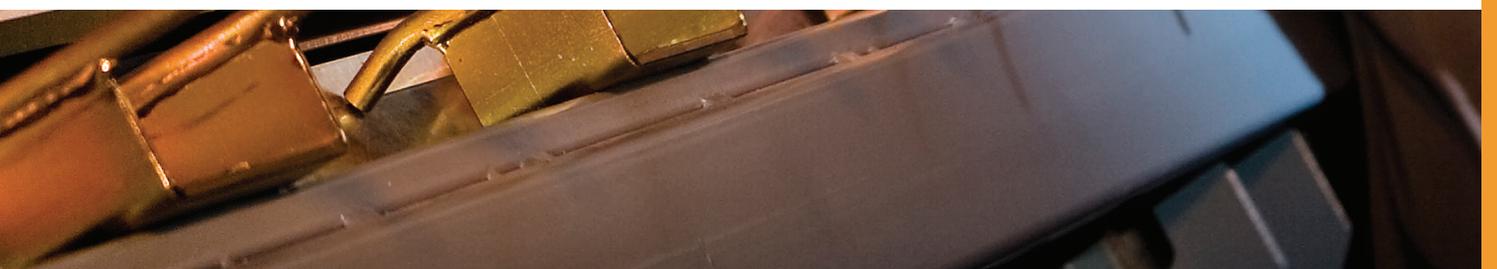




**INTERIM REPORT  
JANUARY 1 - JUNE 30, 2009**



**RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – JUNE 30, 2009**

- The Group's net sales fell considerably to MEUR 20.9 (MEUR 54.6).
- Operating profit, MEUR -4.1 (MEUR 3.9), and result before tax, MEUR -4.1 (MEUR 4.2), were negative.
- Earnings per share were EUR -0.86 (EUR 0.74).
- The order intake, MEUR 11 (MEUR 49), and the order book at the end of the reporting period, MEUR 14 (MEUR 50), were both at a very low level.
- Net sales will decline significantly in 2009, and operating profit will be negative, despite the adaptation measures taken.

**MR. TAPANI KIISKI, PRESIDENT AND CEO:**  
**DIFFICULT MARKET SITUATION CONTINUES AND WEAKENS PROFITABILITY**

The deep global economic and financial crisis continues. As a result, our customers' market situation has remained very difficult. The capacity utilization rates of plywood and LVL mills are low, and some mills have even been closed down. Our customers' need and also ability to invest are low. Likewise, the demand for technology services is weaker than normally as the mills' capacity is underutilized. Our customers' difficult situation has affected our demand. Both our order intake and order book continued to fall and have now reached a record low level. At the present low level of net sales, our operations are loss-making.

We have actively adjusted our operations to the weakened market situation. We have reformed our operational models and restructured our organization to improve our ability to serve our customers. During this slow period, we also completely modernized one of the large key production machines at the Nastola plant to improve productivity. The personnel adaptation

measures we have taken have not compromised our ability to deliver and provide service.

Even during these exceptional times, we will stick to the cornerstones of our strategy: the ability to serve customers worldwide, the full service concept and significant investments in technology development. We will hold on to the resources required to implement this strategy, our competent personnel, to build up our future after the present economic slowdown. The cost for this is the price that we now have to pay for our future success. I am confident that the systematic implementation of this strategy will bear fruit as soon as later this year in the form of an increased order intake volume.

Thanks to the measures mentioned above, we will be well prepared to meet the challenges presented by customers as soon as the markets recover. In the meantime, we will experience a very difficult year and make a negative result, and will also have to continue our adaptation measures concerning the entire personnel.

**RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – JUNE 30, 2009**

**MARKET SITUATION**

**Market situation in customer industries**

The demand for plywood and LVL (Laminated Veneer Lumber) has remained at a very low level in all the important market areas. Most of the mills in the sector have had to adapt their production levels to correspond with the lowered demand either by shortening their workweek or implementing shut-down periods of varied duration. Some of the least profitable and least efficient mills have also been closed for good. The reason for this is the global economic

slowdown and especially the weak situation in the construction and transport industries.

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

The weak demand for end products continued to postpone major investment decisions in the plywood and LVL industries. Due to the low

capacity utilization rates, the demand for technology services remained at a low level.

Several mill-scale investment projects are still in the planning phase in most markets. The projects have not been cancelled, but their implementation is being postponed not only due to the difficult market situation but also due to the uncertain situation in the financial markets, above all, in the case of long-term financing.

## **ORDER INTAKE AND COMPETITIVE POSITION**

Net sales are generated exclusively by project deliveries and technology services related to the wood products technology business. Project deliveries encompass complete mills, production lines, and individual machines and equipment units. Technology services include maintenance, spare part services, modernizations, consulting, training, and sales of reconditioned machinery.

The order intake during the reporting period, EUR 11 million (MEUR 49), was exceptionally low. The order intake for technology services amounted to EUR 8 million (MEUR 14) for the reporting period.

The low volume of order intake was attributable to the difficult market situation of Raute's customer industries, the low capacity utilization rates of mills and the further postponement of investment decisions relating to large, mill-scale projects.

On May 20, 2009, Raute Corporation signed a sales contract worth some EUR 8 million on machine deliveries to Russia with a Chinese customer. For reasons beyond the control of Raute, the contract did not take effect as scheduled in June, and it is not included in the company's order book on June 30, 2009. Both the customer and Raute are continuing their efforts to bring the sale into force.

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. The competitive advantage provided by Raute's technology plays an important role when customers select their suppliers.

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

## **NET SALES AND ORDER BOOK**

Net sales for the reporting period totaled EUR 20.9 million (MEUR 54.6), down 62 percent on the comparison period. The decline in net sales was due to the difficult market situation.

Technology services accounted for 34 percent (22%) of net sales for the reporting period. Europe's share of net sales was 61 percent (48%), Russia's 16 percent (34%), North America's 7 percent (12%) and the share of other market areas 16 percent (6%).

The order intake in the second quarter amounted to EUR 7 million (MEUR 16).

The order book declined by EUR 3 million during the second quarter on the comparison period due to the low order book at the start of the period and the low volume of order intake. The order book stood at EUR 14 million (MEUR 50) at the end of the reporting period.

## **RESULT AND PROFITABILITY**

The Group's operating profit for the reporting period was EUR 4.1 million negative (MEUR 3.9 positive) and accounted for -20 percent (+7%) of net sales. The weak profitability for the reporting period was caused by the very low level of net sales.

The flexibility provided by the structural changes implemented at Raute in recent years to adapt to fluctuations in demand has been fully utilized. In addition, operations have been adjusted by reducing personnel and implementing temporary lay-offs as well as by reorganizing operations. However, all these measures are not sufficient to compensate for the effects of the rapidly and strongly weakened demand.

Raute's strategy is to operate worldwide and serve its customer industries with the full service concept both in project deliveries ranging from mill-scale projects to individual machines and in technology services. Maintaining this ability to

deliver means that a large share of Raute's resources and thus costs are fixed. This weakens Raute's ability to adapt its costs to a substantially lowered level of business and thus decreases the operating profit in the present exceptional market situation.

