RAUTE

2007

Interim report
1 January–30 September

RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2007

- Net sales totaled MEUR 85.1 (MEUR 73.7), up 15.5% on the comparison period.
- Operating profit, MEUR 6.2 (MEUR 2.2), and profit before tax, MEUR 6.5 (MEUR 2.5), improved considerably.
- Earnings per share were EUR 1.24 (EUR 0.50).
- The order intake was MEUR 48 (MEUR 89), and the order book at the end of the reporting period was MEUR 44 (MEUR 69).
- Net sales are expected to grow moderately in 2007 and operating profit to improve clearly over the previous year.

KEY FIGURES	Q3 2007	Q3 2006	Q1-Q3 2007	Q1-Q3 2006	2006
Net sales, MEUR	**26.5**	18.7	**85.1**	73.7	106.2
Change	**41 %**	**-37 %**	**16 %**	-4 %	2 %
Operating profit, MEUR	**2.4**	-0.3	**6.2**	2.2	4.5
Profit before tax, MEUR	**2.4**	-0.2	**6.5**	2.5	4.9
Equity ratio	**68 %**	66 %	**68 %**	66 %	60 %
Assets total, MEUR	**54.1**	56.2	**54.1**	56.2	68.5
Earnings per share (EPS), EUR	**1.24**	0.50	**1.24**	0.50	0.94
Order intake, MEUR	**22**	47	**48**	89	132
Order book, MEUR	**44**	69	**44**	69	77
Capital expenditure, MEUR	**0.4**	0.6	**1.1**	1.4	1.9
R&D, share of net sales	**2.8 %**	5.0 %	**3.7%**	3.7%	3.5%

MR. TAPANI KIISKI, PRESIDENT AND CEO: A GOOD QUARTER IN COMPARISON WITH THE DIP LAST YEAR

In terms of profitability, the past third quarter was Raute's best under the current business structure. Our performance improved in the first part of the year due to the whole organization working together successfully. This resulted in increased net sales, better project risk management and delivery quality, as well as development of the subcontracting chain. Even loading also had a positive impact on profitability. While success was seen in all of our units, a special contribution to profit development came from our Chinese operations, which were set up last year. The first phase of operations in China clearly exceeds the goals.

The market outlook of our customers has remained at a good level in all of our market areas, except for North America. Several small investments, individual production lines, and veneer mill-scale projects have been launched after the slow period at the beginning of the year. However, decisions on the construction of new plywood or LVL mills have been further postponed. The low order intake in the first part of the year has brought our order book down to a normal level. Based on the number and progress of investment projects in the planning phase, I believe that our order book will strengthen in the latter part of the year.

Our business still faces the same uncertainty factors as before. The US dollar has continued to weaken and the price of wood raw material has remained high. On the other hand, the demand for investments in Russia is brisker than ever.

The positive profit development in the first three quarters and the order book for the latter part of the year gives us good reason to be positive about the rest of the year.

MARKET SITUATION

Market situation in customer industries

The demand, production volume, and sales prices in Raute's customer industries have remained at a good level throughout the first part of the year, with the exception of North America. The price of round wood has remained very high in most market areas. Problems related to wood supply are restricting production in Europe, especially in the areas neighboring Russia.

Uncertainties in the US housing market have affected the demand for wood products used in building. The demand is not expected to pick up until 2009.

Demand for wood products technology

Investment demand in the plywood, veneer, and LVL industries has remained active everywhere except the North American markets. Considering the large number of quotation requests, relatively few investment projects have actually been launched. The number of quotation requests for large projects has increased from the first part of the year. Some of the many mill-scale projects currently in the planning phase are expected to proceed to the decision-making phase before the end of the year.

The demand for technology services has remained at a good level. In North America, demand is also sluggish in the services field.

Order intake and order book

Raute's business consists of project deliveries and technology services to the wood products industry. Project deliveries encompass complete mills, production lines, and single machines and equipment. Technology services include maintenance, spare part services, modernizations, consulting, training, and sales of reconditioned machinery.

The order intake in the first part of the year amounted to EUR 48 million (MEUR 89). The order intake for projects remained low, at EUR 26 million (MEUR 69) and the order intake for technology services was EUR 22 million (MEUR 20).

The third-quarter order intake amounted to EUR 15 million (MEUR 40). The comparison period comprised two mill-scale orders. This year's most important deals in the third-quarter were for a veneer mill in Lithuania and a peeling line in Brazil. This peeling line order was the third made by the same customer in the past two years.

The order book at the end of the reporting period was EUR 44 million (MEUR 69).

