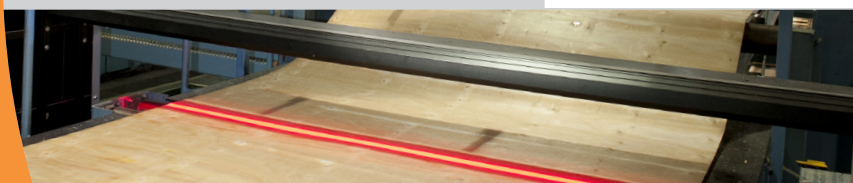
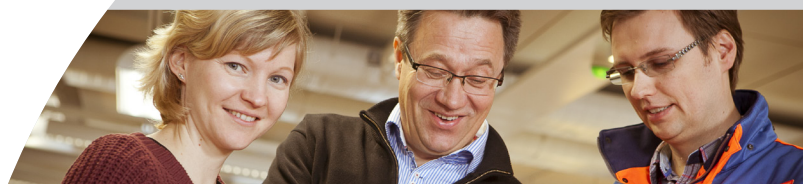


# Interim report January 1 - June 30, 2014

July 29, 2014



## RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – JUNE 30, 2014

- The Group's net sales, EUR 35.3 million (MEUR 43.2), declined 18% on the comparison period. The order intake was EUR 67 million (MEUR 34).
- The operating profit was EUR -1.3 million (MEUR +0.6). The profit before taxes was EUR -1.3 million (MEUR +0.8).
- Earnings per share were EUR -0.27 (EUR +0.16).
- Net sales for the second quarter were EUR 20.3 million and operating profit was EUR 0.6 million positive. The order intake was EUR 51 million. The order book at the end of the reporting period amounted to EUR 59 million.
- The outlook for financial performance remains unchanged. Raute's net sales are expected to grow in 2014 and operating profit to improve from 2013.

### TAPANI KIISKI, PRESIDENT AND CEO: STRONG ORDER BOOK, PROFITS WILL BE MADE IN THE SECOND HALF OF THE YEAR

In the second quarter of 2014, we received orders for two larger projects that had been in the pipeline for some time. After successfully gaining these transactions, we have reason to be satisfied with our order intake. Our order book also reached a good level.

Despite the highly publicized weak state of the European economy, Europe clearly remains our most important and largest market this year. The Russian market, traditionally very important for Raute, is still shrouded in uncertainty, due to its weak economic development and to the tense situation caused by the crisis in Ukraine. Projects that have been in the planning phase are still under negotiation in various market areas, and I am confident that our order book will develop favorably even in the latter part of the year. I do not, however, believe that the recent market development is an indication of a real change in the market situation. It's really about projects that have been in planning for a long time entering the realization phase. It is also worth noting the low number of single, mid-sized, complete machine line projects. Brisk demand for technology services, on the other hand, indicates a high level of production among most of our customers.

In line with the scheduling of the order book, our second-quarter net sales grew from the very low level of the first quarter, and we achieved a positive result corresponding to the level of net sales in the second quarter. Thanks to the new orders we have received, our net sales will grow clearly in the second half of 2014, and, in keeping with our earlier estimates, our result will improve. In early June, the first Dragon peeling lines that we developed for the Chinese market were started up successfully. Although right now the lines have little bearing on our net sales, they have opened the door to future opportunities, and our expectations are high.

A significant part of our order book will be recognized in the latter half of the year, and successfully seeing it through will be a challenge for our organization in all areas of our operations. In the second half of 2012 we faced a similar workload, and based on our performance then, I am confident that our professional and committed personnel will succeed this time, too. We also do not see any significant technological risks in our new orders. Accordingly, we will achieve the growth in net sales and profit in line with our estimates.

## SECOND QUARTER OF 2014

### Order intake and order book

The order intake in the second quarter, EUR 51 million (MEUR 24), was at a good level. Technology services accounted for EUR 15 million (MEUR 9) of the order intake.

The new orders included two projects aimed at boosting production capacity in Poland. More than EUR 8 million worth of equipment will be delivered for the first phase of a new softwood plywood mill being built beside the company Paged's plywood mill in Morag, Poland. An order worth roughly EUR 23 million for machinery and equipment required for producing laminated veneer lumber (LVL) will be delivered to Steico's future LVL mill in Czarna Woda, Poland.

Other major new orders included 18 veneer analyzers based on machine vision and moisture analysis technology for UPM Kymmene Wood. It is the largest single order ever received by Raute's Mecano unit in Kajaani, Finland.

The order book grew during the second quarter by EUR 31 million and was more than double the level of the comparison period, amounting to EUR 59 million at the end of the period (MEUR 40).

### Net sales

Second-quarter net sales amounted to EUR 20.3 million (MEUR 19.8).

Technology services accounted for 44 percent of the Group's total net sales (42%).

### Result and profitability

Operating profit for the second quarter was EUR 0.6 million positive (MEUR 0.3 negative) and accounted for +3 percent (-1%) of net sales. The profit was EUR 0.5 million positive (MEUR 0.2 negative). Earnings per share were EUR +0.12 (EUR -0.05).

The Group's profitability reflects the level of net sales.

## RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – JUNE 30, 2014

### BUSINESS ENVIRONMENT

#### Market situation in customer industries

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

The situation in the global economy and the financial markets in the first half of 2014 has not changed considerably with respect to Raute or Raute's customer base. The uncertainty and tension persisted. In North America, the upswing in the construction market has continued, as it has in some parts of Europe. Russia's economic situation remained weak, which has been reflected in,

for example, low investment volumes and the weakening ruble – even before the crisis in Ukraine. The uncertainty caused by the crisis in Ukraine has weakened the situation further.

Despite the unsettled market situation, the production volumes and capacity utilization rates of Raute's customers have mainly been at a good level, and their operations have been profitable. As a result of the above-mentioned uncertainty, however, the order books are often short, which means the situation is not conducive to realizing significant investments. The significant orders received by Raute in the second quarter are the result of long-term groundwork.

### Demand for wood products technology and technology services

A few large projects in Raute's customer base that had been in the planning phases were initiated in the second quarter. Where Russia is concerned, the concrete reason for some projects being delayed is the uncertainty arising from the situation in Ukraine. A number of smaller projects involving single production lines and modernizations have also been postponed. It is difficult to forecast when demand in the Russian market will recover so as to generate concrete orders. In other market areas, plans are being made to realize projects as usual.