Result before tax for the reporting period was EUR 4.1 million negative (MEUR 4.2 positive) and the result EUR 3.4 million negative (MEUR 2.9 positive). Earnings per share (undiluted) were EUR -0.86 (EUR 0.74).

Second-quarter net sales were EUR 9.6 million (MEUR 30.7). Operating profit was EUR 1.9 million negative (MEUR 2.7 positive) and accounted for -20 percent (9%) of net sales. The second quarter result was EUR 1.5 million negative (MEUR 2.0 positive), and earnings per share were EUR -0.38 (EUR 0.50).

## **FINANCING**

The Group's financial position remained good. At the end of the reporting period, gearing was -25.1 percent (-60.1%) and the equity ratio 59.1 percent (62.3%). 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 accumulation from project deliveries, which is typical of project business.

Raute's liquid assets stood at EUR 16.3 million (MEUR 20.2) at the end of the reporting period. Operating cash flow was -EUR 0.5 million (MEUR 14.7). Cash flow from investment activities totaled EUR -0.2 million (MEUR -1.8). Cash flow from financing activities was EUR -4.1 million (MEUR -4.0) and includes a TyEL loan installment of EUR 1 million and EUR 2.8 million (MEUR 4.0) in dividend payments.

Interest-bearing liabilities amounted to EUR 9.3 million (MEUR 0.5) at the end of the reporting period, with a TyEL loan accounting for EUR 9.0 million (MEUR 0.0). Unused long-term credit limits amounted to EUR 14 million (MEUR 17). The company also has a EUR 10 million (MEUR 10) commercial paper program.

## **RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE**

Research and development costs totaled EUR 1.4 million (MEUR 2.1) in the reporting period, representing 6.5 percent (3.9%) of net sales.

Investments totaled EUR 0.3 million (MEUR 1.8), including capitalized development costs in the amount of EUR 0.1 million (MEUR 0.5).

## **PERSONNEL**

The Group's headcount at the end of the reporting period was 539 (605). Group companies outside Finland accounted for 23 percent (22%) of employees. Converted to full-time employees, the average number of personnel was 454 (572).

During the first part of the year, negotiations in accordance with the Act on Co-operation within Undertakings were carried out in the Group on additional adaptation measures concerning the entire personnel in the Finnish units. Stock exchange releases were issued on the outcome of the negotiations on March 16, 2009 and May 26, 2009. The decisions of the earlier negotiated solution concerning the entire personnel reached on November 18, 2008 are also still valid.

## **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 euro.

Series K shares can be converted to series A shares under the terms described in Article 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 Article 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 28.0 million (MEUR 50.3), with series K shares valued at the closing price of series A shares on June 30, 2009, that is EUR 6.99 (EUR 12.55).

## **REPURCHASE AND DISPOSAL OF OWN SHARES**

Raute Corporation's Board of Directors has exercised the authorization given by the Annual General Meeting on April 2, 2008 to repurchase and dispose of Raute Corporation's series A shares.

The company repurchased a total of 18,900 of the company's series A shares during the period February 19 – March 17, 2009 to be used in the remuneration systems of the company's key employees.

On March 27, 2009, the company transferred the acquired shares to the 17 key employees covered by the Group's share-based incentive plan as the share portion of the remuneration paid for the period 2006–2008.

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

Other share-related information is presented in the figures section of this report.

## **SHAREHOLDERS**

The number of shareholders totaled 1,528 at the beginning of the year and 1,731 at the end of the reporting period. Series K shares are held by 46 private individuals (46). The management held 5.0 percent (4.7%) of the company shares and 9.1 percent (9.1%) of the votes. Nominee-registered shares accounted for 1.4 percent (1.8%) of shares.

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

## **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. An outline of Raute Corporation's corporate governance principles is presented on the company's website at [www.raute.com](http://www.raute.com).

## **ANNUAL GENERAL MEETING 2009**

Raute Corporation's Annual General Meeting was held on April 2, 2009. It adopted the financial statements for 2008, granted discharge from liability to those accountable and decided to distribute a dividend of 0.70 euro per share.

The Annual General Meeting on April 2, 2009 elected the company's Board of Directors for a term that expires at the end of the Annual General Meeting of 2010. Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Ms. Sinikka Mustakallio Vice-Chairman and Mr. Risto Hautamäki, Mr. Ilpo Helander, Mr. Mika Mustakallio and Mr. Panu Mustakallio as Board members.

Authorized Public Accountants Anna-Maija Simola and Antti Unkuri were elected as auditors, and Ernst & Young Oy, an authorized public accounting company, as deputy 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 expenses will be compensated in accordance with the company's travel policy. The compensation to the auditors will be paid on the basis of reasonable invoicing.

The Annual General Meeting decided to amend the Articles of Association, mainly due to the new Limited Liability Companies Act, which came into force on September 1, 2006. The Annual General Meeting authorized the Board of Directors to decide on the repurchase of Raute Corporation's series A shares with the company's distributable assets and to decide on a directed issue of a maximum of 400,000 of the company's series A shares.

More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on April 2, 2009.

## **DIVIDEND FOR THE FINANCIAL YEAR 2008**

The Annual General Meeting held on April 2, 2009 decided to distribute a dividend of EUR 0.70 per share for 2008. The total amount of dividends is EUR 2.8 million, series A shares accounting for EUR 2,109,517.90 (EUR 3,013,597.00) and series K shares for EUR 693,812.70 (EUR 991,161.00). The dividend payment date was April 16, 2009.

Due to the low order book, weak demand and the postponement of investment decisions relating to mill-scale projects, Raute's net sales will decline significantly in 2009. Raute will continue to adjust its operations to the weak demand and the low level of the order book. Operating profit will be negative, despite the adaptation measures taken.

## **BUSINESS RISKS**

The continued financial crisis and the uncertainty in the development of the global economy sustain near-future risks. In this situation, predictability is substantially weaker than under normal conditions. For Raute, the most significant near-future risks relate to the low order book and the development of net sales and profitability generated by it. During the reporting period, there have been no essential changes in the other business risks described in the Board of Directors' report and financial statements for 2008.

## **OUTLOOK FOR 2009**

Due to the global economic uncertainty and the financial crisis, the market situation in Raute's customer industries is expected to remain difficult throughout 2009. Investments and demand for services in the wood products industry are expected to remain low in all market areas, with the exception of individual mill-scale projects, several of which are in the planning phase in various market areas, as customers are already making preparations for the period following the present economic slowdown. In addition, restructuring resulting from the difficult situation in the customer industries may activate some investments.

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.

**CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009**

The figures presented in the Interim financial report have not been audited except the figures for the financial statements for 2008.

| <b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1 000)</b>                                  | <b>Note</b> | <b>1.4.-30.6. 2009</b> | <b>1.4.-30.6. 2008</b> | <b>1.1.-30.6. 2009</b> | <b>1.1.-30.6. 2008</b> | <b>1.1.-31.12. 2008</b> |
|--|-------------|------------------------|------------------------|------------------------|------------------------|-------------------------|
| <b>Continuing operations</b>   |             |                        |                        |                        |                        |                         |
| <b>NET SALES</b>   | 3, 4, 5     | <b>9 565</b>           | <b>30 710</b>          | <b>20 930</b>          | <b>54 620</b>          | <b>98 466</b>           |
| Other operating income   |             | 108                    | 26                     | 140                    | 53                     | 95                      |
| Increase (+) or decrease (-) in inventories of finished goods and work in progress                 |             | 135                    | 381                    | 387                    | 577                    | 404                     |
| Materials and services   |             | 3 813                  | 17 293                 | 8 984                  | 28 954                 | 50 906                  |
| Expenses from employee benefits  | 10          | 5 386                  | 7 858                  | 11 518                 | 14 989                 | 28 592                  |
| Depreciation and amortization  |             | 665                    | 720                    | 1 340                  | 1 361                  | 2 751                   |
| Other operating expenses   |             | 1 862                  | 2 543                  | 3 712                  | 6 040                  | 10 375                  |
| <b>Total operating expenses</b>  |             | <b>11 726</b>          | <b>28 413</b>          | <b>25 554</b>          | <b>51 343</b>          | <b>92 624</b>           |
| <b>OPERATING PROFIT</b>  |             | <b>-1 918</b>          | <b>2 704</b>           | <b>-4 096</b>          | <b>3 907</b>           | <b>6 341</b>            |
| <b>% of net sales</b>  |             | <b>-20</b>             | <b>9</b>               | <b>-20</b>             | <b>7</b>               | <b>6</b>                |
| Financial income   |             | -9                     | 190                    | 241                    | 643                    | 1 268                   |
| Financial expenses   |             | -38                    | 22                     | -241                   | -308                   | -729                    |
| <b>RESULT BEFORE TAX</b>   |             | <b>-1 965</b>          | <b>2 916</b>           | <b>-4 097</b>          | <b>4 242</b>           | <b>6 880</b>            |
| <b>% of net sales</b>  |             | <b>-21</b>             | <b>9</b>               | <b>-20</b>             | <b>8</b>               | <b>7</b>                |
| Income taxes   | 7           | 424                    | -920                   | 661                    | -1 293                 | -2 157                  |
| <b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>  |             | <b>-1 540</b>          | <b>1 996</b>           | <b>-3 436</b>          | <b>2 949</b>           | <b>4 723</b>            |
| <b>% of net sales</b>  |             | <b>-16</b>             | <b>6</b>               | <b>-16</b>             | <b>5</b>               | <b>5</b>                |
| <b>Other comprehensive income items:</b>   |             |                        |                        |                        |                        |                         |
| Exchange differences on translating foreign operations   |             | -142                   | 29                     | -132                   | 660                    | 247                     |
| Income tax related to exchange differences   |             | 0                      | 0                      | 0                      | 0                      | 0                       |
| <b>Other comprehensive income items for the period, net of tax</b>                                 |             | <b>-142</b>            | <b>29</b>              | <b>-132</b>            | <b>660</b>             | <b>247</b>              |
| <b>TOTAL COMPREHENSIVE RESULT FOR THE PERIOD</b>   |             | <b>-1 682</b>          | <b>2 025</b>           | <b>-3 568</b>          | <b>3 609</b>           | <b>4 970</b>            |
| <b>Result for the period attributable to</b>   |             |                        |                        |                        |                        |                         |
| Equity holders of the Parent company   |             | -1 540                 | 1 996                  | -3 436                 | 2 949                  | 4 723                   |
| <b>Total comprehensive result for the period attributable to</b>                                   |             |                        |                        |                        |                        |                         |
| Equity holders of the Parent company   |             | -1 682                 | 2 025                  | -3 568                 | 3 609                  | 4 970                   |
| <b>Earnings per share for result attributable to the Equity holders of the Parent company, EUR</b> |             |                        |                        |                        |                        |                         |
| Undiluted earnings per share, continuing operations  |             | -0,38                  | 0,50                   | -0,86                  | 0,74                   | 1,18                    |
| Diluted earnings per share, continuing operations  |             | -0,38                  | 0,50                   | -0,86                  | 0,74                   | 1,18                    |
| <b>Shares, 1 000 pcs</b>   |             |                        |                        |                        |                        |                         |
| Adjusted average number of shares  |             | 4 005                  | 4 005                  | 4 002                  | 4 005                  | 4 005                   |
| Adjusted average number of shares diluted  |             | 4 005                  | 4 005                  | 4 002                  | 4 005                  | 4 005                   |

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009

| CONDENSED CONSOLIDATED BALANCE SHEET<br>(EUR 1 000)                                   | Note | 30.6.<br>2009 | 30.6.<br>2008 | 31.12.<br>2008 |
|---|------|---------------|---------------|----------------|
| <b>ASSETS</b>   |      |               |               |                |
| <b>Non-current assets</b>   |      |               |               |                |
| Intangible assets   | 9    | 2 128         | 3 152         | 2 482          |
| Tangible assets   | 9    | 10 480        | 11 032        | 11 175         |
| Other financial assets  |      | 499           | 499           | 499            |
| Deferred tax assets   |      | 116           | 590           | 334            |
| <b>Total</b>  |      | <b>13 223</b> | <b>15 273</b> | <b>14 491</b>  |
| <b>Current assets</b>   |      |               |               |                |
| Inventories   |      | 4 153         | 4 888         | 4 310          |
| Accounts receivables and other receivables  | 5    | 16 358        | 31 517        | 20 270         |
| Financial assets at fair value through profit or loss                                 |      | 0             | 2 116         | 0              |
| Cash and cash equivalents   |      | 16 320        | 18 108        | 21 109         |
| <b>Total</b>  |      | <b>36 831</b> | <b>56 629</b> | <b>45 689</b>  |
| <b>TOTAL ASSETS</b>   | 2    | <b>50 054</b> | <b>71 902</b> | <b>60 180</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   | 10   | 294           | -283          | 287            |
| Exchange differences  |      | 151           | 1 141         | 283            |
| Retained earnings   |      | 16 336        | 14 529        | 14 520         |
| Result for the period   |      | -3 436        | 2 949         | 4 723          |
| <b>Share of shareholders' equity that belongs to the owners of the Parent company</b> |      | <b>27 854</b> | <b>32 844</b> | <b>34 321</b>  |
| <b>Total shareholders' equity</b>   |      | <b>27 854</b> | <b>32 844</b> | <b>34 321</b>  |
| <b>Non-current liabilities</b>  |      |               |               |                |
| Provisions  |      | 216           | 1 323         | 289            |
| Deferred tax liabilities  |      | 560           | 628           | 599            |
| Long-term interest-bearing liabilities  | 12   | 7 231         | 348           | 8 232          |
| <b>Total</b>  |      | <b>8 007</b>  | <b>2 299</b>  | <b>9 120</b>   |
| <b>Current liabilities</b>  |      |               |               |                |
| Provisions  |      | 1 902         | 1 062         | 2 251          |
| Pension obligations   |      | 160           | 217           | 173            |
| Short-term interest-bearing liabilities   | 12   | 2 100         | 150           | 2 225          |
| Advance payments received   | 5    | 2 904         | 19 163        | 3 475          |
| Current tax liabilities   |      | 0             | 948           | 79             |
| Trade and other payables  |      | 7 128         | 15 220        | 8 536          |
| <b>Total</b>  |      | <b>14 193</b> | <b>36 760</b> | <b>16 739</b>  |
| <b>Total liabilities</b>  |      | <b>22 200</b> | <b>39 058</b> | <b>25 859</b>  |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                                     |      | <b>50 054</b> | <b>71 902</b> | <b>60 180</b>  |

