehensive profit (loss) for the period</b>	<b>0</b>	<b>0</b>	<b>-6</b>	<b>-11</b>	<b>-950</b>
Repurchase of own shares					
Repurchase of own shares, tax effect					
Equity-settled share-based transactions					
Dividend paid					
<b>EQUITY March 31, 2010</b>	<b>8 010</b>	<b>6 498</b>	<b>288</b>	<b>44</b>	<b>7 246</b>

<b>CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continue)</b>			
<b>(EUR 1 000)</b>	<b>To the owners of the Parent company</b>	<b>Minority interest</b>	<b>EQUITY TOTAL</b>
<b>EQUITY Jan. 1, 2010</b>	<b>23 053</b>	<b>0</b>	<b>23 053</b>
Profit (loss) for the period	-950		-950
Comprehensive profit (loss) for the period:			
Exchange differences on translating foreign operations, net of tax	-11		-11
Cash flow hedging, net of tax	-6		-6
<b>Total comprehensive profit (loss) for the period</b>	<b>-967</b>	<b>0</b>	<b>-967</b>
Repurchase of own shares	0		0
Repurchase of own shares, tax effect	0		0
Equity-settled share-based transactions	0		0
Dividend paid	0		0
<b>EQUITY March 31, 2010</b>	<b>22 086</b>	<b>0</b>	<b>22 086</b>

**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**11 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

<b>CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>					
<b>(EUR 1 000)</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Other funds</b>	<b>Exchange rate diff.</b>	<b>Retained earnings</b>
<b>EQUITY Jan. 1, 2009</b>	<b>8 010</b>	<b>6 498</b>	<b>287</b>	<b>283</b>	<b>19 242</b>
Profit (loss) for the period					-1 895
Comprehensive profit (loss) for the period:					
Exchange differences on translating foreign operations, net of tax				10	
Cash flow hedging, net of tax					
<b>Total comprehensive profit (loss) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>-1 895</b>
Repurchase of own shares					-138
Repurchase of own shares, tax effect					36
Equity-settled share-based transactions			7		
Dividend paid					
<b>EQUITY March 31, 2009</b>	<b>8 010</b>	<b>6 498</b>	<b>294</b>	<b>293</b>	<b>17 244</b>

<b>CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continue)</b>			
<b>(EUR 1 000)</b>	<b>To the owners of the Parent company</b>	<b>Minority interest</b>	<b>EQUITY TOTAL</b>
<b>EQUITY Jan. 1, 2009</b>	<b>34 321</b>	<b>0</b>	<b>34 321</b>
Profit (loss) for the period	-1 895		-1 895
Comprehensive profit (loss) for the period:			
Exchange differences on translating foreign operations, net of tax	10		10
Cash flow hedging, net of tax	0		0
<b>Total comprehensive profit (loss) for the period</b>	<b>-1 885</b>	<b>0</b>	<b>-1 885</b>
Repurchase of own shares	-138		-138
Repurchase of own shares, tax effect	36		36
Equity-settled share-based transactions	7		7
Dividend paid	0		0
<b>EQUITY March 31, 2009</b>	<b>32 339</b>	<b>0</b>	<b>32 339</b>

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

Raute Group is a globally operating technology corporation which manufactures complete mills, production lines and single machines for the veneer, plywood and LVL industries. Raute's technology offering covers the customers' entire production process, ranging from raw material processing to the finishing and packaging of end products. Additionally, Raute's total service concept includes technology services, such as maintenance, spare parts services, equipment modernization, consulting, training and sales of reconditioned machinery. The Group has production units in Finland, Canada and China. 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, Finland. The address of its registered office is Rautetie 2, FI-15550 Nastola, Finland, and its postal address is P.O. Box 69, FI-15551 Nastola, Finland.

The Consolidated financial statements 2009 are available online at [www.raute.com](http://www.raute.com) or at the head office of the Parent company, Rautetie 2, FI-15550 Nastola, Finland.

Raute Corporation's Board of Directors has on April 29, 2010 reviewed the Group's Interim financial report for January 1 – March 31, 2010, and decided to publish Raute Corporation's Interim financial report for January 1 – March 31, 2010 in compliance with this release.

