Ruukki Group Plc, Financial Statements Review, 26 February 2009

RUUKKI GROUP PLC'S FINANCIAL STATEMENTS REVIEW FOR 1 JANUARY – 31 DECEMBER 2008

This Financial Statements Review is prepared in accordance with the IAS 34 standard. The presented information is unaudited. In the text below the corresponding comparable figures from financial year 2007 are presented in brackets, unless otherwise explicitly stated. When comparing financial performance in 2008 versus that in 2007, it shall be taken into account that Group strategy and structure have significantly changed during 2008.

HIGHLIGHTS 2008

- Revenue 1-12/2008 EUR 247.4 (1-12/2007: 213.9) million
- EBITDA 1-12/2008 EUR 17.6 (24.7) million
- EPS 2008, undiluted, EUR -0.11 (0.06)
- Strong net cash position
- Expansion into Minerals business in Q4/2008
- Positive EBITDA despite very challenging market conditions
- Net loss due to impairment losses of EUR 41.0 (1.0) million and costs associated with Russian projects of EUR 7.8 (3.5) million
- Cancellation of Kostroma project in Q1/2008 and subsequent discontinuation of pulp mill and sawmill projects in Russia decided in Q1/2009
- EUR 0.04 per share capital redemption proposed to the AGM, no dividend

GUIDANCE 2009

- EBITDA guidance 1-12/2009: consolidated Group EUR 10.0 million, Wood Processing EUR 5.0 million, Minerals EUR 10.0 million
- Emphasis on positive cash flow

KEY DEVELOPMENTS DURING OR AFTER FINANCIAL YEAR 2008

- In Q4/2008 the Group entered into minerals business via acquisition of Turkish mining operations and German and Maltese ferrochrome businesses thereby enlarging the Group into a new industry and into new geographical areas

- All the preparations on Kostroma forest industry project were cancelled during Q1/2008, in Q3/2008 significant cost savings were introduced relating to the Russian pulp mill and sawmill projects, and subsequently all Russian projects have been discontinued in Q1/2009

- The Group sold its Care Services business and certain metal industry assets, as well as partially disposed of its Furniture Business

- Group's net cash position on 31 December 2008 was EUR 213.1 (317.9) million

- Ruukki Group Plc acquired altogether 29,000,000 own shares from the market, corresponding to almost 10 % of all shares, and cancelled these treasury shares in February 2009, after which Company's registered number of shares has been 261,034,022 shares

- The Group recognised in its 2008 income statement EUR 41.0 (1.0) million net impairment losses on goodwill, intangible assets and tangible assets

- The Board of Directors proposes to the Annual General Meeting to be convened later that a capital redemption of EUR 0.04 per share would be distributed out of the paid-up unrestricted equity reserve i.e. in total EUR 10,441,360.88, and no dividend is proposed

Revenue

Revenue, EUR million	Group Total	Wood Processing	Minerals
Actual 2008	247.4	222.6	12.3
Guidance 2008 *	245.0	220.0	15.0

* as announced on 10 December 2008

Ruukki Group's consolidated revenue from continuing operations during 1-12/2008 totalled EUR 158.7 (128.4) million. Revenue growth was approximately 24 %. Comparable revenue for the year 2008 was approximately 15 % lower year-on-year.

The business segments accounted for consolidated January-December revenue as follows, presented as percentage share of total revenue from continuing operations: Sawmill 61 % (46 %), House Building 32 % (49 %) and Minerals 8 % (0 %). Discontinued operations accounted for 36 % (40 %) of the total Group revenue. Approximately 53 % (43 %) of total revenue was for exports.

Profitability

EBITDA, EUR million	Group Total	Wood Processing	Minerals
Actual 2008	17.6	15.8	1.9
Guidance 2008 *	20.0	13.0	5.0

* as announced on 10 December 2008

The earnings before interest, taxes, depreciation and amortisation (EBITDA) from continuing operations for the financial year 2008 were EUR 2.3 (17.3) million, or 1.5 % (13.5 %) of revenue. The comparable EBITDA was about EUR -7.7 (16.3) million when taking into account the effect of corporate restructurings.

The earnings before interest and taxes (EBIT) from continuing operations for the financial year 2008 were EUR -46.7 (12.7) million, or -29,4 % (9.9 %) of revenue. The comparable EBIT was about EUR -37.5 (12.9) million when taking into account the effect of corporate restructurings and impairment losses.

During January – December 2008 altogether EUR 41.0 (1.0) million of impairment losses were recognised, of which EUR 27.7 million was booked into third quarter, EUR 11.4 million during fourth quarter and the remaining during the previous quarters.

The Sawmill Business segment generated negative operating profit in the second, third and fourth quarters due to slow-down in demand and decline of sales prices. The House Building segment had strong performance even though delivery volumes are on downward trend because of the general market conditions. The fourth quarter has typically been and was also for 2008 the strongest quarter with strong profit margin for the House Building segment. The Furniture Business was consolidated into the Group up until 30 December 2008, and during 2008 it contributed a positive EBITDA of EUR 2.1 (6.2) million.

During 2008 altogether EUR 7.8 (3.5) million expenses were recognised related to Russian investment projects and their preparation. The impairment losses on these projects totalled EUR 17.8 million in 2008 (2007: no impairment).

Minerals business was consolidated from the beginning or November 2008, and it generated an EBITDA of EUR 1.9 million for 11-12/2008.

Financial position

Group’s net cash position at the year-end 2008 stood at EUR 213.1 million (cash, interest-bearing receivables and interest-bearing liabilities, net). At the end of 2007 the corresponding net cash position was EUR 317.9 million (including money market funds). In the 31 Dec 2008 net cash position there are about EUR 16.0 million of cash and interest-bearing receivables of

Elektrowerk Weisweiler GmbH, which is consolidated into the Group but in which Ruukki Group's ownership stake is zero. The net cash position described above included interest-bearing debt on 31 December 2008 as follows: short-term interest-bearing debt totalling EUR 13.1 (16.0) million and long-term interest-bearing debt totalling EUR 23.1 (24.0) million.

Changes in the consolidated Group balance sheet at the end of 2008 compared to end of 2007 relate to major extent to corporate restructuring. Acquisition of Junnikkala sawmill in January increased Group's assets and liabilities, but the disposal of Care Services business and especially partial disposal of Furniture Business downsized Group balance sheet and diminished interest-bearing debt as well. For the Minerals Business acquisition, EUR 80.0 million cash consideration was paid in October, and about EUR 5.4 million of transaction costs were accrued. The Minerals Business, as consolidated into the Group, had about EUR 6.6 million of cash reserves and EUR 15.7 million of interest-bearing receivables on its 31 December 2008 balance sheet.

Mainly due to the Minerals Business acquisition Group's goodwill increased to EUR 87.2 million on 31 December 2008 from previous year-end's EUR 34.9 million.

GROUP KEY FIGURES, CONTINUING OPERATIONS, EUR MILLION

CONTINUING OPERATIONS, EUR million	**2008 12 months / 31 Dec 2008**	**2007 12 months / 31 Dec 2007**
Revenue	158.7	128.4
EBITDA	2.3	17.3
% of revenue	1.5 %	13.5 %
EBIT	-46.7	12.7
% of revenue	-29.4 %	9.9 %
Earnings before taxes	-41.5	18.0
% of revenue	-26.2 %	14.0 %
Profit for the period	-41.4	12.6
Return on equity, %	-10.8 %	5.3 %
Return on capital employed, %	-8.1 %	7.0 %
Equity ratio, %	64.8 %	85.1 %
Earnings per share, undiluted (EUR)	-0.14	0.05
Earnings per share, diluted (EUR)	-0.14	0.05
Equity per share, EUR	1.20	1.41
Average number of shares, undiluted (1,000)	290 034	217 889
Average number of shares, diluted (1,000)	305 176	221 432
Number of shares outstanding, end of period (1,000)	290 034	290 034

All the figures in the table above representing continuing operations, so all the effects of the discontinued operations are excluded.

FINANCIAL PERFORMANCE, FOURTH QUARTER RESULTS

During the fourth quarter, the following financial performance was realised for the consolidated Group and for the two major business areas (excluding e.g. Russian projects and the headquarter's impact) from continuing operations:

Q4/2008 continuing operations	Revenue	EBITDA	EBIT

Wood Processing	36.2	2.8	-7.8
Minerals	12.3	1.9	-1.0
Group total	48.5	1.2	-19.8

Q4/2007 continuing operations	Revenue	EBITDA	EBIT
Wood Processing	32.6	7.3	6.2
Minerals	-	-	-
Group total	36.1	4.0	2.4

GROUP STRATEGY

Ruukki Group’s Board of Directors redefined the Group strategy during the second quarter of 2008 to diversify into Minerals.

After the resolution at the end of October by the Extraordinary General Meeting, and the related chrome ore and ferrochrome business acquisition, the Group now has two main business areas: Wood Processing business and Minerals business.

The Wood Processing businesses are primarily located in the Northern part of Finland, and the Group will focus on consolidating our position in this market.

The Group is actively looking into acquisition opportunities in the Minerals sector with an initial focus on chrome mining and production.

In all of its operations cash flow generation is emphasized.

The Group has conservative approach to managing Group’s debt/equity ratio.

GUIDANCE 2009

The Board of Directors of Ruukki Group Plc has decided to emphasise during 2009 cash flow generation in all of its operations. The Group is looking for expansion opportunities and potential acquisition targets within the current main business areas. The decision criteria for all investments will be the expected pay-back profile and cash generation ability.

Due to very uncertain circumstances prevailing in global financial and products markets, no revenue guidance will be given for 2009. For profitability, the following EBITDA guidance is given based on cautious assumptions in the light of the current market situation:

EBITDA, EUR million	Group Total	Wood Processing	Minerals
Guidance 2009	10.0	5.0	10.0
Actual 2008	17.6	15.8	1.9

The guidance presented above is based on the subsidiaries’ 2009 budgets, on order book at the end of 2008 and on current market situation.

CHAIRMAN AND CEO ALWYN SMIT:

- ”The global economic downturn has clearly and significantly affected the business environment everywhere, and it has also touched Ruukki Group’s Wood Processing and Minerals businesses. However, due to specialised nature and flexible operational model of our businesses, we have been able to survive the turmoil relatively well, as compared to some of our major competitors.”

- ”Ruukki Group has strong net cash position, which enables us to utilise business opportunities and pursue add-on acquisitions in the business areas we are already in.”

- ”Although the outlook for future is challenging, we are convinced that we will continue to generate positive operative cash flow.”

PRESS AND ANALYSTS BRIEFING

Ruukki Group Plc holds a conference call on 27 February 2009 at 4:00 p.m. Finnish time in English. Chairman and CEO Alwyn Smit will present the financial statements review. To attend the call, please register via email to marjo.lonka@ruukkigroup.fi. Further instructions to participate in the conference call will be given after registration.

For any further information, please contact:

Alwyn Smit
Chairman of the Board and CEO
Ruukki Group Plc
Telephone +358 50 442 1663 / +41 7960 19094
www.ruukkigroup.fi

Ruukki Group Plc's shares are listed on Nasdaq OMX Helsinki in which the shares of the Company are traded in the mid cap segment, in the industrials sector

This Financial Statements Review is based on translation into English of a document written in Finnish. In case there would be any potential discrepancies, inconsistencies or inaccuracies, the Finnish version of the Financial Statements Review shall prevail.