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009

| CONSOLIDATED CASH FLOW STATEMENT<br>(EUR 1 000)                                | 1.1.–30.6.<br>2009 | 1.1.–30.6.<br>2008 | 1.1.–31.12.<br>2008 |
|--|--------------------|--------------------|---------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                     |                    |                    |                     |
| Proceeds from sales  | 24 079             | 62 088             | 100 611             |
| Proceeds from other operating income   | 77                 | 48                 | 65                  |
| Payments of operating expenses   | -24 629            | -46 591            | -90 988             |
| <b>Cash flow before financial items and taxes</b>                              | <b>-473</b>        | <b>15 545</b>      | <b>9 688</b>        |
| Interests and other operating financial expenses paid                          | -218               | -43                | -224                |
| Interests and other income received  | 151                | 634                | 828                 |
| Dividends received   | 79                 | 133                | 133                 |
| Income taxes paid  | -52                | -1 561             | -3 522              |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>                             | <b>-513</b>        | <b>14 707</b>      | <b>6 903</b>        |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                     |                    |                    |                     |
| Capital expenditure in tangible and intangible assets                          | -268               | -1 724             | -3 201              |
| Purchases of available-for-sale as investments                                 | 0                  | -50                | -50                 |
| Proceeds from sale of tangible and intangible assets                           | 59                 | 5                  | 171                 |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>                             | <b>-209</b>        | <b>-1 769</b>      | <b>-3 080</b>       |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                     |                    |                    |                     |
| Repayments of long-term and short-term loan receivables                        | 0                  | -2                 | 0                   |
| Repayments of short-term liabilities   | -125               | -63                | -63                 |
| Increase of long-term liabilities  | 0                  | 71                 | 10 069              |
| Repayment of long-term liabilities   | -1 000             | 0                  | 0                   |
| Own shares   | -138               | 0                  | 0                   |
| Dividends paid   | -2 803             | -4 005             | -4 005              |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>                             | <b>-4 067</b>      | <b>-3 998</b>      | <b>6 001</b>        |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>                         | <b>-4 788</b>      | <b>8 940</b>       | <b>9 824</b>        |
| increase (+)/decrease (-)  |                    |                    |                     |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>               | <b>21 109</b>      | <b>11 284</b>      | <b>11 284</b>       |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>                     | <b>16 320</b>      | <b>20 224</b>      | <b>21 109</b>       |
| <b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD</b> |                    |                    |                     |
| Financial assets at fair value through profit or loss                          | 0                  | 2 116              | 0                   |
| Cash and cash equivalents  | 16 320             | 18 108             | 21 109              |
| <b>TOTAL</b>   | <b>16 320</b>      | <b>20 224</b>      | <b>21 109</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.

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009

| <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>            |
| Purchase of own shares   |                      |                      |                    |                            | -138                     |
| Repurchase of own shares, tax effect                             |                      |                      |                    |                            | 36                       |
| Equity-settled share-based transactions                          |                      |                      | 7                  |                            |                          |
| Dividend paid  |                      |                      |                    |                            | -2 803                   |
| Total comprehensive result for the period                        |                      |                      |                    | -132                       | -3 436                   |
| <b>EQUITY June 30, 2009</b>                                      | <b>8 010</b>         | <b>6 498</b>         | <b>294</b>         | <b>151</b>                 | <b>12 901</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>       |
| Purchase of own shares  | -138                                       |                          | -138                |
| Repurchase of own shares, tax effect  | 36   |                          | 36                  |
| Equity-settled share-based transactions                                     | 7  |                          | 7                   |
| Dividend paid   | -2 803                                     |                          | -2 803              |
| Total comprehensive result for the period                                   | -3 568                                     |                          | -3 568              |
| <b>EQUITY June 30, 2009</b>   | <b>27 854</b>                              | <b>0</b>                 | <b>27 854</b>       |

| <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, 2008</b>                                       | <b>8 010</b>         | <b>6 498</b>         | <b>125</b>         | <b>36</b>                  | <b>18 524</b>            |
| Equity-settled share-based transactions                          |                      |                      | 46                 |                            |                          |
| Dividend paid  |                      |                      |                    |                            | -4 005                   |
| Total comprehensive result for the period                        |                      |                      | -454               | 1 114                      | 2 949                    |
| <b>EQUITY June 30, 2008</b>                                      | <b>8 010</b>         | <b>6 498</b>         | <b>-283</b>        | <b>1 150</b>               | <b>17 468</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, 2008</b>  | <b>33 194</b>                              | <b>0</b>                 | <b>33 194</b>       |
| Equity-settled share-based transactions                                     | 46   |                          | 46                  |
| Dividend paid   | -4 005                                     |                          | -4 005              |
| Total comprehensive result for the period                                   | 3 609                                      |                          | 3 609               |
| <b>EQUITY June 30, 2008</b>   | <b>32 844</b>                              | <b>0</b>                 | <b>32 844</b>       |

**CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**1. General information**

Raute Group ('Group') is a globally operating technology corporation, whose core business consists of the production processes of veneer-based wood products. Project deliveries include complete mills, production lines, and single machines. Full-service technology services include spare part, maintenance, and modernization services, as well as services related to developing customers' businesses.

The 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 domiciled in Lahti, Finland. The address of its registered office is Rautetie 2, FI-15550 Nastola, Finland, and its postal address is P.O. Box 69, FI-15551 Nastola, Finland.

The Consolidated financial statements are available online at [www.raute.com](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 August 4, 2009 reviewed the Group's Interim financial report for January 1 – June 30, 2009, and decided to publish Raute Corporation's Interim financial report for January 1 – June 30, 2009 in compliance with this release.

**2. Accounting principles**

Raute Corporation's Interim financial report January 1 – June 30, 2009, has been prepared in accordance with standard IAS 34 Interim Financial Reporting. Raute Group's Interim financial statements do 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 2008.

The Interim financial statement has been prepared applying the accounting principles described in the Annual financial statements for 2008, and following new standards and amendments to standards as of 1 January, 2009:

- IFRS 8, Operating segments. According to the standard, the segment information presented should be based on internal reports submitted to the management and the calculation principles followed in the reporting. The accounting principles applied to the segment reporting to the Group's management are consistent with the external accounting. The assessment of segment performance and decisions on the allocation of resources to the segment are based on its operating profit. Adoption of this Standard did not have any effect on the segments of the Group.