### 2. Accounting principles

Raute Corporation's Interim financial report January 1 - March 31, 2010 has been prepared in accordance with standard IAS 34 Interim Financial Reporting. Raute Group's Interim financial report does not contain full notes and other information presented in the financial statements. Therefore, the Interim financial report should be read in conjunction with the Financial statements published for 2009.

The Interim financial report January 1 - March 31, 2010 has been prepared applying the accounting principles described in the Annual financial statements for 2009 and the following new and amended standards and interpretations which have taken effect on January 1, 2010 or later.

- IFRS 3 Business Combinations, amendment to standard
- IFRS 5 Non-current assets held for sale and discontinued operations, amendment to standard
- IAS 27 Consolidated Financial Statements and Separate Financial Statements, amendment to standard
- IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items, amendment to standard.

The following new standards, standard amendments, and interpretations are in effect for the financial year beginning January 1, 2010, but they did not significantly affect the result or the balance of the Group or the financial statement presentation:

- IFRS 2 Share-Based Payments.

The figures presented in the Interim financial report have not been audited except the figures for the financial statements for 2009. Figures in parentheses refer to the corresponding figures in the comparison period. All the monetary figures presented in this interim report are in thousands euros, unless otherwise stated. Due to the rounding of the figures in the financial statement tables, the sums of figures may deviate from the sum total presented in the table.

The preparation of Interim financial report according to IFRS-standards requires management to use estimates and assumptions when adopting accounting principles. In addition, the management must exercise its judgement in selecting and applying the accounting policies. These estimates and assumptions affect 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. Actual results may differ from the estimates.

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

**3. Segment information**

**Operational segment**

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

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

	<b>31.3.</b>		<b>31.3.</b>		<b>31.12.</b>
<b>Wood products technology</b>	<b>2010</b>		<b>2009</b>		<b>2009</b>
Net sales	10 435		11 366		36 638
Operating profit	-1 391		-2 179		-9 695
Assets	62 423		56 939		57 387
Liabilities	40 337		24 600		34 334
Capital expenditure	508		174		1 095

<b>Assets of the wood products technology segment by geographical location</b>	<b>31.3.</b>		<b>31.3.</b>		<b>31.12.</b>	
	<b>2010</b>	<b>%</b>	<b>2009</b>	<b>%</b>	<b>2009</b>	<b>%</b>
Finland	57 144	92	53 086	93	53 448	94
North America	3 246	5	2 452	4	1 950	3
Russia	842	1	425	1	948	2
China	881	2	790	2	858	1
South America	128	0	43	0	88	0
Others	182	0	143	0	95	0
<b>TOTAL</b>	<b>62 423</b>	<b>100</b>	<b>56 939</b>	<b>100</b>	<b>57 387</b>	<b>100</b>

<b>Capital expenditure of the wood products technology segment by geographical location</b>	<b>31.3.</b>		<b>31.3.</b>		<b>31.12.</b>	
	<b>2010</b>	<b>%</b>	<b>2009</b>	<b>%</b>	<b>2009</b>	<b>%</b>
Finland	67	13	169	97	1 071	98
North America	440	87	3	2	18	2
Russia	0	0	2	1	2	0
China	1	0	0	0	3	0
South America	0	0	0	0	0	0
Others	0	0	0	0	1	0
<b>TOTAL</b>	<b>508</b>	<b>100</b>	<b>174</b>	<b>100</b>	<b>1 095</b>	<b>100</b>

**4. Net sales**

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

The significant part of the Group's net sales (project deliveries and modernization in technology services) include both product and service sales. Breakdown of the Group's net sales into purely product and service sales cannot be presented reliably.