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

### ORDER INTAKE AND ORDER BOOK

Raute serves the wood products industry with a full-service concept based on service that encompasses the entire life cycle of the delivered equipment. Raute's business consists of project deliveries and technology services. Project deliveries comprise complete production machinery for new mills, production lines and individual machines and equipment. Additionally, Raute's full-service concept includes comprehensive technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations, as well as consulting, training and reconditioned machinery.

During the reporting period, order intake, EUR 67 million (MEUR 34), was nearly double that of the comparison period. The second quarter accounted for EUR 51 million of the order intake.

Of the new orders, 69 percent came from Europe (28%), 18 percent from Russia (28%), 8 percent from North America (26%), 3 percent from South America (13%) and 2 percent from Asia-Pacific (5%). The strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

Among the new orders were two projects aimed at boosting production capacity in Poland. More than EUR 8 million worth of equipment will be delivered for a new softwood plywood mill being built beside the company Paged's plywood mill in Morag, Poland. An order worth roughly EUR 23 million for machinery and equipment required for producing laminated veneer lum-

ber (LVL) will be delivered to the German company Steico's future LVL mill in Czarna Woda, Poland.

Other major new orders included 18 veneer analyzers based on machine vision and moisture analysis technology for UPM Kymmene Wood. It is the largest single order ever received by Raute's Mecano unit in Kajaani, Finland.

Order intake in technology services amounted to EUR 21 million (MEUR 18), an increase of 17 percent on the comparison period. The growth resulted primarily from modernization orders.

The order book grew during the reporting period by EUR 31 million, amounting to EUR 59 million at the end of the period (MEUR 40).

### COMPETITIVE POSITION

Raute's competitive position has remained good. Raute's solutions help customers in securing their delivery and service capabilities throughout the life cycle of the equipment or service offered by Raute. In such investments, the supplier's overall expertise and extensive and diverse technology offering play a key role. The competitive edge provided by Raute is also a major draw when customers select their cooperation partners. Raute's strong financial position and long-term dedication to serving selected customer industries also enhance its credibility and improve its competitive position as a company that carries out long-term investment projects.

### NET SALES

Net sales for the reporting period totaled EUR 35.3 million (MEUR 43.2), down 18 percent on the comparison period. The decline resulted from the low order intake at the end of 2013 and at the start of the reporting period, and from the scheduling of the order book.

Of the total net sales for the reporting period, Europe accounted for 43 percent (47%), South America for 20 percent (24%), Russia for 17 percent (15%), North America for 17 percent (10%), and Asia-Pacific for 3 percent (5%).

Technology services accounted for 45 percent (33%) and EUR 16.1 million (MEUR 14.4) of the Group's total net sales during the period. Technology services recorded net sales growth of 12 percent on the comparison period, mainly due to modernizations.

### RESULT AND PROFITABILITY

Operating profit for the reporting period was EUR 1.3 million negative (MEUR 0.6 positive) and accounted for -4 percent of net sales (1%). The negative operating profit was due to low net sales in the first quarter.

The profit before tax for the reporting period was EUR 1.3 million negative (MEUR 0.8 positive). The profit for the reporting period was EUR 1.1 million negative (MEUR 0.7 positive). Earnings per share (undiluted) were EUR -0.27 (EUR +0.16).

### CASH FLOW AND BALANCE SHEET

The Group's financial position remained good. At the end of the reporting period, gearing was -39 percent (-49%) and the equity ratio 57 percent (53%). Fluctuations in balance sheet working capital items and the key figures based on them are due to differences in the timing of customer payments and the cost accumulation from project deliveries, which is typical of the project business.

The Group's cash and cash equivalents amounted to EUR 12.4 million (MEUR 19.8) at the end of the reporting period. Operating cash flow was EUR 4.1 million positive (MEUR 6.2 positive). Cash flow from investment activities totaled EUR 0.7 million negative (MEUR 1.2 negative). Cash flow from financing activities was EUR 3.6 million negative (MEUR 4.7 negative), including dividend payments and distribution of funds from non-restricted equity of EUR 2.0 million and debt repayments of EUR 1.6 million.

Interest-bearing liabilities amounted to EUR 4.3 million (MEUR 8.6) at the end of the reporting period.

The parent company Raute Corporation has a EUR 10 million commercial paper program, which allows the company to issue commercial papers maturing in less than one year.

The parent company Raute Corporation is prepared for future working capital needs and has long-term credit facility agreements with three Nordic banks totaling EUR 23.0 million. The main covenants for the credit facility are an equity ratio of >30% and gearing of <100%. Of the credit facility, EUR 17 million remained unused at the end of the reporting period.

### EVENTS DURING THE REPORTING PERIOD

Raute Corporation published stock exchange releases on the following events:

- |                   |  |
|-------------------|--|
| February 12, 2014 | Long-term share-based incentive plan for Raute's upper management for the years 2014-2018      |
| February 25, 2014 | Share subscription with Raute Corporation's 2010 A stock options                               |
| March 31, 2014    | Decisions by Raute's Annual General Meeting 2014   |
| June 6, 2014      | Raute received an order valued at more than EUR 8 million from Poland                          |
| June 26, 2014     | Raute received an order valued at EUR 23 million from engineered wood products company Steico. |

### 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 continuous research and development, particularly in plywood and LVL manufacturing technology and the supporting by-product handling, automation and instrumentation applications, especially machine vision.

Research and development costs in the reporting period totaled EUR 0.8 million (MEUR 1.4), representing 2.2 percent of net sales (3.1%).

Capital expenditure during the period totaled EUR 0.8 million (MEUR 1.8) and accounted for 2.3 percent (4.1%) of net sales.

#### PERSONNEL

At the end of the reporting period, the Group's personnel numbered 544 (533). Group companies outside Finland accounted for 28 percent (26%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 505 (503) during the reporting period.

The temporary lay-offs that started at the end of 2013 at the company's Nastola and Jyväskylä units for a maximum of 90 days continued into June.

In a business transaction carried out at the end of March, Raute Corporation sold the Jyväskylä unit's engineering operations to Insinööritoimisto Comatec Oy. The eight engineers who worked in the unit transferred to the employ of Comatec as senior employees as of April 1, 2014. The business transaction is in line with Raute's strategy and reinforces its ability to adjust to the markets' rapid and changing need for resources.

#### SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 4,006,828, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,015,667 series A shares (1 vote/share). The shares have a nominal value of two euros. Series K and A shares confer equal rights to dividends and company assets.

Series K shares can be converted to series A shares under the terms set out in section 3 of the Articles of Association. If an ordinary share is transferred to a new owner who has not previously held series K shares, the new owner must notify the Board of Directors of this in writing and without delay. Other holders of series K shares have the right to redeem the share under the terms specified in Article 4 of the Articles of Association.

