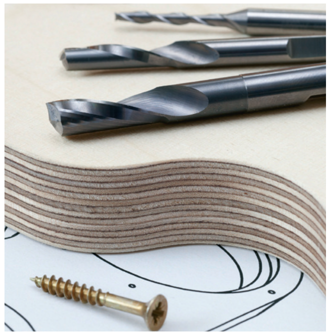
RAUTE

2010

Financial statements 2010

15 February 2011



RAUTE CORPORATION - FINANCIAL STATEMENTS JANUARY 1– DECEMBER 31, 2010

- The Group's net sales, EUR 62.9 million (MEUR 36.6), increased 72% on the comparison year.
- Operating profit was EUR +1.3 million (MEUR -9.7 and profit before tax EUR +1.1 million (MEUR -9.9). The result benefited from a EUR 4.4 million gain from a real estate sale.
- Undiluted earnings per share were EUR 0.29 (EUR -2.03).
- Order intake was EUR 72 million (MEUR 35). Order book amounted to EUR 33 million (MEUR 22).
- Fourth quarter net sales were EUR 13.4 million and operating profit was EUR -2.3 million.
- The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.30 per share be paid for the financial year 2010.
- Net sales for 2011 will increase from the previous year. The operating result is expected to be positive.

TAPANI KIISKI, PRESIDENT AND CEO:
2011 STARTS OFF WITH A STRONGER ORDER BOOK

In 2010, the world economy clearly recovered from the previous year's deep recession. Raute and its customers also started to recover. We managed to close a few major deals that are significant in terms of both their size and reference value. However, we were forced to continue adaptation measures due to weak demand and low net sales. At the beginning of the year, we completed the major restructuring of our North American operations. At the end of the year, we had to implement the same arrangement in Finland, too. Now we are capable of operating profitably even at a lower level of activity.

Our net sales increased clearly from the previous year, but we still clearly fell short of the level preceding the recession. The recovery of the world economy was not enough to put the production of our customer industry back to the level preceding the recession in many markets important to Raute. The capacity utilization rates of our customers remained low. Investments to increase capacity were thus very few. The deals closed in the Asia-Pacific area and the major deal we received at the end of 2009 from Russia were the main contributors to the growth of our net sales.

Due to low utilization rates, demand for spare parts and maintenance services also remained at a lower level than before the recession, picking up towards year-end, however. Although the financial markets showed more stability in 2010 than in 2009, the availability and the conditions of financing continued to restrict the implementation of our customers' projects aimed at streamlining their production capacity and improving their competitiveness. Later on in the year, however, demand strengthened for such small and medium-sized projects. I believe this development will continue this year as the markets for our customers and their capacity utilization rates improve.

We managed to improve our profitability compared to the disastrous year 2009, even though we still failed to reach a satisfying level. Growth in net sales and the adaptation measures carried out in 2009 and 2010 were the main factors contributing to our improved result. In addition, we were able to free assets and achieve a considerable capital gain from the sale of our property during the reorganization of our North American operations.

Even in the difficult market situation we have not lost faith in the recovery of demand for plywood, veneer and LVL and, consequently, in our customers' success. Thus, we have continued to invest in product development and our personnel. We have increasingly focused our product development on, on the one hand, modernization and service solutions aimed at improving the efficiency of existing production capacity in our traditional markets, and on the other hand, products targeted at the emerging markets. Our priorities in the area of human resources are developing along the same lines: improving the efficiency of operations for our traditional customers and emerging market know-how will be ever more important challenges for us.

I believe that the market will continue to improve in 2011, albeit slowly. New projects to increase capacity will be launched in several market areas. In particular, I believe that Russia, Eastern Europe and South America will this year take their positions alongside Asia as growth areas in Raute's customer base. The orders worth over EUR 12 million received by Raute in January show that the Russian market is recovering. I also believe that the European and North American markets will grow stronger, particularly through the start-up of smaller projects.

Raute's strategic investments in processing plantation trees, energy savings and reducing emissions in our customers' production processes put us in a better position to achieve success in the improving markets. Armed with a moderate order book and outlook, we have greater confidence than before as we set out to pursue both growth in net sales and profit improvement in 2011. However, we will do this with a humble attitude, keeping in mind the continued uncertainty in the markets.

I extend my warmest thanks to our customers for excellent cooperation in trying times, to our employees for their outstanding resilience during continuous changes, and to our shareholders for the trust you have shown us.

RAUTE CORPORATION – FINANCIAL STATEMENTS JANUARY 1– DECEMBER 31, 2010

BUSINESS ENVIRONMENT

Market situation in customer industries

Raute's customers in the veneer, plywood and LVL industries are engaged in the manufacturing of wood products used in investment commodities and thus highly affected by fluctuations in the fields of construction, housing-related consumption, international trade, and transportation.

During 2010, the world economy already emerged from the downturn, even though permanent recovery from the economic crisis has been slow and burdened by uncertainty. Demand for wood products used in investment commodities continued to suffer from the weak situation and poor outlook for construction, housing-related consumption, international trade and transportation. Demand for veneer, plywood and LVL remained at a relatively low level in all market areas that are important to Raute. However, demand picked up from the previous year. The most successful mills managed to improve their capacity utilization rates, whereas some mills were still adjusting their production volumes to the lower demand, particularly during the early half of the year, by shortening their workweek and implementing shutdowns of varied duration. The mills with the poorest profitability and the lowest efficiency remained shut down.

Demand for wood products technology and technology services

Only after a delay will Raute see the effects of a recovering global economy on the demand for Raute's products and the company's net sales. Due to the low demand for wood products, uncertain market outlook and low utilization rate of the existing capacity, investment activity in the plywood industry remained at a low level in all market areas. Many investment decisions on projects under planning and negotiation were further deferred. Investments in the LVL industry, which is dependent on construction industry activity, remained at a low level in all market areas, with the exception of Asia. The challenges of the financing markets in the emerging markets that are important to Raute and the conditions of long-term financing continued to restrict the investments of Raute's customers.

Demand for technology services picked up towards the end of the year, but still remained at a lower level than normal as a result of a decline in the production capacity utilization ratio.

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 modernizations, consulting, training, and reconditioned machinery.

The order intake during 2010, EUR 72 million (MEUR 35), was at a good level, considering the market situation. 53 percent of orders received came from the Asia-Pacific area, 25 percent from Europe, 12 percent from North America, 7 percent from Russia and 3 percent from other market areas. The proportion of technology services in the order intake in 2010 was EUR 19 million (MEUR 16).