Competitive position

Raute is particularly competitive in major projects for the plywood, veneer, and LVL industries. It bases its competitive position on state-of-the-art technology supported by strong product development, a range of solutions that cover the customers' entire production process and its life cycle, as well as good reference deliveries.

Considerable investments in the offering and productization of technology services have created a solid foundation on which this year's good profit development is partly based.

The US dollar dropping to a very low level has eroded Raute's price competitiveness in comparison with competitors whose expenses are mainly calculated in dollars. To compensate for this, Raute actively carries out productivity-enhancing activities.

NET SALES AND RESULT

Net sales for the reporting period were EUR 85.1 million (MEUR 73.7), up 15.5 percent on the comparison period.

The progress made in the four mill-scale orders in 2006 has changed the distribution of net sales by market area. Russia took over as the biggest market area in the reporting period, accounting for 38% (13%) of net sales, while North America's share of net sales rose to 24% (17%). Europe's share dropped to 26% (27%) and that of other market areas to 12% (42%).

Net sales in the reporting period were generated exclusively by technology services and project deliveries related to the wood products technology business. Technology services increased by 29% over the comparison period and accounted for 25% (23%) of net sales.

The Group's operating profit, EUR 6.2 million (MEUR 2.2), and profit before tax, EUR 6.5 million (MEUR 2.5), increased from the comparison period. Profit improved due to an increase in net sales, successful project deliveries and improved productivity , and a decrease in expenses enabled by more even loading. Operating profit percentage was 7.2% (3.0%). The profit for the period was EUR 5.0 million (MEUR 1.9), and earnings per share were EUR 1.24 (EUR 0.50).

Third-quarter net sales were EUR 26.5 million (MEUR 18.7). Operating profit totaled EUR 2.4 million (MEUR -0.3) and accounted for 9.2% (-1.7%) of net sales. Profit improved considerably over the exceptionally weak comparison period. Third-quarter profit amounted to EUR 1.8 million (MEUR -0.3), while earnings per share were EUR 0.46 (undiluted EUR -0.08).

FINANCING

The Group's financial position remained strong. At the end of the period, gearing was -12.8% (-52.7%) and equity ratio 68.3% (65.6%). The balance sheet total has decreased by EUR 14.4 million from the beginning of the year, totaling EUR 54.1 million (MEUR 56.2) at the end of the reporting period. The fluctuation in balance sheet items and the key ratios based on them results from differences in the timing of customer payments and the cost accumulation from project deliveries, which is typical of project business.

Cash and cash equivalents, including financial assets recognized at fair value through profit or loss, were EUR 4.6 million (MEUR 14.9) at the end of the period. The change in cash and cash equivalents in the reporting period was EUR 19.4 million negative (MEUR 3.5), and operating cash flow was EUR -16.6 million (MEUR 5.6). Investment cash flow was EUR -1.1 million (MEUR -1.3). Financing cash flow, EUR -1.7 million (MEUR -0.8), includes EUR 2.8 million in dividend payments for 2006 (MEUR 2.3).

Interest-bearing liabilities amounted to EUR 0.6 million (MEUR 0.5) at the end of the period, and unused long-term credit limits to EUR 15 million. The company also has a EUR 10 million commercial paper program.

RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Research and development costs totaled EUR 3.1 million (MEUR 2.7) in the reporting period, representing 3.7% (3.7%) of net sales. The increase in research and development costs was caused by differences in the timing of product development projects

Investments totaled EUR 1.1 million (MEUR 1.4) and consisted of information system and other replacement investments.

PERSONNEL

The Group's headcount at the end of the reporting period was 572 (534). Converted to full-time employees, the average number was 570 (539). The headcount increased over the comparison period as a result of the development of Chinese operations and changes in loading at North American companies. Group companies outside Finland accounted for 25% (21%) of employees at the end of the period.

CORPORATE GOVERNANCE

The Annual General Meeting held on March 21, 2007, elected Mr. Jarmo Rytilahti as Chairman of the Board, Ms. Sinikka Mustakallio as Vice-Chairman, and Mr. Mika Mustakallio, Mr. Panu Mustakallio, Mr. Pekka Paasikivi, and Mr. Jorma Wiitakorpi as Board members.

All of the Board members are independent of the company. Chairman Jarmo Rytilahti and two of the members (Pekka Paasikivi and Jorma Wiitakorpi) are independent of major shareholders.