<b>Net sales by market area</b>	<b>1.1.–31.3.</b>		<b>1.1.–31.3.</b>		<b>1.1.–31.12.</b>	
	<b>2010</b>	<b>%</b>	<b>2009</b>	<b>%</b>	<b>2009</b>	<b>%</b>
Russia	4 705	45	2 163	19	11 237	31
North America	2 088	20	686	6	2 549	7
Rest of Europe	1 141	11	3 782	33	10 415	28
Finland	991	10	2 795	25	6 172	17
South America	746	7	840	7	3 853	11
Oceania	646	6	226	2	954	3
Asia	115	1	858	8	1 287	4
Others	3	0	16	0	171	1
<b>TOTAL</b>	<b>10 435</b>	<b>100</b>	<b>11 366</b>	<b>100</b>	<b>36 638</b>	<b>100</b>

**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**14 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

<b>5. Long-term projects</b>	<b>31.3.</b>	<b>31.3.</b>	<b>31.12.</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
Net sales			
Net sales by percentage of completion	8 197	9 088	26 990
Other net sales	2 239	2 278	9 648
<b>TOTAL</b>	<b>10 435</b>	<b>11 366</b>	<b>36 638</b>
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	29 015	65 247	27 184
Amount of long-term project revenues not yet entered as income (order book)	36 435	15 200	20 976
Specification of combined asset and liability items:			
Advance payments paid	116	84	389
Advance payments received included in inventories in the balance sheet	116	84	389
Accrued income corresponding to revenues by percentage of completion	31 043	65 673	27 306
Advance payments received from project customers	-26 379	-56 549	-24 060
Project receivables included in current assets in the balance sheet	4 664	9 124	3 246
Advance payments received in the balance sheet	12 296	3 234	7 222
<b>6. Number of personnel, persons</b>	<b>31.3.</b>	<b>31.3.</b>	<b>31.12.</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
- effective, on average	386	465	419
- in books, on average	514	556	542
- in books, at the end of period	506	547	524
- of which personnel working abroad	124	128	120
<b>7. Income taxes</b>			
The taxes in the consolidated income statement include the taxes corresponding to the Group companies' taxable profit for the financial period as well as tax adjustments for the previous years and the change in deferred taxes. Current tax based on the taxable income is calculated on taxable income using the tax rate in force in each country. Deferred tax receivables are recognized to the extent that it is probable that taxable profits will be available against which temporary differences can be utilized.			
<b>8. Research and development costs</b>	<b>31.3.</b>	<b>31.3.</b>	<b>31.12.</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
Research and development costs for the period	328	755	2 470
Amortization of previously capitalized development costs	92	129	599
Developments costs recognized as an asset in the balance sheet	7	-123	-125
Research and development costs entered as expenses for the period	428	761	2 943

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

	31.3. 2010	31.3. 2009	31.12. 2009
<b>9. Changes in Intangible assets and in Property, plant and equipment</b>			
<b>Intangible assets</b>			
Carrying amount at the beginning of the period	11 462	11 575	11 575
Exchange rate differences	18	-18	-19
Additions	14	159	429
Disposals	0	0	-495
Other reclassifications between items	0	0	-28
<b>Carrying amount at the end of the period</b>	<b>11 494</b>	<b>11 715</b>	<b>11 462</b>
Accumulated depreciation and amortization at the beginning of the period	-9 630	-9 094	-9 094
Exchange rate differences	-8	25	34
Accumulated depreciations on disposals	0	0	495
Depreciation for the financial period	-185	-262	-1 065
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-9 824</b>	<b>-9 332</b>	<b>-9 631</b>
<b>Book value of intangible assets, at the beginning of the period</b>	<b>1 832</b>	<b>2 481</b>	<b>2 482</b>
<b>Book value of intangible assets, at the end of the period</b>	<b>1 670</b>	<b>2 385</b>	<b>1 831</b>
<b>Property, plant and equipment</b>			
Carrying amount at the beginning of the period	42 022	40 447	40 480
Exchange rate differences	1 007	173	901
Additions	493	16	666
Disposals	0	0	-25
Other reclassifications between items	-4 414	0	0
<b>Carrying amount at the end of the period</b>	<b>39 108</b>	<b>40 635</b>	<b>42 022</b>
Accumulated depreciation and amortization at the beginning of the period	-31 755	-29 272	-29 304
Exchange rate differences	-911	-142	-834
Accumulated depreciations on disposals	2 772	0	0
Depreciation for the financial period	-368	-411	-1 617
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-30 262</b>	<b>-29 825</b>	<b>-31 755</b>
<b>Book value of property, plant and equipment, at the beginning of the period</b>	<b>10 267</b>	<b>11 175</b>	<b>11 175</b>
<b>Book value of property, plant and equipment, at the end of the period</b>	<b>8 845</b>	<b>10 811</b>	<b>10 267</b>