Raute received three orders for mill-scale deliveries during 2010: almost all of the production lines of a plywood mill in the Asia-Pacific area, the machinery of an LVL line in Malaysia and all of the production lines of an LVL mill in China. Other significant orders received by Raute were a veneer dryer to the United States, a peeling line to Russia, a veneer drying line to Latvia and a peeling line to Romania.

The order book at the end of the year amounted to EUR 33 million (MEUR 22).

The order intake in the fourth quarter totaled EUR 26 million (MEUR 19) and the order book grew by EUR 13 million.

COMPETITIVE POSITION

Raute's competitive position has remained good during 2010. Raute will be very competitive when demand recovers. Customers appreciate the supplier's comprehensive competence and strong technology development in their strategic investments aimed at ensuring their ability to deliver and provide service. The competitive edge 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

The Group's net sales totaled EUR 62.9 million (MEUR 36.6), up by 72 percent from 2009. The increase in net sales resulted from the improved outlook for the customer industries. The net sales for the final quarter of the year, EUR 13.4 million (MEUR 7.7), were the second lowest of the year.

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

Net sales for project deliveries totaled EUR 44 million (MEUR 22), up 100 percent from the previous year, accounting for 70 percent (60%) of total net sales. The plywood industry's share of the net sales for project deliveries was 95 percent (98%), while the LVL industry's share was 5 percent (0%).

Net sales for technology services totaled EUR 19 million (MEUR 15), up 29 percent from the previous year, accounting for 30 percent (40%) of net sales. The increase in net sales resulted from improved utilization rates in the plywood and LVL industries.

Russia's share of total net sales in 2010 was 30 percent (31%), Asia-Pacific's 29 percent (7%), Europe's 22 percent (45%), North America's 15 percent (7%), and South America's 4 percent (11%).

RESULT AND PROFITABILITY

The Group's operating profit for 2010 was EUR 1.3 million in the positive (MEUR -9.7) and accounted for 2 percent (-26%) of net sales. Profitability improved substantially from the previous year thanks to increased net sales and operational reorganization measures. In addition, the result benefited from a EUR 4.4 million gain from a real estate sale.

The operating result from operative activities for the financial year was EUR 3.1 million in the negative. The operating profit for the financial year includes one-time costs totaling EUR 1.2 million from the transfer of production operations from Jyväskylä to the main production plant in Nastola, the relocation of the Canadian unit and the adaptation measures carried out in the Finnish units.

The Group's financial income and expenses totaled EUR -0.2 million (MEUR -0.2). The Group's profit before tax was EUR 1.1 million in the positive (MEUR 9.9 negative) and profit for the financial year EUR 1.2 million in the positive (MEUR 8.1 negative). The Group's comprehensive income totaled EUR 1.1 million in the positive (MEUR -8.4).

Undiluted earnings per share were EUR 0.29 (EUR -2.03) and diluted earnings per share were EUR 0.29 (EUR -2.03). Return on investment was 5 percent (-22%) and return on equity 5 percent (-28%).

The operating profit in the final quarter of 2010 remained EUR 2.3 million in the negative (MEUR 3.3 in the negative) due to a low order book. In addition, the result includes one-time costs totaling EUR 0.5 million from the adaptation measures carried out in the Finnish units. Undiluted earnings per share were EUR -0.47 (EUR -0.72), and diluted earnings per share EUR -0.47 (EUR -0.72).

CASH FLOW AND BALANCE SHEET

The Group's financial position remained good throughout the year. At the end of the financial year, the Group's cash and cash equivalents exceeded interest-bearing liabilities by EUR 9.7 million (MEUR 9.4). At the end of the financial year, gearing was -40 percent (-41%) and equity ratio 51 percent (46%).

The Group's cash and cash equivalents, including financial assets recognized at fair value through profit or loss, stood at EUR 24.1 million

(MEUR 27.9) at the end of the financial year. The change in cash and cash equivalents in the financial year was EUR 3.8 million negative (MEUR +6.8). Operating cash flow was EUR 6.1 million in the negative (MEUR +5.6) due to the increase in net working capital. Cash flow from investments was EUR 4.4 million positive (MEUR -0.9), including the prices received from real estate sales in the amount of EUR 6.0 million. Cash flow from financing activities was EUR 2.3 million negative (MEUR +2.1), including TyEL loan instalments of EUR 4.0 million (MEUR 2.0).

The Group's balance sheet total at the end of the year stood at EUR 53.0 million (MEUR 57.4). Other fluctuations in balance sheet items and the key figures based on them are the result of differences in the timing of customer payments and the cost accumulation from project deliveries, which is typical of the project business.

Interest-bearing liabilities amounted to EUR 14.4 million (MEUR 18.5) at the end of the financial year, with TyEL loans accounting for EUR 14.0 million (MEUR 18.0). The TyEL loans have fixed interest rates.

The Parent company Raute Corporation has a EUR 10 million commercial paper program, which allows the company to issue commercial papers maturing in less than one year. The company also has unused bilateral credit regulation agreements worth EUR 10 million with two different Nordic banks.

LOANS TO RELATED PARTIES AND OTHER LIABILITIES

On December 31, 2010, the Parent company Raute Corporation had loan receivables from its subsidiary Raute Service LLC in the amount of EUR 355 thousand. Raute Corporation had EUR 100 thousand in liabilities to the Raute Sickness Fund. Other liabilities are presented in the figures section of this report.

EVENTS DURING THE REPORTING PERIOD

In the fourth quarter, Raute permanently laid off 18 salaried and senior salaried employees in its units in Nastola and Kajaani. The objective is to adapt operations to the continuing weak demand and the fluctuations in the order book, and to improve profitability. It was agreed that part of the cost savings targets relating to the need to reduce personnel was to be achieved by internal job changes. In addition, it was agreed during the negotiations that the adaptation measures concerning the salaried and senior salaried employees in the Finnish units will be continued in the form of fixed-term lay-offs according to the financial and loading situation. The temporary lay-offs concerning the production personnel at Nastola will be continued according to the adaptation solutions adopted previously. Raute Corporation incurred an expense of EUR 0.5 million following the decisions made during the final quarter of 2010.

In December, Raute received an order totaling approximately EUR 15 million from China. The LVL plant's machinery and equipment will be delivered during summer 2011. The plant will be commissioned in early 2012. In addition to Raute's technological know-how and reference deliveries, the Shanghai unit's delivery ability and local service and after-care ability in China were factors in closing the deal.

RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Raute's goal is to be the leading technology supplier in its field, and to invest strongly in the continuous research and development of plywood and LVL manufacturing technology, in particular, and the supporting automation and instrumentation applications, such as machine vision. In 2010, the Group's research and development costs totaled EUR 1.8 million (MEUR 2.5) and 2.9 percent of net sales (6.7%). R&D focused on the development of a plywood puttying line that utilizes machine vision and robot technology, the improvement of the energy efficiency of machinery and equipment and modernization solutions.

The Group's investments during the financial year totaled EUR 2.2 million (MEUR 1.1) and were mainly targeted at reorganization and developing production in the Canadian unit. The investments include capitalized development costs worth EUR 41 thousand (EUR 125 thousand).

DEVELOPMENT OF OPERATIONS

During the spring, the Jyväskylä unit's production operations were transferred 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.

Raute's Canadian unit moved to newly leased facilities in the Vancouver area that are better configured to serve the needs of the current operational model. In conjunction with the relocation, production investments were carried out to improve productivity and shorten delivery times.

The Group's Finnish units introduced a new version of the ERP system during the second quarter, aiming mainly at more efficient project planning.

Raute Corporation's quality system was re-audited, and it was awarded the latest ISO 2001:2008 quality certificate in September.

PERSONNEL

The Group's headcount at the end of 2010 was 495 (524). Finnish Group companies accounted for 74 percent (77%) of employees, North American companies for 14 percent (14%), Chinese companies for 9 percent (6%), and other sales and maintenance companies for 3 percent (3%).

The number of personnel was adjusted during the financial year by 15 percent (23%) and the Group's entire personnel was affected by temporary lay-offs of varied duration and other adjustment arrangements. Converted to full-time employees ("effective headcount"), the average number of employees during the financial year was 438 (419). Wages and salaries paid by the Group totaled EUR 19.5 million (MEUR 18.6).

Despite weak profitability, the Group continued to develop the competence of its personnel and increase their commitment to the company. 1 percent (2%) of the payroll was invested in personnel training.

REMUNERATION

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

On March 31, 2010 the Annual General Meeting decided on the issuance of a maximum of 240,000 stock options. In compliance with this authorization by the Annual General Meeting, the Board of Directors issued a total of 80,000 stock options marked with the symbol 2010A to the Group's key personnel on May 5, 2010. The share subscription period for 2010A stock options will be from March 1, 2013 to March 31, 2016 and the exercise price EUR 7.64, dividend adjusted.

The terms and conditions of the stock option scheme are available on the company's website.

SOCIETY AND THE ENVIRONMENT

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

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

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

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

SEASONAL FLUCTUATIONS IN BUSINESS

The Group's net sales and working capital fluctuate every quarter due to different types of project deliveries and their schedules. Business operations do not involve regular seasonal changes.

RISKS AND RISK MANAGEMENT

The Group's identified main risk areas relate to the nature of the business, the business environment, financing, and damage or loss. The fluctuation in demand resulting from economic cycles and delivery and technology risks have been identified as the Group's most significant business risks. The pick-up of economic activity increases the short-term risk arising from the sufficiency of the subcontracting capacity and price level in Finland and neighbouring areas.

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

Business risks

Impact of economic cycles on business operations

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

Deliveries and technology

The bulk of Raute's business operations consists of project deliveries, which expose the company to risks caused by customized solutions related to each customer's end product, production methods or raw materials. At the quotation and negotiation phase, the company has to take risks relating to the promised performance figures and make estimates of implementation costs. The functionality and capacity of new solutions produced as a result of development work cannot be fully verified until the solutions can be tested under production conditions in conjunction with the customer deliveries.

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

Emerging markets

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

Human resources

Competence retention and development and ensuring the sufficiency of human resources are particularly important in cyclical business. Continuity is ensured by monitoring the development of the age structure, implementing systematic human resources management and investing in well-being at work.

Financing risks

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

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

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

The Group has braced for fluctuations in the working capital tied up in project operations and possible disturbances in the availability of money by taking out a non-current TyEL loan. The company's loans have fixed interest rates. The Group's interest risks are mainly related to the return on liquid assets.

Risks of damage or loss

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

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

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

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

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

Organizing risk management

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

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

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

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

GROUP STRUCTURE

No changes took place in the Group's legal structure during 2010.

SHAREHOLDERS

The number of shareholders totaled 1,820 at the beginning of the year and 1,787 at the end of the year. Series K shares are held by 50 private individuals (46). Management held 7.1 percent (4.9%) of the company shares and 13.3 percent (9.1%) of the votes. Nominee-registered shares accounted for 2.1 percent (2.3%) of shares.

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' shares.

AUDITORS

At Raute Corporation's Annual General Meeting on March 31, 2010, the authorized public accounting company PricewaterhouseCoopers was chosen as auditor with Authorized Public Accountant Janne Rajalahti as the principal auditor.

CORPORATE GOVERNANCE

Raute Corporation complies with the Finnish Corporate Governance Code 2010 for listed companies approved by the Board of the Securities Market Association in June 2010. Raute deviates from the Code's recommendation 22 on appointing members to the Appointments Committee in that one member to the Committee is elected from outside the Board of Directors, from among the representatives of 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 and the company's remuneration statement are presented on the company's website.

CORPORATE GOVERNANCE STATEMENT

Raute Corporation's Board of Directors has handled Raute Corporation's Corporate Governance Statement for 2010 according to chapter 2, section 6 of the Finnish Securities Markets Act and recommendation 54 of the Finnish Corporate Governance Code 2010 for listed companies issued by the Securities Market Association on June 15, 2010. The statement has been drawn up separately from the financial statements and will be published on the company's website together with the annual report and financial statements.

BOARD OF DIRECTORS AND PRESIDENT AND CEO

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

At Raute Corporation's Annual General Meeting on March 31, 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. Pekka Suominen as Board members.

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

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

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

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

EXECUTIVE BOARD

Mr. Tapani Kiiski continued as Chairman of the Group's Executive Board, and the Executive Board also included Ms. Arja Hakala, CFO; Mr. Petri Strengell, Group Vice President, Technology and Operations; Mr. Timo Kangas, Group Vice President, Technology Services; and Mr. Bruce Alexander, Group Vice President, North American Business Operations, and President of Raute's North American companies.

SHARES

The number of Raute Corporations shares at the end of 2010 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 and A shares grant equal rights to dividends and company assets.