RUUKKI GROUP PLC: FINANCIAL STATEMENTS REVIEW, 1 JANUARY – 31 DECEMBER 2008

The key events from 1 January to 30 September have been detailed in the interim reports published by the company during 2008, and hence the Company refers in that respect to the information published earlier. Consequently, mainly events that took place during or after the fourth quarter of 2008 will be described below.

ACQUISITIONS, DIVESTMENTS AND MAJOR OTHER RESTRUCTURINGS CARRIED OUT DURING AND AFTER THE FINANCIAL YEAR 2008

In addition to the number of changes that took place during 2008 in the Company’s major owners, which was also reflected in the Company’s Board of Directors, Ruukki Group’s legal and operational structure and strategy were reformed and revised during financial year 2008. The major steps of corporate restructurings are chronologically described below:

Acquisition of Junnikkala sawmill (Q1/2008)

Greenfield forest industry investment project in Kostroma, Russia (cancelled in Q1/2008)

Divestment of Metal Industry assets (Q1/2008 and Q3/2008)

Divestment of Care Services business segment (Q3/2008)

Acquisition of minerals businesses from Kermas Limited (Q4/2008)

At the end of Q2/2008 the Board of Directors redefined Group strategy so that the business was to be diversified from wood processing business only to also minerals business, in the first phase more specifically into ferrochrome business. In early June 2008 Ruukki Group Plc and Kermas Limited, a major shareholder in Ruukki Group, entered into a preliminary agreement on the acquisition of Kermas Limited’s chrome ore businesses in Turkey and ferrochrome businesses in Malta and Germany. Based on due diligence surveys conducted during the summer and autumn, as well as on a fairness opinion given by HSBC Bank Plc, the extraordinary general meeting of Ruukki Group Plc decided on 28 October 2008 to acquire the businesses. The closing of the transaction took place at the end of October. This transaction diversified Ruukki Group’s businesses geographically quite substantially, and represents a move into a new industry.

Partial divestment of Furniture Business segment (Q4/2008)

Ruukki Group’s Furniture Business segment went through a number of operational restructuring measures, including also co-determination negotiations, in 2008 targeted to enhance operative efficiency and to ensure cost competitiveness. Ruukki Group Plc’s Board of Directors decided in Q4/2008 to start processes directed to selling partially or fully its shares in Incap Furniture Oy, the furniture business subsidiary of Ruukki Group. Based on this, at the end of 2008 Ruukki Group partially disposed of the shares in Incap Furniture Oy lowering the effective ownership stake of the Group to 48.3 %. Therefore, the Furniture Business is included in the discontinued operations at the end of 2008, and not anymore reported as a separate business segment.

Decision to discontinue all preparations on Russian pulp mill project (Q1/2009)

Based on changed situation on global financial markets, recent developments in pulp and paper markets, and taking also into account Russia-specific factors, the Board of Directors of Ruukki Group Plc decided to discontinue Russian pulp mill and sawmill projects.

KEY EVENTS DURING THE FOURTH QUARTER OF 2008 (1 OCT – 31 DEC 2008)

Decisions by Extraordinary General Meeting on 7 October 2008

Ruukki Group Plc's Extraordinary General Meeting was held in Espoo on Tuesday 7 October 2008. The number of Board members was decided to be six. Esa Hukkanen, Markku Kankaala, Jelena Manojlovic and Alwyn Smit were re-elected to the Board. Thomas Hoyer and Terence McConnachie were elected as new Board members. The Extraordinary General Meeting resolved the compensation of the Board of Directors as follows: Chairman of the Board EUR 7,500 per month, and EUR 5,000 per month for each member.

Decisions by Extraordinary General Meeting on 28 October 2008

Ruukki Group Plc's Extraordinary General Meeting was held in Espoo on Tuesday 28 October 2008. The Extraordinary General Meeting decided, according to the proposal of the Board, on execution of acquisition related to chrome and ferrochrome operations so that Ruukki Group Plc shall purchase about 99.999 % and its subsidiary Rekylator Oy about 0.001 % of the shares of a Maltese Company called RCS Limited from a company called Kermas Limited and Ruukki Group Plc shall purchase approximately 98.75 % of the shares of a Turkish company called Türk Maadin Sirketi A.S. from Kermas Limited. Ruukki Group Plc paid as a purchase consideration EUR 80 million in cash at the closing in October 2008, and will pay as potential additional earn-out purchase consideration altogether 50 % of the combined net profit of RCS and TMS during a five year period covering financial years 2009 – 2013. In any case the maximum total earn-out consideration is capped at EUR 150 million. In addition, the transaction includes among other things a long-term ferrochrome toll manufacturing agreement between RCS Limited and German Elektrowerk Weisweiler GmbH, a put option for two years related to the shares of Turkish Türk Maadin Sirketi A.S. and a call option related to the shares of Elektrowerk Weisweiler GmbH exercisable after five years.

The Extraordinary General Meeting decided, according to the proposal of the Board, on issuing a maximum total of 73,170,731 option rights to Kermas Limited related to additional earn-out purchase consideration of the aforementioned acquisition. The option rights will be issued without consideration and they will entitle the recipients to subscribe for a maximum total of 73,170,731 shares in Ruukki Group Plc. The share subscription price per share is EUR 2.30 (dividend adjustment). The subscription period for the shares occurs annually within 30 business days after the approval of the additional earn-out purchase consideration and matures on December 31, 2014.

The Extraordinary General Meeting decided to authorise the Board of Directors to decide on the acquiring of own shares and transferring of acquired own shares for a maximum amount of 19,000,000 shares. These authorisations are valid for two years.

The Extraordinary General Meeting decided, according to the proposal of the Board, and in deviation from the shareholders´ pre-emptive right of subscription, on giving in total maximum 2,900,000 option rights to the company’s CEO Alwyn Smit. The option rights would entitle the owner to subscribe in total maximum 2,900,000 new shares or shares that are in the possession of the company. The subscription price of the option rights is EUR 2.30 per share (dividend adjustment). The share subscription period for 1,450,000 stock options commences on October 1, 2009 and for 1,450,000 stock options on October 1, 2010. The subscription period matures on December 31, 2015.

Expansion into the Minerals business

Ruukki Group Plc’s Board finalised, based on resolution by the Extraordinary General Meeting on 28 October, the acquisition of chrome ore and ferrochrome businesses, and hence paid EUR 80 million in cash to Kermas Limited as purchase consideration at the end of October. The businesses acquired form a segment to be reported separately, and it has had effect from November 2008 on the consolidated Group revenue, results, financial position and cash flows. This transaction has significantly diversified Group’s industrial and geographical position.

Expansion of the Pallet Business

Oplax Oy, a subsidiary belonging to Ruukki Group's Sawmill Business segment, on 7 November 2008 acquired the entire share capital of PSL Räinä Oy, which operates in wooden loading pallets business and is located in Rovaniemi, Northern Finland. Revenue of PSL Räinä Oy reached approximately EUR 2.0 million in 2007 and there were 9 employees.

Measures taken in the Furniture Business operations and related to ownership structure

Ruukki Group’s Furniture Business segment (Incap Furniture) started at the end of September co-determination negotiations related to all of its employees due to financial and production-related reasons. The co-determination negotiations related to all the Incap Furniture’s employees and operations ended in November. There are ongoing restructuring investigations at Incap Furniture Oy, the outcome of which can affect the future operating model of that business.

In November 2008, Ruukki Group Plc’s Board classified Furniture Business as a non-core asset, and hence decided to start processes in order to partially or fully dispose of the shares Ruukki Group owns in Incap Furniture Oy. On 30

December 2008 Ruukki Group Plc sold shares in Incap Furniture Oy so that its ownership stake declined from about 72 % to about 48 %. Therefore, at the end of 2008 furniture business was not consolidated as a subsidiary, since post-transaction Ruukki Group does not have controlling stake in the business.

Share buy-backs

Ruukki Group Plc’s Board of Directors decided, based on authorisation given by the Annual General Meeting in March 2008, to buy back via a trading plan its own shares. The share buy-back was implemented in November when altogether 10,000,000 shares were acquired with an average purchase price of share of about EUR 1.19.

Ruukki Group Plc’s Board of Directors decided, based on authorisation given by the Extraordinary General Meeting in October 2008, to buy back via a trading plan its own shares. The share buy-back was started in December 2008 and the maximum amount of 19,000,000 shares was reached at the end of January 2009. The average purchase price of these shares was about EUR 1.12 per share.

KEY EVENTS AFTER THE FOURTH QUARTER (ON OR AFTER 1 JANUARY 2009)

Change in the Board of Director’s Audit Committee

Ruukki Group Plc’s Board of Directors decided that starting from 21 January 2009 the Audit Committee consists of three members. Thomas Hoyer and Markku Kankaala have been appointed as new committee members, and Jelena Manojlovic continues in her position in the audit committee. Thomas Hoyer was later elected as the committee’s chairman.

Cancellation of own shares

Ruukki Group Plc’s Board of Directors decided to cancel 29,000,000 treasury shares held by the company. The cancellation did not affect company’s share capital. After the cancellation company does not hold any own shares. The registered number of shares has been 261,034,022 after the cancellation, which became valid after it was registered at the Trade Register on 17 February 2009.

Decisions by Extraordinary General Meeting on 24 February 2009

The Extraordinary General Meeting decided, in accordance with the proposal by the Board of Directors, to authorise the Board of Directors to decide on share issue and on the issuing of stock options and other special rights that entitle to shares. By virtue of the authorisation shares could be emitted in one or more tranches in total a maximum of 100,000,000 new shares or shares owned by the Company. This equates approximately 38.3 per cent of the Company’s current registered shares. The authorisation replaces all previous authorisations and is valid for two years.

The Extraordinary General Meeting decided to authorise the Board of Directors to decide on the acquiring of own shares for a maximum amount of 26,000,000 shares with the funds from the Company’s unrestricted shareholders’ equity. The authorisation covers acquisition of shares in public trade in NASDAQ OMX Helsinki Oy and also outside of the public trade. This authorisation is valid for one year.

DEVELOPMENT BY BUSINESS SEGMENT

WOOD PROCESSING BUSINESS

SAWMILL BUSINESS

The Sawmill Business segment specialises in the efficient processing of softwood logs from Northern Finland into various sawn timber products sold for both domestic and export markets. The construction industry forms the business area's main customer segment in both Finland and elsewhere, because the Group's products are very well suited to house building thanks to their strength properties.

Revenue and profitability of the Sawmill Business segment were the following:

EUR million	1-12/2008	1-12/2007	10-12/2008	10-12/2007
Revenue	96.3	59.4	23.1	14.4
EBITDA	4.2	10.2	-0.2	1.5
EBITDA-%	4.3 %	17.1 %	-0.7 %	10.2 %
EBIT	-23.7	6.4	-10.7	0.4
EBIT-%	-24.7 %	10.8 %	-46.2 %	3.0 %

Quarterly and annual revenue for the Sawmill Business segment as from 1 Jan 2007:

EUR million	10-12/08 (3 mths)	7-9/08 (3 mths)	4-6/08 (3 mths)	1-3/08 (3 mths)	1-12/08 (12 mths)
Revenue	23.1	22.9	28.1	22.2	96.3

EUR million	10-12/07 (3 mths)	7-9/07 (3 mths)	4-6/07 (3 mths)	1-3/07 (3 mths)	1-12/07 (12 mths)
Revenue	14.4	15.8	16.6	12.6	59.4

From March 2007 Oplax Oy, which produces wooden pallets, and from February 2008 Junnikkala subgroup have been consolidated into Sawmill Business segment’s figures.