The chairman of the Appointment Committee is Mr. Jarmo Rytilahti, while Ms. Sinikka Mustakallio and Mr. Ville Korhonen, a representative of a major shareholder, act as its members. The Working Committee is chaired by Mr. Jarmo Rytilahti and its members are Ms. Sinikka Mustakallio and Mr. Pekka Paasikivi. The Audit Committee's tasks are handled by the Board of Directors.

Authorized Public Accountants Anna-Maija Simola and Antti Unkuri are the company's auditors, and Ernst&Young Oy, an authorized public accounting company, is deputy auditor.

The Group's President and CEO is Mr. Tapani Kiiski. Raute's Executive Board also includes Ms. Arja Hakala, CFO; Mr. Petri Strengell, Vice President, Technology and operations; Mr. Timo Kangas, Vice President, Technology services; and Mr. Bruce Alexander, President of North American operations.

SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 4,004,758, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,013,597 series A shares (1 vote/share). The shares have a nominal value of two euro. Series K shares can be converted to series A shares under the terms described in section 3 of the Articles of Association. If a series K share is transferred to a new owner who does not previously hold series K shares, other shareholders of the K series have the right to redeem the share under the terms described in Section 4 of the Articles of Association.

Raute Corporation's series A shares are listed on the OMX Nordic Exchange Helsinki. 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 the Helsinki Stock Exchange.

The company's market capitalization at the end of the reporting period was EUR 52.9 million (MEUR 50.2), with series K shares valued at the closing price of series A shares on September 30, 2007, that is EUR 13.20 (EUR 12.90).

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

Board authorizations

The company's Board of Directors has been authorized by the Annual General Meeting held on March 21, 2007, to decide on the buyback and directed an issue of a maximum of 400,000 of the company's series A shares. The authorizations are effective until the next Annual General Meeting. The Board of Directors has not exercised this authorization.

DIVIDEND FOR THE FINANCIAL YEAR 2006

The Annual General Meeting decided to distribute a dividend of EUR 0.70 per share for 2006. The date of payment was April 2, 2007. The total amount of dividend paid was EUR 2.8 million.

SHAREHOLDERS

The number of shareholders totaled 1,144 at the beginning of the year and 1,219 (1,033) at the end of the reporting period. Series K shares are held by 46 private individuals (46). The management held 4.7% (4.5%) of company shares and 9.1% (9.1%) of votes. Nominee-registered shares accounted for 2.8% (1.2%) of shares.

The company did not possess company shares during the reporting period or hold them as security.

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

SEASONAL FLUCTUATION IN BUSINESS

The Group's net sales and working capital fluctuate in every quarter due to different types of project deliveries and their schedules. Business does not involve systematic seasonal changes, with the exception of technology services delivered to Finland, many of which take place during service shutdowns in the summer.

BUSINESS RISKS

Hedging of foreign currency receivables

Items related to business payments and denominated in foreign currency are hedged with currency derivatives when contracts take effect.

Forward contracts in Canadian and US dollars related to the economic hedging of payments from binding sales agreements had a nominal value of EUR 6.6 million (MEUR 2.1) at the end of the reporting period. No forward contracts subject to fair value hedging were effective at the end of the reporting period.

The measurement of forward contracts in compliance with IFRS had a positive impact of EUR 0.3 million on net sales and operating profit (MEUR 0.1) compared to the Finnish Accounting Standards.

OUTLOOK FOR 2007

The demand for investments in Raute's customer industries is expected to remain good. Brisk demand is forecasted to generate new orders in several market areas in the last part of the year and therefore the order book is expected to strengthen for the coming year.

Due to the good development in the first three quarters and the order book for the rest of the year, net sales in 2007 are expected to increase moderately and operating profit to improve considerably over the previous year.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS JANUARY 1 – SEPTEMBER 30, 2007

Figures are not audited
(Figures in EUR 1 000)

