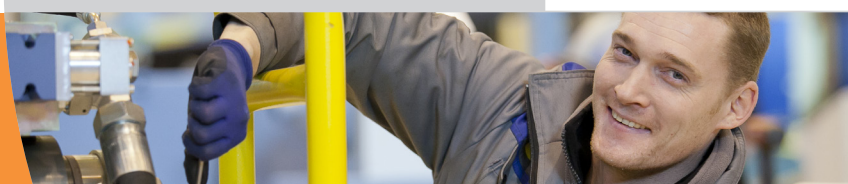
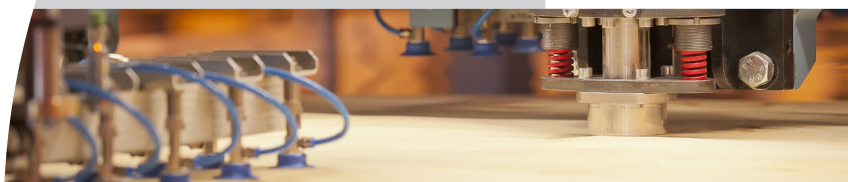
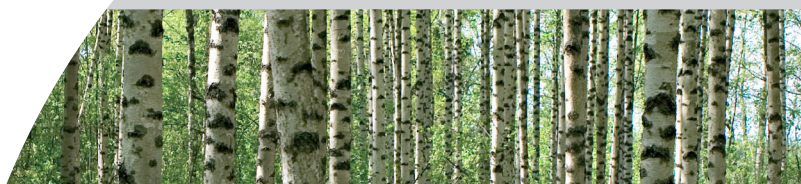


Interim report January 1 - June 30, 2013

July 30, 2013



RAUTE CORPORATION - INTERIM REPORT JANUARY 1 - JUNE 30, 2013

- The Group's net sales, EUR 43.2 million (MEUR 37.5), increased 15 percent on the comparison period. The order intake was EUR 34 million (MEUR 76).
- The operating profit was EUR +0.6 million (MEUR +0,1). The result before tax was EUR +0.8 million (MEUR +0.1).
- Earnings per share were EUR +0.16 (EUR -0.05).
- Second quarter net sales were EUR 19.8 million and operating profit was EUR 0.3 million negative. The order intake was EUR 24 million and the order book at the end of the reporting period amounted to EUR 40 million.
- The outlook for financial performance remains unchanged. Raute's net sales and operating profit for 2013 are expected to remain at the same level as in 2012.

TAPANI KIISKI, PRESIDENT AND CEO: NEW ORDERS A BRIGHT SPOT IN THE SECOND QUARTER

The second quarter of 2013 was a reflection of the first one: the amount of new orders taken in was fair and clearly above the level in the same period last year. We did not, however, achieve the growth in net sales or the continuation of our positive performance that we had hoped for.

Due to the prevailing weak situation in the fields of construction and commerce, our customer's market situation continues to be uncertain in many market areas. In such a situation no new investments are being launched. In the short term, however, capacity utilization is at a good level, and there is a demand for projects to improve competitiveness. For this reason the demand for smaller investments and services, especially modernizations, has been good. This is reflected by our order intake during the second quarter, which has been reasonable, despite the lack of single major investments.

Our net sales remained low. This was due to the scheduling of new orders and the modest order intake during the previous two quarters. Our negative operating profit was a serious disappointment, but it reflects the level of our net sales.

Some bigger investments still in a planning and negotiation phase are pending. The realization of these projects is sometimes frustratingly deferred due to economic uncertainties and the continually tightening financial markets. However, I believe that one or more of the bigger projects presently under negotiation will proceed to a decision before the end of this year. Despite the disappointment about the second quarter's results, we still have a good chance of achieving the same level of net sales and operating profit as in the previous year, as we predicted before. In contrast to the last year with its giant projects, our business in 2013 will consist of a large number of small deliveries and services.

SECOND QUARTER OF 2013

Order intake and order book

The order intake in the second quarter totalling EUR 24 million (MEUR 15) was on a satisfactory level. Technology services accounted for EUR 9 million (MEUR 8) of the order intake, remaining on a similarly good level as in the first quarter.

The most significant new orders concerned drying lines for the USA and Chile.

The order book grew during the second quarter by EUR 3 million, amounting to EUR 40 million at the end of the period (MEUR 73).

Net sales

Second-quarter net sales were EUR 19.8 million (MEUR 22.4), down 15 percent on the first quarter. The decrease in net sales was due to the scheduling of the order book and the modest order intake during the previous two quarters.

Technology services accounted for 42 percent of total net sales (34%).

Result and profitability

Operating profit for the second quarter was EUR 0.3 million negative (MEUR 0.6 positive) and accounted for -1 percent (3%) of net sales. The second quarter result was EUR 0.2 million negative (MEUR 0.3 positive), and earnings per share were EUR -0.05 (EUR 0.07).

The result was negative due to low net sales.

RAUTE CORPORATION - INTERIM REPORT JANUARY 1 - JUNE 30, 2013

BUSINESS ENVIRONMENT

Market situation in customer industries

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

The uncertainty related to the global economic and money-market trend is still being upheld by the risks associated with the growing debts of certain European countries, the future of the euro and by the fears of a slowdown in economic growth in Asian countries. For Raute's customer industries, the market situation has continued to be uncertain in a number of market areas, although the customer industries' capacity utilization rates have remained good. In North America, there are signs that the market situation is improving, but this is not yet reflected in concrete terms in the investment decisions of the plywood and LVL industries.