Quarterly and annual EBIT for the Sawmill Business segment as from 1 Jan 2007:

EUR million	10-12/08 (3 mths)	7-9/08 (3 mths)	4-6/08 (3 mths)	1-3/08 (3 mths)	1-12/08 (12 mths)
EBIT excluding one-off items	-2.2	-0.6	-0.7	0.1	-3.3
EBIT, one-off items *	-8.5	-11.9	0.0	0.0	-20.4
Total EBIT	-10.7	-12.5	-0.7	0.1	-23.7

EUR million	10-12/07 (3 mths)	7-9/07 (3 mths)	4-6/07 (3 mths)	1-3/07 (3 mths)	1-12/07 (12 mths)
EBIT excluding one-off items	0.4	1.8	2.4	1.4	6.0
EBIT, one-off items *	0.0	0.0	0.0	0.4	0.4
Total EBIT	0.4	1.8	2.4	1.8	6.4

* Following has been included in the one-off items: in Q4/2008 EUR 8.5 million impairment of tangible and intangible assets, in Q3/2008 EUR 11.9 million impairment of goodwill and tangible assets, and in Q1/2007 the realised insurance compensation of EUR 0.4 million

During the preparation of financial statements, the Group has booked the raw material inventories of sawmills to net realisable value, which had total effect of EUR -0.5 million.

The volume in cubic meters of sawn timber production:

	10–12/2008	10–12/2007	1-12/2008	1-12/2007

1 000 m3	89	50	312	180

In the Sawmill Business segment sawn timber demand, as well as market prices, have continued on declining trend. Moreover, better price competiveness of Swedish competitors has further deteriorated the situation. Hence, during financial year 2008, including also the fourth quarter, the business segment has been making operative losses. However, to balance the effect, the scale-down and closures announced by major competitors and declining log prices have started to ease the situation somewhat from the profitability perspective. Based on information published by Finnish Forest Research Institute (METLA) in the middle of February, in January 2009 the pine and spruce log prices are on average about 20 % lower than a year before. Pulp mills capacity decreases has also contributed to the fact that for both log procurement and for chip sales, the recent times have been challenging as to the availability and price of raw material, as well as end-products and side-products.

During the latter half of 2008 Group’s Junnikkala sawmill unit carried out a major investment program at its Kalajoki and Oulainen mills costing altogether EUR 9.5 million and aiming at enhancing efficiency and increasing annual capacity from about 140,000 m3 to about 260,000 m3. The new investments have been operational from November 2008, and are currently ramped up in phases. Group’s Sawmill Business segment has slightly cut down its capacity utilisation towards the end of 2008, but has not yet made any major scale-down decisions.

Sawmill Business segment has encountered major currency related losses in Q4/2008 and Q1/2009 related to rapid and large changes in EUR/JPY exchange rate, which has been hedged using forward agreements. The realised foreign exchange losses for financial year 2008 were altogether EUR 2.7 million and the unrealised losses of the open forward positions on 31 December 2008 totalled EUR 2.5 million, which has been recognised in Group income statement as finance costs. All the positions have been closed after the year end and additional losses to be booked into Q1/2009 income statement will be about EUR 1.0 million.

The profitability of Pallet Business has remained good and growth in revenue has met expectations. In November the Pallet Business was strengthened by the acquisition of PSL Räinä Oy, which also somewhat diversifies the customer risks.

In the income statement of the segment EUR 11.8 million impairment losses on goodwill, EUR 1.2 on intangible assets and EUR 7.4 million on machinery and equipment were recognised in 2008. Impairments have been recognised due to external and internal indications and based on future cash flow forecasts under the current market situation.

At the end of December 2008 the Sawmill Business segment employed a total of 202 employees (31 Dec 2007: 112).

HOUSE BUILDING

The House Building segment specialises in the design, manufacture and assembly of ready-to-move-in detached wooden houses in the whole Finland. The business area's main customers are Finnish families and private persons.

The House Building business area has delivered wooden ready-to-move-in houses to customers as follows:

10–12/2008	10–12/2007	1-12/2008	1-12/2007
118	146	342	473

Revenue and profitability of the House Building segment were the following:

EUR million	1-12/2008	1-12/2007	10–12/2008	10–12/2007
Revenue	50.4	62.4	13.7	19.9
EBITDA	10.4	13.6	3.1	4.9
EBITDA-%	20.6 %	21.8 %	22.5 %	24.5 %
EBIT	10.1	13.3	3.0	4.8
EBIT-%	20.0 %	21.4 %	21.8 %	23.9 %

The revenue from ready-to-move-in houses delivered by the business area is recognised upon delivery to the customer, for which reason sites in progress have no effect on the Group's revenue or profit. However, the Group entered in Q2/2008 into an agreement to deliver 31 cottages, whose delivery time is in Q1/2009, and for this specific project the revenue has been recognised by applying the percentage of completion method.

The volume of delivered houses in 2008 was close to thirty per cent lower than the corresponding volume during the previous year. According to the data published by Statistics Finland the amount of private sector residential construction was about 16 % lower in November 2008 compared to volumes year before, but the number of building permits for the private house construction was down 26 % year-on-year. Moreover, the general deterioration of economic situation and prevailing uncertainty have affected the sales, the level of which has been weak and led to decline in order book.

There were totally 99 employees employed by the segment at the end of December 2008 (31 Dec 2007: 118).

INVESTMENT PROJECTS

Despite the decision to cut down fixed expenses of the segment in the third quarter 2008, the forest industry projects being pursued in Russia have been in active investigation and preparation phase up until early 2009. However, in February 2009, the Board of Directors of Ruukki Group Plc decided to discontinue all preparations related to the planned pulp mill and saw mill projects due to global pulp market demand-supply characteristics and due to situation in the international financial markets and in Russia in general, which will lead to one-off restructuring expenses in Q1/2009.

The technical design work on the Russian sawmill project was finalised by the end of September, and the sawmill machinery and equipment are temporarily stored. Ruukki Group Plc’s Board has evaluated the fair value of these assets already paid for being less than their book value. Therefore, especially in third and fourth quarters major write-downs have been recognised. For the full year 2008 total impairment, on both pulp and sawmill projects, of EUR 17.8 million were booked based on the resolutions of the Board of Directors of Ruukki Group Plc. Therefore at the end of the financial year 2008 the sawmill machinery and equipment have a net balance sheet value of EUR 7.4 million.

Quarterly and annual EBIT for the Investment Projects segment as from 1 Jan 2007:

EUR million	10-12/08 (3 mths)	7-9/08 (3 mths)	4-6/08 (3 mths)	1-3/08 (3 mths)	1-12/08 (12 mths)
EBIT excluding one-off items	-1.1	-1.2	-3.0	-1.8	-7.1
EBIT, one-off items *	-8.2	-7.8	-1.8	-0.7	-18.5
Total EBIT	-9.3	-9.0	-4.8	-2.5	-25.6

EUR million	10-12/07 (3 mths)	7-9/07 (3 mths)	4-6/07 (3 mths)	1-3/07 (3 mths)	1-12/07 (12 mths)
EBIT excluding one-off items	-0.8	-0.3	-1.5	-0.9	-3.5

EBIT, one-off items *	0.0	0.0	0.0	0.0	0.0
Total EBIT	-0.8	-0.3	-1.5	-0.9	-3.5

* the one-off items above consist of EUR 2.5 million impairment during Q1-Q2/2008 on previously capitalised expenses due to the decision to cancel the implementation of Kostroma investment projects and EUR 7.8 million during Q3/2008, of which EUR 1.0 million related to assets located in Kostroma region, and EUR 8.2 million during Q4/2008. The Group's subsidiary has a further EUR 3.6 million off-balance sheet liability related to the installation works once the sawmill will be erected.

At the end of the year, the number of employees dedicated to the Russian investment projects totalled 8.

MINERALS BUSINESS

After the acquisition of RCS Limited in Malta and Türk Maadin Sirketi A.S. in Turkey was closed at the end of October 2008, Ruukki Group has been concentrating on post-acquisition integration procedures. Based on IFRS SIC-12 interpretation, also the German ferrochrome producer Elektrowerk Weisweiler has been consolidated into the Group even though the current ownership stake of Ruukki Group is zero.

The Minerals segment's performance for the two months period that it was consolidated into the Group was the following:

EUR million	11-12/2008
Revenue	12.3
EBITDA	1.9
EBITDA-%	15.3 %
EBIT	-1.0
EBIT-%	-8.1 %

The main assets and their fair value adjustments not recognised in local GAAP accounting, but capitalised on Group IFRS balance sheet (EUR million)

Asset	Balance sheet value 31 Dec 2008	Depreciation period (years)
Goodwill	61.1	Not amortised but tested for impairment
Customers	64.4	5
Technology	5.4	5
Ore Reserves	10.2	8
Buildings	3.2	10
Machinery	1.9	5
Inventories	3.3	0.4

Since the ferrochrome pricing on the global markets are based on USD, and since the Group's Minerals Business subsidiaries partially operate outside the Euro area, foreign exchange movements and conversions affect the EUR-denominated profitability.

The Turkish mining operations have been run at full capacity, which has lead to chrome ore inventories being somewhat increased. There is an active investigation ongoing in Turkey on investment programs designated to utilise the chrome ore reserves in cost-effective way.

Due to the lowered global demand from stainless steel producers for ferrochrome, the German ferrochrome smelter has not been in use from the beginning of December 2008. It is estimated that the production will be restarted in March 2009, as the level of end-product inventories has been steadily going down. The decrease in ferrochrome production will contribute positively to operative cash flow in Q1/2009, since capital tied earlier in inventories will be freed.

The number of employees totalled 404 on 31 December 2008 in the Maltese, Turkish and German entities.

OTHER OPERATIONS

Associated companies were consolidated in the Group financial statements by applying the equity method. The income from associates for 1-12/2008 has been positive for a net amount of about EUR 0.6 million, but EUR 0.4 million impairment on the shares of associates has been recognised.

The Group’s parent company generated most of the expenses, also including non-cash option expenses, presented in the Other Operations category.

Majority of the revenue not recognised in separately reported segments relates to the Metal Industry subgroup previously owned by the Group.

During the latter half of 2008, Group merged a number of its minor or non-operative subsidiaries into their parent or sister companies in order to somewhat streamline the Group’s legal structure.

GROUP PERSONNEL

At the end of the financial year Ruukki Group’s number of employees was 721 (958), and accordingly for the parent company 8 (7). The average headcount was 913 (866) during the financial year. Group’s personnel expenses for 2008 were EUR 37,358,377.38 (32,037,200.86). There were altogether EUR 878,213.96 (576,147.77) expenses recognised in the profit and loss account based on option and other share-based payments as depicted by IFRS 2 standard.

The Group has several different business areas. The number of personnel, geographical location and tasks vary significantly between the business segments. The number of personnel by segment was the following at the end of the year:

	31 Dec 2008	31 Dec 2007
Continuing Operations		
Sawmill Business	202	112
House Building	99	118
Minerals	404	-
Russian Investment Projects	8	10
Group Management	8	7
Discontinued Operations		
Furniture	-	331
Care Services	-	344
Metal Industry	-	36
Total personnel	**721**	**958**

Of the employees, on 31 December 2008 altogether 408 worked abroad (56.6 %), and 313 (43.4 %) in Finnish entities. At the end of previous year, about 99.5 % of the employee worked in Finland for the Finnish group companies.