CONSOLIDATED INCOME STATEMENT	Note	1.7. - 30.9. 2007	1.7. - 30.9. 2006	1.1. - 30.9. 2007	1.1. - 30.9. 2006	1.1. - 31.12. 2006
NET SALES	2, 3, 4	**26 466**	**18 666**	**85 116**	**73 711**	**106 206**
Other operating income		17	30	75	127	199
Increase (+) or decrease (-) in inventories of finished goods and work in progress		103	-508	295	-98	-111
Materials and services		14 653	10 146	49 089	42 928	62 418
Expenses from employee benefits	7	6 397	5 539	20 772	19 130	26 227
Depreciation, amortization and impairment charges		684	616	2 000	1 790	2 660
Other operating expenses		2 412	2 211	7 457	7 679	10 476
Total operating expenses	6	**24 146**	**18 512**	**79 319**	**71 527**	**101 781**
OPERATING PROFIT		**2 440**	**-324**	**6 166**	**2 214**	**4 513**
% of net sales		**9 %**	**-2 %**	**7 %**	**3 %**	**4 %**
Financial income		-1	184	501	546	745
Financial expenses		-57	-92	-162	-286	-371
PROFIT BEFORE TAX		**2 382**	**-233**	**6 506**	**2 474**	**4 887**
% of net sales		**9 %**	**-1 %**	**8 %**	**3 %**	**5 %**
Income taxes *)		-536	-66	-1 531	-539	-1 255
PROFIT FOR THE PERIOD		**1 845**	**-299**	**4 974**	**1 935**	**3 632**
% of net sales		**7 %**	**-2 %**	**6 %**	**3 %**	**3 %**
*) Income taxes represent the tax corresponding to the period’s result, based on the estimated full-year tax rate.						
Breakdown						
Minority interest		0	0	0	0	0
Share of profit that belongs to owners of the parent company		1 845	-299	4 974	1 935	3 632
Earnings per share, EUR						
Undiluted earnings per share		0,46	-0,08	1,24	0,50	0,94
Diluted earnings per share		0,46	-0,08	1,24	0,49	0,94
Shares (1 000 pcs)						
Adjusted average number of shares		4 005	3 834	4 005	3 834	3 867
Adjusted average number of shares diluted		4 005	3 957	4 005	3 957	3 867

CONSOLIDATED BALANCE SHEET	Note	30.9. 2007	30.9. 2006	31.12. 2006
ASSETS				
Fixed assets and other non-current assets				
- Intangible assets		2 716	2 991	2 924
- Tangible assets		11 901	13 214	12 542
- Available-for-sale investments		395	404	395
- Deferred tax assets		348	356	487
Total		**15 360**	**16 964**	**16 348**
Current assets				
- Inventories		5 411	4 366	4 933
- Accounts receivables and other receivables	4	28 756	20 060	23 184
- Financial assets at fair value through profit or loss		2 653	9 554	10 195
- Cash and cash equivalents		1 926	5 305	13 812
Total		**38 746**	**39 285**	**52 124**
TOTAL ASSETS	2	**54 107**	**56 249**	**68 472**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
- Share capital		8 010	7 779	8 010
- Share premium		6 498	5 850	6 498
- Other funds	7	218	879	-201
- Retained earnings		11 824	10 846	11 370
- Profit for the period		4 974	1 935	3 632
Share of shareholders' equity that belongs to owners of the parent company		**31 524**	**27 289**	**29 309**
Minority interest		0	0	0
Total shareholders' equity		**31 524**	**27 289**	**29 309**
Long-term liabilities				
- Provisions		216	201	262
- Deferred tax liabilities		1 006	1 224	1 084
- Long-term interest-bearing liabilities		317	318	317
Total		**1 539**	**1 743**	**1 663**
Current liabilities				
- Provisions		958	1 700	1 726
- Pension obligations		279	347	335
- Short-term interest-bearing liabilities		238	150	150
- Advance payments received	4	7 980	14 641	19 726
- Current tax liabilities		98	0	113
- Trade and other payables		11 489	10 379	15 450
Total		**21 043**	**27 217**	**37 500**
Total liabilities		**22 582**	**28 960**	**39 163**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**54 107**	**56 249**	**68 472**

CONSOLIDATED CASH FLOW STATEMENT	1.1. - 30.9. 2007	1.1. - 30.9. 2006	1.1. - 31.12. 2006
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sales	68 128	82 573	116 046
Proceeds from other operating income	75	85	155
Payments of operating expenses	-83 794	-76 347	-100 100
Cash flow before financial items and taxes	**-15 591**	**6 311**	**16 102**
Interests and other operating financial expenses paid	-162	-89	-190
Interests and other income received	386	541	660
Dividends received	115	24	24
Income taxes paid	-1 387	-1 166	-1 614
NET CASH FLOW FROM (+) / USED IN (-) OPERATING ACTIVITIES (A)	**-16 639**	**5 621**	**14 982**
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure in tangible and intangible assets	-1 073	-1 376	-1 809
Purchases of available-for-sale as investments	0	-49	-49
Proceeds from sale of tangible and intangible assets	0	81	292
Proceeds from other investments	0	12	20
NET CASH FLOW FROM (+) / USED IN (-) INVESTING ACTIVITIES (B)	**-1 073**	**-1 332**	**-1 545**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of long-term and short-term loan receivables	1 000	95	95
Increase of short-term liabilities	88	0	0
Repayment of long-term liabilities	0	-66	-67
Proceeds from issuance of shares	0	1 436	1 436
Dividends paid	-2 803	-2 290	-2 290
NET CASH FROM (+) / USED IN (-) FINANCING ACTIVITIES (C)	**-1 715**	**-825**	**-826**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	**-19 427**	**3 464**	**12 611**
increase (+) / decrease (-)			
CASH AND CASH EQUIVALENTS*)			
- AT THE BEGINNING OF THE PERIOD	24 006	11 395	11 395
- AT THE END OF THE PERIOD	4 580	14 859	24 006
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD			
Financial assets at fair value through profit or loss	2 653	9 554	10 195
Cash and cash equivalents	1 926	5 305	13 812
Total	**4 580**	**14 859**	**24 006**