- IAS 1, Presentation of financial statement, standard amendment. According to revised standard non-owner changes in equity are not allowed to be presented in the statement of changes in equity. All non-owner changes in equity are required to be shown in a comprehensive income statement items. As a result of the amendment, group can choose whether to present one performance statement (the comprehensive income statement) or two separate statements (the income statement and comprehensive income statement). Raute Group has elected to present one performance statement.

The following new standards, standard amendments, and interpretations are in effect for the financial year beginning January 1, 2009, but they did not significantly affect the result or the balance of the Group or the financial statement presentation:

- IAS 23 Borrowing costs, amendment
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreement for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IAS 39 Financial instruments: recognition and measurement, amendment.

The figures presented in the Interim financial report have not been audited except the figures for the financial statements for 2008. 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. Because the forward-looking estimates and assumptions are based on management's best knowledge at the interim time, they comprise risks and uncertainties. The actual results may differ from these estimates.

**CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009**

**3. Segment information**

**Operational segment**

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

|                                 | <b>30.6.</b> |  | <b>30.6.</b> |  | <b>31.12.</b> |
|---------------------------------|--------------|--|--------------|--|---------------|
|                                 | <b>2009</b>  |  | <b>2008</b>  |  | <b>2008</b>   |
| <b>Wood products technology</b> |              |  |              |  |               |
| Net sales                       | 20 930       |  | 54 620       |  | 98 466        |
| Operating profit                | -4 096       |  | 3 907        |  | 6 341         |
| Assets                          | 50 054       |  | 71 902       |  | 60 180        |
| Liabilities                     | 22 200       |  | 39 058       |  | 25 859        |
| Capital expenditure             | 280          |  | 1 759        |  | 3 242         |

|  | <b>30.6.</b>  |            | <b>30.6.</b>  |            | <b>31.12.</b> |            |
|--|---------------|------------|---------------|------------|---------------|------------|
|  | <b>2009</b>   | %          | <b>2008</b>   | %          | <b>2008</b>   | %          |
| <b>Assets of the wood products technology segment by geographical location</b> |               |            |               |            |               |            |
| Europe   | 45 514        | 91         | 65 172        | 91         | 55 616        | 92         |
| North America  | 3 025         | 6          | 4 206         | 6          | 2 730         | 5          |
| Russia   | 534           | 1          | 934           | 1          | 782           | 1          |
| South America  | 66            | 0          | 62            | 0          | 36            | 0          |
| Others   | 914           | 2          | 1 528         | 2          | 1 016         | 2          |
| <b>TOTAL</b>   | <b>50 054</b> | <b>100</b> | <b>71 902</b> | <b>100</b> | <b>60 180</b> | <b>100</b> |

|   | <b>30.6.</b> |            | <b>30.6.</b> |            | <b>31.12.</b> |            |
|---|--------------|------------|--------------|------------|---------------|------------|
|   | <b>2009</b>  | %          | <b>2008</b>  | %          | <b>2008</b>   | %          |
| <b>Capital expenditure of the wood products technology segment by geographical location</b> |              |            |              |            |               |            |
| Europe  | 268          | 96         | 1 411        | 80         | 2 775         | 86         |
| North America   | 4            | 1          | 16           | 1          | 75            | 2          |
| Russia  | 2            | 1          | 1            | 0          | 2             | 0          |
| South America   | 5            | 2          | 20           | 1          | 19            | 1          |
| Others  | 1            | 0          | 312          | 18         | 371           | 11         |
| <b>TOTAL</b>  | <b>280</b>   | <b>100</b> | <b>1 760</b> | <b>100</b> | <b>3 242</b>  | <b>100</b> |

**4. Proceeds from sales**

|                                 | <b>1.1.–30.6.</b> |            | <b>1.1.–30.6.</b> |            | <b>1.1.–31.12.</b> |            |
|---------------------------------|-------------------|------------|-------------------|------------|--------------------|------------|
|                                 | <b>2009</b>       | %          | <b>2008</b>       | %          | <b>2008</b>        | %          |
| <b>Net sales by market area</b> |                   |            |                   |            |                    |            |
| Rest of Europe                  | 6 655             | 32         | 19 440            | 36         | 31 909             | 32         |
| Finland                         | 6 074             | 29         | 6 750             | 12         | 15 800             | 16         |
| Russia                          | 3 453             | 16         | 18 796            | 34         | 34 359             | 35         |
| South America                   | 1 735             | 8          | 2 617             | 5          | 4 311              | 4          |
| North America                   | 1 436             | 7          | 6 454             | 12         | 9 832              | 10         |
| Asia                            | 1 193             | 6          | 279               | 1          | 1 241              | 1          |
| Oceania                         | 347               | 2          | 106               | 0          | 701                | 1          |
| Others                          | 37                | 0          | 178               | 0          | 313                | 1          |
| <b>TOTAL</b>                    | <b>20 930</b>     | <b>100</b> | <b>54 620</b>     | <b>100</b> | <b>98 466</b>      | <b>100</b> |

**CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009**

| <b>5. Long-term projects</b>   | <b>30.6.</b>  | <b>30.6.</b>  | <b>31.12.</b> |
|--|---------------|---------------|---------------|
|  | <b>2009</b>   | <b>2008</b>   | <b>2008</b>   |
| Net sales  |               |               |               |
| Net sales by percentage of completion  | 16 228        | 45 544        | 80 749        |
| Other net sales  | 4 702         | 9 076         | 17 717        |
| <b>TOTAL</b>   | <b>20 930</b> | <b>54 620</b> | <b>98 466</b> |
| Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion  | 43 758        | 107 863       | 85 487        |
| Amount of long-term project revenues not yet entered as income   | 11 766        | 47 435        | 22 817        |
| Specification of combined asset and liability items:   |               |               |               |
| Accrued income corresponding to revenues by percentage of completion   | 43 663        | 107 623       | 85 328        |
| Advances received from project customers   | -35 499       | -92 425       | -73 509       |
| Project receivables included in current assets   | 8 164         | 15 198        | 11 819        |
| Advance payments received in the Balance Sheet   | 2 904         | 19 163        | 3 475         |
| <b>6. Number of personnel, persons</b>   | <b>30.6.</b>  | <b>30.6.</b>  | <b>31.12.</b> |
|  | <b>2009</b>   | <b>2008</b>   | <b>2008</b>   |
| - effective, on average  | 454           | 572           | 538           |
| - in books, on average   | 549           | 584           | 585           |
| - in books, at the end of period   | 539           | 605           | 573           |
| - of which personnel working abroad  | 125           | 136           | 136           |
| <b>7. Income taxes</b>   |               |               |               |
| The taxes in the 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. |               |               |               |
| <b>8. Research and development costs</b>   | <b>30.6.</b>  | <b>30.6.</b>  | <b>31.12.</b> |
|  | <b>2009</b>   | <b>2008</b>   | <b>2008</b>   |
| Research and development costs for the period  | 1 367         | 2 127         | 4 375         |
| Depreciation of capitalized development costs  | 269           | 248           | 549           |
| Recognized as assets in balance sheet  | -102          | -538          | -667          |
| Research and development costs entered as expenses for the period  | 1 534         | 1 837         | 4 257         |