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 has not previously held series K shares, the new owner shall report this to the Board of Directors in writing and without delay. The 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. The trading code is RUTAV. A total of 646,052 shares (454,798) worth EUR 5,248 thousand (EUR 3,316 thousand) was traded in 2010. The number of shares traded represents 21 percent (15%) of all listed series A shares. The average price of a series A share was EUR 8.21 (EUR 7.29). The highest rate of the year was EUR 10.10 and the lowest EUR 7.24.

The company's market capitalization at the end of 2010 totaled EUR 38.8 million (MEUR 29.9), with series K shares valued at the closing price of series A shares, EUR 9.70 (EUR 7.47), on December 31, 2010.

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.

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

DIVIDEND FOR THE YEAR 2009

Raute Corporation's 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.

AUTHORIZATION OF REPURCHASE AND DISPOSAL OF OWN SHARES

On March 31, 2010, 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. The authorization was not exercised in 2010.

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

EVENTS AFTER THE FINANCIAL YEAR

In January, Raute Corporation received orders worth over EUR 12 million from OOO Ilim Bratsk DOK in Russia. The orders include, among others, two state-of-the-art peeling lines and two drying lines to be delivered to the town of Bratsk in Siberia by the end of 2011.

ANNUAL GENERAL MEETING 2011

Raute Corporation's Annual General Meeting will be held in Lahti, at Sibelius Hall on Wednesday April 13, 2011 at 6:00 p.m. A shareholder who wishes to include an issue in Raute Corporation's Annual General Meeting's agenda shall notify the company thereof in writing no later than March 8, 2011.

PUBLISHING OF THE 2010 ANNUAL REPORT AND FINANCIAL STATEMENTS

Raute Corporation's Annual Report and consolidated financial statements 2010 will be published during the week of March 14th.

THE BOARD OF DIRECTORS' PROPOSAL FOR DIVIDEND DISTRIBUTION AND MEASURES CONCERNING THE RESULT

According to the financial statements 2010, distributable assets total EUR 7 726 thousand.

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on April 13, 2011, that a dividend of EUR 0.30 per share be paid for series A and series K shares, and that the remainder of distributable assets be transferred to equity. The proposed record date for dividend payments is April 18, 2011 and the dividend payment date is April 27, 2011.

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

OTHER PROPOSALS BY THE BOARD TO THE ANNUAL GENERAL MEETING 2011

Issues to be decided by the Annual General Meeting according to the Articles of Association

Raute Corporation's Appointments Committee proposes to the Annual General Meeting, which will convene on April 13, 2011, that six be confirmed as the number of Board members and that Mr. Erkki Pehu-Lehtonen (Chairman), Ms. Sinikka Mustakallio (Vice-Chairman), Mr. Risto Hautamäki, Mr. Ilpo Helander, Mr. Mika Mustakallio and Mr. Pekka Suominen be re-elected as members. The Appointments Committee additionally proposes that the remuneration paid to the Chairman of the Board will be EUR 40,000 and to the other Board members EUR 20,000 for the term of office, as before.

The Board of Directors proposes to the Annual General Meeting that authorized public accounting company PricewaterhouseCoopers Oy be chosen as auditors with Authorized Public Accountant Janne Rajalahti as the principal auditor. The Board proposes that the auditors' remuneration be paid on the basis of reasonable invoicing.

Authorization of repurchase and disposal of own shares

The Board of Directors proposes to the Annual General Meeting that the Meeting continue the Board of Directors' existing authorization to decide on the repurchase and directed issue of a maximum of 400,000 of the company's series A shares until the Annual General Meeting 2012.

OUTLOOK FOR 2011

The uncertainty related to the development of the world economy and financial markets still continues despite growth outlook in the emerging markets. The market situation for Raute's customer industries is expected to remain uncertain. There is no certainty of demand for wood products reaching the pre-recession level on a permanent basis.

Demand for investments and services in the wood products industry are not expected to reach their pre-recession level on a permanent basis in the near future. However, upgrade investments in the plywood industry to ensure quality and maintain market shares are likely to increase. Small players are investing in the maintenance of necessary production facilities. Single mill-scale investment projects are being planned in several market areas, but their implementation and timing are uncertain.

Thanks to its strong financial position, market position and the implemented development efforts, Raute’s capacity to survive the economic slowdown and respond to growing demand as markets recover is good. The implemented adaptation measures have led to a lighter cost structure and business is more profitable than before even in a difficult market situation.

Raute’s business operations are characterized by the sensitivity of investment demand to fluctuations in the global economy and the financing markets. Thanks to a strengthened order book and projects under negotiation, net sales for 2011 will increase from the previous year. The operating result is expected to be positive.

SUMMARY OF FINANCIAL STATEMENTS AND NOTES

The figures for the financial year 2009 and 2010 presented in the figures section of the financial statements release have been audited.
The figures presented in the interim financial report have not been audited.

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

The figures for the financial year 2009 and 2010 presented in the figures section of the financial statements release have been audited. The figures presented in the interim financial report have not been audited.

CONSOLIDATED STATEMENT OF COMPREHESIVE INCOME (EUR 1 000)	Note	1.10.-31.12. 2010	1.10.-31.12. 2009	1.1.–31.12. 2010	1.1.–31.12. 2009
NET SALES	3, 4, 5	**13 396**	**7 650**	**62 867**	**36 638**
Other operating income	10	10	23	4 580	153
Change in inventories of finished goods and work in progress		815	300	351	795
Materials and services		-7 395	-3 267	-32 679	-15 695
Expenses from employee benefits	16	-6 418	-5 753	-23 467	-22 047
Depreciation and amortization		-574	-629	-2 250	-2 670
Other operating expenses		-2 166	-1 649	-8 091	-6 869
Total operating expenses		**-16 554**	**-11 298**	**-66 487**	**-47 281**
OPERATING PROFIT		**-2 333**	**-3 325**	**1 311**	**-9 695**
% of net sales		**-17**	**-43**	**2**	**-26**
Financial income		266	70	728	356
Financial expenses		-338	-209	-917	-551
PROFIT (LOSS) BEFORE TAX		**-2 406**	**-3 464**	**1 122**	**-9 890**
% of net sales		**-18**	**-45**	**2**	**-27**
Income taxes	7	538	574	36	1 749
PROFIT (LOSS) FOR THE PERIOD		**-1 868**	**-2 889**	**1 158**	**-8 141**
% of net sales		**-14**	**-38**	**2**	**-22**
Other comprehensive income items:					
Exchange differences on translating foreign operations		28	36	-20	-228
Cash flow hedging		-27	0	-19	0
Income tax related to cash flow hedges		7	0	5	0
Comprehensive income items for the period, net of tax		**8**	**36**	**-34**	**-228**
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		**-1 860**	**-2 853**	**1 124**	**-8 369**
Profit (loss) for the period attributable to					
Equity holders of the Parent company		-1 868	-2 889	1 158	-8 141
Comprehensive profit (loss) for the period attributable to					
Equity holders of the Parent company		-1 860	-2 853	1 124	-8 369
Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR					
Undiluted earnings per share		-0,47	-0,72	0,29	-2,03
Diluted earnings per share		-0,47	-0,72	0,29	-2,03
Shares, 1 000 pcs					
Adjusted average number of shares		4 005	4 005	4 005	4 003
Adjusted average number of shares diluted		4 005	4 005	4 005	4 003