*) Cash and cash equivalents comprise trading assets as well as cash and bank receivables, which will be due within the following three months' period.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Other funds	Exchange rate diff.	Retained earnings
EQUITY Jan. 1, 2007	**8 010**	**6 498**	**-201**	**274**	**14 726**
Exchange differences from net investments			376		
Taxes related to items recognized in equity or transferred from equity					
Translation differences				-374	
Other increase/decrease					
Net income recognized directly in equity	**0**	**0**	**376**	**-374**	**0**
Profit for the period					4 974
Total income and expenses recognized in the period	**0**	**0**	**376**	**-374**	**4 974**
Share capital increase (options)					
Dividend					-2 803
Equity-settled share-based transactions			43		
EQUITY September 30, 2007	**8 010**	**6 498**	**218**	**-100**	**16 897**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continue)

	To owners of the parent company	Minority interest	EQUITY TOTAL
EQUITY Jan. 1, 2007	**29 308**	**0**	**29 308**
Exchange differences from net investments	376		376
Taxes related to items recognized in equity or transferred from equity	0		0
Translation differences	-374		-374
Other increase/decrease	0		0
Net income recognized directly in equity	**2**	**0**	**2**
Profit for the period	4 974		4 974
Total income and expenses recognized in the period	**4 976**	**0**	**4 976**
Share capital increase (options)	0		0
Dividend	-2 803		-2 803
Equity-settled share-based transactions	43		43
EQUITY September 30, 2007	**31 524**	**0**	**31 524**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Share capital	Share premium	Other funds	Exchange rate diff.	Retained earnings
EQUITY Jan. 1, 2006	**7 629**	**5 429**	**14**	**-533**	**13 384**
Exchange differences from net investments					
Taxes related to items recognized in equity or transferred from equity					
Translation differences				226	
Other increase/decrease					
Net income recognized directly in equity	**0**	**0**	**0**	**226**	**0**
Profit for the period					1 935
Total income and expenses recognized in the period	**0**	**0**	**0**	**226**	**1 935**
Share capital increase (options)	150	421	865		
Dividend					-2 290
Equity-settled share-based transactions			58		
EQUITY September 30, 2006	**7 779**	**5 850**	**937**	**-307**	**13 030**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continue)	To owners of the parent company	Minority interest	EQUITY TOTAL
EQUITY Jan. 1, 2006	**25 923**	**224**	**26 147**
Exchange differences from net investments	0		0
Taxes related to items recognized in equity or transferred from equity	0		0
Translation differences	226		226
Other increase/decrease	0	-224	-224
Net income recognized directly in equity	**226**	**-224**	**2**
Profit for the period	1 935		1 935
Total income and expenses recognized in the period	**2 161**	**-224**	**1 937**
Share capital increase (options)	1 436		1 436
Dividend	-2 290		-2 290
Equity-settled share-based transactions	58		58
EQUITY September 30, 2006	**27 289**	**0**	**27 289**

NOTES

GENERAL INFORMATION

Raute Corporation’s Board of Directors has on 24 October 2007 reviewed the Group’s Interim financial statements for January 1 – September 30, 2007, and decided to publish Raute Corporation’s Interim financial reporting for January 1 – September 30, 2007, in compliance with this release.

1. Accounting Principles

Raute Corporation’s Interim financial reporting has been drawn up in compliance with IAS 34.

Raute Group’s Interim financial statements for January 1 – September 30, 2007, included in the Interim financial reporting do not contain full notes and other information presented in the financial statements. Therefore, the Interim financial reporting should be read in conjunction with the Financial statements published for 2006.