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009

|  | 30.6.          | 30.6.          | 31.12.         |
|--|----------------|----------------|----------------|
|  | 2009           | 2008           | 2008           |
| <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                                     | 11 575         | 10 503         | 10 503         |
| Exchange rate differences  | -8             | -9             | 22             |
| Additions  | 177            | 675            | 1 018          |
| Other reclassifications between items  | 0              | 0              | 33             |
| <b>Carrying amount at the end of the period</b>                                    | <b>11 743</b>  | <b>11 169</b>  | <b>11 575</b>  |
| Accumulated depreciation and amortization at the beginning of the period           | -9 094         | -7 466         | -7 959         |
| Exchange rate differences  | 3              | -4             | -13            |
| Depreciation for the financial period  | -524           | -547           | -1 122         |
| <b>Accumulated depreciation and amortization at the end of the period</b>          | <b>-9 615</b>  | <b>-8 017</b>  | <b>-9 094</b>  |
| <b>Book value of intangible assets, at the beginning of the period</b>             | <b>2 482</b>   | <b>2 546</b>   | <b>2 546</b>   |
| <b>Book value of intangible assets, at the end of the period</b>                   | <b>2 128</b>   | <b>3 152</b>   | <b>2 482</b>   |
| <b>Property, plant and equipment</b>   |                |                |                |
| Carrying amount at the beginning of the period                                     | 40 447         | 40 008         | 40 008         |
| Exchange rate differences  | 353            | -946           | -1 484         |
| Additions  | 103            | 1 098          | 2 170          |
| Disposals  | -4             | 0              | -90            |
| Other reclassifications between items  | 0              | -152           | -157           |
| <b>Carrying amount at the end of the period</b>                                    | <b>40 898</b>  | <b>40 009</b>  | <b>40 447</b>  |
| Accumulated depreciation and amortization at the beginning of the period           | -29 272        | -29 014        | -29 014        |
| Exchange rate differences  | -335           | 812            | 1 375          |
| Depreciation for the financial period  | -811           | -775           | -1 632         |
| <b>Accumulated depreciation and amortization at the end of the period</b>          | <b>-30 419</b> | <b>-28 977</b> | <b>-29 272</b> |
| <b>Book value of property, plant and equipment, at the beginning of the period</b> | <b>11 175</b>  | <b>10 993</b>  | <b>10 993</b>  |
| <b>Book value of property, plant and equipment, at the end of the period</b>       | <b>10 480</b>  | <b>11 032</b>  | <b>11 175</b>  |

**10. Share-based payments**

During the reporting period, Raute Corporation conveyed on March 27, 2009 a total of 18,900 Raute's series A shares held by the Company gratuitously to 17 key persons of the Group's share-based incentive plan as reward payment for the earnings period 2006-2008. The effect of the share-based remunerations to the profit of Raute Group was EUR 97 thousand (EUR 49 thousand).

**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. During the reporting period there have not been entered transactions with related parties in Raute Group.

Group management's employee benefits are presented in annual financial statement.

|   | 30.6.        | 30.6.      | 31.12.        |
|---|--------------|------------|---------------|
|   | 2009         | 2008       | 2008          |
| <b>12. Interest-bearing liabilities</b>                             |              |            |               |
| Long-term interest-bearing liabilities recognized at amortized cost | 7 231        | 348        | 8 232         |
| Short-term interest-bearing liabilities                             | 2 100        | 150        | 2 225         |
| <b>TOTAL</b>  | <b>9 331</b> | <b>498</b> | <b>10 457</b> |

**CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009**

| <b>13. Other leases and operating lease liabilities</b>   | <b>30.6.</b> | <b>30.6.</b> | <b>31.12.</b> |
|---|--------------|--------------|---------------|
| <b>Group as lessee</b>  | <b>2009</b>  | <b>2008</b>  | <b>2008</b>   |
| Minimum rents paid on the basis of other non-cancellable leases:  |              |              |               |
| - Within one year   | 274          | 194          | 273           |
| - After the period of more than 1 and less than 5 years   | 465          | 402          | 464           |
| <b>TOTAL</b>  | <b>739</b>   | <b>596</b>   | <b>737</b>    |
| <p>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.</p> <p>Minimum direct leasing rents paid on the basis of non-cancellable direct leasing contracts:</p> |              |              |               |
| - Within one year   | 12           | 59           | 12            |
| - After the period of more than 1 and less than 5 years   | 2            | 32           | 2             |
| <b>TOTAL</b>  | <b>14</b>    | <b>91</b>    | <b>14</b>     |

**14. Pledged assets and contingent liabilities**

Raute Group has non-current credit regulation agreements worth EUR 17 million (MEUR 15), of which EUR 14 million (MEUR 15) were unused on June 30, 2009.

Raute Corporation has a EUR 10 million (MEUR 10) domestic commercial paper program, which is arranged by Nordea Bank Finland plc. Within the limits of the program, the company can issue commercial papers maturing in less than one year.

| <b>Pledged assets</b>   | <b>30.6.</b> | <b>30.6.</b> | <b>31.12.</b> |
|---|--------------|--------------|---------------|
|   | <b>2009</b>  | <b>2008</b>  | <b>2008</b>   |
| Debts and other contingent liabilities have been secured by mortgages |              |              |               |
| - Real estate mortgages (Raute Corporation's Sickness Fund)           | 134          | 134          | 134           |
| - Business mortgages (Credit regulation agreements)                   | 10 000       | 10 000       | 10 000        |
| <b>Contingent liabilities and other liabilities</b>                   |              |              |               |
| On behalf of Parent company and subsidiaries                          |              |              |               |
| - Bank guarantees   | 5 149        | 32 915       | 8 928         |
| <b>Other own liabilities</b>  |              |              |               |
| Leasing and rent liabilities  |              |              |               |
| - For the current accounting period                                   | 143          | 253          | 285           |
| - For subsequent accounting periods                                   | 467          | 552          | 466           |

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

**CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009**

| <b>15. Currency derivatives</b>                                | <b>30.6.</b> | <b>30.6.</b> | <b>31.12.</b> |
|--|--------------|--------------|---------------|
|  | <b>2009</b>  | <b>2008</b>  | <b>2008</b>   |
| Currency derivatives are used for hedging purposes.            |              |              |               |
| <b>Nominal values of forward contracts in foreign currency</b> |              |              |               |
| Economic hedging   |              |              |               |
| - Related to financing   | 3 819        | 3 459        | 3 186         |
| - Related to hedging of net sales                              | 0            | 1 710        | 532           |
| <b>Fair values of forward contracts in foreign currency</b>    |              |              |               |
| Economic hedging   |              |              |               |
| - Related to financing   | 66           | 31           | 170           |
| - Related to the hedging of net sales                          | 0            | 8            | -8            |

**16. Share capital**

The company repurchased a total of 18,900 of the company's own shares under the authorization given by the Annual General Meeting on April 2, 2008. The acquisition price of the shares was the stock exchange price at the time of the acquisition. The acquisition of the shares did not have any significant impact on the holdings and voting rights in the company.