**10. Non-current assets held for sale**

Property, plant and equipment classified as assets held for sale have been measured at the lower of their carrying value or fair value less selling costs. The premises of the unit operating in Canada has been classified as assets held for sale. The sale of the premises is estimated to be finalized within 12 months. In addition, the industrial real estate and the movable property of the production operations in Jyväskylä has been classified as assets held for sale. The assets in Jyväskylä have been sold during April. The value of the assets held for sale is EUR 1 557 thousand at the end of the reporting period.



**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**16 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

**11. Related party transactions**

Raute Group's related parties consist of Board members, President and CEO, Presidents of the subsidiaries and Raute Corporation's Sickness Fund. Group management's employee benefits are presented in annual financial statements.

<b>12. Interest-bearing liabilities</b>	<b>31.3.</b>	<b>31.3.</b>	<b>31.12.</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
Long-term interest-bearing liabilities recognized at amortized cost	14 223	8 231	14 318
Short-term interest-bearing liabilities	4 215	2 100	4 215
<b>TOTAL</b>	<b>18 438</b>	<b>10 331</b>	<b>18 533</b>

<b>13. Other leases and operating lease liabilities</b>	<b>31.3.</b>	<b>31.3.</b>	<b>31.12.</b>
<b>Group as lessee</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
Minimum rents paid on the basis of other non-cancellable leases:			
- Within one year	487	274	551
- After the period of more than one and less than five years	998	465	1 013
- More than five years	782	0	782
<b>TOTAL</b>	<b>2 267</b>	<b>739</b>	<b>2 346</b>

The Group has rented in a part of office and production premises. The rental agreements are made for the time being or for the fixed-term. The agreements made for the fixed-term include an option to extend the rental period after the date of initial expiration.

Minimum direct leasing rents paid on the basis of non-cancellable direct leasing contracts:			
- Within one year	25	12	25
- After the period of more than one and less than five years	61	2	67
<b>TOTAL</b>	<b>86</b>	<b>14</b>	<b>92</b>

**INTERIM REPORT JANUARY 1 – MARCH 31, 2010**

**14. Pledged assets and contingent liabilities**

Raute Group has non-current credit regulation agreements worth EUR 10 million (MEUR 17), of which EUR 8 million (MEUR 14) were unused on March 31, 2010.

Raute Corporation has a EUR 10 million (MEUR 10) domestic commercial paper program, which allows it to issue commercial papers maturing in less than one year. The program is arranged by Nordea Bank Finland plc.

	<b>31.3.</b>	<b>31.3.</b>	<b>31.12.</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
<b>Pledged assets</b>			
<b>Debts and other contingent liabilities have been secured by mortgages and contingencies</b>			
Bank credit limits, of which used	<b>10 000</b>	17 000	10 000
- Business mortgages (1)	<b>2 400</b>	3 000	2 400
Pension loans (TyEL)	<b>5 300</b>	14 000	5 300
- Bank guarantees as collateral given for the TyEL loan	<b>18 000</b>	10 000	18 000
Business mortgages (1)	<b>12 400</b>	3 000	12 400
Deposits of money (2)	<b>4 700</b>	4 700	4 700
- Credit insurance agreements as collateral for the TyEL loan	<b>3 000</b>	0	3 000
Right of recourse of the party providing collateral	<b>5 600</b>	7 000	5 600
Financial liability/Raute's Sickness Fund	<b>5 600</b>	7 000	5 600
- Real estate mortgages (1)	<b>100</b>	100	100
Commercial bank guarantees on behalf of the Parent company and subsidiaries	<b>134</b>	134	134
- Counter guarantees (3)	<b>20 181</b>	9 688	7 125
Mortgage agreements on behalf of subsidiaries	<b>20 181</b>	9 688	7 125
- Counter guarantees (3)	<b>216</b>	0	200
<b>Mortgages and contingencies total</b>			
- Secured by mortgages total (1)	<b>10 134</b>	18 834	10 134
- Secured by deposits of money (2)	<b>3 000</b>	0	3 000
- Counter guarantees (3)	<b>20 397</b>	9 688	7 325
<b>Other own liabilities</b>			
Leasing and rent liabilities			
- For the current accounting period	<b>128</b>	286	576
- For subsequent accounting periods	<b>1 841</b>	467	1 862

Loans and guarantees on behalf of the related party

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

No loans are granted to the company's management and shareholders.