FUTURE OUTLOOK FOR GROUP’S MAIN BUSINESS AREAS

Sawmill Business

Due to slowdown in global demand for construction and building materials, including sawn timber, Ruukki Group expects the short-term outlook for sales volumes and average prices, both in domestic and export markets, to remain weak in the first half of 2009. If the downward trend in corporate confidence levels off and if the general business cycle shows sign of turning up, then in late 2009 there is possibility for recovery.

It is foreseen that the short-term capacity utilisation rates of Ruukki Group’s sawmills will most probably be geared slightly downwards, but no major closures are expected to take place, since the competitors’ significant output cuts create room for Ruukki Group’s flexible and smaller scale operations.

Since log purchase prices have a major effect to the working capital needs, and also to sawmills’ profitability, the downward trend in Finnish pine and spruce log purchase prices will have a positive contribution to profitability. On the other hand there remain risks that the pulp mill closures create imbalances into raw material supply chain or affect the chip sales from sawmills.

There also might be significant differences to the success of the various sawmills both in respect to geographical areas where the sawmills operate and to product mix, which might have to be adjusted to enhance productivity.

For 2009 no major capital investments are budgeted, but Ruukki Group remains active in trying to find out ways of utilising synergy between the sawmills, for example in procurement and sales, and on the other hand evaluates opportunities for consolidation in the business area.

In the pallet business the short-term outlook remains stable, with sound profit margins and cash flows, but there might be negative implications if the customers of the business area will suffer from a deepening recession.

House Building business

The downward trend in the Finnish detached family house market is expected to continue in the short future, which will have negative impact on new sales of Ruukki Group’s housing business as well. Furthermore, since over the past years the capacity in the Finnish ready-to-move-in market has increased, by new entrants coming into the market segment, it is foreseen that competition intensifies, which might affect both pricing and profitability as well as potentially lead to decrease in relative market share. In general it is expected that for the foreseeable future Ruukki Group’s housing business faces weak and challenging business environment and that level of new sales will not recover before 2010.

Even though ready-to-move-in houses are expected to gain market share from other house packages, the deep short-term decline in market demand will affect and decrease the future delivery volumes of Ruukki Group’s House Building business segment, at least in 2009. It is expected that the relative profitability would be slightly lower than previously due to increase of fixed costs’ share of total costs and due to decrease in economies of scale in synergy and other benefits.

Due to the flexible operational model, the House Building business segment can cope with lower volumes and maintain reasonable margins and generate positive cash flows, but the level of absolute profits is certainly going to be lower in 2009 than it was in 2008. For 2009 the Group does not see geographical expansion out of Finland having any effect on revenue or results.

Minerals business

Based on statistics by World Steel Association, over the past months global steel production has decreased in all steel grades. Since Ruukki Group’s Minerals business produces and sells ferrochrome, which is used in stainless steel production, this major dip in global demand has affected and will affect adversely the demand and price outlook for the rest of 2009.

Ruukki Group’s Minerals business is focused on special grades, especially ultra-low carbon and low carbon ferrochrome, the short-term outlook is expected to be better in both demand as well as average sales price development than for certain larger bulk producers in lower quality market segment.

It is expected that certain input costs, including freight costs for chrome ore transportation and certain raw material, will decrease in 2009 compared to the levels in 2008, and hence the relative profitability is expected to remain fairly good, even though the absolute sales volumes would dip. For exchange rates, which affect both competitiveness and profitability and conversion of foreign subsidiaries’ financial figures, the current level of exchange rates has been used as the basis for 2009 forecast.

For 2009 the Group will start an investment project in its Turkish mining operations. For the 2009 that would only entail capital expenditure, but starting from 2010 that can significantly increase the cost competitiveness of the mining operations, if the investment project is carried out and finalised by year-end 2009.

RISKS AND UNCERTAINTIES, CHANGES DURING AND AFTER THE FOURTH QUARTER OF 2008

By the acquisition of the chrome ore and ferrochrome business at the end of October, the Group on the one hand diversified its industry risks, and hence is less vulnerable to wood processing industry, but on the other hand the Group exposed itself to the sector’s commodity price risks. Moreover, the change in the Group’s business and legal structures has increased the absolute and relative importance of foreign exchange rate risks, both directly and indirectly. Since Ruukki Group did not previously have operations in the chrome business, Ruukki Group is dependant on the competence of the key employees in the acquired businesses. In general the economic downturn facilitates finding competent personnel, but there might still be bottlenecks in both geographically, since many Group’s operations are in remote locations, and by needed specialist resources having knowledge of Group’s business units’ operations.

Since an increasing number of companies in Finland and abroad are now facing liquidity problems, or have even forced to declare bankruptcies, credit risk has increased quite remarkably, and can have effect on 2009 payment terms, required collateral or credit insurances, and on the amount of credit losses realised.

Based on studies and surveys done, the Group has no knowledge of any environmental risks or changes in environmental requirements that relate to its businesses in excess of that what is already recognised as liability in Group balance sheet. However, the Group might face some additional environmental liabilities, or there might be changes in regulations, which can lead to additional costs or investment needs.

There is now an unprecedented uncertainty in the global economy, applicable to most of the businesses, as to the impact and tenure of the recession and instability that was started during 2008 and in which the financial sector was one major trigger. Even though Ruukki Group currently has strong net cash position, in case the availability or terms of external financing remain inadequate for longer than expected that can have major adverse effect on implementation of the Group’s strategy, on its future growth or on implementation of mergers or acquisitions. Moreover, it could limit the opportunities for the Group to pursue capital expenditure projects within the current businesses.

The 2009 EBITDA guidance confirmed by the Board is based on assumptions on 2009 average price development, exchange rate development, production and sales volumes, and projections on needed investments and financing. If there will be deviations between the forecasted and realised values of the forecast parameters, then the Group EBITDA might not be in line with the guidance.

In the Sawmill Business, major short-term risks and uncertainties relate to customer demand and development of market prices. If the capacity utilisation has to be cut even further that can have adverse effect on profitability since losing benefits from economies of scale typically increase average production costs per unit. If the Finnish and Swedish pulp industry closes more of its capacity, it could affect both the availability of logs and also the revenue from chip sales. On the other hand, in case the so-called bio energy, related to utilisation of sawmills' side products like chips in energy generation, would become more lucrative, that could alleviate the situation and even create a new source of revenue for the sawmills. The market prices of emission rights can also have some, even though not major, effect on the Group's Sawmill segment profitability. If there are any public sector changes to taxes, laws, required safety measures or any other similar issue, that can increase costs of the sawmills. Since Ruukki Group's sawmills have also be selling sawn timber products to the Finnish furniture manufactures, including Incap Furniture, any further slowdown in that specific business can affect segment's results even though it only represents a small portion of total sales. There is also some uncertainty on how well the Group can benefit from co-operation between the various sawmill units, but if any major benefits can be achieved that has only a positive effect on short- and longer-term results. Also the changes in foreign exchange rates can have major impact on Group's Sawmill segment's performance, as the sawn timber products are commodities produced and traded on global markets with only very minor differentiation between competitors.

For the House Building business, the current slump in the Finnish detached house market is the key uncertainty. Regardless of the pressures on the sales prices due to lower demand, the input costs have been rising rather than going down over the past months, and hence there is a genuine risk that profit margins will be lower in the foreseeable future. Even though the banking sector would be willing to fund detached house projects, current low levels of consumer confidence and increases in unemployment can hinder or postpone recovery in the market. There is also risk that market shares between competitors in the ready-to-move-in market segment change, which can have negative effect on Ruukki Group's position.

The short-term success of Group's ferrochrome businesses is to large extent dependant on the global demand for special grade stainless steel on which the ferrochrome is one key raw material. There is currently major uncertainty as to when and how the demand will recover from the current low tide. Group's Minerals business segment's management expects the demand to pick up in the second half of 2009, but if that does not stand, the revenue and results can change accordingly. Also the transparency towards future market prices is very low, and there can be unexpected changes in output or input prices, or exchange rate which affect the EUR denominated prices realised. Since chrome metal and indirectly nickel as well can be determined as substitutes for chrome metal, then the prices of those commodities can also affect 2009 pricing of ferrochrome. Due to the large-scale availability of chrome ore, from various Turkish or other suppliers, to meet quality requirements, any adverse change in Group's Turkish mining operations can probably be compensated with some delay.

As the Russian investment projects have been discontinued, there is risk that the net realisable value of machinery and equipment deviates from the value of those assets on 31 December 2008 balance sheet. The Group also faces additional expenses, when closing down its Russian project operations.

As the Group has significant net cash position, the lower the interest rates the lower the interest income, and vice versa. For the interest-bearing debt the relation is the opposite. For Group’s deposits there is a policy in place which for example defines how the deposits are diversified between different financial institutions. However, there still remain the counterparty risk, which can be alleviated, in addition to the diversification, by placing the cash to the parties that have good creditworthiness and ratings, but which also are known by the Group. However, the counterparty risk cannot be eliminated, and its significance has clearly been highlighted by many bank failures during 2008. The counterparty risk for deposits is diversified between a number of financial institutions, typically there has been about 3-5 financial institutions and the counterparty risk comes from Western European financial institutions. The Group has during 2008 converted its rouble-denominated deposits into euro, and has also diminished to significant effect its exposure on Russian banks, so the cash position has only minor exchange rate risk. The exposure to foreign currencies at the end of 2008 was very minor, since the deposits are almost fully denominated in EUR. At the end of 2008 the Group’s cash and short-term deposits at financial institutions were split in the following way:

Financial institution’s/ counterparty’s rating	Counterparty’s domicile	Ruukki Group’s cash and short-term deposits, 31 December 2008, EUR million	% of cash and interest-bearing receivables, 31 December 2008
AA- (Standard&Poors, long-term), multiple banks	Finland	116.2	50 %
BBB+ (Standard&Poors, long-term)	Great Britain	80.1	35 %
BBB (Standard&Poors, long-term)	Russia	28.1	12 %
Not rated	various	7.5	3 %
Total		231.9	100 %

Since the Group has made and might still carry out mergers and acquisitions, both pre-transaction and post-transaction there are a number of implementation and integration risks. There is also uncertainty whether in certain acquisitions carried out, Ruukki Group as a buyer or the sellers will exercise the call or put options. There are these options in both the Sawmill Business Segment (Junnikkala, Tervolan Saha ja Höyläämö) and the Minerals Business segment (Türk Maadin Sirketi and Elektrowerk Weisweiler). Consequently, the income statement, balance sheet or cash flow statement can be changed and might not correctly reflect the actual situation in retrospect. There is also uncertainty what is the total purchase consideration for the these transactions, both related to options’ exercise prices and also related to earn-out purchase components, which can only be verified when those prices are finally settled.

In addition to the above mentioned issues and aspects, the risk factors presented in the previously published 2008 interim reports, to the extent relevant to the current Group structure, affect or can affect Group’s risk position.

CHANGES IN PLEDGES AND CONTINGENT LIABILITIES DURING OR AFTER FOURTH QUARTER OF 2008

During the review period 1-12/2008, Group’s interest-bearing debt has decreased by a total of about EUR 3.8 million. The interest-bearing debt on 31 December 2008 totalled EUR 36.2 (31.12.2007: 40.0) million of which EUR 13.1 (16.0) million was short-term debt and EUR 23.1 (24.0) million long-term debt.