**The Parent company has repurchased own shares during the period as follows:**

| <b>Period</b>                       | <b>From Feb. 19 to<br/>Feb. 28, 2009</b> | <b>From March 1 to<br/>March 17, 2009</b> |
|-------------------------------------|--|---|
| Amount, pieces                      | 8 800                                    | 10 100                                    |
| Nominal value, euros                | 2.00                                     | 2.00                                      |
| Consideration paid, euros (average) | 7.00                                     | 7.12                                      |
| Consideration paid, euros (range)   | 6.90 - 7.15                              | 7.00 - 7.20                               |

All company shares held by the company were transferred on March 27, 2009 to the employees covered by the share-based remuneration system. The number of shares at the end of reporting period totaled 4,004,458 pieces. Adjusted average number of shares used in calculation of earnings per share, was 4,001,608 during the reporting period. The company did not possess own shares at June 30, 2009.

**17. Dividend**

The Annual General Meeting decided according to the proposal of the Board of Directors to distribute the dividend EUR 0.70 per share for series A and series K shares, totalling EUR 2,803,330.60. The dividend was paid on April 16, 2009.

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009

| <b>GROUP KEY RATIOS</b>                   | <b>1.1.–30.6.<br/>2009</b> | <b>1.1.–30.6.<br/>2008</b> | <b>1.1.–31.12.<br/>2008</b> |
|---|----------------------------|----------------------------|-----------------------------|
| Return on investment (ROI), %             | -18,8                      | 27,2                       | 19,4                        |
| Return on equity (ROE), %                 | -22,1                      | 17,9                       | 14,0                        |
| Gearing, %                                | -25,1                      | -60,1                      | -31,0                       |
| Equity ratio, %                           | 59,1                       | 62,3                       | 60,5                        |
| Order book, MEUR                          | 14                         | 50                         | 24                          |
| Order intake, MEUR                        | 11                         | 49                         | 67                          |
| Exported portion of net sales, %          | 71,0                       | 87,6                       | 84,0                        |
| Change in net sales, %                    | -61,7                      | -6,9                       | -11,1                       |
| Gross capital expenditure, MEUR           | 0,3                        | 1,8                        | 3,2                         |
| % of net sales                            | 1,3                        | 3,2                        | 3,3                         |
| Research and development costs, MEUR      | 1,4                        | 2,1                        | 4,9                         |
| % of net sales                            | 6,5                        | 3,9                        | 5,0                         |
| Earnings per share (EPS), EUR             |                            |                            |                             |
| - undiluted                               | -0,86                      | 0,74                       | 1,18                        |
| - diluted                                 | -0,86                      | 0,74                       | 1,18                        |
| Equity to share, EUR                      | 6,96                       | 8,20                       | 8,57                        |
| Dividend per share series K shares, EUR   |                            |                            | 0,70                        |
| Dividend per share series A shares, EUR   |                            |                            | 0,70                        |
| Dividend per profit, %                    |                            |                            | 59,4                        |
| Effective dividend return, %              |                            |                            | 10,9                        |
| Share price at the end of the period, EUR | 6,99                       | 12,55                      | 6,40                        |
| Number of shares                          |                            |                            |                             |
| - weighted average, 1 000 pcs             | 4 002                      | 4 005                      | 4 005                       |
| - diluted, 1 000 pcs                      | 4 002                      | 4 005                      | 4 005                       |

**CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009**

**Calculation of key ratios**

|   |  |
|---|--|
| Return on investment (ROI), % =   | $\frac{\text{Profit before tax + financial expenses}}{\text{Shareholders' equity + interest-bearing financial liabilities (average of the period)}} \times 100$  |
| 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 =                                      | $\frac{\text{Profit for the period}}{\text{Equity issue-adjusted average number of shares during the period}}$   |
| Earnings per share, diluted, euros =  | $\frac{\text{Diluted profit for the period}}{\text{Diluted equity issue-adjusted average number of shares}}$   |
| 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 =   | $\frac{\text{Distributed dividend for the period}}{\text{Undiluted number of shares at the end of the period}}$  |
| Dividend per profit, % =  | $\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$   |
| Effective dividend return, % =  | $\frac{\text{Dividend per share}}{\text{Closing share price at the end of the period}} \times 100$   |
| Price/earnings ratio (P/E ratio) =  | $\frac{\text{Closing share price at the end of the period}}{\text{Earnings per share}}$  |
| 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, % =  | $\frac{\text{Interest-bearing net financial liabilities}}{\text{Shareholders' equity}} \times 100$   |

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009

| DEVELOPMENT OF<br>QUARTERLY RESULTS<br>(EUR 1 000)                                    | Q 2<br>2009   | Q 1<br>2009   | Q 4<br>2008   | Q 3<br>2008   | Rolling<br>1.7.2008<br>–<br>30.6.2009 | Rolling<br>1.7.2007<br>–<br>30.6.2008 |
|---|---------------|---------------|---------------|---------------|---------------------------------------|---------------------------------------|
| <b>Continuing operations</b>  |               |               |               |               |                                       |                                       |
| <b>NET SALES</b>  | <b>9 565</b>  | <b>11 366</b> | <b>18 619</b> | <b>25 227</b> | <b>64 776</b>                         | <b>106 769</b>                        |
| Other operating income  | 108           | 32            | 14            | 29            | 183                                   | 456                                   |
| Increase (+) or decrease (-) in inventories<br>of finished goods and work in progress | 135           | 252           | -108          | -65           | 214                                   | 427                                   |
| Materials and services  | 3 813         | 5 171         | 8 218         | 13 735        | 30 936                                | 55 517                                |
| Expenses from employee benefits   | 5 386         | 6 132         | 7 062         | 6 541         | 25 120                                | 29 489                                |
| Depreciation and amortization   | 665           | 674           | 692           | 699           | 2 730                                 | 2 699                                 |
| Other operating expenses  | 1 862         | 1 851         | 2 347         | 1 988         | 8 048                                 | 11 160                                |
| <b>Total operating expenses</b>   | <b>11 726</b> | <b>13 828</b> | <b>18 318</b> | <b>22 962</b> | <b>66 834</b>                         | <b>98 865</b>                         |
| <b>OPERATING PROFIT</b>   | <b>-1 918</b> | <b>-2 179</b> | <b>206</b>    | <b>2 228</b>  | <b>-1 662</b>                         | <b>8 788</b>                          |
| <b>% of net sales</b>   | <b>-20</b>    | <b>-19</b>    | <b>1</b>      | <b>9</b>      | <b>-3</b>                             | <b>8</b>                              |
| Financial income  | -9            | 250           | 550           | 75            | 866                                   | 801                                   |
| Financial expenses  | -38           | -204          | -448          | 26            | -663                                  | -494                                  |
| <b>RESULT BEFORE TAX</b>  | <b>-1 965</b> | <b>-2 132</b> | <b>309</b>    | <b>2 329</b>  | <b>-1 459</b>                         | <b>9 094</b>                          |
| <b>% of net sales</b>   | <b>-21</b>    | <b>-19</b>    | <b>2</b>      | <b>9</b>      | <b>-2</b>                             | <b>9</b>                              |
| Income taxes  | 424           | 236           | -131          | -733          | -203                                  | -2 673                                |
| <b>RESULT FOR THE PERIOD FROM<br/>CONTINUING OPERATIONS</b>                           | <b>-1 540</b> | <b>-1 895</b> | <b>177</b>    | <b>1 597</b>  | <b>-1 662</b>                         | <b>6 421</b>                          |
| <b>% of net sales</b>   | <b>-16</b>    | <b>-17</b>    | <b>1</b>      | <b>6</b>      | <b>-3</b>                             | <b>6</b>                              |
| <b>Attributable to</b>  |               |               |               |               |                                       |                                       |
| Equity holders of the Parent company  | -1 540        | -1 895        | 177           | 1 597         | -1 662                                | 6 421                                 |
| <b>Earnings per share, EUR</b>  |               |               |               |               |                                       |                                       |
| Undiluted earnings per share  | -0,38         | -0,47         | 0,04          | 0,40          |                                       |                                       |
| Diluted earnings per share  | -0,38         | -0,47         | 0,04          | 0,40          |                                       |                                       |
| <b>Shares, 1 000 pcs</b>  |               |               |               |               |                                       |                                       |
| Adjusted average number of shares   | 4 002         | 3 998         | 4 005         | 4 005         |                                       |                                       |
| Adjusted average number of shares, diluted  | 4 002         | 3 998         | 4 005         | 4 005         |                                       |                                       |