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

15. Currency derivatives and hedging instruments	31.3. 2010	31.3. 2009	31.12. 2009
Currency derivatives are used for hedging purposes. During the reporting period, Raute Corporation adopted hedge accounting as defined in the IAS 39 standard. The effective portion of changes in the fair value determined as cash flow hedging has been recognized in the items of the comprehensive income and presented in the equity hedge reserve, which is included in the item Other funds in the equity. Related to hedge accounting amount of EUR -8 thousand has been recognized in comprehensive income statement during the period. During the reporting period, no ineffective portion has been connected to these items. The hedged items mature in less than 12 months.			
<b>Nominal values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	1 610	3 425	661
- Related to hedging of net sales	638	111	1 615
<b>Hedge accounting</b>			
- Related to the hedging of net sales	2 628	0	0
<b>Fair values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	-132	142	-35
- Related to the hedging of net sales	53	-2	98
<b>Hedge accounting</b>			
- Related to the hedging of net sales	-11	0	0

**16. Events after the balance sheet date**

On April 22, 2010, the company gave a flagging notification concerning the increase of Göran Sundholm's ownership share to 15.02 percent of the total number of the company's shares.

**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**19 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

<b>GROUP KEY RATIOS</b>	<b>1.1.–31.3. 2010</b>	<b>1.1.–31.3. 2009</b>	<b>1.1.–31.12. 2009</b>
Return on investment (ROI), %	-9,9	-17,6	-21,6
Return on equity (ROE), %	-16,8	-22,7	-28,4
Gearing, %	-54,3	-35,5	-40,6
Equity ratio, %	44,1	60,2	46,0
Order book, EUR million	37	17	22
Order intake, EUR million	25	4	35
Exported portion of net sales, %	90,5	75,4	83,2
Change in net sales, %	-8,2	-52,5	-62,8
Gross capital expenditure, EUR million	0,5	0,2	1,1
% of net sales	4,9	1,5	3,0
Research and development costs, EUR million	0,3	0,8	2,5
% of net sales	3,1	6,6	6,7
Earnings per share (EPS), EUR			
- undiluted	-0,24	-0,47	-2,03
- diluted	-0,24	-0,47	-2,03
Equity to share, EUR	5,51	8,08	5,76
Dividend per share series K shares, EUR			0,00
Dividend per share series A shares, EUR			0,00
Dividend per profit, %			0,0
Effective dividend return, %			0,0
Share price at the end of the period, EUR	7,97	7,06	7,47
Number of shares			
- weighted average, 1 000 pcs	4 005	3 998	4 003
- diluted, 1 000 pcs	4 005	3 998	4 003

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

**Calculation of key ratios**

Return on investment (ROI), % =  $\frac{\text{Profit (loss) before tax + financial expenses}}{\text{Shareholders' equity + interest-bearing financial liabilities (average of the period)}} \times 100$

Return on equity (ROE), % =  $\frac{\text{Profit (loss) for the period}}{\text{Shareholders' equity (average of the period)}} \times 100$

Interest-bearing net liabilities = Interest-bearing liabilities ./. (cash and cash equivalents + financial assets at fair value through profit or loss)

Equity ratio, % =  $\frac{\text{Shareholders' equity}}{\text{Balance sheet total ./. advances received}} \times 100$

Earnings per share, undiluted, euros =  $\frac{\text{Profit (loss) for the period}}{\text{Equity issue-adjusted average number of shares during the period}}$

Earnings per share, diluted, euros =  $\frac{\text{Diluted profit (loss) for the period}}{\text{Diluted equity issue-adjusted average number of shares}}$

Equity to share, euros =  $\frac{\text{Share of shareholders' equity belonging to the owners of the Parent company}}{\text{Undiluted number of shares at the end of the period}}$

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 period.