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

CONSOLIDATED BALANCE SHEET (EUR 1 000)	Note	31.12. 2010	31.12. 2009
ASSETS			
Non-current assets			
Intangible assets	9	1 341	1 831
Property, plant and equipment	9	8 913	10 267
Other financial assets		497	486
Receivables		0	1 000
Deferred tax assets		1 849	1 741
Total		**12 599**	**15 325**
Current assets			
Inventories		4 574	4 330
Accounts receivables and other receivables	5	11 770	9 832
Cash and cash equivalents		24 090	27 900
Total		**40 435**	**42 062**
TOTAL ASSETS		**53 034**	**57 387**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Equity holders of the Parent company			
Share capital		8 010	8 010
Share premium		6 498	6 498
Other reserves	16	36	294
Exchange differences		35	55
Retained earnings		8 490	16 337
Profit (loss) for the period		1 158	-8 141
Share of shareholders' equity that belongs to the owners of the Parent company		**24 227**	**23 053**
Total shareholders' equity		**24 227**	**23 053**
Non-current liabilities			
Provisions		57	182
Deferred tax liabilities		337	271
Non-current interest-bearing liabilities	12	10 000	14 318
Total		**10 394**	**14 771**
Current liabilities			
Provisions		612	1 325
Pension obligations		91	143
Current interest-bearing liabilities	12	4 439	4 215
Advance payments received	5	5 243	7 222
Trade and other payables		8 028	6 658
Total		**18 413**	**19 563**
Total liabilities		**28 807**	**34 334**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**53 034**	**57 387**

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1 000)	1.1.–31.12. 2010	1.1.–31.12. 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from sales	57 338	50 988
Proceeds from other operating income	121	85
Payments of operating expenses	-63 416	-46 020
Cash flow before financial items and taxes	**-5 958**	**5 053**
Interests and other operating financial expenses paid	-650	-486
Interests and other income received	394	423
Dividends received	118	79
Income taxes paid	-18	550
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**-6 114**	**5 619**
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure in tangible and intangible assets	-2 067	-1 034
Purchases of assets-for-sale as investments	-11	0
Proceeds from sale of tangible and intangible assets	6 448	79
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**4 370**	**-955**
CASH FLOW FROM FINANCING ACTIVITIES		
Increase of non-current and current receivables	0	-3 000
Decrease of non-current and current receivables	2 000	0
Repayments of current borrowings	-228	-125
Increase of non-current borrowings	0	10 200
Repayments of non-current borrowings	-4 088	-2 000
Repurchase of own shares	0	-138
Dividends paid	0	-2 803
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**-2 316**	**2 134**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	**-4 060**	**6 798**
increase (+)/decrease (-)		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR*	**27 900**	**21 109**
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	**251**	**-7**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*	**24 090**	**27 900**
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE FINANCIAL YEAR		
Cash and cash equivalents	24 090	27 900
TOTAL	**24 090**	**27 900**

*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 – DECEMBER 31, 2010

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1 000)	Share capital	Share premium	Other reserves	Exchange rate diff.	Retained earnings
EQUITY Jan. 1, 2010	**8 010**	**6 498**	**294**	**55**	**8 196**
Profit (loss) for the period					1 158
Comprehensive profit (loss) for the period:					
Exchange differences on translating foreign operations				-20	
Cash flow hedging, net of tax			-14		
Total comprehensive profit (loss) for the period	**0**	**0**	**-14**	**-20**	**1 158**
Repurchase of own shares					
Repurchase of own shares, tax effect					
Equity-settled share-based transactions			50		
Reclassifications between items			-294		294
Dividend paid					
EQUITY Dec. 31, 2010	**8 010**	**6 498**	**36**	**35**	**9 648**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continue)

(EUR 1 000)	To the owners of the Parent company	EQUITY TOTAL
EQUITY Jan. 1, 2010	**23 053**	**23 053**
Profit (loss) for the period	1 158	1 158
Comprehensive profit (loss) for the period:		
Exchange differences on translating foreign operations	-20	-20
Cash flow hedging, net of tax	-14	-14
Total comprehensive profit (loss) for the period	**1 124**	**1 124**
Repurchase of own shares	0	0
Repurchase of own shares, tax effect	0	0
Equity-settled share-based transactions	50	50
Reclassifications between items	0	0
Dividend paid	0	0
EQUITY Dec. 31, 2010	**24 227**	**24 227**

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1 000)	Share capital	Share premium	Other reserves	Exchange rate diff.	Retained earnings
EQUITY Jan. 1, 2009	**8 010**	**6 498**	**287**	**283**	**19 242**
Profit (loss) for the period					-8 141
Comprehensive profit (loss) for the period:					
Exchange differences on translating foreign operations				-228	
Cash flow hedging, net of tax					
Total comprehensive profit (loss) for the period	**0**	**0**	**0**	**-228**	**-8 141**
Repurchase of own shares					-138
Repurchase of own shares, tax effect					36
Equity-settled share-based transactions			7		
Reclassifications between items					
Dividend paid					-2 803
EQUITY Dec. 31, 2009	**8 010**	**6 498**	**294**	**55**	**8 196**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continue)

(EUR 1 000)	To the owners of the Parent company	EQUITY TOTAL
EQUITY Jan. 1, 2009	**34 321**	**34 321**
Profit (loss) for the period	-8 141	-8 141
Comprehensive profit (loss) for the period:		
Exchange differences on translating foreign operations	-228	-228
Cash flow hedging, net of tax	0	0
Total comprehensive profit (loss) for the period	**-8 369**	**-8 369**
Repurchase of own shares	-138	-138
Repurchase of own shares, tax effect	36	36
Equity-settled share-based transactions	7	7
Reclassifications between items	0	0
Dividend paid	-2 803	-2 803
EQUITY Dec. 31, 2009	**23 053**	**23 053**

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 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 full 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 is a Finnish public limited liability company, Raute Corporation, established in accordance with Finnish law (Business ID FI01490726). Its series A shares are quoted on NASDAQ OMX Helsinki Ltd., under Industrials. Raute Corporation is domiciled in Lahti, Finland. The address of its registered office is Rautetie 2, FI-15550 Nastola, Finland, and its postal address is P.O. Box 69, FI-15551 Nastola, Finland.