Raute Corporation's series A shares are listed on NASDAQ OMX Helsinki Ltd. The trading code is RUTAV. 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 32.5 million (MEUR 35.0), with series K shares valued at the closing price of series A shares on June 30, 2014, that is EUR 8.10 (EUR 8.74).

#### STOCK OPTION SCHEME 2010

At the end of the reporting period, the Group's key personnel held altogether 77,930 of the company's series 2010 A stock options, 80,000 series B stock options and 75,000 series C stock options. The subscription period for series A stock options began on March 1, 2013 and for series B stock options on March 1, 2014. On February 4, 2014, a total of 2,070 new series A shares were subscribed for under the series A stock option rights. More detailed information concerning the stock option system is available on the company's website.

#### SHAREHOLDERS

The number of shareholders totaled 1,915 at the beginning of the year and 1,963 at the end of the reporting period. Series K shares were held by 47 private individuals (49) at the end of the reporting period. Nominee-registered shares accounted for 3.2 percent (3.3%) of shares. No flagging notifications were given to the company during the reporting period.

The Board of Directors, the President and CEO as well as the Executive Board held altogether 234,929 company shares, equaling 5.9 percent (5.8%) of the company shares and 11.2 percent (11.2%) of the votes at the end of the reporting period.

#### CORPORATE GOVERNANCE

Raute Corporation complies with the Finnish Corporate Governance Code 2010 for listed companies issued by the Securities Market Association on June 15, 2010.

Raute deviates from the Code's recommendation 22 on appointing members to the Appointments Committee in that one member to the Committee is elected from outside the Board of Directors, as per the company's Administrative Instructions, from among the representatives of major shareholders who have significant voting rights. The Board views this exception as justified, taking into consideration the company's ownership structure and the possibility to consider the expectations of major shareholders as early as in the preparation phase of selecting members of the Board of Directors.

#### ANNUAL GENERAL MEETING 2014

Raute Corporation's Annual General Meeting was held on March 31, 2014. A stock exchange release on the decisions of the Annual General Meeting was published on March 31, 2014.

#### DISTRIBUTION OF PROFITS FOR THE 2013 FINANCIAL YEAR

The Annual General Meeting held on March 31, 2014 decided to pay a dividend of EUR 0.20 per share for the financial year 2013. The total amount of dividends is EUR 0.8 million, with series A shares accounting for EUR 603,133.40 (EUR 1,506,798.50) and series K shares for EUR 198,232.20 (EUR 495,580.50). The dividend payment date was April 10, 2014.

The Annual General Meeting on March 31, 2014 resolved, on the basis of the balance sheet adopted in respect of the financial year ended on 31 December 2013, on the repayment of assets from the invested non-restricted equity reserve in the amount of EUR 0.30 per share, i.e. a total of EUR 1,202,048.40 and the remainder, EUR 5,296,293.53, to be retained in equity. The date of repayment of equity was April 10, 2014.

#### BOARD OF DIRECTORS AND BOARD COMMITTEES

At the AGM on March 31, 2014 Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio Vice-Chair, and Mr. Joni Bask, Mr. Risto Hautamäki, Ms. Päivi Leiwo-Svensk, and Mr. Pekka Suominen were elected Board members. The Board of Directors' term of office will continue until the 2015 Annual General Meeting.

Based on the evaluation of independence, Chairman Mr. Erkki Pehu-Lehtonen and members Mr. Joni Bask, Mr. Risto Hautamäki, Ms. Päivi Leiwo-Svensk, Mr. Mika Mustakallio, and Mr. Pekka Suominen are independent of the company. The Chairman of the Board (Mr. Erkki Pehu-Lehtonen) and two Board members (Ms. Päivi Leiwo-Svensk and Mr. Risto Hautamäki) are independent of major shareholders.

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

#### AUDITOR

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

#### BUSINESS RISKS

Risks in the near term are driven by the global economic situation and the uncertainty concerning the development of the financial markets. During the reporting period, there were no essential changes in the business risks described in the 2013 Board of Directors' Report and Financial Statements.

The most significant risks for Raute in the near term are related to the development of net sales and profitability. The heavy workload at the end of the year in all of Raute's manufacturing units as a result of the scheduling of the order book will increase cost, scheduling and quality risks. The continuing crisis in Ukraine has contributed to the uncertainty surrounding the realization of new investments in Russia in the near future.

#### OUTLOOK FOR 2014

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

No changes have occurred in Raute's profit outlook for the whole of 2014. Based on the order book and ongoing negotiations, Raute's net sales are expected to grow in 2014 and operating profit to improve from 2013.

The figures for the financial year 2013 presented in the tables section of the interim report have been audited.  
The presented interim financial report figures have not been audited.

## TABLES SECTION OF THE INTERIM REPORT

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>						
<b>(EUR 1 000)</b>	<b>Note</b>	<b>1.4.- 30.6.2014</b>	<b>1.4.- 30.6.2013</b>	<b>1.1.- 30.6.2014</b>	<b>1.1.- 30.6.2013</b>	<b>1.1.- 31.12.2013</b>
<b>NET SALES</b>	3,4,5	<b>20 329</b>	<b>19 766</b>	<b>35 349</b>	<b>43 152</b>	<b>83 274</b>
Change in inventories of finished goods and work in progress		263	-610	331	-246	-954
Other operating income		7	15	33	35	295
Materials and services		-10 154	-8 906	-17 350	-21 885	-40 711
Employee benefits expense	13	-7 000	-7 190	-14 164	-14 061	-27 417
Depreciation and amortization		-476	-619	-940	-1 098	-2 174
Other operating expenses		-2 338	-2 740	-4 547	-5 272	-10 485
<b>Total operative expenses</b>		<b>-19 967</b>	<b>-19 456</b>	<b>-37 001</b>	<b>-42 318</b>	<b>-80 787</b>
<b>OPERATING PROFIT (LOSS)</b>		<b>632</b>	<b>-286</b>	<b>-1 288</b>	<b>623</b>	<b>1 828</b>
% of net sales		3	-1	-4	1	2
Financial income		65	72	269	472	735
Financial expenses		-58	-75	-270	-299	-974
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>639</b>	<b>-289</b>	<b>-1 289</b>	<b>796</b>	<b>1 589</b>
% of net sales		3	-1	-4	2	2
Income taxes		-139	96	206	-150	-394
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>500</b>	<b>-193</b>	<b>-1 083</b>	<b>646</b>	<b>1 196</b>
% of net sales		2	-1	-3	1	1
<b>Other comprehensive income items:</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of defined benefit obligations		2	-	2	-	84
<b>Items that may be subsequently reclassified to profit or loss</b>						
Exchange differences on translating foreign operations		-10	19	-7	13	-83
<b>Comprehensive income items for the period, net of tax</b>		<b>-8</b>	<b>19</b>	<b>-5</b>	<b>13</b>	<b>1</b>
<b>COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD</b>		<b>492</b>	<b>-174</b>	<b>-1 088</b>	<b>659</b>	<b>1 196</b>
<b>Profit (loss) for the period attributable to Equity holders of the Parent company</b>		<b>500</b>	<b>-193</b>	<b>-1 083</b>	<b>646</b>	<b>1 196</b>
<b>Comprehensive profit (loss) for the period attributable to Equity holders of the Parent company</b>		<b>492</b>	<b>-174</b>	<b>-1 088</b>	<b>659</b>	<b>1 196</b>
<b>Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR</b>						
Undiluted earnings per share		0,12	-0,05	-0,27	0,16	0,30
Diluted earnings per share		0,12	-0,05	-0,27	0,16	0,30
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares		4 007	4 005	4 007	4 005	4 005
Adjusted average number of shares diluted		4 008	4 013	4 008	4 013	4 013