On 31 December 2008, the Group companies had given company pledges as collateral for loans and other liabilities totalling approximately EUR 18.5 million (EUR 13.3 million on 31 Dec 2007). The total amount of property pledges is approximately EUR 13.5 (11.1) million. Moreover, Group companies have pledged machinery as collateral for machinery and equipment purchases; these machinery pledges totalled about EUR 7.1 million at the end of the accounting period. The Group’s parent company has given a total of EUR 5.6 (5.0) million in absolute guarantees for the financing of Group companies. The amount of debt and guarantees given has increased to major extent due to the acquisition of Junnikkala subgroup and due to investments on fixed assets carried out in Sawmill Business segment.

The total commitments at the end of the accounting period related to rental and operating leases totalled approximately EUR 3.1 (14.0) million. The amount of these commitments has decreased compared to 2007 mainly due to the disposals of Care Services and Furniture Business segments.

On 31 December 2008, the net worth of forward exchange rate agreements’ nominal value totalled about EUR 14.8 (0.9) million, and the related unrealised exchange rate loss was about EUR 2.5 (0.0) million. After the year-end 2008 all the forward positions have been closed, and the realised foreign exchange loss was altogether EUR 3.5 million, which was only to minor extent offset by commercial currency denominated cash flows.

The irrevocable commitments and liabilities, not paid at the end of review period, related to Ruukki Group’s Russian sawmill project and investments of domestic sawmills total about EUR 9.1 million, of which approximately EUR 7.3 million relates to the Russian projects. These liabilities arise due to the machinery and equipment of the sawmill planned to be constructed in Russia and due to expanding domestic sawmills’ kiln capacity and efficiency. In addition the Group subsidiary Oplax Oy has made investment commitments of EUR 2.0 million during the review period.

In October 2008, Ruukki Group Plc finalised and closed the minerals business acquisition in conjunction of which the Group has committed itself to a maximum EUR 8.0 million intercompany loan to the acquired Turkish subsidiary in case economic and technical preconditions of those investments are met and hence the investment carried out. It is expected that the investment project is most likely to be implemented during 2009, but its total capital expenditure and amount of needed financing are not yet known. Relating to the same acquisition, Ruukki Group has given altogether 73,170,731 option rights to Kermas Limited related to earn-out purchase consideration. Based on forecasts on future profitability Ruukki Group has in its 2008 financial statements assumed that altogether about 39.7 million shares equalling about EUR 50.8 million would be issued as earn-out payment. Hence there is about 33.4 million shares equalling about EUR 42.8 million that is assumed not to be issued, but if the actual net profits would be better than assumed part or all of those 33.4 million shares might have to be issued as well.

MOST SIGNIFICANT RELATED PARTY TRANSACTIONS DURING OR AFTER FOURTH QUARTER OF 2008

Personnel expenses including incentive schemes’ option expenses and other expenses and excluding the related social expenses for members of Ruukki Group Plc’s Board and top management, totalled about EUR 2.0 million for the period 1-12/2008 (during 1-12/2007 correspondingly approximately EUR 2.0 million).

The Group’s parent company has paid a total of EUR 1.3 (1.7) million in dividends to related parties based on the dividend payout decision by Annual General Meeting on 31 March 2008. Furthermore, Group companies have paid about EUR 1.1 (1.4) million dividends to the related parties that are minority shareholders of those companies.

There is about EUR 1.4 (1.4) million receivable in Ruukki Group Plc's balance sheet from parent company's ex-CEO. Group's Minerals Business segment has about EUR 15.3 million receivable from a company being controlled by a related party of Ruukki Group Plc.

Based on 28 October 2008 resolutions by Extraordinary General Meeting, Ruukki Group Plc paid Kermas Limited EUR 80 million in cash as purchase consideration for the acquisition of chrome ore and ferrochrome businesses. In addition, Ruukki Group Plc granted Kermas Limited a total of 73,170,731 option rights related to potential future earn-out consideration, whose payment is conditional upon realised financial performance. Kermas Limited is, via its subsidiary, a major shareholder in Ruukki Group Plc, and is committed to acquire on its own name altogether 15,000,000 Ruukki Group Plc's shares with a five-year lock-up commitment.

The Extraordinary General Meeting decided on 28 October 2008 to grant Alwyn Smit, Chairman of the Board and CEO of Ruukki Group Plc, altogether 2,900,000 option rights with EUR 2.30 exercise price (with dividend adjustment).

PENDING LEGAL AND ADMINISTRATIVE PROCESSES

Ruukki Group Plc and its subsidiaries have received final tax inspection reports for the fiscal years 2004-2006. Altogether EUR 0.2 million additional taxes have therefore been recognised in Group income statement. There are still open, unresolved issues related to these tax inspections where the tax authorities and Ruukki Group has different views, which might later adversely affect Group's financial position if these processes cause expenses, additional taxes or other detrimental ramifications.

FINANCIAL TABLES

FINANCIAL DEVELOPMENT BY SEGMENT, SUMMARY (EUR MILLION)

EUR MILLION	Revenue 1-12/2008	Revenue 1-12/2007	Revenue 10-12/2008	Revenue 10-12/2007
Sawmill Business	96.3	59.4	23.1	14.4
House Building	50.4	62.4	13.7	19.9
Investment Projects	0.0	0.0	0.0	0.0
Minerals Business	12.3	0.0	12.3	0.0
Other Operations	3.3	8.7	0.2	2.9
Eliminations and unallocated items	-3.6	-2.1	-0.8	-1.2
Continuing Operations Total	**158.7**	**128.4**	**48.5**	**36.1**
Discontinued Operations	88.7	85.5	17.6	29.5
Group Total	**247.4**	**213.9**	**66.1**	**65.6**

EUR MILLION	EBITDA 1-12/2008	EBITDA 1-12/2007	EBITDA 10-12/2008	EBITDA 10-12/2007
Sawmill Business	4.2	10.2	-0.2	1.5
House Building	10.4	13.6	3.1	4.9
Investment Projects	-7.8	-3.5	-1.3	-0.8
Minerals Business	1.9	0.0	1.9	0.0
Other Operations	-5.3	-3.2	-1.5	-1.7
Eliminations and unallocated items	-0.9	0.2	-0.9	0.1
Continuing Operations Total	**2.3**	**17.3**	**1.2**	**4.0**

Discontinued Operations	15.3	7.5	0.5	4.1
Group Total	**17.6**	**24.7**	**1.7**	**8.2**

%	EBITDA-% 1-12/2008	EBITDA-% 1-12/2007	EBITDA-% 10-12/2008	EBITDA-% 10-12/2007
Sawmill Business	4.3	17.1	-0.7	10.2
House Building	20.6	21.8	22.5	24.5
Minerals Business	15.3	N/A	15.3	N/A
Continuing Operations Total	**1.5**	**13.5**	**2.5**	**11.2**
Discontinued Operations	17.2	8.7	2.6	13.9
Group Total	**7.1**	**11.6**	**2.5**	**12.4**

EUR MILLION	EBIT 1-12/2008	EBIT 1-12/2007	EBIT 10-12/2008	EBIT 10-12/2007
Sawmill Business	-23.7	6.4	-10.7	0.4
House Building	10.1	13.3	3.0	4.8
Investment Projects	-25.6	-3.5	-9.3	-0.8
Minerals Business	-1.0	0.0	-1.0	0.0
Other Operations	-5.5	-3.8	-1.5	-2.1
Eliminations and unallocated items	-0.9	0.2	-0.3	0.1
Continuing Operations Total	**-46.7**	**12.7**	**-19.8**	**2.4**
Discontinued Operations	9.1	3.0	5.3	2.8
Group Total	**-37.6**	**15.7**	**-14.5**	**5.2**

%	EBIT-% 1-12/2008	EBIT-% 1-12/2007	EBIT-% 10-12/2008	EBIT-% 10-12/2007
Sawmill Business	-24.7	10.8	-46.2	3.0
House Building	20.0	21.4	21.8	23.9
Minerals Business	-8.1	N/A	-8.1	N/A
Continuing Operations Total	**-29.4**	**9.9**	**-40.8**	**6.7**
Discontinued Operations	10.2	3.5	29.9	9.5
Group Total	**-15.2**	**7.3**	**-22.0**	**8.0**

GOODWILL BY SEGMENT, EUR MILLION

EUR '000	31 Dec 2008	%	31 Dec 2007	%	Change
Continuing Operations					
House Building	25 418	29.1 %	19 518	56.0 %	5 900
Sawmill Business	0	0.0 %	6 554	18.8 %	-6 554
Minerals Business	61 830	70.9 %	0	0.0 %	61 830
Total Continuing Operations	**87 248**	**100.0 %**	**26 071**	**74.7 %**	**61 176**
Discontinued Operations					
Care Services	0	0.0 %	5 669	16.3 %	-5 669

Furniture Business	0	0.0 %	1 681	4.8 %	-1 681
Metal Industry	0	0.0 %	1 460	4.2 %	-1 460
Total Discontinued Operations	**0**	**0.0 %**	**8 811**	**25.3 %**	**-8 811**
Group Total	**87 248**	**100.0 %**	**34 882**	**100.0 %**	**52 365**

CONSOLIDATED INCOME STATEMENT SUMMARY, EUR THOUSAND

TOTAL GROUP

EUR ‘000	**1 Jan - 31 Dec 2008** 12 months	**1 Jan - 31 Dec 2007** 12 months	**1 Oct - 31 Dec 2008** 3 months	**1 Oct - 31 Dec 2007** 3 months
Revenue	**247 361**	**213 910**	**66 067**	**65 644**
Other operating income	15 652	6 874	158	3 395
Operating expenses	-245 581	-195 431	-64 565	-61 000
Depreciation and amortisation	-14 168	-8 022	-5 457	-3 073
Share of profit of associates	171	-623	144	117
Impairment	-41 034	-1 034	-10 851	150
Operating profit	**-37 599**	**15 674**	**-14 504**	**5 233**
Financial income and expense	3 741	3 484	-4 243	2 372
Profit before tax	**-33 858**	**19 158**	**-18 747**	**7 605**
Income tax	1 171	-5 478	3 414	-2 039
Net profit	**-32 687**	**13 680**	**-15 333**	**5 566**
Profit attributable to				
equity shareholders	-31 386	12 651	-13 935	5 365
minority interests	-1 301	1 030	-1 399	201
Total	-32 687	13 680	-15 333	5 566

Earnings per share (counted from profit attributable to equity shareholders):

basic (EUR)	-0,11	0,06
diluted(EUR)	-0,11	0,06

CONTINUING OPERATIONS

EUR '000	**1 Jan - 31 Dec 2008** 12 months	**1 Jan - 31 Dec 2007** 12 months	**1 Oct - 31 Dec 2008** 3 months	**1 Oct - 31 Dec 2007** 3 months
Continuing operations				
Revenue	**158 665**	**128 378**	**48 465**	**36 114**
Other operating income	1 273	592	-78	48
Operating expenses	-157 766	-111 877	-47 327	-32 231
Depreciation and amortisation	-10 839	-4 175	-5 050	-1 191
Share of profit of associates	171	184	144	117
Impairment	-38 187	-434	-15 925	-434