The consolidated financial statements are available online at www.raute.com or at the head office of the Parent company, Rautetie 2, FI-15550 Nastola, Finland.

Raute corporation's Board of Directors has on February 15, 2011 reviewed the consolidated financial statements for January 1 - December 31, 2010, and approved the consolidated financial statements for January 1 – December 31, 2010 to be published in compliance with this release.

2. Accounting principles

Raute Corporation's financial statements release January 1 - December 31, 2010 has been prepared in accordance with standard IAS 34 Interim Financial Reporting. The financial statements release does not contain full notes and other information presented in the financial statements. Financial statements with full notes will be presented in Annual report 2010, which will be published in week 11.

Raute Corporation's consolidated financial statements for January 1 – December 31, 2010 have been prepared in accordance with international financial statement standards (International Financial Reporting Standards, IFRS). Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on December 31, 2010.
IFRS refers to the standards and their interpretations that have been approved for application within the EU in the Finnish Accounting Act and regulations issued under it in accordance with the procedures laid down in EU regulation No 1606/2002. The notes to the consolidated financial statements also comply with Finnish accounting legislation complementing IFRS regulations.

The Group has applied the following new standards, interpretations and amendments to existing standards on 1 January 2010:

- IFRS 3 Business Combinations, amendment to standard
- IAS 27 Consolidated and Separate Financial Statements, amendment to standard
- IFRIC 16 Net Investment in a Foreign Operation
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, amendment to standard
- IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items, amendment to standard
- IFRS 2 Share-Based Payment - Group Cash-settled Share-based Payment Transactions, amendment to standard.

The following new standards, amendments to existing standards, and interpretations are in effect for the financial year beginning January 1, 2010, but they do not have a significant impact on the result or the balance of the Group or the financial statement presentation:

- IFRIC 9 Reassessment of embedded derivatives on reclassification, amendmend to standard
- IFRIC 12 Service Concession Arrangements
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 17 Distribution of non-cash asset to owners
- IFRIC 18 Transfer of Assets from Customers.

All the monetary figures presented in the financial statement release are in thousand euros, unless otherwise stated.
Due to the rounding of the figures in the financial statement tables, the sums of figures may deviate from the sum total presented in the table. Figures in parentheses refer to the corresponding figures in the comparison period.

The preparation of financial statements according to international financial reporting standards requires management to use estimates and assumptions. 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.

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 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.

Wood products technology	31.12. 2010	31.12. 2009
Net sales	62 867	36 638
Operating profit	1 311	-9 695
Assets	53 034	57 387
Liabilities	28 807	34 334
Capital expenditure	2 224	1 095

Assets of the wood products technology segment by geographical location	31.12. 2010	%	31.12. 2009	%
Finland	44 006	83	53 448	94
China	4 129	8	858	1
North America	3 730	7	1 950	3
Russia	880	2	948	2
South America	160	0	88	0
Others	129	0	95	0
TOTAL	**53 034**	**100**	**57 387**	**100**

Capital expenditure of the wood products technology segment by geographical location	31.12. 2010	%	31.12. 2009	%
Finland	590	27	1 071	98
China	7	0	3	0
North America	1 606	72	18	2
Russia	0	0	2	0
South America	21	1	0	0
Others	0	0	1	0
TOTAL	**2 224**	**100**	**1 095**	**100**

4. Net sales

The main part of the net sales is comprised of project deliveries and modernizaton service related to wood products 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 and maintenance services as well as services provided to the development of customers' business).

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

At the end of the reporting year, the Group had two (2) customers, whose share of the Group's net sales temporarily exceeded 10 percent due to the nature of project business.

Net sales by market area	1.1.–31.12. 2010	%	1.1.–31.12. 2009	%
Russia	18 627	30	11 237	31
Asia-Pacific	18 442	29	2 241	7
North America	9 551	15	2 549	7
Rest of Europe	8 805	14	10 415	28
Finland	5 094	8	6 172	17
South America	2 212	4	3 853	11
Others	136	0	171	1
TOTAL	**62 867**	**100**	**36 638**	**100**

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

5. Long-term projects	**31.12. 2010**	**31.12. 2009**
Net sales		
Net sales by percentage of completion	51 860	26 990
Other net sales	11 007	9 648
TOTAL	**62 867**	**36 638**
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	50 784	27 184
Amount of long-term project revenues not yet entered as income (order book)	31 799	20 976
Specification of combined asset and liability items:		
Advance payments paid	147	389
Advance payments included in inventories in the balance sheet	147	389
Accrued income corresponding to revenues by percentage of completion	51 200	27 306
Advance payments received from project customers	-46 490	-24 060
Project receivables included in current assets in the balance sheet	4 710	3 246
Advance payments received in the balance sheet	5 243	7 222

6. Number of personnel, persons	**31.12. 2010**	**31.12. 2009**
Effective, on average	438	419
In books, on average	512	542
In books, at the end of period	495	524
- of which personnel working abroad	129	120

7. Income taxes

The taxes in the consolidated income statement include the taxes corresponding to the Group companies' taxable profit for the financial year 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.