<b>CONSOLIDATED BALANCE SHEET</b>				
<b>(EUR 1 000)</b>				
	<b>Note</b>	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>31.12.2013</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	8	3 571	3 558	3 574
Property, plant and equipment	8	8 253	8 147	8 396
Other financial assets		500	789	500
Deferred tax assets		42	133	96
<b>Total non-current assets</b>		<b>12 366</b>	<b>12 628</b>	<b>12 565</b>
<b>Current assets</b>				
Inventories		5 483	5 628	5 047
Accounts receivables and other receivables	5	14 879	15 778	18 329
Income tax receivable		796	20	183
Cash and cash equivalents		12 423	19 839	12 658
<b>Total current assets</b>		<b>33 581</b>	<b>41 265</b>	<b>36 218</b>
<b>TOTAL ASSETS</b>		<b>45 947</b>	<b>53 893</b>	<b>48 783</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to Equity holders of the Parent company</b>				
Share capital		8 014	8 010	8 010
Fair value reserve and other reserves		5 931	6 947	7 061
Exchange differences		12	116	20
Retained earnings		7 723	7 164	7 327
Profit (loss) for the period		-1 083	646	1 196
<b>Share of shareholders' equity that belongs to the owners of the Parent company</b>		<b>20 596</b>	<b>22 883</b>	<b>23 613</b>
<b>Total equity</b>		<b>20 596</b>	<b>22 883</b>	<b>23 613</b>
<b>Non-current liabilities</b>				
Non-current provisions		311	64	460
Deferred tax liability		114	304	423
Non-current interest-bearing liabilities	9	1 875	4 139	2 500
Pension obligations		2	88	4
<b>Total non-current liabilities</b>		<b>2 302</b>	<b>4 595</b>	<b>3 387</b>
<b>Current liabilities</b>				
Current provisions		728	979	775
Current interest-bearing liabilities	9	2 447	4 497	3 481
Current advance payments received	5	9 580	10 837	7 099
Income tax liability		7	82	3
Trade payables and other liabilities		10 288	10 020	10 425
<b>Total current liabilities</b>		<b>23 049</b>	<b>26 416</b>	<b>21 783</b>
<b>Total liabilities</b>		<b>25 351</b>	<b>31 010</b>	<b>25 170</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45 947</b>	<b>53 893</b>	<b>48 783</b>



<b>CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1 000)</b>	<b>1.1.- 30.6.2014</b>	<b>1.1.- 30.6.2013</b>	<b>1.1.- 31.12.2013</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customer	35 998	45 277	76 836
Other operating income	33	35	295
Payments to suppliers and employees	-31 232	-39 312	-73 187
<b>Cash flow before financial items and taxes</b>	<b>4 799</b>	<b>6 000</b>	<b>3 944</b>
Interest paid from operating activities	-129	-209	-364
Dividends received from operating activities	100	180	180
Interests received from operating activities	2	102	122
Other financing items from operating activities	-50	105	153
Income taxes paid from operating activities	-624	2	-329
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>4 098</b>	<b>6 181</b>	<b>3 704</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-729	-1 194	-3 226
Proceeds from sale of property, plant and equipment and intangible assets	31	36	53
Purchase of investments	-	-	-3
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-697</b>	<b>-1 157</b>	<b>-3 176</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	14	-	-
Repayments of current borrowings	-	-1 100	-2 100
Repayments of non-current borrowings	-1 625	-1 625	-3 250
Dividends paid and repayment of equity	-2 003	-2 002	-2 002
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-3 615</b>	<b>-4 727</b>	<b>-7 352</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-214</b>	<b>296</b>	<b>-6 825</b>
increase (+)/decrease (-)			
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>	<b>12 658</b>	<b>19 548</b>	<b>19 548</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-214</b>	<b>296</b>	<b>-6 825</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>-21</b>	<b>-5</b>	<b>-66</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>12 423</b>	<b>19 839</b>	<b>12 658</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>			
Cash and cash equivalents	12 423	19 839	12 658
<b>TOTAL</b>	<b>12 423</b>	<b>19 839</b>	<b>12 658</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
<b>(EUR 1 000)</b>							
<b>EQUITY at Jan. 1, 2014</b>	<b>8 010</b>	<b>6 498</b>	<b>563</b>	<b>19</b>	<b>8 523</b>	<b>23 613</b>	<b>23 613</b>
<b>Comprehensive profit (loss) for the period</b>							
Profit (loss) for the period	-	-	-	-	-1 083	-1 083	-1 083
Other comprehensive income items:							
Exchange differences on translating foreign operations	-	-	-	-7	-	-7	-7
<b>Total comprehensive profit (loss) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7</b>	<b>-1 083</b>	<b>-1 090</b>	<b>-1 090</b>
<b>Transactions with owners</b>							
Share options exercised	4	9				14	14
Equity-settled share-based transactions	-	-	63	-	-	63	63
Dividends and repayment of equity	-	-1 202	-	-	-801	-2 003	-2 003
<b>Total transactions with owners</b>	<b>4</b>	<b>-1 193</b>	<b>63</b>	<b>0</b>	<b>-801</b>	<b>-1 927</b>	<b>-1 927</b>
<b>EQUITY at June 30, 2014</b>	<b>8 014</b>	<b>5 305</b>	<b>626</b>	<b>12</b>	<b>6 640</b>	<b>20 596</b>	<b>20 596</b>