Market value of capital stock = Undiluted number of shares at the end of the period (series A + series K shares) x closing price of the share on the last day of the financial period

Gearing, % =  $\frac{\text{Interest-bearing net financial liabilities}}{\text{Shareholders' equity}} \times 100$

**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**21 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

<b>DEVELOPMENT OF QUARTERLY RESULTS (EUR 1 000)</b>	<b>Q 1 2010</b>	<b>Q 4 2009</b>	<b>Q 3 2009</b>	<b>Q 2 2009</b>	<b>Rolling 1.4.2009 - 31.3.2010</b>	<b>Rolling 1.4.2008 - 31.3.2009</b>
<b>NET SALES</b>	<b>10 435</b>	<b>7 650</b>	<b>8 057</b>	<b>9 565</b>	<b>35 708</b>	<b>85 922</b>
Other operating income	18	23	-10	108	139	101
Increase (+) or decrease (-) in inventories of finished goods and work in progress	-332	300	107	135	210	460
Materials and services	3 671	3 267	3 444	3 813	14 195	44 416
Expenses from employee benefits	5 387	5 753	4 776	5 386	21 303	27 592
Depreciation and amortization	637	629	701	665	2 632	2 785
Other operating expenses	1 817	1 649	1 508	1 862	6 835	8 729
<b>Total operating expenses</b>	<b>11 512</b>	<b>11 298</b>	<b>10 429</b>	<b>11 726</b>	<b>44 965</b>	<b>83 522</b>
<b>OPERATING PROFIT</b>	<b>-1 391</b>	<b>-3 325</b>	<b>-2 274</b>	<b>-1 918</b>	<b>-8 908</b>	<b>2 960</b>
<b>% of net sales</b>	<b>-13</b>	<b>-43</b>	<b>-28</b>	<b>-20</b>	<b>-25</b>	<b>3</b>
Financial income	376	70	46	-9	482	1 065
Financial expenses	-344	-209	-101	-38	-692	-603
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>-1 359</b>	<b>-3 464</b>	<b>-2 330</b>	<b>-1 965</b>	<b>-9 117</b>	<b>3 422</b>
<b>% of net sales</b>	<b>-13</b>	<b>-45</b>	<b>-29</b>	<b>-21</b>	<b>-26</b>	<b>4</b>
Income taxes	409	574	514	424	1 921	-1 547
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-950</b>	<b>-2 889</b>	<b>-1 816</b>	<b>-1 540</b>	<b>-7 196</b>	<b>1 875</b>
<b>% of net sales</b>	<b>-9</b>	<b>-38</b>	<b>-23</b>	<b>-16</b>	<b>-20</b>	<b>2</b>
<b>Attributable to</b>						
Equity holders of the Parent company	-950	-2 889	-1 816	-1 540	-7 196	1 875
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	-0,24	-0,79	-0,45	-0,38		
Diluted earnings per share	-0,24	-0,79	-0,45	-0,38		
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 005	4 003	4 003	4 002		
Adjusted average number of shares, diluted	4 005	4 003	4 003	4 002		