8. Research and development costs	**31.12. 2010**	**31.12. 2009**
Research and development costs for the financial year	1 849	2 470
Amortization of previously capitalized development costs	395	599
Developments costs recognized as an asset in the balance sheet	-41	-125
Research and development costs entered as expenses for the financial year	2 203	2 943

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

9. Changes in Intangible assets and in Property, plant and equipment	**31.12. 2010**	**31.12. 2009**
Intangible assets		
Carrying amount at the beginning of the financial year	11 462	11 575
Exchange rate differences	71	-19
Additions	151	429
Disposals	0	-495
Other reclassifications between items	75	-28
Carrying amount at the end of the financial year	**11 759**	**11 462**
Accumulated depreciation and amortization at the beginning of the financial year	-9 631	-9 094
Exchange rate differences	-16	34
Accumulated depreciations on disposals	0	495
Depreciation for the financial year	-771	-1 065
Accumulated depreciation and amortization at the end of the financial year	**-10 418**	**-9 631**
Book value of intangible assets, at the beginning of the financial year	**1 831**	**2 481**
Book value of intangible assets, at the end of the financial year	**1 341**	**1 831**
Property, plant and equipment		
Carrying amount at the beginning of the financial year	42 022	40 480
Exchange rate differences	1 696	901
Additions	2 060	666
Disposals	-1 989	-25
Other reclassifications between items	-75	0
Carrying amount at the end of the financial year	**43 714**	**42 022**
Accumulated depreciation and amortization at the beginning of the financial year	-31 755	-29 304
Exchange rate differences	-1 568	-834
Depreciation for the financial year	-1 478	-1 617
Accumulated depreciation and amortization at the end of the financial year	**-34 801**	**-31 755**
Book value of property, plant and equipment, at the beginning of the financial year	**10 267**	**11 175**
Book value of property, plant and equipment, at the end of the financial year	**8 913**	**10 267**

10. Non-current assets held for sale

The assets in Jyväskylä classified as assets held for sale since March 31, 2010 were sold in April, and the premises of the unit operating in Canada were sold in September. The real estate sale in Canada brought the Group a EUR 4.4 million profit before taxes. At the end of the financial year, Raute Corporation had no assets classified as assets held for sale.

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 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. Based on the authorization given by the Annual General Meeting, the Board of Directors of Raute Corporation has granted stock options to the management. The main items of the terms and conditions of the stock option system and its effect on the profit or loss for the financial year have been presented in Note 16. Group management's other employee benefits are presented in the annual financial statements.

12. Interest-bearing liabilities	**31.12. 2010**	**31.12. 2009**
Non-current interest-bearing liabilities recognized at amortized cost	10 000	14 318
Current interest-bearing liabilities	4 439	4 215
TOTAL	**14 439**	**18 533**

13. Other lease liabilities **Group as lessee**	**31.12. 2010**	**31.12. 2009**
Minimum rents paid on the basis of other non-cancellable leases:		
- Within one year	547	576
- After the period of more than one and less than five years	1 157	1 080
- More than five years	701	782
TOTAL	**2 406**	**2 438**

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.

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

14. Pledged assets and contingent liabilities

Raute Group has non-current credit regulation agreements worth EUR 10 million (MEUR 10), of which EUR 10 million (MEUR 8) were unused on December 31, 2010. The unused credit limit is secured by a EUR 3 million business mortgage.

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.

	31.12. 2010	**31.12. 2009**
Pledged assets on behalf of the Parent company		
Pension loans (TyEL)	**14 000**	18 000
- Business morgages	**6 700**	4 700
- Pledged assets	**1 000**	3 000
- Credit insurance agreements	**4 900**	5 600
Other loans	**100**	100
- Real estate mortgages	**134**	134
Commercial bank guarantees on behalf of the Parent company and subsidiaries	**10 154**	7 125
Mortgage agreements on behalf of subsidiaries		
- Counter guarantees	**3 327**	200
Other lease liabilities		
- Within one year	**547**	576
- After the period of more than one and less than five years	**1 157**	1 080
- More than five years	**701**	782

Loans and guarantees on behalf of the related party

No loans are granted to the company's management. On December 31, 2010, the Parent company Raute Corporation had loan receivables from its subsidiary Raute Service LLC EUR 355 thousand (EUR 355 thousand). Raute Corporation had a EUR 100 thousand (110 thousand) liability to the Raute Corporation's Sickness Fund.

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

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

15. Currency derivatives and hedging instruments	31.12. 2010	31.12. 2009
Currency derivatives are used for hedging purposes. During the financial year, 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 reserves in the equity. Related to hedge accounting, an amount of EUR -14 thousand has been recognized in the comprehensive income statement during the financial year. During the financial year, no ineffective portion has been connected to these items. At the end of the financial year, Raute Corporation had no financial assets classified as hedge accounting.		
Nominal values of forward contracts in foreign currency		
Economic hedging		
- Related to financing	189	661
- Related to hedging of net sales	283	1 615
Fair values of forward contracts in foreign currency		
Economic hedging		
- Related to financing	0	-35
- Related to the hedging of net sales	2	98

16. Share-based payments

The Annual General Meeting resolved on March 31, 2010 to issue a maximum of 240,000 stock options. Based on the authorization given by the Annual General Meeting, the Board of Directors of Raute Corporation has granted 80,000 stock options marked with the symbol 2010 A to the Group's key persons. The granted options have been valued at fair value upon the grant May 5, 2010. The fair value of the stock option is recognized as an expense in the comprehensive income statement during the earning period. During the financial year an amount of EUR 50 thousand has been recognized as an expense in the comprehensive income statement related to stock options.

The conditions of the option system are:

Arrangement	Stock option
Grant date	May 5, 2010
Options granted	80,000 pcs
Subscription price	EUR 7.64
Share price at the date of grant	EUR 7.90
Exercise period	3 years
Subscription period	March 1, 2013 to March 31, 2016
Settlement	Shares

16. Events after the balance sheet date

On January 20, 2011, Raute Corporation published a stock exchange release on receiving over EUR 12 million in orders. These orders are not included in the December 31, 2010 order book.

The Board of Directors will propose to Raute Corporation’s Annual General Meeting 2011, to be held on April 13, 2011, that a dividend of EUR 0.30 per share be paid for the financial year 2010, that is, a total of EUR 1 201 thousand, and that the remainder, EUR 6 525 thousand be transferred to equity.