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
<b>(EUR 1 000)</b>							
<b>EQUITY at Jan. 1, 2013</b>	<b>8 010</b>	<b>6 498</b>	<b>364</b>	<b>103</b>	<b>9 166</b>	<b>24 141</b>	<b>24 141</b>
<b>Comprehensive profit (loss) for the period</b>							
Profit (loss) for the period	-	-	-	-	646	646	646
Other comprehensive income items:							
Exchange differences on translating foreign operations	-	-	-	13	-	13	13
<b>Total comprehensive profit (loss) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>646</b>	<b>659</b>	<b>659</b>
<b>Transactions with owners</b>							
Equity-settled share-based transactions	-	-	85	-	-	85	85
Dividends and repayment of equity	-	-	-	-	-2 002	-2 002	-2 002
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>85</b>	<b>0</b>	<b>-2 002</b>	<b>-1 917</b>	<b>-1 917</b>
<b>EQUITY at June 30, 2013</b>	<b>8 010</b>	<b>6 498</b>	<b>449</b>	<b>116</b>	<b>7 809</b>	<b>22 883</b>	<b>22 883</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

Raute Group is a globally operating technology and service company. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood and LVL. Raute's technology offering covers machinery and equipment for the entire production process. Raute's full-service concept is based on product life-cycle management. In addition to a broad range of machines and equipment, our solutions cover technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in Nastola, Finland. Its other production plants are in the Vancouver area in Canada, in the Shanghai area in China, and in Kajaani, Finland. The company's sales network has a global reach.

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

Raute Corporation's consolidated financial statement information is 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 July 29, 2014 reviewed the Interim financial report for January 1 - June 30, 2014, and approved it to be published in compliance with this release.

### 2. Accounting principles

Raute Corporation's Interim financial report for January 1 - June 30, 2014 has been prepared in accordance with standard IAS 34 Interim Financial Reporting. The Interim financial report does not contain full notes and other information presented in the financial statements, and therefore the Interim financial report should be read in conjunction with the Financial statements published for 2013.

Raute Corporation's Interim financial report for January 1 - June 30, 2014 has been prepared in accordance with the International Financial Reporting Standards, IFRS, accepted for application in the EU. Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on June 30, 2014. The notes to the Interim financial statements also comply with Finnish accounting legislation. The presented Interim financial report figures have not been audited.

The Interim financial report has been prepared according to the same accounting principles as those applied in the Annual financial statement for 2013, with the exception of certain new or revised standards, interpretations and amendments to existing standards which the Group has applied as of January 1, 2014. The impact of the new and revised standards has been presented in the Annual financial statements for 2013. The adoption of these standards has not had an impact on the Interim financial report.

All of the figures presented in the Interim financial report are in thousand euro, 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 Interim financial report in conformity with IFRS standards requires management to make certain critical accounting estimates and to exercise its judgment in applying the Group's accounting policies. Because the forward-looking estimates and assumptions are based on management's best knowledge at the reporting date, they comprise risks and uncertainties. The actual results may differ from these estimates.

### 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. Segment reporting follows the principles of presentation of the consolidated financial statements.

Wood products technology	30.6.2014	30.6.2013	31.12.2013
Net sales	35 349	43 152	83 274
Operating profit (loss)	-1 288	623	1 828
Assets	45 947	53 893	48 783
Liabilities	25 351	31 010	25 170
Capital expenditure	821	1 768	3 188

<b>Assets of the wood products technology segment by geographical location</b>	<b>30.6.2014</b>	<b>%</b>	<b>30.6.2013</b>	<b>%</b>	<b>31.12.2013</b>	<b>%</b>
Finland	39 313	86	47 787	89	40 492	83
China	2 599	6	2 401	4	2 926	6
North America	2 452	5	2 337	4	3 914	8
Russia	1 294	3	1 146	2	1 114	2
South America	165	0	166	0	198	0
Other	124	0	56	0	140	0
<b>TOTAL</b>	<b>45 947</b>	<b>100</b>	<b>53 893</b>	<b>100</b>	<b>48 783</b>	<b>100</b>

<b>Capital expenditure of the wood products technology segment by geographical location</b>	<b>30.6.2014</b>	<b>%</b>	<b>30.6.2013</b>	<b>%</b>	<b>31.12.2013</b>	<b>%</b>
Finland	720	88	1 358	77	2 324	73
China	58	7	391	22	837	26
North America	35	4	13	1	15	0
Russia	3	0	2	0	3	0
South America	2	0	1	0	1	0
Other	3	0	4	0	8	0
<b>TOTAL</b>	<b>821</b>	<b>100</b>	<b>1 768</b>	<b>100</b>	<b>3 188</b>	<b>100</b>

#### 4. Net sales

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

Project deliveries and modernizations related to technology services include both product and service sales, making it impossible to give a reliable presentation of the breakdown of the Group's net sales into purely product and service sales.

Large delivery projects can temporarily increase the shares of various customers of the Group's net sales to more than ten percent. At the end of the period, the Group had two customers (2), whose customized share of the Group's net sales temporarily exceeded ten percent. The total share of these customers was 24 percent.

<b>Net sales by market area</b>	<b>1.1.-30.6.2014</b>	<b>%</b>	<b>1.1.-30.6.2013</b>	<b>%</b>	<b>1.1.-31.12.2013</b>	<b>%</b>
EMEA (Europe and Africa)	15 429	43	20 303	47	33 697	40
LAM (South America)	7 069	20	10 152	24	18 020	22
CIS (Russia)	5 929	17	6 433	15	16 291	19
NAM (North America)	5 914	17	4 230	10	11 432	14
APAC (Asia-Pacific)	1 009	3	2 035	5	3 834	5
<b>TOTAL</b>	<b>35 349</b>	<b>100</b>	<b>43 152</b>	<b>100</b>	<b>83 274</b>	<b>100</b>

Finland accounted for 7 percent (4 %) of net sales.