The figures presented in the Interim financial reporting have not been audited. Figures in parentheses refer to the corresponding figures in the comparison year. All the monetary figures presented in this interim report are in thousands euros, unless otherwise stated. Due to the roundings of the figures in the interim financial statement tables, the sums of figures may deviate from the sum total presented in the table.

The preparation of interim financial statements according to IFRS requires management to use estimates and assumptions that affect the assets and liabilities on the balance sheet date, as well as the income and expenses for the financial period. Because the forward-looking estimates and assumptions are based on management’s best knowledge at the interim time, they comprise risks and uncertainties. The actual results may differ from these estimates.

On January 1, 2007, the Group adopted the following standards and interpretations issued by IASB:
- IFRIC 8: Scope of IFRS 2,
- IFRIC 9: Reassessment of Embedded Derivatives,
- IFRIC 10: Interim Financial Reporting and Impairment,
- IFRS 7 Financial Instruments: Disclosures, and
- IAS 1 Amendment to disclosures about capital in financial statements.

The adoption of the standards has not had any material impact on the figures in the Interim financial statements.

In other respects, the Group has followed the accounting principles described in the Financial statements for 2006.

2. Segment information

Primary reporting segment

Raute's primary reporting segment is the business segment. Continuing operations belong to the wood products technology segment.

Secondary reporting segment

The secondary reporting segment is geographical. The geographical segment consists of market areas accounting for over 10% of the Group's net sales.

Geographical reporting segment information

Net sales to external clients by clients' geographical location	1.1. - 30.9. 2007	%	1.1. - 30.9. 2006	%	1.1. - 31.12. 2006	%
Russia	32 508	38	9 273	13	12 470	12
Europe	22 181	26	20 166	27	30 620	29
North America	20 373	24	12 448	17	17 107	16
South America	7 787	9	25 881	35	39 160	37
Others	2 267	3	5 943	8	6 849	6
TOTAL	**85 116**	**100**	**73 711**	**100**	**106 206**	**100**
Assets by geographical location						
Russia	439	1	287	1	190	0
Europe	46 237	85	49 682	88	63 832	94
North America	6 164	11	6 082	11	4 158	6
South America	47	0	50	0	38	0
Others	1 220	2	148	0	254	0
TOTAL	**54 107**	**100**	**56 249**	**100**	**68 472**	**100**
Capital expenditure by geographical location						
Russia	0	0	0	0	0	0
Europe	712	66	1 347	98	1 801	97
North America	75	7	26	2	51	3
South America	0	0	0	0	0	0
Others	286	27	0	0	0	0
TOTAL	**1 073**	**100**	**1 373**	**100**	**1 852**	**100**

3. Proceeds from sales

Net sales by market area	1.1. - 30.9. 2007	%	1.1. - 30.9. 2006	%	1.1. - 31.12. 2006	%
Russia	32 508	38	9 273	13	12 470	12
North America	20 373	24	12 448	17	17 107	16
Rest of Europe	13 924	16	13 146	18	20 203	19
Finland	8 257	10	7 019	10	10 417	10
South America	7 787	9	25 881	35	39 160	37
Asia	885	1	5 086	7	5 593	5
Oceania	597	1	409	0	501	0
Others	785	1	449	0	755	1
TOTAL	**85 116**	**100**	**73 711**	**100**	**106 206**	**100**

4. Long-term projects	30.9. 2007	30.9. 2006	31.12. 2006
Net sales			
Net sales by percentage of completion	73 398	61 453	90 464
Other net sales	11 718	12 258	15 742
TOTAL	**85 116**	**73 711**	**106 206**
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	109 120	73 000	77 607
Amount of long-term projects revenues not yet entered as income	40 718	63 953	74 281
Specification of combined asset and liability items:			
Accrued income corresponding to revenues by percentage of completion	110 024	72 972	76 989
Advances received from project customers	-87 280	-61 636	-62 588
Project receivables included in short-term receivables	22 744	11 336	14 401
Advance payments received at Balance Sheet	7 980	14 641	19 726

5. Number of personnel	30.9. 2007	30.9. 2006	31.12. 2006
- effective, on average	570	539	546
- in books, on average	576	539	547
- in books, at the end of period	572	534	540

6. Research and development costs	30.9. 2007	30.9. 2006	31.12. 2006
Research and development costs on the period	3 137	2 740	3 765
Depreciation of capitalized development costs	275	132	228
Recognized as assets in balance sheet	-191	-449	-538
Research and development costs entered as expenses for the period	3 221	2 423	3 455

7. Share-based payments

The effect of the share-based remunerations to the profit of Raute Group was EUR 81 thousand. At the end of the reporting period the current value of the cash portion was EUR 13.20 per share. The value of share-based remunerations was EUR 0.3 million total.