Demand for wood products technology and technology services

In the second quarter of 2013, our customers' investments were focused on relatively small machine and equipment investments and modernizations. Demand for maintenance and spare parts services continued at a good level. This bears testimony to the fact that the utilization rates of Raute's customers' production facilities remained good. The demand for technology services developed positively in North America, which has for a long period been suffering from a difficult market situation.

Several large projects encompassing single production lines and mill-scale deliveries that are in the planning and negotiation phase are pending. Customers will decide on and realize these projects only once they are more confident that demand has recovered permanently and once financing for the projects can be arranged.

ORDER INTAKE AND ORDER BOOK

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

During the reporting period, order intake remained at a low level, amounting to EUR 34 million (MEUR 76). The second quarter accounted for 70 percent of the total order intake. 28 percent of the new orders came from Europe (13%), 28 percent from Russia (12%), 26 percent from North America (4%), 13 percent from South America (69%) and 5 percent from Asia-Pacific (2%). The strong fluctuation in the distribution of new orders between the various market areas is typical for project-focused business.

The order intake in technology services amounted to EUR 18 million (MEUR 13), an increase of 43 percent on the comparison period. The growth resulted predominantly from modernization orders.

The order book weakened during the reporting period by EUR 10 million, amounting to EUR 40 million at the end of the period (MEUR 73).

COMPETITIVE POSITION

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

customer industries also enhance its credibility and improve its competitive position as a company that carries out long-term investment projects.

NET SALES

Net sales for the reporting period totaled EUR 43.2 million (MEUR 37.5), up 15 percent on the comparison period.

Of the total net sales for the reporting period, Europe accounted for 47 percent (29%), South America for 24 percent (36%), Russia for 15 percent (20%), North America for 10 percent (11%), and Asia-Pacific for 5 percent (4%).

Net sales of technology services grew 7 percent on the comparison period year and accounted for 33 percent (37%) of total net sales.

RESULT AND PROFITABILITY

Operating profit for the reporting period was EUR 0.6 million positive (MEUR 0.1 positive) and accounted for 1 percent of net sales (0%).

The result before tax for the reporting period was EUR 0.8 million positive (MEUR +0.1). The profit for the reporting period was EUR 0.7 million positive (MEUR -0.2). Earnings per share (undiluted) were EUR +0.16 (EUR -0.05).

CASH FLOW AND BALANCE SHEET

The Group's financial position is good. At the end of the reporting period, gearing was -49 percent (-60%) and the equity ratio 53 percent (45%). Other fluctuations in balance sheet working capital items and the key figures based on them are due to differences in the timing of customer payments and the cost accumulation from project deliveries, which is typical of the project business.

The Group's cash and cash equivalents, including financial assets recognized at fair value through profit or loss, stood at EUR 19.8 million (MEUR 25.8) at the end of the reporting period. Operating cash flow was EUR 6.2 million positive (MEUR 4.4 positive). Cash flow from investment activities totaled EUR 1.1 million negative (MEUR 1.1 negative). Cash flow from financing activities totaled EUR 4.7 million negative (MEUR 3.2 negative), including dividend payments of EUR 2.0 million and debt repayments of EUR 2.7 million.

Interest-bearing liabilities amounted to EUR 8.6 million (MEUR 13.4) at the end of the reporting period.

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

RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Raute's goal is to be the leading technology supplier in its field, and to invest strongly in continuous research and development, particularly in plywood and LVL manufacturing technology and the supporting automation and instrumentation applications, especially machine vision.

Research and development costs in the reporting period totaled EUR 1.4 million (MEUR 1.2), representing 3.1 percent of net sales (3.1%).

Investments totaled EUR 1.8 million (MEUR 1.8) in the reporting period. The majority of investments were related to production investments at the mills in Nastola, Finland, and in China.

PERSONNEL

At the end of the reporting period, the Group's personnel numbered 533 (505). Group companies outside Finland accounted for 26 percent (25%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 503 (469) during the reporting period.

SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 4,004,758, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,013,597 series A shares (1 vote/share). The shares have a nominal value of 2 euros. Series K and A shares confer equal rights to dividends and company assets.

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

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

The company's market capitalization at the end of the reporting period was EUR 35.0 million (MEUR 30.2), with series K shares valued at the closing price of series A shares on June 30, 2013, that is EUR 8.74 (EUR 7.55).

STOCK OPTION SCHEME 2010

At the end of the reporting period, the Group's key personnel held altogether 78,000 of the company's series A stock options, 78,000 series B stock options and 78,000 series C stock options. The company holds 2,000 stock options on each of its series A, B and C series stock options, i.e. a total of 6,000 stock options. The subscription period for series A stock options began on March 1, 2013. Stock options have not been exercised to subscribe for shares. More detailed information concerning the stock option system has been published on the company's website.

SHAREHOLDERS

The number of shareholders totaled 1,682 at the beginning of the year and 1,775 at the end of the reporting period. Series K shares were held by 49 private individuals (49) at the end of the reporting period. The Board of Directors, the Group's President and CEO as well as the Executive Group held altogether 231,779 company shares, equalling 5.8 percent (5.8%) of the company shares and 11.2 percent (11.1%) of the votes at the end of the reporting period. Nominee-registered shares accounted for 3.3 percent (1.5%) of shares.