Operating profit	**-46 684**	**12 667**	**-19 770**	**2 422**
Financial income and expense	5 143	5 314	-3 713	3 017
Profit before tax	**-41 541**	**17 981**	**-23 483**	**5 439**
Income tax	174	-5 427	2 489	-2 071
Net profit from continuing operations	**-41 367**	**12 555**	**-20 994**	**3 368**
Discontinued operations				
Net profit from discontinued operations	**8 680**	**1 126**	**5 660**	**2 198**
Net profit	**-32 687**	**13 680**	**-15 333**	**5 566**
Profit attributable to				
equity shareholders	-31 386	12 651	-13 935	5 365
minority interests	-1 301	1 030	-1 399	201
Total	-32 687	13 680	-15 333	5 566

Earnings per share (counted from profit attributable to equity shareholders):

basic (EUR), continuing operations	-0.14	0.05
diluted (EUR), continuing operations	-0.14	0.05
basic (EUR), discontinued operations	0.03	0.01
diluted (EUR), discontinued operations	0.03	0.01

CONSOLIDATED BALANCE SHEET SUMMARY, EUR THOUSAND

EUR '000	**31 Dec 2008**	**31 Dec 2007**
ASSETS		
Non-current assets		
Investments and intangible assets		
Goodwill	87 248	33 422
Investments in associates	1 770	1 702
Other intangible assets	72 137	5 807
Investments and intangible assets total	161 155	40 931
Property, plant and equipment	69 633	37 516
Other non-current assets	23 366	3 209
Non-current assets total	**254 154**	**81 656**
Current assets		
Inventories	40 419	29 635
Receivables	36 672	29 955
Held-to-maturity investments	186 485	131 212
Other investments	133	176 112
Cash and cash equivalents	45 413	48 527
Current assets total	**309 121**	**415 440**

Assets held for sale	**0**	**2 893**
Total assets	**563 275**	**499 990**
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	23 642	23 642
Share premium reserve	25 740	25 740
Revaluation reserve	2 193	969
Paid-up unrestricted equity reserve	328 025	340 690
Retained earnings	-30 658	18 614
Shareholders' equity	**348 943**	**409 655**
Minority interest	**7 768**	**1 995**
Total equity	**356 710**	**411 650**
Liabilities		
Non-current liabilities	140 925	29 188
Current liabilities		
Deferred income	13 215	16 481
Other current liabilities	52 425	42 086
Current liabilities total	65 640	58 566
Liabilities classified as held for sale	**0**	585
Total liabilities	**206 565**	88 340
Total equity and liabilities	**563 275**	**499 990**

SUMMARY OF CASH, INTEREST-BEARING RECEIVABLES AND INTEREST-BEARING LIABILITIES, EUR THOUSAND

	31 Dec 2008	31 Dec 2007
Cash and cash equivalent	**45 413**	**48 527**
Money market funds	**0**	**173 472**
Interest-bearing receivables	31 Dec 2008	31 Dec 2007
Current	186 571	133 854
Non-current	17 337	1 986
Interest-bearing receivables	**203 909**	**135 840**
Interest-bearing liabilities	31 Dec 2008	31 Dec 2007
Current	13 092	15 991
Non-current	23 095	23 958
Interest-bearing liabilities	**36 187**	**39 949**
NET TOTAL	**213 135**	**317 890**

During the fourth quarter of 2008 Ruukki Group Plc paid EUR 80.0 million in cash as purchase consideration of its Minerals business acquisition, which had significant effect on Group’s cash reserves. It is possible that the

Group could possibly partially finance that payment later with debt, but there are no agreements or commitments thereby. Moreover, it should be taken into account that on 29 December 2008 a share buy-back trading plan implementation was started, and by 30 January 2009 altogether 19,000,000 treasury shares were bought with a cash effect for 2009 of about EUR 31.2 million.

Net cash position of the Group was at the end of December 2008 EUR 213.1 (31.12.2007: 317.9) million (cash + money market funds + interest-bearing receivables - interest-bearing debt), corresponding to about EUR 0.73 (1.10) per share.

SUMMARY OF GROUP'S PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, EUR THOUSAND

	Property, plant and equipment	Intangible assets
Acquisition cost 1 Jan 2008	49 351	45 962
Additions	80 428	148 706
Disposals	-1 068	-9 148
Acquisition cost 31 Dec 2008	128 711	185 521
Acquisition cost 1 Jan 2007	23 412	37 938
Additions	26 855	8 124
Disposals	-916	-1 652
Acquisition cost 31 Dec 2007	49 351	44 411

CHANGES IN PROVISIONS DURING THE ACCOUNTING PERIOD

EUR '000	Warranty provisions	Other provisions	Total
Balance at 1 Jan 2008	119	70	189
Additions	0	387	387
Acquisitions of subsidiaries	0	6 074	6 074
Reductions	-27	-1 328	-1 355
Balance at 31 Dec 2008	**92**	**5 202**	**5 294**

CONSOLIDATED CASH FLOW STATEMENT SUMMARY, EUR THOUSAND

EUR '000	**1 Jan - 31 Dec 2008**	**1 Jan - 31 Dec 2007**
Net profit	-32 687	13 681
Adjustments to net profit	26 736	7 173
Changes in working capital	4 999	-15 070
Net cash from operating activities	**-952**	**5 783**
Acquisition of subsidiaries and associates	-89 162	-6 487
Payment of earn-out liabilities and exercises of call options related to acquisitions	-403	-8 358

Disposal of subsidiaries and associates	11 111	7 068
Capital expenditures and other investing activities	-39 879	-6 337
Net cash used in investing activities	**-118 334**	**-14 114**
Share issues	0	337 609
Share buy-back	-12 273	0
Dividends paid	-12 433	-5 493
Deposits	-52 770	-133 851
Other investments	173 056	-173 360
Interest received, other than operations related	14 741	3 940
Proceeds from borrowings	16 731	10 630
Repayment of borrowings, and other financing activities	-10 839	-7 386
Net cash used in financing activities	**116 214**	**32 089**
Net increase in cash and cash equivalents	**-3 071**	**23 758**

SUMMARY OF THE CHANGES IN SHAREHOLDERS’ EQUITY OF THE GROUP, IN THOUSAND EUROS

A = Share capital
B = Share premium reserve
C = Fair value and revaluation reserves
D = Paid-up unrestricted equity reserve
E = Translation reserve
F = Retained earnings
G = Equity attributable to shareholders, total
H = Minority interest
I = Total equity

EUR '000	**A**	**B**	**C**	**D**	**E**	**F**	**G**	H	**I**
Shareholders' equity 1 Jan 2007	**23 018**	**24 712**	**0**	**424**	**0**	**9 512**	**57 665**	**1 591**	**59 256**
Free directed issue 4/2007				1 035			**1 035**		**1 035**
Share issue 6/ and 7/2007				339 232			**339 232**		**339 232**
Dividend distribution						-4 079	**-4 079**	-1 142	**-5 221**
Net profit 1-12/2007						12 651	**12 651**	1 030	**13 680**
Translation difference					-1 080		**-1 080**		**-1 080**
Conversions of convertible bonds	624	1 028					**1 652**		**1 652**
Acquisitions and disposals of subsidiaries and other adjustments			969			1 000	**1 969**	516	**2 484**
Share-based payments						576	**576**		**576**
Equity component of convertible bonds and other changes in equity						34	**34**		**34**
Shareholders' equity 31 Dec 2007	**23 642**	**25 740**	**969**	**340 690**	**-1 080**	**19 694**	**409 655**	**1 995**	**411 650**

Dividend distribution						-12 033	**-12 033**	-986	**-13 019**
Net profit 1-12/2008						-31 386	**-31 386**	-1 301	**-32 687**
Translation difference					646		**646**		**646**
Share-based payments						878	**878**		**878**
Acquisition of own shares				-12 665			**-12 665**		**-12 665**
Acquisitions and disposals of subsidiaries			1 224			-7 378	**-6 154**	8 060	**1 906**
Shareholders' equity 31 Dec 2008	**23 642**	**25 740**	**2 193**	**328 025**	**-434**	**-30 224**	**348 943**	**7 768**	**356 710**

OTHER KEY INDICATORS, CONTINUING OPERATIONS, EUR MILLION

	2008 12 months / 31 Dec 2008	**2007 12 months / 31 Dec 2007**
Gross capital expenditure	235.4	12.1
% of revenue	148.4 %	9.4 %
Personnel, average	418	279
Personnel, at the end of the period	721	283
Lowest share price, EUR	1.02	1.18
Highest share price, EUR	2.99	3.59
Average trade-weighted share price, EUR	2.03	2.40
Market capitalisation	333.5	817.9
Share turnover	884.6	623.2
Share turnover, %	149.9 %	89.7 %

ACCOUNTING POLICIES

This Financial Statements Review is prepared in accordance with the IAS 34 standard. Ruukki Group Plc applies the same accounting and IFRS principles as in 2007 financial statements.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management’s best knowledge of current events and actions, actual results may differ from the estimates.

The reporting segment structure was redefined starting from 1 January 2008, to include a separate Investment Projects segment, as explained in Q1/2008 interim report. In addition, Minerals Business was added as a new segment from November 2008. Starting from 1 January 2009, the Group’s segment structure will change so that the Group will have two segments: Wood Processing Business and Minerals Business. This change to segment reporting is based on the new IFRS 8 standard, which came into effect in the beginning of 2009, and on Group strategy going forward with two main business areas.

Moreover, due to the disposal of Care Services segment and partial divestment of the shares of the Furniture Business’s subsidiary, IFRS 5 was applied to those discontinued operations.

Group’s comparable revenue, EBITDA and earnings before interest and taxes were calculated so that the effect of acquisitions and divestments has been eliminated in both review period and previous year’s corresponding period as well as the effect of impairment losses.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) are defined to equal the following formula:

EBITDA = EBIT + Depreciations + Amortisations + Impairment losses

Moreover, the share of associated companies' profits is included in both EBITDA and EBIT.

In the segments' financial figures insurance compensation and impairment losses are presented as non-recurring items, but they are not excluded when calculating Group's comparable financial figures.

For the ferrochrome business SIC-12 interpretation has been used when the German entity has been decided to be consolidated into the Group. As far as the ferrochrome acquisition's earn-out liability is concerned, the options rights given to the seller in advance have under IAS 39 standard's content been interpreted to be shares rather than options, and have hence been booked at the market price of Ruukki Group Plc's share at the time of the Extraordinary General Meeting that decided on the transaction. The unit price per share will not change in the subsequent accounting periods, but the number of shares is to be adjusted in case the realised and/or projected financial results for the next five financial years deviate from the forecast used for annual accounts 2008.

In addition to the changes to the segment reporting via the new IFRS 8 standard, no major accounting changes are foreseen from any newly accepted or adopted IFRS standards that became effective 1 January 2009. The revised standard IFRS 3 is expected to be endorsed within the EU and it is expected to be effective 1 July 2009. When the revised standard becomes effective, it may affect Group's financial statements to major extent if the Group will be active in mergers and acquisitions.

The treasury shares acquired are presented as deduction in Group's paid-up unrestricted equity reserve.

The figures in the tables have been rounded off to one decimal point, which must be considered when calculating totals. Average annual exchange rates have been used for income statement conversions, and year-end exchange rates for balance sheet.

Financial ratios and indicators have been calculated with the same principles as applied in 2007 financial statements.