5. Long-term projects	30.6.2014	30.6.2013	31.12.2013
Net sales			
Net sales by percentage of completion	25 390	35 284	66 214
Other net sales	9 959	7 868	17 060
<b>TOTAL</b>	<b>35 349</b>	<b>43 152</b>	<b>83 274</b>
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	95 894	108 543	86 534
Amount of long-term project revenues not yet entered as income (order book)	57 767	38 864	27 770
Projects for which the value by percentage of completion exceeds advance payments invoiced			
- aggregate amount of costs incurred and recognized profits less recognized losses	53 440	74 463	65 872
- advance payments received	46 133	65 336	53 619
Gross amount due from customers	7 308	9 127	12 253
Projects for which advance payments invoiced exceed the value by percentage of completion			
- aggregate amount of costs incurred and recognized profits less recognized losses	42 454	34 080	20 467
- advance payments received	51 150	44 542	26 953
Gross amount due to customers	8 696	10 462	6 486
Specification of combined asset and liability items			
Advance payments paid	145	213	101
Advance payments received included in inventories in the balance sheet	145	213	101
Advance payments in the balance sheet	9 580	10 837	7 099
6. Number of personnel, persons	30.6.2014	30.6.2013	31.12.2013
Effective, on average	505	503	515
In books, on average	525	511	522
In books, at the end of the period	544	533	534
- of which personnel working abroad	152	140	148
7. Research and development costs	30.6.2014	30.6.2013	31.12.2013
Research and development costs for period	785	1 356	2 523
Amortization of previously capitalized development costs	51	238	405
Development costs recognized as an asset in the balance sheet	-138	-388	-615
Research and development costs entered as expense for the period	698	1 206	2 313

8. Changes in Intangible assets and in Property, plant and equipment	30.6.2014	30.6.2013	31.12.2013
<b>Intangible assets</b>			
Carrying amount at the beginning of the period	13 372	14 019	14 019
Exchange rate differences	-12	7	-10
Additions	244	753	1 552
Reclassification between items	-117	17	-2 188
<b>Carrying amount at the end of the period</b>	<b>13 486</b>	<b>14 795</b>	<b>13 372</b>
Accumulated depreciation and amortization at the beginning of the period	-9 799	-10 815	-10 815
Exchange rate differences	7	-4	7
Accumulated depreciation and amortization of disposals and reclassifications	117	-	1 791
Depreciation and amortization for the period	-240	-419	-782
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-9 915</b>	<b>-11 237</b>	<b>-9 799</b>
<b>Book value of Intangible assets, at the beginning of the period</b>	<b>3 574</b>	<b>3 204</b>	<b>3 204</b>
<b>Book value of Intangible assets, at the end of the period</b>	<b>3 571</b>	<b>3 558</b>	<b>3 574</b>
<b>Property, plant and equipment</b>			
Carrying amount at the beginning of the period	42 670	41 673	41 673
Exchange rate differences	25	-372	-947
Additions	578	1 016	1 634
Disposals	-4	-29	-44
Reclassification between items	-8	-17	354
<b>Carrying amount at the end of the period</b>	<b>43 260</b>	<b>42 271</b>	<b>42 670</b>
Accumulated depreciation and amortization at the beginning of the period	-34 274	-33 782	-33 782
Exchange rate differences	-40	338	857
Accumulated depreciation and amortization of disposals and reclassifications	8	-	44
Depreciation and amortization for the period	-701	-680	-1 392
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-35 007</b>	<b>-34 124</b>	<b>-34 274</b>
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>8 396</b>	<b>7 892</b>	<b>7 891</b>
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>8 253</b>	<b>8 147</b>	<b>8 396</b>
<b>9. Interest-bearing liabilities</b>	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>31.12.2013</b>
Non-current interest-bearing liabilities recognized at amortized cost	1 875	4 139	2 500
Current interest-bearing liabilities	2 447	4 497	3 481
<b>TOTAL</b>	<b>4 322</b>	<b>8 636</b>	<b>5 981</b>
<b>Maturities of the interest-bearing financial liabilities at June 30, 2014</b>			
Financial liability	Current	Non-current	Total
Loans from financial institutions	2 447	1 875	4 322
<b>Total</b>	<b>2 447</b>	<b>1 875</b>	<b>4 322</b>

<b>10. Pledged assets and contingent liabilities</b>	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>31.12.2013</b>
<b>On behalf of the Parent company</b>			
Business mortgages	4 376	-	3 946
Loans from financial institutions	4 086	7 636	5 741
Business mortgages	4 125	6 700	5 750
Pension loans (TYEL)	-	1 000	-
Business mortgages	-	300	-
Credit insurance agreements	-	700	-
<b>Mortgage agreements on behalf of subsidiaries</b>			
Loans from financial institutions	236	247	240
Other obligations	1 263	-	64
Business mortgages	1 499	247	304
<b>Commercial bank guarantees on behalf of the Parent company and subsidiaries</b>			
	11 806	10 779	1 484
<b>Other own obligations</b>			
Rental liabilities maturing within one year	656	816	845
Rental liabilities maturing in one to five years	1 972	2 552	2 398
Rental liabilities maturing more than five years	90	318	185
<b>Total</b>	<b>2 719</b>	<b>3 687</b>	<b>3 428</b>

#### 11. Related party transactions

No loans are granted to the company's management. On June 30, 2014, the Parent Company Raute Corporation had loan receivables from its subsidiary Raute Service LLC EUR 355 thousand (EUR 355 thousand) and Raute Shanghai Machinery Co., Ltd EUR 550 thousand.

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

<b>12. Derivatives</b>	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>31.12.2013</b>
<b>Nominal values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	-	1 408	1 311
- Related to the hedging of net sales	3 559	4 177	2 967
<b>Fair values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	-	5	-3
- Related to the hedging of net sales	24	-114	24
<b>Interest rate and currency swap agreements</b>			
- Nominal value	967	3 014	1 991
- Fair value	-36	-50	-42

### 13. Share-based payments

An expense of EUR 63 thousand (EUR 85 thousand) was recognized for the options to the income statement during the interim period. A total amount of 2 thousand series A shares were subscribed during the period. The share capital of Raute Corporation, as a result of the share subscription made with stock options, increased EUR 4 thousand.

### 14. Dividend distribution and repayment of equity

Raute Corporation's Annual General Meeting held on March 31, 2014, decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 0,20 per share to be paid for series A and K shares, a total of EUR 801 thousand. The dividend payment date was April 10, 2014.

Raute Corporation's Annual General Meeting held on March 31, 2014, decided, according to the Board of Directors' proposal, to distribute a repayment of equity of EUR 0,30 per share to be paid for series A and K shares, a total of EUR 1 202 thousand. The payment date was April 10, 2014.

### 15. Financial assets and liabilities that are measured at fair value

At the end of the reporting period June, 2014, the fair value of the financial assets categorized at fair value on hierarchy level 3 was EUR 500 thousand. The methods of fair value determination correspond the valuation principles presented in the Annual financial statements for 2013. There were no transfers between the hierarchy levels 1 and 2 during the reporting period.