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

CORPORATE GOVERNANCE

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

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

Raute deviates from recommendation 9 on the number, composition and competence of the directors in that the company does not have both genders represented on the Board. When seeking new members, the Appointments Committee was unable to find any female candidates fulfilling the criteria set for the members of the Board of Directors.

ANNUAL GENERAL MEETING 2013

Raute Corporation's Annual General Meeting was held on April 8, 2013. The Annual General Meeting adopted the financial statements for 2012, granted discharge from liability to those

accountable and decided to distribute a dividend of EUR 0.50 per share.

The Annual General Meeting elected the company's Board of Directors for a term that expires at the end of the Annual General Meeting of 2014. Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio Vice-Chairman and Mr. Joni Bask, Mr. Risto Hautamäki, Mr. Ilpo Helander and Mr. Pekka Suominen were elected Board members.

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

The Annual General Meeting decided that the remuneration paid to the Chairman of the Board will continue to be EUR 40,000 and to the Vice-Chairman of the Board and Board members EUR 20,000 for the term of office and that the Board members' traveling expenses will be compensated in accordance with the company's travel policy. The auditors' remuneration will be paid on the basis of reasonable invoicing.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's series A shares with assets from the company's non-restricted equity and an issue of a maximum of 400,000 of these shares.

More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on April 8, 2013.

DIVIDENDS FOR THE 2012 FINANCIAL YEAR

The Annual General Meeting held on April 8, 2013 decided to pay a dividend of EUR 0.50 per share for the financial year 2012. The total amount of dividends is EUR 2.0 million, series A shares accounting for EUR 1,506,798.50 (EUR 904,079.10) and series K shares for EUR 495,580.50 (EUR 297,348.30). The dividend payment date was April 18, 2013.

BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board of Directors elected by Raute Corporation's Annual General Meeting on April 8, 2013 held an organizing meeting.

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

Raute Corporation's Board of Directors has an Appointments Committee and a Working Committee. The Appointments Committee is chaired by Mr. Erkki Pehu-Lehtonen and its members are Mr. Mika Mustakallio and Mr. Ville Korhonen, who was elect-

ed by the major shareholders from amongst their number. The Working Committee is chaired by Mr. Erkki Pehu-Lehtonen and its members are Mr. Mika Mustakallio and Mr. Risto Hautamäki. The Audit Committee's tasks are handled by the Board of Directors.

BUSINESS RISKS

Risks in the near term continue to be driven by the global economic situation and the uncertainty concerning the development of the financial markets. During the reporting period, there were no essential changes in the business risks described in the 2012 Board of Directors' Report and Financial Statements. The most significant risks for Raute in the near term are related to the development of demand and the order book after the delivery of the present order book has taken place.

OUTLOOK FOR 2013

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

Major uncertainty still overshadows the development of the global economy and financial markets due to the hazards of growing debt in a few European countries and the insecurity associated with the recovery of the US economy. Reports of the slowdown of economic growth in Asia, and in particular China, also add to the uncertainty. The market situation for Raute's customer industries is expected to remain uncertain.

However, improvement investments in the plywood industry to ensure quality and cost competitiveness and to maintain market shares are expected to be at a reasonable level in the near future, provided that the economic uncertainty does not spiral into a new crisis. In addition, several production line and mill-scale investment projects are being planned. The implementation and timing of these projects will depend on prospective investors' confidence that the market for wood products will remain at a reasonable level. The availability of financing for customer projects in some market areas will also be an important factor.

Thanks to its strong financial and market position and the development measures carried out, Raute is well positioned to respond to demand once the markets recover.

No changes have occurred in Raute's profit outlook for the whole of 2013. Uncertainty concerning the development of the economy in 2013 will be reflected in the investment decisions of Raute's customers and in the volume of new orders. Based on the existing order book and projects in the negotiation phase, Raute's net sales and operating profit for 2013 are expected to remain at the same level as in 2012.

TABLES SECTION OF THE INTERIM REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
(EUR 1 000)	Note	1.4.- 30.6.2013	1.4.- 30.6.2012	1.1.- 30.6.2013	1.1.- 30.6.2012	1.1.- 31.12.2012
NET SALES	3,4,5	19 766	22 365	43 152	37 473	101 273
Change in inventories of finished goods and work in progress		-610	226	-246	691	500
Other operating income		15	60	35	107	1 423
Materials and services		-8 906	-12 055	-21 885	-18 861	-55 725
Employee benefits expense	13	-7 190	-6 997	-14 061	-13 631	-28 752
Depreciation and amortization		-619	-495	-1 098	-996	-1 968
Other operating expenses		-2 740	-2 467	-5 272	-4 694	-11 720
Total operating expenses		-19 456	-22 014	-42 318	-38 182	-98 165
OPERATING PROFIT (LOSS)		-286	637	623	89	5 031
% of net sales		-1	3	1	0	5
Financial income		72	181	472	389	482
Financial expenses		-75	-150	-299	-345	-738
PROFIT (LOSS) BEFORE TAX		-289	669	796	133	4 775
% of net sales		-1	3	2	0	5
Income taxes		96	-406	-150	-334	-1 759
PROFIT (LOSS) FOR THE PERIOD		-193	263	646	-201	3 016
% of net sales		-1	1	1	-1	3
Other comprehensive income items:						
Exchange differences on translating foreign operations		19	18	13	31	80
Comprehensive income items for the period, net of tax		19	18	13	31	80
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		-174	281	659	-171	3 096
Profit (loss) for the period attributable to Equity holders of the Parent company		-193	263	646	-201	3 016
Comprehensive profit (loss) for the period attributable to Equity holders of the Parent company		-174	281	659	-171	3 096
Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR						
Undiluted earnings per share		-0,05	0,07	0,16	-0,05	0,75
Diluted earnings per share		-0,05	0,07	0,16	-0,05	0,75
Shares, 1 000 pcs						
Adjusted average number of shares		4 005	4 005	4 005	4 005	4 005
Adjusted average number of shares diluted		4 013	4 006	4 013	4 006	4 008