The Financial Statements Review data are unaudited.

In Espoo, 26 February 2009

RUUKKI GROUP PLC

BOARD OF DIRECTORS

NOTES TO INCOME STATEMENT AND BALANCE SHEET AND OTHER DATA

SHAREHOLDERS

On 31 December 2008, the company had a total of 4,136 shareholders, of which 10 were nominee-registered. The number of shares in issue on 31 December 2008 was 290,034,022.

Largest shareholders, 31 December 2008:

	Shareholder	Shares	%
1	Nordea Bank Finland Plc	43 558 411	15.0

2	Nordea Bank Finland Plc nominee-registered	38 382 014	13.2
3	Hanwa Company Limited	30 000 000	10.3
4	Kermas Limited	28 774 200	9.9
5	Atkey Limited	26 884 864	9.3
6	Djakov Aida nominee-registered	16 780 000	5.8
7	Oy Herttakakkonen Ab	14 202 593	4.9
8	Danske Bank AS Helsinki Branch	13 644 000	4.7
9	Bassanio Services Limited	11 900 000	4.1
10	Ruukki Group Plc	10 000 000	3.4
	Total	234 126 082	80.7
	Other Shareholders	55 907 940	19.3
	Total shares registered	290 034 022	100.0

CHANGES IN THE NUMBER OF SHARES AND SHARE CAPITAL IN 2008

Changes in the number of shares

No changes in the number of shares and share capital took place during 2008. On 31 December 2008, the number of registered Ruukki Group Plc shares was 290,034,022.

During 2008, based on authorisations resolved by Annual General Meeting on 31 March 2008 and by Extraordinary General Meeting on 28 October 2008, the Board of Directors decided to buy back Ruukki Group Plc’s own shares from the market. The trades were executed under two separate trading plans so that at the end of 2008, Ruukki Group held 10,685,000 own shares (3.68 % of all shares) and on 30 January 2009 the company held altogether 29,000,000 own shares. All of the purchased shares were cancelled on 17 February 2009, after which the company has not held any treasury shares and after which the total shares outstanding have been at 261,034,022. The company’s subsidiaries do not hold any of Ruukki Group Plc's shares. Based on the resolution by the Extraordinary General Meeting on 24 February 2009, the Board has currently been authorised for an additional buy-back of maximum 26,000,000 shares. This authorisation is valid until 24 February 2010.

Dilution

The maximum dilution effect of the company’s I/2005 option program is 2,700,000 shares. On 31 December 2008, of these option rights 900,000 have been granted to the Group management and of these granted options 450,000 entitle their holders to exercise the options. Furthermore, by 31 December 2008 altogether 75,000 options have been granted to a key employee previously being employed by the Group.

Moreover, Chairman and CEO Alwyn Smit was granted 2,900,000 option rights under option program I/2008 by the Extraordinary General Meeting on 28 October 2008.

Ruukki Group Plc’s Board has in September 2008 decided to cancel the 2007 share-based incentive scheme, which was decided and implemented by Ruukki Group Plc’s Board in December 2007.

Related to the chrome ore and ferrochrome acquisition that was finalised during the fourth quarter of 2008, Ruukki Group Plc has gave 73,170,731 option rights to Kermas Limited, which is a major owner of Ruukki Group Plc. When calculating the diluted EPS, the Group has used 39,725,720 shares as the probable dilution factor based on forecasts on future profitability of the acquired businesses as of the balance sheet date 31 December 2008 market situation, which might change in the future.

Ruukki Group Plc’s Board of Directors has authorisation, given by the Annual General Meeting of 24 February 2009, to issue own shares or special rights to shares up to 100,000,000 shares. This authorisation is valid until 24 February 2011.

COMPANY’S SHARE

Ruukki Group Plc's shares (RUG1V) are listed on Nasdaq OMX Helsinki in which the shares of the Company are traded in the mid cap segment, in the industrials sector.

CHANGES IN SHARE PRICE DURING THE REVIEW PERIOD

During 2008, the price of Ruukki Group's share varied between EUR 1.02 (2007: 1.18) and EUR 2.99 (3.59). A total of 434,714,427 (260,096,248) Ruukki Group shares were traded in the accounting period, representing 149.9 % (89.7 %) of all shares registered at the year end. The closing price of the company’s share on 31 December was EUR 1.15 (2.82). The market capitalisation of the Group’s entire capital stock 290,034,022 (290,034,022) shares at the closing price on 31 December was EUR 333.5 million (817.9).

RE-SPECIFIED PURCHASE PRICE ALLOCATION RELATED TO ACQUISITION OF JUNNIKKALA OY

Group’s Sawmill Business area acquired a 51 % interest in Junnikkala Oy and the group it forms in January. Junnikkala Oy is consolidated in Ruukki Group as a 100 % subsidiary based on a share option arrangement from February. Junnikkala Oy practises saw milling and further processing of sawn wood targeted especially for prefabricated housing business. At the same time, Junnikkala Oy acquired all shares of Pyyn Saha ja Höyläämö Oy, which operates in Oulainen and has been merged into its parent company 1 October 2008.

If this acquisition had taken place with a corresponding holding already on 1 January 2008, this would have changed the consolidated figures reported by Ruukki Group for the accounting period 1 January - 31 December 2008 as follows: consolidated revenue would have increased by about EUR 3,384 thousand (+1.4 %), consolidated EBIT* would have increased by about EUR 118 thousand (0 %), and consolidated net profit would have increased by about EUR 47 thousand (0 %) (all these figures compared with the accounting period 2008 figures reported by the Group). If Junnikkala group had been consolidated into Ruukki Group’s sawmill business area already on 1 January 2008, the business area’s revenue would have been about EUR 99.7 million (+3.5 % compared with the business segment’s accounting period 2008 revenue) and EBIT about EUR -23.6 million (+0.5 % compared with the business segment’s accounting period 2008 EBIT).

* when (i) taking into account the depreciations and deferred taxes related to purchase price allocations, and (ii) assuming 31 January 2008 fair values to be valid for the earlier periods as well

The following assets and liabilities were recognised relating to the Junnikkala acquisition, which also gives information about the contribution of this transaction to the Group balance sheet at the date of the transaction:

EUR '000	**Fair value of acquired assets**	**Book value before acquisition**
Intangible assets		
Clientele	3 869	0
Emission allowances	795	0
Order book	104	0
Other intangible assets	318	318
Property, plant and equipment		

Land and water	730	730
Buildings and constructions	6 243	6 243
Machinery and equipment	13 984	13 984
Investments	59	59
Other tangible assets	687	687
Current assets		
Inventories	11 761	10 873
Non-interest bearing receivables	12 296	12 296
Cash and cash equivalents	415	415
Total assets	**51 260**	**45 605**
Interest-bearing liabilities	16 811	16 811
Non-interest bearing payables		
Deferred tax liability	1 470	0
Other non-interest bearing payables	10 538	10 538
Total liabilities	**28 820**	**27 350**
Net assets 31 Jan 2008	**22 440**	**18 255**
Acquisition cost	24 902	
Net assets	22 440	
Goodwill	**2 462**	
Net cash outflow on acquisition:		
Consideration paid in cash	5 740	
Acquired cash and cash equivalents	-415	
Cash flow	**5 326**	

THE PRELIMINARY PURCHASE PRICE ALLOCATION RELATED TO ACQUISITION OF RCS LIMITED AND TÜRK MAADIN SIRKETI A.S.

Ruukki Group Plc carried out at the end of October the acquisition of chrome ore and ferrochrome businesses and purchased the shares of a Maltese Company called RCS Limited and approximately 98.75 % of the shares of a Turkish company called Türk Maadin Sirketi A.S. The execution of this acquisition has, in more detail, been described in the ‘Key events during the fourth quarter of 2008’ of this financial statements review as well as in the 2008 interim reports and stock exchange releases. The purchased Minerals Business has become a separately reported business segment, which has been consolidated into Ruukki Group from the beginning of November 2008.

If the acquired business entity had been acquired in corresponding way already on 1 Jan 2008, this would have changed the consolidated figures reported by Ruukki Group for the accounting period 1 January - 31 December 2008 as follows: consolidated revenue would have increased by about EUR 98 million (+39 %), consolidated EBIT* would have increased by about EUR 12 million (+31 %), and consolidated net profit would have increased by about EUR 11 million (+34 %) (all these figures compared with the accounting period 2008 figures reported by the Group).

* when (i) taking into account the depreciations and deferred taxes related to purchase price allocations, and (ii) assuming 31 January 2008 fair values to be valid for the earlier periods as well

A preliminary purchase price allocation on the acquisition:

	Fair value of acquired assets	**Book value before acquisition**
ASSETS		
Intangible assets		
Intangible assets	260	260
Customers	66 587	0
Technology	5 573	0

Property, plant and equipment		
Land and buildings	4 741	1 519
Machinery and equipment	3 110	1 181
Other tangible assets	1 170	1 170
Ore reserves	10 435	0
Financial Assets	15 657	15 657
Deferred tax assets	2 009	1 615
Current assets		
Inventories	20 135	16 789
Order book	237	0
Receivables	16 870	16 870
Cash and cash equivalents	8 576	8 576
TOTAL ASSETS	**155 362**	**63 637**
LIABILITIES		
Non-current liabilities	87	87
Provisions	17 716	15 746
Deferred tax liabilities	30 308	683
Current liabilities	23 768	23 768
TOTAL LIABILITIES	**71 880**	**40 284**
NET ASSETS (excl. goodwill)	**83 482**	**23 353**
Acquisition cost	144 571	
Goodwill	**61 089**	
Net cash outflow on acquisition:		
Consideration paid in cash	84 889	
Acquired cash and cash equivalents	-8 576	
Cash flow	**76 313**	

SPECIFICATION OF DISCONTINUED OPERATIONS

The Care Services and Furniture Business segments have in 2008 financial statements review been presented as discontinued operations, separate from the continuing operations. The Care Services business segment was disposed of in summer 2008 and has already been presented in the Q2/2008 interim report.

Furniture Business

Ruukki Group Plc sold part of its stake, lowering its ownership from about 72 % to about 48 %, in Incap Furniture Oy at the end of December 2008, and consequently, the Furniture Business’s balance sheet was not consolidated into the Group on 31 December 2008.

For the financial year 2008 Furniture Business contributed to the Group income statement in the following way:

EUR million	1-12/2008	1-12/2007	10–12/2008	10–12/2007
Revenue	78.5	68.7	17.6	25.0
EBITDA	2.1	6.2	0.4	4.1
EBITDA-%	2.7 %	9.1 %	2.5 %	16.6 %
EBIT	-3.7	2.7	5.3	3.1
EBIT-%	-4.7 %	3.9 %	29.9 %	12.5 %

For the last quarter of 2008, the Group has, for a total amount of EUR 5.2 million, partially reversed the impairment losses it recognised in Q3/2008 interim report, in order to reflect the change in Group balance sheet. Prior to the partial sale of sales, the Furniture Business segment assets' fair value was less than the corresponding fair value debt, but still the Group was able to sell its 23 % stake for a positive amount.

At the end of 2008, Ruukki Group had no assets or liabilities on its balance sheet related to the Furniture Business, and moreover, it has no contractual commitments to contribute to any future capital requirements of the Group.