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009

| <b>20 LARGEST SHAREHOLDERS AT<br/>30 JUNE, 2009</b> | <b>Number of<br/>series K<br/>shares<br/>(20 votes<br/>per share)</b> | <b>Number of<br/>series A<br/>shares<br/>(1 vote<br/>per share)</b> | <b>Total<br/>number<br/>of shares</b> |
|---|---|---|---------------------------------------|
| 1. Sundholm Göran                                   |   | 525 000   | 525 000                               |
| 2. Hietala Pekka Tapani                             |   | 181 900   | 181 900                               |
| 3. Suominen Jussi Matias                            | 48 000  | 74 759  | 122 759                               |
| 4. Mustakallio Kari Pauli                           | 60 480  | 60 009  | 120 489                               |
| 5. Suominen Pekka Matias                            | 48 000  | 64 159  | 112 159                               |
| 6. Suominen Tiina Sini-Maria                        | 48 000  | 62 316  | 110 316                               |
| 7. Kirmo Kaisa Marketta                             | 50 280  | 58 252  | 108 532                               |
| 8. Siivonen Osku Pekka                              | 50 640  | 53 539  | 104 179                               |
| 9. Keskiaho Kaija Leena                             | 33 600  | 51 116  | 84 716                                |
| 10. Särkijärvi Riitta                               | 60 480  | 22 009  | 82 489                                |
| 11. Mustakallio Mika                                | 39 750  | 42 670  | 82 420                                |
| 12. Mustakallio Risto                               | 42 240  | 35 862  | 78 102                                |
| 13. Mustakallio Ulla Sinikka                        | 47 240  | 30 862  | 78 102                                |
| 14. Sr Arvo Finland Value                           |   | 64 314  | 64 314                                |
| 15. Mustakallio Marja Helena                        | 42 240  | 20 662  | 62 902                                |
| 16. Kirmo Lasse Antti                               | 30 000  | 26 200  | 56 200                                |
| 17. Särkijärvi Timo Juha                            | 12 000  | 43 256  | 55 256                                |
| 18. Särkijärvi-Martinez Anu Riitta                  | 12 000  | 43 256  | 55 256                                |
| 19. Mustakallio Kai Henrik                          | 47 420  | 6 994   | 54 414                                |
| 20. Suominen Jukka Matias                           | 24 960  | 27 964  | 52 924                                |
| <b>TOTAL</b>  | <b>697 330</b>  | <b>1 495 099</b>  | <b>2 192 429</b>                      |
| Share of total amount of shares, %                  | 70,4  | 49,6  | 54,7                                  |
| Share of total voting rights, %                     | 70,4  | 49,6  | 67,6                                  |
| Administrative registered                           |   | 57 492  | 57 492                                |
| Other shareholders                                  | 293 831   | 1 461 006   | 1 754 837                             |
| <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>102 738</b>  | <b>201 728</b>                        |
| Share of total amount of shares, %                  | 10,0  | 3,4   | 5,0                                   |
| Share of total voting rights, %                     | 10,0  | 3,4   | 9,1                                   |

**CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – JUNE 30, 2009**

| <b>SHARE INFORMATION</b>                            | <b>30.6.</b>     | <b>30.6.</b>     | <b>31.12.</b>    |
|---|------------------|------------------|------------------|
|   | <b>2009</b>      | <b>2008</b>      | <b>2008</b>      |
| <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>Development in share price (series A share)</b>  |                  |                  |                  |
| Trading of shares, pcs                              | 248 400          | 211 886          | 392 693          |
| Trading of shares, MEUR                             | 1,8              | 3,0              | 4,9              |
| <b>Share price of series A shares</b>               |                  |                  |                  |
| At the end of reporting period, EUR                 | 6,99             | 12,55            | 6,40             |
| Highest price during the reporting period, EUR      | 7,73             | 15,20            | 15,20            |
| Lowest price during the reporting period, EUR       | 6,50             | 12,39            | 6,24             |
| Average price during the reporting period, EUR      | 7,05             | 13,98            | 12,37            |
| <b>Market value of capital stock</b>                |                  |                  |                  |
| - Series K shares, MEUR*                            | 6,9              | 12,4             | 6,3              |
| - Series A shares, MEUR                             | 21,1             | 37,8             | 19,3             |
| <b>Total, MEUR</b>                                  | <b>28,0</b>      | <b>50,3</b>      | <b>25,6</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 AUGUST 4, 2009 AT 2 P.M.:

A press conference will be organized for analysts and the media on August 4, 2009 at 2 p.m. at Scandic Simonkenttä Hotel, Roba cabinet, address Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Arja Hakala, CFO.

NEXT INTERIM REPORT:

Raute Corporation's interim report for the period January 1 – September 30, 2009 will be published on October 27, 2009.

FURTHER INFORMATION:

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Ms. Arja Hakala, CFO, Raute Corporation, tel. +358 3 829 3293, 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. The company is one of the world's leading suppliers of mill-scale projects to these customer industries. The company's total service concept also includes technology services, which cover the entire life-cycle of the investment. Raute's head office and main production plant are in Nastola, Finland. Its other production plants are in the Vancouver area of Canada, in the Shanghai area of China, and in Jyväskylä and Kajaani, Finland. Net sales in 2008 were EUR 98.5 million and the number of personnel 573. More information on the company can be found at [www.raute.com](http://www.raute.com).