CONSOLIDATED BALANCE SHEET				
(EUR 1 000)				
	Note	30.6.2013	30.6.2012	31.12.2012
ASSETS				
Non-current assets				
Intangible assets	8	3 558	2 358	3 204
Property, plant and equipment	8	8 147	8 152	7 892
Other financial assets		789	789	789
Non-current receivables and other receivables		-	225	-
Deferred tax assets		133	1 303	60
Total non-current assets		12 628	12 827	11 944
Current assets				
Inventories		5 628	6 884	7 130
Accounts receivables and other receivables	5	15 778	18 816	24 427
Income tax receivable		20	162	37
Cash and cash equivalents		19 839	25 799	19 548
Total current assets		41 265	51 661	51 143
TOTAL ASSETS		53 893	64 488	63 087
EQUITY AND LIABILITIES				
Equity attributable to Equity holders of the Parent company				
Share capital		8 010	8 010	8 010
Fair value reserve and other reserves		6 947	6 776	6 862
Exchange differences		116	54	103
Retained earnings		7 164	6 150	6 150
Profit (loss) for the period		646	-201	3 016
Share of shareholders' equity that belongs to the owners of the Parent company		22 883	20 788	24 141
Total equity		22 883	20 788	24 141
Non-current liabilities				
Non-current provisions		64	90	56
Deferred tax liability		304	-	174
Non-current interest-bearing liabilities	9	4 139	8 430	5 866
Pension obligations		88	94	90
Total non-current liabilities		4 595	8 614	6 186
Current liabilities				
Current provisions		979	1 180	1 134
Current interest-bearing liabilities	9	4 497	4 976	5 594
Current advance payments received	5	10 837	18 158	12 776
Income tax liability		82	-	-
Trade payables and other liabilities		10 020	10 771	13 255
Total current liabilities		26 416	35 086	32 759
Total liabilities		31 010	43 700	38 946
TOTAL EQUITY AND LIABILITIES		53 893	64 488	63 087

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1 000)	1.1.- 30.6.2013	1.1.- 30.6.2012	1.1.- 31.12.2012
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from customers	45 277	44 045	90 385
Other operating income	35	107	1 423
Payments to suppliers and employees	-39 312	-38 839	-89 379
Cash flow before financial items and taxes	6 000	5 313	2 429
Interest paid from operating activities	-209	-284	-529
Dividends received from operating activities	180	118	118
Interests received from operating activities	102	227	269
Other financing items from operating activities	105	-423	-275
Income taxes paid from operating activities	2	-564	-75
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	6 181	4 385	1 938
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	-1 194	-1 161	-3 055
Proceeds from sale of property, plant and equipment and intangible assets	36	25	160
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-1 157	-1 136	-2 895
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of current borrowings	-1 100	-	-
Repayments of non-current borrowings	-1 625	-1 970	-4 000
Dividends paid	-2 002	-1 201	-1 201
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-4 727	-3 172	-5 201
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	296	78	-6 159
increase (+)/decrease (-)			
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*	19 548	25 674	25 674
NET CHANGE IN CASH AND CASH EQUIVALENTS	296	78	-6 159
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	-5	48	33
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	19 839	25 799	19 548
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD			
Cash and cash equivalents	19 839	25 799	19 548
TOTAL	19 839	25 799	19 548

*Cash and cash equivalents comprise assets at fair value through profit and loss, as well as cash and bank receivables, which will be due within the following three months' period.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1 000)	Share capital	Share premium account	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
EQUITY at Jan. 1, 2012	8 010	6 498	0	187	23	7 351	22 069	22 069
Comprehensive profit (loss) for the period								
Profit (loss) for the period	-	-	-	-	-	-201	-201	-201
Other comprehensive income items:								
Exchange differences on translating foreign operations	-	-	-	-	31	-	31	31
Total comprehensive profit (loss) for the period	0	0	0	0	31	-201	-171	-171
Transactions with owners								
Equity-settled share-based transactions	-	-	-	92	-	-	92	92
Reclassifications between items	-	-6 498	6 498	-	-	-	0	0
Dividends paid	-	-	-	-	-	-1 201	-1 201	-1 201
Total transactions with owners	0	-6 498	6 498	92	0	-1 201	-1 110	-1 110
EQUITY at June 30, 2012	8 010	0	6 498	278	54	5 949	20 788	20 788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

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

Raute Corporation's consolidated financial statement information is available online at www.raute.com or at the head office of the Parent company, Rautetie 2, FI-15550 Nastola, Finland.