FLAGGING NOTIFICATIONS DURING OR AFTER THE FOURTH QUARTER OF 2008

Ruukki Group Plc has received the following flagging notifications during or after the review period 1 Oct – 31 Dec 2008:

- Ruukki Group Plc gave notice on 10 October 2008 about the following potential changes in shareholding based on the proposals by the Board of Directors announced to the stock market on 10 October 2008. The Board of Directors has proposed to the Extraordinary General Meeting to be convened on 28 October 2008 that as part of the proposed acquisition Ruukki Group Plc would issue altogether 73,170,731 option rights. If the proposed option rights would be issued and no other ownership changes would take place, the combined actual and potential ownership of Kermas Limited and its subsidiary RCS Trading Corporation Limited would be about 52.35 percent of the shares and voting rights of Ruukki Group Plc (in excess of 1/2). Furthermore, Kermas Limited's shareholding on its own account would lead to about 25.23 % ownership (in excess of 1/4). If all the option rights are exercised and new shares thereby issued, the amount of Company's registered number of shares would increase to 363.204.753 shares. Then the combined actual and potential ownership of Kermas Limited and its subsidiary RCS Trading Corporation Limited would be about 41.81 percent(in excess of 3/10), and Kermas Limited's shareholding on its own account, about 20.15 % (in excess of 1/4). Nordea Bank Finland Plc's shareholding would thereby decline to about 23.27 % (below 1/4). Danske Bank A/S Helsinki Branch's shareholding would decline to about 12.55 % (below 3/20). Hanwa Company Limited's shareholding would decline to about 8.26 % (below 1/10). In addition, the shareholdings based on share derivatives would change accordingly.

- Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership of the share capital and voting rights of Ruukki Group Plc fell below 10 % on value date 17 October 2008 due to a share lending agreement made. At the time the flagging notification was given, Danske Bank A/S Helsingin Sivukonttori announced that as the share lending agreement expires on 21 October 2008, the ownership of Danske Bank A/S Helsingin Sivukonttori will again exceed 15 % the share capital and voting rights of Ruukki Group Plc.

- Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership of the share capital and voting rights of Ruukki Group Plc fell below 15 % on value date 22 October 2008 due to expiration of derivatives.

- RCS Trading Corporation Ltd's (company number 65574B, Nassau, Bahamas) current ownership of the share capital and voting rights of Ruukki Group Plc exceeded 10 % on value date 17 October 2008 due to a share lending agreement made. RCS Trading Corporation Ltd's current ownership will again fall below 5

% as the share lending agreement expires on 21 October 2008,. In addition, RCS Trading Corporation Ltd announced that as a result of partially exercising forward contracts that have expired in October the current ownership of RCS Trading Corporation Ltd will exceed 5 % of the share capital and voting rights of Ruukki Group Plc on 22 October 2008 as the transaction is settled on the stock exchange.

- Kermas Limited (registration number 504889, Tortola, British Virgin Islands) has on 29 October 2008 entered into binding agreements with Ruukki Group Plc regarding acquisitions, related to which Kermas Limited will acquire in total 15,000,000 shares in Ruukki Group. Once such shares are acquired, Kermas' holding in Ruukki Group will increase to approximately 5.17 per cent of the total number of shares. These shares are acquired through exercising the forward contracts of RCS Trading Corporation Ltd and pursuant to such exercise, the current derivative ownership of RCS Trading Corporation Ltd will decrease from 24.47 % of the total number of shares in Ruukki Group Plc to 19.30 %. In addition, Ruukki Group will offer Kermas Limited 73,170,731 options pursuant to resolution of Ruukki Group's general meeting held on 28 October 2008. Based on the arrangement the total number of shares in Ruukki Group may increase from 290,034,022 shares to 363,204,753 shares and upon Kermas exercising its right to subscribe, Kermas Limited will own in total 24.28 % of the total number of shares and votes in Ruukki Group. In the same flagging notification Kermas Limited and RCS Trading Corporation Ltd (company number 65574B, Nassau, Bahamas) that belongs to the same group of companies with Kermas Limited announced their consolidated holdings and future holdings to be altogether 55.21 % of the share capital and voting rights of Ruukki Group Plc.

- Bassanio Services Limited (register ID 1469894) and Alwyn Smit announced that their combined potential future ownership has on 28 October 2008 exceeded 5 % of the share capital and voting rights of Ruukki Group Plc based on the option rights given to Alwyn Smit by the decision of Ruukki Group Plc's Extraordinary General Meeting.

- Nordea Bank Finland Plc's (business ID 1680235-8) ownership of Ruukki Group Plc's share capital and voting rights has fallen below 1/4 being 23.32 % as a result of the share transactions carried out on 4 November 2008. In addition, Nordea Bank Finland Plc has sold forward contract agreements regarding Ruukki Group Plc. As the forward contracts expire in January 2009, the ownership of Nordea Bank Finland Plc will fall below 1/20.

- Procomex S.A.'s (registration number R.C. Luxembourg B 57.877) holdings of the share capital and voting rights of Ruukki Group Plc fell below one twentieth (1/20) as a result of sold forward contracts on 4 November 2008.

- Nordea Bank Finland Plc's (business ID 1680235-8) ownership of Ruukki Group Plc's share capital and voting rights has fallen below 1/5 being 16.32 % as a result of the share transactions carried out on 6 November 2008. In addition, Nordea Bank Finland Plc has sold forward contract agreements regarding Ruukki Group Plc. As the forward contracts expire in January 2009, the ownership of Nordea Bank Finland Plc will fall below 1/20.

- RCS Trading Corporation Ltd (company number 65574B, Nassau, Bahamas) announced that its current existing ownership has fallen below 5 % of the share capital and voting rights of Ruukki Group Plc based on share transactions carried out on 3 November 2008. In addition, RCS Trading Corporation Ltd and Kermas Limited (registration number 504889, Tortola, British Virgin Islands) that belongs to the same group of companies announced that at the same time their combined current existing ownership has fallen below 10 % of the share capital and voting rights of Ruukki Group Plc.

- Atkey Limited (register number 1456426, British Virgin Islands) and Aida Djakov announced that their combined current existing ownership and potential future ownership in total has, based on share transactions carried out on 6

October 2008, exceeded 10 % of the share capital and voting rights of Ruukki Group Plc. In addition, Aida Djakov announced that her current existing ownership has, based on share transactions carried out on 31 October 2008, exceeded 5 % of the share capital and voting rights of Ruukki Group Plc. At the same time Aida Djakov's and Atkey Limited's combined current existing ownership exceeded 5 % of the share capital and voting rights of Ruukki Group Plc. In the same flagging notification Atkey Limited and Aida Djakov announced that their combined current existing ownership and potential future ownership in total has, based on share transactions carried out on 4 November 2008, exceeded 15 % of the share capital and voting rights of Ruukki Group Plc. In addition, Atkey Limited announced that it has on 6 November 2008 sold all its forward contracts and respectively purchased the same amount of shares. As a result, Atkey Limited's current existing ownership exceeded 5 % of the share capital and voting rights of Ruukki Group Plc. At the same time Atkey Limited's and Aida Djakov's combined current existing ownership exceeded 15 % of the share capital and voting rights of Ruukki Group Plc.

- Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership of the share capital and voting rights of Ruukki Group Plc fell below 5 % (1/20) flagging threshold due to share transaction carried out on 21 November 2008.

- Oy Herttakakkonen Ab (business ID 0761602-7) announced that its ownership fell to 4.95 % of the share capital and voting rights of Ruukki Group Plc based on share transaction carried out on 24 November 2008 and to 7.86 % when taking into account the personal ownership of Kai Mäkelä and the ownership of Oy Herttaässä Ab.

- RCS Trading Corporation Ltd (company number 65574B, Nassau, Bahamas) announced that its ownership has fallen below 15 % of the share capital and voting rights of Ruukki Group Plc based on share transactions carried out on 5 December 2008. RCS sold 10,000,000 shares and 219,370 forward contracts (21,937,000 shares) to Kermas Limited (registration number 504889, Tortola, British Virgin Islands) which belongs to the same group of companies. The combined ownership of RCS and Kermas is unchanged.

- RCS Trading Corporation Ltd (company number 65574B, Nassau, Bahamas) announced that its ownership had fallen below 5 % of the share capital and voting rights of Ruukki Group Plc based on share transactions carried out on 16 January 2009. RCS sold 352,553 forward contracts (35,255,300 shares) to Kermas Limited (registration number 504889, Tortola, British Virgin Islands) which belongs to the same group of companies. Simultaneously Kermas announced that its ownership exceeded 25 %. The combined ownership of RCS and Kermas is unchanged.

- Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership reached one twentieth (1/20) of the share capital and voting rights of Ruukki Group Plc due to share transaction carried out on 16 January 2009. Furthermore, Danske Bank A/S Helsingin Sivukonttori announced that it had entered into derivative agreements, which according to current terms will expire in February 2009. In case these derivative agreements are exercised, Danske Bank A/S Helsingin Sivukonttori's ownership in Ruukki Group Plc will fall below 5 % on value date 25 February 2009 at the earliest.

- Nordea Bank AB (publ) (Swedish registration number 516406-0120) announced that the ownership of Nordea Bank Finland Plc (business ID 1680235-8) had fallen below 3/20 of Ruukki Group Plc's share capital and voting rights as a result of forward contact agreements regarding Ruukki Group Plc having expired on Friday 16 January 2009. In addition, Nordea Bank Finland Plc had sold forward contract agreements so that 352,553 forward contracts (35,255,300 shares) will expire in June 2009. As the forward contracts expire in June 2009, the ownership of Nordea Bank Finland Plc will fall below 1/20.

- The ownership of corporations controlled by Kai Mäkelä, Oy Herttakakkonen Ab (business ID 0761602-7) and Oy Herttaässä Ab (business ID 0761658-8), has fallen to 4.87 % of the share capital and voting rights of Ruukki Group Plc based on share transaction carried out on 23 January 2009.

- Based on the announcement Ruukki Group Plc made on Tuesday, 3 February 2009 related to the decision by the Board of Directors to cancel altogether 29,000,000 treasury shares held by the company, Ruukki Group made the following announcement pursuant to Securities Market Act chapter 2, section 9 regarding a change in shareholding. The announcement was based on information publicly available at the time of the release. Based on Euroclear Finland Oy’s information, on 4 February 2009 Atkey Limited held altogether 26,884,864 Ruukki Group Plc shares, which corresponds to about 9.27 % of current the share capital and registered shares of Ruukki Group Plc. In case Atkey Limited’s ownership would be equal on the date when the treasury shares are cancelled, then Atkey Limited’s ownership would exceed one tenth (1/10) and be about 10.30 % of share capital and voting rights of Ruukki Group Plc on the date of the cancellation. Since there are a number of nominee-registered shareholders, there might be some other shareholders whose ownership interest could exceed some of the thresholds set out in the Finnish Securities Market Act on the date the cancellation of treasury shares takes place.

- Danske Bank A/S Helsingin Sivukonttori’s (business ID 1078693-2) announced on 20 February 2009 that its ownership is still above one twentieth (1/20) of the share capital and voting rights of Ruukki Group Plc. Furthermore, Danske Bank A/S Helsingin Sivukonttori announced that it has entered into derivative agreements, which according to current terms will expire in March 2009. In case these derivative agreements are exercised, Danske Bank A/S Helsingin Sivukonttori’s ownership in Ruukki Group Plc will fall below one twentieth (1/20) on value date 25 March 2009 at the earliest.