8. Off- balance sheet commitments	30.9. 2007	30.9. 2006	31.12. 2006
Security of own debts			
- mortgages	11 059	11 134	11 134
Security for Group's liabilities			
- bank guarantees	17 150	16 872	14 116
Other own liabilities			
Leasing and rent liabilities			
- for the current accounting period	73	72	218
- for subsequent accounting periods	541	154	527

No loans or pledges have been given or other commitments made on behalf of the company's management, shareholders or associated

9. Currency derivatives	**30.9. 2007**	**30.9. 2006**	**31.12. 2006**
Currency derivatives are used for currency hedging purposes.			
Nominal values of forward contracts in foreign currency			
Economic hedging			
- related to financing	3 650	2 232	2 065
- related to hedging of net sales	6 568	2 076	174
Hedge accounting			
- related to the hedging of net sales	0	13 596	7 000
Fair values of forward contracts in foreign currency			
Economic hedging			
- related to financing	-4	-2	2
- related to the hedging of net sales	346	-3	-8
Hedge accounting			
- related to the hedging of net sales	0	-91	-50
Purchased currency options			
- nominal values	0	0	1 963
- fair values	0	0	13

GROUP KEY RATIOS	**1.1. - 30.9. 2007**	**1.1. - 30.9. 2006**	**1.1. - 31.12. 2006**
Return on investment , ROI	28,7 %	13,5 %	18,6 %
Return on equity , ROE	21,8 %	9,7 %	13,1 %
Quick ratio	2,6	3,2	2,7
Gearing	-12,8 %	-52,7 %	-80,3 %
Equity ratio	68,3 %	65,6 %	60,1 %
Order book, EUR million	44	69	77
Order intake, EUR million	48	89	132
Exported portion of net sales	90,3 %	90,5 %	90,2 %
Change in net sales	15,5 %	-4,4 %	-2,2 %
Gross capital expenditure, EUR million	1,1	1,4	1,9
Gross capital expenditure of net sales	1,3 %	1,9 %	1,7 %
Research and development, EUR million	3,1	2,7	3,8
Research and development of net sales	3,7 %	3,7 %	3,5 %
Earnings per share (EPS), EUR			
- basic	1,24	0,50	0,94
- diluted	1,24	0,49	0,94
Equity to share, EUR	7,87	7,02	7,32
Dividend per share series K shares, EUR			0,70
Dividend per share series A shares, EUR			0,70
Dividend per profit			74,5 %
Effective dividend return			5,5 %
Share price at the end of period, EUR	13,20	12,90	12,85
Number of shares			
- weighted average, 1 000 pcs	4 005	3 834	3 867
- diluted, 1 000 pcs	4 005	3 957	3 867

The formulas used to calculate key ratios are described on page 60 of the Annual Report 2006.

THE DEVELOPMENT OF QUARTERLY RESULTS	Q 3 2007	Q 2 2007	Q 1 2007	Q 4 2006	Rolling 1.10.2006 - 30.9.2007	Rolling 1.10.2005 - 30.9.2006
NET SALES	**26 466**	**29 769**	**28 882**	**32 494**	**117 610**	**105 215**
Other operating income	17	19	38	72	147	216
Increase (+) or decrease (-) in inventories of finished goods and work in progress	103	-54	246	-13	282	-1 166
Materials and services	14 653	17 439	16 997	19 490	68 579	61 179
Expenses from employee benefits	6 397	7 369	7 007	7 097	27 869	25 749
Depreciation, amortization and impairment charges	684	663	653	871	2 871	2 503
Other operating expenses	2 412	2 427	2 618	2 796	10 253	11 925
Total operating expenses	**24 146**	**27 898**	**27 276**	**30 254**	**109 573**	**101 355**
OPERATING PROFIT	**2 440**	**1 836**	**1 891**	**2 299**	**8 465**	**2 909**
% of net sales	**9 %**	**6 %**	**7 %**	**7 %**	**7 %**	**3 %**
Financial income	-1	191	312	199	700	799
Financial expenses	-57	-53	-51	-85	-247	-284
PROFIT BEFORE TAX	**2 382**	**1 973**	**2 151**	**2 412**	**8 918**	**3 424**
% of net sales	**9 %**	**7 %**	**7 %**	**7 %**	**8 %**	**3 %**
Income taxes	-536	-478	-517	-717	-2 248	-571
PROFIT FOR THE PERIOD	**1 845**	**1 495**	**1 634**	**1 696**	**6 670**	**2 853**
% of net sales	**7 %**	**5 %**	**6 %**	**5 %**	**6 %**	**3 %**
Breakdown						
Minority interest	0	0	0	0	0	3
Share of profit that belongs to owners of the parent company	1 845	1 495	1 634	1 696	6 670	2 850
Earnings per share, EUR						
Undiluted earnings per share	0,46	0,37	0,41	0,44		
Diluted earnings per share	0,46	0,37	0,41	0,44		
Shares (1 000 pcs)						
Adjusted average number of shares	4 005	4 005	4 005	3 867		
Adjusted average number of shares, diluted	4 005	4 005	4 005	3 867		