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

GROUP KEY RATIOS	1.1.–31.12. 2010	1.1.–31.12. 2009
Return on investment (ROI), %	5,1	-21,6
Return on equity (ROE), %	4,9	-28,4
Gearing, %	-39,8	-40,6
Equity ratio, %	50,7	46,0
Order book, EUR million	33	22
Order intake, EUR million	72	35
Exported portion of net sales, %	91,9	83,2
Change in net sales, %	71,6	-62,8
Gross capital expenditure, EUR million	2,2	1,1
% of net sales	3,5	3,0
Research and development costs, EUR million	1,8	2,5
% of net sales	2,9	6,7
Earnings per share (EPS), EUR		
- undiluted	0,29	-2,03
- diluted	0,29	-2,03
Equity to share, EUR	6,05	5,76
Dividend per share series K shares, EUR	0,30*	0,00
Dividend per share series A shares, EUR	0,30*	0,00
Dividend per profit, %	103,8	0,0
Effective dividend return, %	3,1	0,0
Share price at the end of the financial year, EUR	9,70	7,47
Number of shares		
- weighted average, 1 000 pcs	4 005	4 003
- diluted, 1 000 pcs	4 005	4 003

* Board of Directors' proposal to the Annual General Meeting

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

Calculation of key ratios

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

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DEVELOPMENT OF QUARTERLY RESULTS (EUR 1 000)	Q 4 2010	Q 3 2010	Q 2 2010	Q 1 2010	Rolling 1.1.2010 – 31.12.2010	Rolling 1.1.2009 – 31.12.2009
NET SALES	**13 396**	**19 490**	**19 546**	**10 435**	**62 867**	**36 638**
Other operating income	10	4 431	120	18	4 580	153
Change in inventories of finished goods and work in progress	815	-45	-87	-332	351	795
Materials and services	-7 395	-11 001	-10 612	-3 671	-32 679	-15 695
Expenses from employee benefits	-6 418	-5 450	-6 211	-5 387	-23 467	-22 047
Depreciation and amortization	-574	-580	-459	-637	-2 250	-2 670
Other operating expenses	-2 166	-1 913	-2 194	-1 817	-8 091	-6 869
Total operating expenses	**-16 554**	**-18 944**	**-19 476**	**-11 512**	**-66 487**	**-47 281**
OPERATING PROFIT	**-2 333**	**4 932**	**103**	**-1 391**	**1 311**	**-9 695**
% of net sales	**-17**	**25**	**1**	**-13**	**2**	**-26**
Financial income	266	-98	185	376	728	356
Financial expenses	-338	21	-256	-344	-917	-551
PROFIT (LOSS) BEFORE TAX	**-2 406**	**4 855**	**33**	**-1 359**	**1 122**	**-9 890**
% of net sales	**-18**	**25**	**0**	**-13**	**2**	**-27**
Income taxes	538	-755	-156	409	36	1 749
PROFIT (LOSS) FOR THE PERIOD	**-1 868**	**4 100**	**-123**	**-950**	**1 158**	**-8 141**
% of net sales	**-14**	**21**	**-1**	**-9**	**2**	**-22**
Attributable to						
Equity holders of the Parent company	**-1 868**	4 100	-123	-950	1 158	-8 141
Earnings per share, EUR						
Undiluted earnings per share	-0,47	1,02	-0,03	-0,24		
Diluted earnings per share	-0,47	1,02	-0,03	-0,24		
Shares, 1 000 pcs						
Adjusted average number of shares	4 005	4 005	4 005	4 005		
Adjusted average number of shares, diluted	4 005	4 005	4 005	4 005		

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LARGEST SHAREHOLDERS AT 31 DECEMBER, 2010	Number of series K shares (20 votes per share)	Number of series A shares (1 vote per share)	Total number of shares
1. Sundholm Göran		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	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. Mustakallio Mika Tapani	49 180	34 670	83 850
12. Särkijärvi Anna Riitta	60 480	22 009	82 489
13. Mustakallio Ulla Sinikka	47 240	30 862	78 102
14. Sijoitusrahasto Alfred Berg Small Cap Finland		76 000	76 000
15. Mustakallio Marja Helena	43 240	20 162	63 402
16. Relander Harald		61 350	61 350
17. Kirmo Lasse	30 000	26 200	56 200
18. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256
19. Särkijärvi Timo	12 000	43 256	55 256
20. Suominen Jukka Matias	24 960	27 964	52 924
TOTAL	**618 100**	**1 575 056**	**2 193 156**
Share of total amount of shares, %	62,4	52,3	54,8
Share of total voting rights, %	62,4	52,3	61,0
Nominee-registered		84 794	84 794
Other shareholders	373 061	1 353 747	1 726 808
TOTAL	**991 161**	**3 013 597**	**4 004 758**

MANAGEMENT'S SHAREHOLDING	**144 470**	**138 049**	**282 519**
Share of total amount of shares, %	14,6	4,6	7,1
Share of total voting rights, %	14,6	4,6	13,3

CONSOLIDATED FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2010

SHARE INFORMATION	31.12. 2010	31.12. 2009
Number of shares		
- Series K shares, ordinary shares (20 votes/share)	991 161	991 161
- Series A shares (1 vote/share)	3 013 597	3 013 597
Total	**4 004 758**	**4 004 758**
Trading in the company's shares (series A shares)		
Trading of shares, pcs	646 052	454 798
Trading of shares, EUR million	5,2	3,3
Share price of the series A shares		
At the end of the financial year, EUR	9,70	7,47
Highest price during the financial year, EUR	10,10	8,90
Lowest price during the financial year, EUR	7,24	6,50
Average price during the financial year, EUR	8,21	7,29
Market value of capital stock		
- Series K shares, EUR million*	9,6	7,4
- Series A shares, EUR million	29,2	22,5
Total, EUR million	**38,8**	**29,9**

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

RAUTE CORPORATION
Board of Directors

PRESS CONFERENCE ON FEBRUARY 15, 2011 AT 2 P.M.:
A press conference will be organized for analysts and the media on February 15, 2011 at 2 p.m. at Scandic Simonkenttä Hotel, Roba cabinet, Simonkatu 9, Helsinki. The financial statement release will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Arja Hakala, CFO.

FINANCIAL RELEASES IN 2011:
Raute's interim reports will be published as follows:
- January-March on Wednesday May 4, 2011
- January-June on Tuesday August 9, 2011
- January-September on Tuesday November 1, 2011.

Raute Corporation's consolidated financial statements and Annual Report 2010 will be published in week 11.

Raute Corporation's Annual General Meeting will be held in Lahti, at Sibelius Hall on Wednesday April 13, 2011 at 6 p.m..

FURTHER INFORMATION:
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DISTRIBUTION:
NASDAQ OMX Helsinki Ltd, main media, www.raute.com

RAUTE IN BRIEF:
Raute is a technology and service company that operates worldwide. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood and LVL (Laminated Veneer Lumber). The technology offering covers machinery and equipment for the entire production process. As a supplier of mill-scale projects Raute is a global market leader both in the plywood and LVL industries. Additionally, Raute's full-service concept includes services ranging from repairs and spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in Nastola, Finland. Its other production plants are in the Vancouver area of Canada, in the Shanghai area of China, and in Kajaani, Finland. Raute's net sales in 2010 were EUR 62.9 million. The Group's headcount at the end of 2010 was 495.

More information on the company can be found at: http://www.raute.com/.