Raute Corporation's Board of Directors has on July 30, 2013 reviewed the Interim financial report for January 1 - June 30, 2013, and approved it to be published in compliance with this release.

2. Accounting principles

Raute Corporation's Interim financial report for January 1 - June 30, 2013 has been prepared in accordance with standard IAS 34 Interim Financial Reporting. The Interim financial report does not contain full notes and other information presented in the financial statements, and therefore the Interim financial report should be read in conjunction with the Financial statements published for 2012.

Raute Corporation's Interim financial report for January 1 - June 30, 2013 has been prepared in accordance with the International Financial Reporting Standards, IFRS, accepted for application in the EU. Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on June 30, 2013. The notes to the Interim financial statements also comply with Finnish accounting legislation. The presented Interim financial report figures have not been audited.

The Interim financial report has been prepared according to the same accounting principles as those applied in the Annual financial statement for 2012, with the exception of certain new or revised standards, interpretations and amendments to existing standards which the Group has applied as of January 1, 2013. The impact of the new and revised standards has been presented in the Annual financial statements for 2012. The adoption of these standards has not had an impact on the Interim financial report.

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

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

3. Segment information

Operational segment

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

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

Wood products technology	30.6.2013	30.6.2012	31.12.2012
Net sales	43 152	37 473	101 273
Operating profit (loss)	623	89	5 031
Assets	53 893	64 488	63 087
Liabilities	31 010	43 700	38 946
Capital expenditure	1 768	1 811	3 529

Assets of the wood products technology segment by geographical location	30.6.2013	%	30.6.2012	%	31.12.2012	%
Finland	47 787	89	56 731	88	53 631	85
China	2 401	4	2 576	4	4 406	7
North America	2 337	4	3 568	6	3 437	5
Russia	1 146	2	1 282	2	1 257	2
South America	166	0	185	0	199	0
Other	56	0	148	0	158	0
TOTAL	53 893	100	64 488	100	63 087	100

Capital expenditure of the wood product technology segment by geographical location	30.6.2013	%	30.6.2012	%	31.12.2012	%
Finland	1 358	77	1 784	98	2 980	84
China	391	22	17	1	517	15
North America	13	1	6	0	6	0
Russia	2	0	1	0	1	0
South America	1	0	1	0	22	1
Other	4	0	2	0	2	0
TOTAL	1 768	100	1 811	100	3 529	100

4. Net sales

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

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

Large delivery projects can temporarily increase the shares of various customers of the Group's net sales to more than ten percent. At the end of the period, the Group had two customers (2), whose customized share of the Group's net sales temporarily exceeded ten percent. The total share of these customers was 39 percent.

Net sales by market area	1.1.-30.6.2013	%	1.1.-30.6.2012	%	1.1.-31.12.2012	%
EMEA (Europe and Africa)	20 303	47	10 915	29	22 179	22
LAM (South America)	10 152	24	13 502	36	52 588	52
CIS (Russia)	6 433	15	7 484	20	14 454	14
NAM (North America)	4 230	10	3 962	11	8 469	8
APAC (Asia-Pacific)	2 035	5	1 611	4	3 583	4
TOTAL	43 152	100	37 473	100	101 273	100

Finland accounted for 4 percent (8 %) of net sales.

5. Long-term projects	30.6.2013	30.6.2012	31.12.2012
Net sales			
Net sales by percentage of completion	35 284	28 140	85 267
Other net sales	7 868	9 333	16 006
TOTAL	43 152	37 473	101 273
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	108 543	45 804	89 601
Amount of long-term project revenues not yet entered as income (order book)	38 864	72 363	49 040
Projects for which the value by percentage of completion exceeds advance payments invoiced			
- aggregate amount of costs incurred and recognized profits less recognized losses	74 463	31 149	64 872
- advance payments received	65 336	22 140	48 372
Gross amount due from customers	9 127	9 009	16 499
Projects for which advance payments invoiced exceed the value by percentage of completion			
- aggregate amount of costs incurred and recognized profits less recognized losses	34 080	14 655	27 890
- advance payments received	44 542	32 149	40 394
Gross amount due to customers	10 462	17 494	12 504
Specification of combined asset and liability items			
Advance payments paid	213	674	1 021
Advance payments received included in inventories in the balance sheet	213	674	1 021
Advance payments in the balance sheet	10 837	18 158	12 776
6. Number of personnel, persons	30.6.2013	30.6.2012	31.12.2012
Effective, on average	503	469	480
In books, on average	511	478	488
In books, at the end of period	533	505	503
- of which personnel working abroad	140	125	132
7. Research and development costs	30.6.2013	30.6.2013	31.12.2012
Research and development costs for the period	1 356	1 162	2 516
Amortization of previously capitalized development costs	238	73	126
Development costs recognized as an asset in the balance sheet	-388	-327	-1 024
Research and development costs entered as expense for the period	1 206	907	1 618