THE LARGEST SHAREHOLDERS 30, September 2007	Number of K-shares (20 votes per share)	Number of A-shares (1 vote per share)	Total number of shares
1. Sundholm Göran		515 000	515 000
2. Hietala Pekka Tapani		181 900	181 900
3. Suominen Jussi Matias	48 000	74 759	122 759
4. Suominen Tiina Sini-Maria	48 000	74 759	122 759
5. Mustakallio Kari Pauli	60 480	60 009	120 489
6. Kirmo Kaisa Marketta	50 280	65 092	115 372
7. Suominen Pekka Matias	48 000	64 159	112 159
8. Siivonen Osku Pekka	50 640	53 539	104 179
9. Keskiaho Kaija Leena	33 600	51 116	84 716
10. Särkijärvi Riitta	60 480	22 009	82 489
11. Mustakallio Mika	39 750	42 670	82 420
12. Mustakallio Risto	42 240	35 862	78 102
13. Mustakallio Ulla Sinikka	47 240	30 862	78 102
14. Sr Arvo Finland Value		64 358	64 358
15. Mustakallio Marja Helena	42 240	20 662	62 902
16. Mustakallio Kai Henrik	47 240	12 000	59 240
17. Sr Eq Suomi Pienyhtiöt		56 531	56 531
18. Kirmo Lasse Antti	30 000	26 200	56 200
19. Särkijärvi Timo Juha	12 000	43 256	55 256
20. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256
TOTAL	**672 190**	**1 537 999**	**2 210 189**
Share of total amount of shares	67,8 %	51,0 %	55,2 %
Share of total voting rights	67,8 %	51,0 %	65,6 %
Administrative registered		113 571	113 571
OTHER SHAREHOLDERS	318 971	1 362 027	1 680 998
TOTAL	**991 161**	**3 013 597**	**4 004 758**

MANAGEMENT'S SHAREHOLDING	98 990	89 788	**188 778**
Share of total amount of shares	10,0 %	3,0 %	4,7 %
Share of total voting rights	10,0 %	3,0 %	9,1 %

SHARE INFORMATION	**30.9. 2007**	**30.9. 2006**	**31.12. 2006**
Number of shares			
- Series K , ordinary shares (20 votes / share)	991 161	991 161	991 161
- Series A , 1 vote/share	3 013 597	2 898 297	3 013 597
Number of shares total	**4 004 758**	**3 889 458**	**4 004 758**
Trading of series A shares			
Trading of shares, pcs	805 203	676 432	1 088 288
Trading of shares, EUR million	11,3	10,1	15,4
Exchange rate of series A shares			
At the end of report period, EUR	13,20	12,90	12,85
Highest price during the report period, EUR	15,45	17,60	17,60
Lowest price during the report period, EUR	12,40	11,60	11,60
Average price during the report period, EUR	13,88	14,90	14,03
Market value of capital stock			
(Series K shares valued at the value of seris A shares at the end fo reporting period.			
- Series K shares, EUR million	13,1	12,8	12,7
- Series A shares, EUR million	39,8	37,4	38,7
Total, EUR million	**52,9**	**50,2**	**51,5**

RAUTE CORPORATION
Board of Directors

FURTHER INFORMATION:

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RAUTE IN BRIEF:

Raute is a technology company serving the wood products industry worldwide. Its most important customers are the plywood and LVL industries. The company is the world market leader as a supplier of mill-scale projects to these customer industries. The full-service concept also includes technology services, with which Raute supports its customers throughout the entire life cycle of their investment. Raute's head office and main production plant are in Nastola, Finland. Its other production plants are in the Vancouver area of Canada, in the Shanghai area of China, and in Jyväskylä and Kajaani, Finland. Net sales in 2006 were EUR 106 million and the number of personnel 540. More information on the company can be found at www.raute.com.

DISTRIBUTION:

OMX Nordic Exchange in Helsinki, main media, www.raute.com