### 16. Exchange rates used

Income statement, euros	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-31.12.2013
CNY (Chinese yuan)	8,4517	8,1294	8,1655
RUB (Russian rouble)	48,0204	40,7641	42,3248
CAD (Canadian dollar)	1,5032	1,3345	1,3685
USD (US dollar)	1,3705	1,3135	1,3282
SGD (Singapore dollar)	1,7281	1,6331	1,6618
CLP (Chilean peso)	758,0075	628,7305	658,1306

Balance sheet, euros	30.6. 2014	30.6.2013	31.12.2013
CNY (Chinese yuan)	8,4698	8,0905	8,3248
RUB (Russian rouble)	46,3779	42,8450	45,3246
CAD (Canadian dollar)	1,4589	1,3714	1,4671
USD (US dollar)	1,3658	1,3080	1,3791
SGD (Singapore dollar)	1,7047	1,6545	1,7414
CLP (Chilean peso)	751,1761	663,3357	725,0943



<b>FINANCIAL DEVELOPMENT</b>	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>31.12.2013</b>
Change in net sales, %	-18,1	15,2	-17,8
Exported portion of net sales, %	92,8	96,2	94,2
Return on investment (ROI), %	-8,2	6,2	7,3
Return on equity, ROE, %	-9,8	5,5	5,0
Interest-bearing net liabilities, EUR million	-8,1	-11,2	-6,7
Gearing, %	-39,3	-49,0	-28,3
Equity ratio, %	56,6	53,1	56,6
Gross capital expenditure, EUR million	0,8	1,8	3,2
% of net sales	2,3	4,1	3,8
Research and development costs, EUR million	0,8	1,4	2,5
% of net sales	2,2	3,1	3,0
Order book, EUR million	59	40	28
Order intake, EUR million	67	34	63

<b>SHARE-RELATED DATA</b>	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>31.12.2013</b>
Earnings per share, (EPS), undiluted, EUR	-0,27	0,16	0,30
Earnings per share, (EPS), diluted, EUR	-0,27	0,16	0,30
Equity to share, EUR	5,14	5,71	5,89
Dividend per share, EUR	-	-	0,20
Dividend per profit, %	-	-	66,7
Effective dividend return, %	-	-	2,90
Repayment of equity from invested non-restricted equity reserve, EUR	-	-	0,30
<b>Development in share price (series A shares)</b>			
Lowest share price for the period, EUR	6,90	8,33	6,88
Highest share price for the period, EUR	8,60	9,33	9,33
Average share price for the period, EUR	7,62	8,78	8,49
Share price at the end of the period, EUR	8,10	8,74	6,95
<b>Market value of capital stock</b>			
- Series K shares, EUR million*	8,0	8,7	6,9
- Series A shares, EUR million	24,4	26,3	20,9
<b>Total, EUR million</b>	<b>32,5</b>	<b>35,0</b>	<b>27,8</b>

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

<b>Trading of the company's shares (series A shares)</b>			
Trading of shares, pcs	359 282	268 519	513 699
Trading of shares, EUR million	2,7	2,4	4,4
<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)	3 015 667	3 013 597	3 013 597
<b>Total</b>	<b>4 006 828</b>	<b>4 004 758</b>	<b>4 004 758</b>
Number of shares, weighted average, 1 000 pcs	4 007	4 005	4 005
Number of shares, diluted, 1 000 pcs	4 008	4 013	4 013
<b>Number of shareholders</b>	<b>1 963</b>	<b>1 775</b>	<b>1 915</b>

<b>DEVELOPMENT OF QUARTERLY RESULTS</b>						
	Q3	Q4	Q1	Q2	Rolling	Rolling
(EUR 1 000)	2013	2013	2014	2014	1.7.2013- 30.6.2014	1.7.2012- 30.6.2013
<b>NET SALES</b>	<b>15 610</b>	<b>24 512</b>	<b>15 020</b>	<b>20 329</b>	<b>75 471</b>	<b>106 952</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>-37</b>	<b>-672</b>	<b>69</b>	<b>263</b>	<b>-378</b>	<b>-437</b>
<b>Other operating income</b>	<b>102</b>	<b>158</b>	<b>25</b>	<b>7</b>	<b>293</b>	<b>1 352</b>
Materials and services	-7 304	-11 521	-7 197	-10 154	-36 175	-58 749
Employee benefits expense	-5 969	-7 387	-7 164	-7 000	-27 520	-29 182
Depreciation and amortization	-597	-479	-465	-476	-2 016	-2 071
Other operating expenses	-2 115	-3 098	-2 209	-2 338	-9 760	-12 299
<b>Total operating expenses</b>	<b>-15 984</b>	<b>-22 486</b>	<b>-17 035</b>	<b>-19 967</b>	<b>-75 471</b>	<b>-102 300</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>-309</b>	<b>1 513</b>	<b>-1 920</b>	<b>632</b>	<b>-84</b>	<b>5 566</b>
<b>% of net sales</b>	<b>-2</b>	<b>6</b>	<b>-13</b>	<b>3</b>	<b>0</b>	<b>5</b>
Financial income	53	210	205	65	532	565
Financial expenses	-161	-513	-213	-58	-944	-692
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>-417</b>	<b>1 210</b>	<b>-1 928</b>	<b>639</b>	<b>-496</b>	<b>5 438</b>
<b>% of net sales</b>	<b>-3</b>	<b>5</b>	<b>-13</b>	<b>3</b>	<b>-1</b>	<b>5</b>
Income taxes	51	-294	345	-139	-37	-1 575
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-366</b>	<b>916</b>	<b>-1 583</b>	<b>500</b>	<b>-533</b>	<b>3 863</b>
<b>% of net sales</b>	<b>-2</b>	<b>4</b>	<b>-11</b>	<b>2</b>	<b>-1</b>	<b>4</b>
<b>Attributable to</b>						
Equity holders of the Parent company	-366	916	-1 583	500	-533	3 863
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	-0,09	0,23	-0,40	0,12	-0,13	0,96
Diluted earnings per share	-0,09	0,23	-0,40	0,12	-0,13	0,96
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 005	4 005	4 005	4 007	4 007	4 005
Adjusted average number of shares, diluted	4 010	4 013	4 008	4 008	4 008	4 013
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>						
	Q3	Q4	Q1	Q2	Rolling	Rolling
	2013	2013	2014	2014	1.7.2013- 30.6.2014	1.7.2012- 30.6.2013
Order intake during the period, EUR million	7	22	16	51	96	74
Order book at the end of the period, EUR million	31	28	28	59	59	40