8. Changes in Intangible assets and in Property, plant and equipment	30.6.2013	30.6.2012	31.12.2012
Intangible assets			
Carrying amount at the beginning of the period	14 019	12 448	12 447
Exchange rate differences	7	15	7
Additions	753	1 157	2 198
Reclassifications between items	17	-679	-634
Carrying amount at the end of the period	14 795	12 942	14 019
Accumulated depreciation and amortization at the beginning of the period	-10 815	-11 015	-11 014
Exchange rate differences	-4	-13	-5
Accumulated depreciation and amortization of disposals and reclassifications	-	679	679
Depreciation and amortization for the period	-419	-234	-474
Accumulated depreciation and amortization at the end of the period	-11 237	-10 583	-10 815
Book value of Intangible assets, at the beginning of the period	3 204	1 433	1 433
Book value of Intangible assets, at the end of the period	3 558	2 358	3 204
Property, plant and equipment			
Carrying amount at the beginning of the period	41 673	44 463	44 463
Exchange rate differences	-372	342	88
Additions	1 016	654	1 331
Disposals	-29	-7	-370
Reclassifications between items	-17	-3 774	-3 839
Carrying amount at the end of the period	42 271	41 679	41 673
Accumulated depreciation and amortization at the beginning of the period	-33 782	-36 236	-36 236
Exchange rate differences	338	-302	-70
Accumulated depreciation and amortization of disposals and reclassifications	-	3 774	4 019
Depreciation and amortization for the period	-680	-761	-1 494
Accumulated depreciation and amortization of the period	-34 124	-33 527	-33 782
Book value of Property, plant and equipment, at the beginning of the period	7 892	8 227	8 226
Book value of Property, plant and equipment, at the end of the period	8 147	8 152	7 892
9. Interest-bearing liabilities	30.6.2013	30.6.2012	31.12.2012
Non-current interest-bearing liabilities recognized at amortized cost	4 139	8 430	5 866
Current interest-bearing liabilities	4 497	4 976	5 594
TOTAL	8 636	13 406	11 461
Maturities of the interest-bearing financial liabilities at June 30, 2013			
Financial liability	Current	Non-current	Total
Pension loans (TyEL)	1 000	-	1 000
Loans from financial institutions	3 497	4 139	7 636
Total	4 497	4 139	8 636

10. Pledged assets and contingent liabilities	30.6.2013	30.6.2012	31.12.2012
On behalf of the Parent company			
Loans from financial institutions	7 636	10 307	9 117
Business mortgages	6 700	6 700	6 700
Pension loans (TYEL)	1 000	3 000	2 000
Business mortgages	300	900	600
Credit insurance agreements	700	2 100	1 400
Other liabilities	-	100	100
Real estate mortgages	-	101	101
Mortgage agreements on behalf of subsidiaries			
Loans from financial institutions	247	251	244
Business mortgages	247	200	244
Commercial bank guarantees on behalf of the Parent company and subsidiaries	10 779	35 421	39 600
Other own obligations			
Rental liabilities maturing within one year	816	928	868
Rental liabilities maturing in one to five years	2 552	2 645	2 682
Rental liabilities maturing more than five years	318	811	519
Total	3 687	4 383	4 069

11. Related party transactions

No loans are granted to the company's management. On June 30, 2013, the Parent Company Raute Corporation had loan receivables from its subsidiary Raute Service LLC EUR 355 thousand (EUR 355 thousand) and from Raute Canada Ltd. EUR 729 thousand (EUR 1 554 thousand).

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

12. Derivatives	30.6.2013	30.6.2012	31.12.2012
Nominal values of forward contracts in foreign currency			
Economic hedging			
- Related to financing	1 408	1 826	2 093
- Related to the hedging of net sales	4 177	2 006	1 763
Fair values of forward contracts in foreign currency			
Economic hedging			
- Related to financing	5	7	-8
- Related to the hedging of net sales	-114	57	18
Interest rate and currency swap agreements			
- Nominal value	3 014	5 125	4 117
- Fair value	-50	-139	-4

13. Share-based payments

The fair value of the options granted according to the 2010 stock option plan is recognized as an expense in the income statement during the earning period of the options. An expense of EUR 85 thousand (EUR 92 thousand) was recognized for the options to the income statement during the period.

14. Dividend distribution

Raute Corporations' Annual General Meeting held on April 8, 2013, decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 0,50 per share to be paid for series A and K shares, a total of EUR 2 002 thousand. The dividend payment date was April 18, 2013.

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

At the end of the reporting period June 30, 2013, the fair value of the financial assets categorized at fair value on hierarchy level 3 was EUR 789 thousand. The methods of fair value determination correspond the valuation principles presented in the Annual financial statements for 2012. There were no transfers between the hierarchy levels 1 and 2 during the reporting period.

16. Exchange rates used

Income statement, euros	1.1.-30.6.2013	1.1.-30.6.2012	1.1.-31.12.2012
CNY (Chinese yuan)	8,1294	8,1917	8,1096
RUB (Russian rouble)	40,7641	39,6978	39,9238
CAD (Canadian dollar)	1,3345	1,3041	1,2848
USD (US dollar)	1,3135	1,2968	1,2856
SGD (Singapore dollar)	1,6331	1,6391	1,6062
CLP (Chilean peso)	628,7305	638,2838	624,7032
<hr/>			
Balance sheet, euros	30.6.2013	30.6.2012	31.12.2012
CNY (Chinese yuan)	8,0905	7,9669	8,1809
RUB (Russian rouble)	42,8450	41,3700	40,3295
CAD (Canadian dollar)	1,3714	1,2871	1,3137
USD (US dollar)	1,3080	1,2590	1,3194
SGD (Singapore dollar)	1,6545	1,5974	1,6111
CLP (Chilean peso)	663,3357	632,4559	625,1146