**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**22 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

<b>LARGEST SHAREHOLDERS AT 31 MARCH, 2010</b>	<b>Number of series K shares (20 votes per share)</b>	<b>Number of series A shares (1 vote per share)</b>	<b>Total number of shares</b>
1. Sundholm Göran		601 433	601 433
2. Suominen Jussi Matias	48 000	74 759	122 759
3. Mustakallio Kari Pauli	60 480	60 009	120 489
4. Suominen Pekka Matias	48 000	62 429	110 429
5. Suominen Tiina Sini-Maria	48 000	62 316	110 316
6. Siivonen Osku Pekka	50 640	53 539	104 179
7. Mandatum Henkivakuutusosakeyhtiö		96 900	96 900
8. Kirmo Kaisa Marketta	50 280	41 826	92 106
9. Lisboa De Castro Palacios Hietala M		85 000	85 000
10. Keskiaho Kaija Leena	33 600	51 116	84 716
11. Särkijärvi Riitta	60 480	22 009	82 489
12. Mustakallio Mika	39 750	42 670	82 420
13. Mustakallio Risto	42 240	35 862	78 102
14. Mustakallio Ulla Sinikka	47 240	30 862	78 102
15. Mustakallio Marja Helena	43 240	20 162	63 402
16. Kirmo Lasse	30 000	26 200	56 200
17. Särkijärvi Timo	12 000	43 256	55 256
18. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256
19. Suominen Jukka Matias	24 960	27 964	52 924
20. Relander Harald Bertel		52 698	52 698
<b>TOTAL</b>	<b>650 910</b>	<b>1 534 266</b>	<b>2 185 176</b>
Share of total amount of shares, %	65,7	50,9	54,6
Share of total voting rights, %	65,7	50,9	63,7
Nominee-registered		84 224	84 224
Other shareholders	340 251	1 395 107	1 735 358
<b>TOTAL</b>	<b>991 161</b>	<b>3 013 597</b>	<b>4 004 758</b>
<b>MANAGEMENT'S SHAREHOLDING</b>	<b>98 990</b>	<b>97 363</b>	<b>196 353</b>
Share of total amount of shares, %	10,0	3,2	4,9
Share of total voting rights, %	10,0	3,2	9,1

**RAUTE CORPORATION**  
**INTERIM REPORT JANUARY 1 - MARCH 31, 2010**

**APRIL 29, 2010**  
**23 of 23**

INTERIM REPORT JANUARY 1 – MARCH 31, 2010

SHARE INFORMATION	31.3. 2010	31.3. 2009	31.12. 2009
<b>Number of shares</b>			
- Series K shares, ordinary shares (20 votes/share)	991 161	991 161	991 161
- Series A shares (1 vote/share)	3 013 597	3 013 597	3 013 597
<b>Total</b>	<b>4 004 758</b>	<b>4 004 758</b>	<b>4 004 758</b>
<b>Trading in the company's shares (series A share)</b>			
Trading of shares, pcs	283 163	144 473	454 798
Trading of shares, EUR million	2,2	1,0	3,3
<b>Share price of the series A shares</b>			
At the end of the reporting period, EUR	7,97	7,06	7,47
Highest price during the reporting period, EUR	9,34	7,61	8,90
Lowest price during the reporting period, EUR	7,42	6,50	6,50
Average price during the reporting period, EUR	7,90	6,97	7,29
<b>Market value of capital stock</b>			
- Series K shares, EUR million*	7,9	7,0	7,4
- Series A shares, EUR million	24,0	21,3	22,5
<b>Total, EUR million</b>	<b>31,9</b>	<b>28,3</b>	<b>29,9</b>

\*Series K shares valued at the value of series A shares at the end of reporting period.

RAUTE CORPORATION  
Board of Directors

PRESS CONFERENCE ON APRIL 29, 2010 AT 2 P.M.

A press conference will be organized for analysts and the media on April 29, 2010 at 2 p.m. at Scandic Simonkenttä Hotel, Roba cabinet, Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Mrs. Arja Hakala, CFO.

NEXT INTERIM REPORT

Raute Corporation's interim report for the period January 1-June 30, 2010 will be published on August 3, 2010.

FURTHER INFORMATION

Mr. Tapani Kiiski, President and CEO, Raute Corporation, tel. +358 3 829 3560, mobile +358 400 814 148

Mrs. Arja Hakala, CFO, Raute Corporation, tel. +358 3 829 293, mobile +358 400 710 387

DISTRIBUTION

NASDAQ OMX Helsinki Ltd, main media, [www.raute.com](http://www.raute.com)

RAUTE IN BRIEF

Raute is a technology company serving the wood products industry worldwide. Its most important customers are the plywood and LVL industries. Raute is one of the world's leading suppliers of mill-scale projects to these customer industries. The total service concept also includes technology services, with which Raute supports its customers throughout the entire life cycle of their investments. Raute's head office is located in Nastola, Finland. Its other production plants are in the Vancouver area of Canada, in the Shanghai area of China, and in Kajaani, Finland. Raute's net sales declined significantly due to the difficult market situation in 2009 and equaled EUR 36.6 million. The number of personnel at the end of 2009 was 524. More information on the company can be found at: [www.raute.com](http://www.raute.com).