**20 LARGEST SHAREHOLDERS AT JUNE 30, 2014**

	Number of series K shares	Number of series A shares	Total number of shares	% total shares	Total number of votes	% of voting rights
<b>By number of shares</b>						
1. Sundholm Göran	-	624 398	624 398	15,6	624 398	2,7
2. Mandatum Life Unit-Linked	-	181 900	181 900	4,5	181 900	0,8
3. Laakkonen Mikko	-	119 919	119 919	3,0	119 919	0,5
4. Suominen Pekka	48 000	62 429	110 429	2,8	1 022 429	4,5
5. Suominen Tiina Sini-Maria	48 000	62 316	110 316	2,8	1 022 316	4,5
6. Siivonen Osku Pekka	50 640	53 539	104 179	2,6	1 066 339	4,7
7. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,6	1 161 941	5,1
8. Mustakallio Mika Tapani	57 580	29 270	86 850	2,2	1 180 870	5,2
9. Keskiaho Kaija Leena	33 600	51 116	84 716	2,1	723 116	3,2
10. Särkijärvi Anna Riitta	60 480	22 009	82 489	2,1	1 231 609	5,4
11. Relander Harald	-	80 000	80 000	2,0	80 000	0,4
12. Mustakallio Kari Pauli	60 480	1 000	61 480	1,5	1 210 600	5,3
13. Mustakallio Marja Helena	43 240	16 047	59 287	1,5	880 847	3,9
14. Särkijärvi Timo	12 000	43 256	55 256	1,4	283 256	1,2
15. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256	1,4	283 256	1,2
16. Mustakallio Ulla Sinikka	53 240	-	53 240	1,3	1 064 800	4,7
17. Suominen Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
18. Mustakallio Kai Henrik kuolinpesä	47 420	4 594	52 014	1,3	952 994	4,2
19. Keskinäinen työeläkevakuutusyhtiö Varma	-	51 950	51 950	1,3	51 950	0,2
20. Sijoitusrahasto Nordea Suomi Small Cap	-	49 573	49 573	1,2	49 573	0,2
<b>TOTAL</b>	<b>607 320</b>	<b>1 572 877</b>	<b>2 180 197</b>	<b>54,4</b>	<b>13 719 277</b>	<b>60,1</b>

	Number of series K shares	Number of series A shares	Total number of shares	% total shares	Total number of votes	% of voting rights
<b>By number of votes</b>						
1. Särkijärvi Anna Riitta	60 480	22 009	82 489	2,1	1 231 609	5,4
2. Mustakallio Kari Pauli	60 480	1 000	61 480	1,5	1 210 600	5,3
3. Mustakallio Mika Tapani	57 580	29 270	86 850	2,2	1 180 870	5,2
4. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,6	1 161 941	5,1
5. Siivonen Osku Pekka	50 640	53 539	104 179	2,6	1 066 339	4,7
6. Mustakallio Ulla Sinikka	53 240	-	53 240	1,3	1 064 800	4,7
7. Suominen Pekka	48 000	62 429	110 429	2,8	1 022 429	4,5
8. Suominen Tiina Sini-Maria	48 000	62 316	110 316	2,8	1 022 316	4,5
9. Suominen Jussi	48 000	-	48 000	1,2	960 000	4,2
10. Mustakallio Kai Henrik kuolinpesä	47 420	4 594	52 014	1,3	952 994	4,2
11. Mustakallio Marja Helena	43 240	16 047	59 287	1,5	880 847	3,9
12. Mustakallio Risto Knut kuolinpesä	42 240	-	42 240	1,1	844 800	3,7
13. Keskiaho Kaija Leena	33 600	51 116	84 716	2,1	723 116	3,2
14. Sundholm Göran	-	624 398	624 398	15,6	624 398	2,7
15. Keskiaho Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
16. Keskiaho Juha-Pekka	27 880	7 491	35 371	0,9	565 091	2,5
17. Kirmo Lasse	27 645	9 621	37 266	0,9	562 521	2,5
18. Suominen Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
19. Keskiaho Marjaana	24 780	21 500	46 280	1,2	517 100	2,3
20. Kultanen Leea Annikka	22 405	8 031	30 436	0,8	456 131	2,0
<b>TOTAL</b>	<b>805 950</b>	<b>1 049 666</b>	<b>1 855 616</b>	<b>46,3</b>	<b>17 168 666</b>	<b>75,2</b>

**MANAGEMENTS' AND PUBLIC INSIDERS' SHAREHOLDING AND NOMINEE-REGISTERED SHARES**

	Number of series K shares	Number of series A shares	Total number of shares	% total shares	Total number of votes	% of voting rights
<b>Management's and Public insiders' holding at June 30, 2014</b>						
The Board of Directors, The Group's President and CEO and Executive Board	122 830	112 099	234 929	5,9	2 568 699	11,2
<b>TOTAL</b>	<b>122 830</b>	<b>112 099</b>	<b>234 929</b>	<b>5,9</b>	<b>2 568 699</b>	<b>11,2</b>

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

<b>Nominee-registered shares at June 30, 2014</b>	<b>-</b>	<b>126 727</b>	<b>126 727</b>	<b>3,2</b>	<b>126 727</b>	<b>0,6</b>
---	----------	----------------	----------------	------------	----------------	------------

RAUTE CORPORATION  
 Board of Directors

**PRESS CONFERENCE ON JULY 29, 2014 AT 2 P.M.:**

A briefing will be organized for analysts, investors and the media on July 29, 2014 at 2 p.m. at Scandic Simonkenttä Hotel, Roba cabinet, Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Arja Hakala, CFO.

**NEXT INTERIM REPORT:**

Raute Corporation's interim report January 1–September 30, 2014 will be published on Wednesday, October 29, 2014.

**FURTHER INFORMATION:**

Mr. Tapani Kiiski, President and CEO, Raute Corporation, tel. +358 3 829 3560, mobile +358 400 814 148  
 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 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 technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in Nastola, Finland. Its other production plants are in the Vancouver area of Canada, in the Shanghai area of China, and in Kajaani, Finland. Raute's net sales in 2013 were EUR 83.3 million. The Group's headcount at the end of 2013 was 534.

More information about the company can be found at [www.raute.com](http://www.raute.com).



RAUTE OYJ  
Rautetie 2  
PL 69, 15551 Nastola  
Puh. 03 829 11  
Fax 03 829 3200  
[ir@raute.com](mailto:ir@raute.com)