FINANCIAL DEVELOPMENT	30.6.2013	30.6.2012	31.12.2012
Change in net sales, %	15,2	-0,8	36,3
Exported portion of net sales, %	96,2	91,7	93,9
Return on investment (ROI), %	6,2	2,7	15,0
Return on equity, ROE, %	5,5	-1,9	13,1
Interest-bearing net liabilities, EUR million	-11,2	-12,4	-8,1
Gearing, %	-49,0	-59,6	-33,5
Equity ratio, %	53,1	44,9	48,0
Gross capital expenditure, EUR million	1,8	1,8	3,5
% of net sales	4,1	4,8	3,5
Research and development costs, EUR million	1,4	1,2	2,5
% of net sales	3,1	3,1	2,5
Order book, EUR million	40	73	50
Order intake, EUR million	34	76	116

SHARE-RELATED DATA	30.6.2013	30.6.2012	31.12.2012
Earnings per share, (EPS), undiluted, EUR	0,16	-0,05	0,75
Earnings per share, (EPS), diluted, EUR	0,16	-0,05	0,75
Equity to share, EUR	5,71	5,19	6,03
Dividend per share, EUR	-	-	0,50
Dividend per profit, %	-	-	66,40
Effective dividend return, %	-	-	5,60
Development in share price (series A shares)			
Lowest share price for the period, EUR	8,33	6,18	6,18
Highest share price for the period, EUR	9,33	9,24	9,24
Average share price for the period, EUR	8,78	8,44	8,22
Share price at the end of the period, EUR	8,74	7,55	9,00
Market value of capital stock			
- Series K shares, EUR million**	8,7	7,5	8,9
- Series A shares, EUR million	26,3	22,8	27,1
Total, EUR million	35,0	30,2	36,0

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

Trading of the company's shares (series A shares)			
Trading of shares, pcs	268 519	125 951	302 096
Trading of shares, EUR million	2,4	1,1	2,4
Number of shares			
- Series K shares, ordinary shares (20 votes/share)	991 161	991 161	991 161
- Series A shares (1 vote/share)	3 013 597	3 013 597	3 013 597
Total	4 004 758	4 004 758	4 004 758
Number of shares, weighted average, 1 000 pcs	4 005	4 005	4 005
Number of shares diluted, 1 000 pcs	4 013	4 006	4 008
Number of shareholders	1 775	1 653	1 682

DEVELOPMENT OF QUARTERLY RESULTS						
(EUR 1 000)	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Rolling 1.7.2012- 30.6.2013	Rolling 1.7.2011- 30.6.2012
NET SALES	29 886	33 914	23 386	19 766	106 952	74 034
Change in inventories of finished goods and work in progress	-742	551	364	-610	-437	-311
Other operating income	61	1 256	20	15	1 352	174
Materials and services	-17 475	-19 388	-12 979	-8 906	-58 749	-37 307
Employee benefits expense	-7 083	-8 038	-6 871	-7 190	-29 182	-25 466
Depreciation and amortisation	-482	-491	-479	-619	-2 071	-2 043
Other operating expenses	-2 346	-4 680	-2 532	-2 740	-12 299	-9 101
Total operating expenses	-27 386	-32 597	-22 862	-19 456	-102 300	-73 918
OPERATING PROFIT (LOSS)	1 818	3 125	909	-286	5 566	-20
% of net sales	6	9	4	-1	5	0
Financial income	130	-37	400	72	565	571
Financial expenses	-267	-126	-224	-75	-692	-758
PROFIT (LOSS) BEFORE TAX	1 680	2 962	1 085	-289	5 438	-207
% of net sales	6	9	5	-1	5	0
Income taxes	-451	-973	-246	96	-1 575	-344
PROFIT (LOSS) FOR THE PERIOD	1 229	1 989	839	-193	3 863	-551
% of net sales	4	6	4	-1	4	-1
Attributable to						
Equity holders of the Parent company	1 229	1 989	839	-193	3 863	-551
Earnings per share, EUR						
Undiluted earnings per share	0,31	0,50	0,21	-0,05	0,96	-0,14
Diluted earnings per share	0,31	0,50	0,21	-0,05	0,96	-0,14
Shares, 1 000 pcs						
Adjusted average number of shares	4 005	4 005	4 005	4 005	4 005	4 005
Adjusted average number of shares diluted	4 007	4 008	4 017	4 013	4 013	4 006

20 LARGEST SHAREHOLDERS AT JUNE 30, 2013

By number of shares	Number	Number	Total number of shares	% of total shares	Total number of votes	% of voting rights
	of series K shares	of series A shares				
1. Sundholm Göran	-	624 398	624 398	15,6	624 398	2,7
2. Mandatum Life Unit-Linked	-	181 900	181 900	4,5	181 900	0,8
3. Mustakallio Kari Pauli	60 480	56 900	117 380	2,9	1 266 500	5,5
4. Laakkonen Mikko	-	115 349	115 349	2,9	115 349	0,5
5. Suominen Pekka	48 000	62 429	110 429	2,8	1 022 429	4,5
6. Suominen Tiina Sini-Maria	48 000	62 316	110 316	2,8	1 022 316	4,5
7. Siivonen Osku Pekka	50 640	53 539	104 179	2,6	1 066 339	4,7
8. Kirmo Kaisa Marketta	50 280	41 826	92 106	2,3	1 047 426	4,6
9. Sijoitusrahasto Alfred Berg Small Cap Finland	-	90 143	90 143	2,3	90 143	0,4
10. Mustakallio Mika Tapani	57 580	29 270	86 850	2,2	1 180 870	5,2
11. Keskiaho Kaija Leena	33 600	51 116	84 716	2,1	723 116	3,2
12. Särkijärvi Anna Riitta	60 480	22 009	82 489	2,1	1 231 609	5,4
13. Relander Harald	-	74 000	74 000	1,8	74 000	0,3
14. Mustakallio Ulla Sinikka	53 240	15 862	69 102	1,7	1 080 662	4,7
15. Mustakallio Marja Helena	43 240	16 047	59 287	1,5	880 847	3,9
16. Särkijärvi Timo	12 000	43 256	55 256	1,4	283 256	1,2
17. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256	1,4	283 256	1,2
18. Suominen Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
19. Mustakallio Kai Henrik	47 420	4 594	52 014	1,3	952 994	4,2
20. Keskinäinen työeläkevakuutusyhtiö Varma	-	51 950	51 950	1,3	51 950	0,2
Total	601 920	1 668 124	2 270 044	56,7	13 706 524	60,0

By number of votes	Number	Number	Total number of shares	% of total shares	Total number of votes	% of voting rights
	of series K shares	of series A shares				
1. Mustakallio Kari Pauli	60 480	56 900	117 380	2,9	1 266 500	5,5
2. Särkijärvi Anna Riitta	60 480	22 009	82 489	2,1	1 231 609	5,4
3. Mustakallio Mika Tapani	57 580	29 270	86 850	2,2	1 180 870	5,2
4. Mustakallio Ulla Sinikka	53 240	15 862	69 102	1,7	1 080 662	4,7
5. Siivonen Osku Pekka	50 640	53 539	104 179	2,6	1 066 339	4,7
6. Kirmo Kaisa Marketta	50 280	41 826	92 106	2,3	1 047 426	4,6
7. Suominen Pekka	48 000	62 429	110 429	2,8	1 022 429	4,5
8. Suominen Tiina Sini-Maria	48 000	62 316	110 316	2,8	1 022 316	4,5
9. Suominen Jussi	48 000	-	48 000	1,2	960 000	4,2
10. Mustakallio Kai Henrik	47 420	4 594	52 014	1,3	952 994	4,2
11. Mustakallio Marja Helena	43 240	16 047	59 287	1,5	880 847	3,9
12. Mustakallio Risto Knut kuolinpesä	42 240	-	42 240	1,1	844 800	3,7
13. Keskiaho Kaija Leena	33 600	51 116	84 716	2,1	723 116	3,2
14. Sundholm Göran	-	624 398	624 398	15,6	624 398	2,7
15. Kirmo Lasse	30 000	11 711	41 711	1,0	611 711	2,7
16. Keskiaho Juha-Pekka	27 880	9 500	37 380	0,9	567 100	2,5
17. Suominen Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
18. Keskiaho Marjaana	24 780	21 500	46 280	1,2	517 100	2,3
19. Kultanen Leea Annikka	22 405	8 031	30 436	0,8	456 131	2,0
20. Molander Sole	20 160	-	20 160	0,5	403 200	1,8
Total	793 385	1 119 012	1 912 397	47,8	16 986 712	74,4

MANAGEMENT'S AND PUBLIC INSIDERS' SHAREHOLDING AT JUNE 30, 2013 AND NOMINEE-REGISTERED SHARES AT JUNE 30, 2013	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
Management's holding at June 30, 2013						
The Board of Directors, The Group's President and CEO and Executive Board	122 880	108 899	231 779	5,8	2 566 499	11,2
Public insiders' holding at June 30, 2013	122 880	108 899	231 779	5,8	2 566 499	11,2

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

Nominee-registered shares at June 30, 2013	-	131 670	131 670	3,3	131 670	0,6
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RAUTE CORPORATION
 Board of Directors

PRESS CONFERENCE ON JULY 30, 2013 AT 2 P.M.:

A briefing will be held for analysts, investors and the media on July 30, 2013 at 2 p.m. at Scandic Simonkenttä Hotel, Roba cabinet, Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Arja Hakala, CFO.

NEXT INTERIM REPORT:

Raute Corporation will publish their next interim report for the period January 1 to September 30 on October 30, 2013.

FURTHER INFORMATION:

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DISTRIBUTION:

NASDAQ OMX Helsinki Ltd, main media, www.raute.com

RAUTE IN BRIEF:

Raute is a technology and service company that operates worldwide. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood and LVL (Laminated Veneer Lumber). The technology offering covers machinery and equipment for the entire production process. As a supplier of mill-scale projects Raute is a global market leader both in the plywood and LVL industries. Additionally, Raute's full-service concept includes technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in Nastola, Finland. Its other production plants are in the Vancouver area of Canada, in the Shanghai area of China, and in Kajaani, Finland. Raute's net sales in 2012 were EUR 101.3 million. The number of personnel at the end of 2012 was 503.

More information about the company can be found at www.raute.com.



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