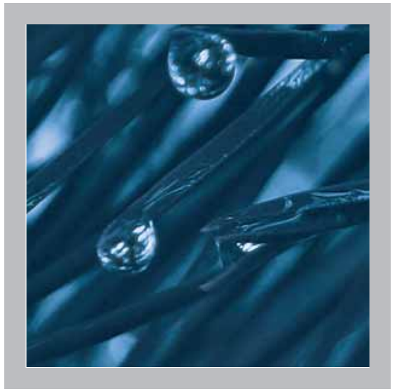





RUUKKI GROUP

ANNUAL REPORT 2008

RUUKKI GROUP BUSINESS STRUCTURE

RUUKKI GROUP PLC

MINERALS BUSINESS

- **MINING**
  - Türk Maadin Sirketi A.S. (Turkey)
- **PROCESSING**
  - RCS Limited (Malta)
  - Elektrowerk Weisweiler GmbH (Germany) *

* EWW has been consolidated into the Group based on the IFRS SIC-12 interpretation even though the share of ownership is 0%.

WOOD PROCESSING BUSINESS

- **SAWMILL BUSINESS**
  - Tervolan Saha ja Höyläämö
  - Lappipaneli
  - Junnikkala
  - Oplax
- **HOUSE BUILDING**
  - Pohjolan Design-Talo

The Group has also other subsidiaries and associates with no significant effect.

TABLE OF CONTENTS

GROUP INTRODUCTION

COMPANY FACT SHEET

Corporate name	Ruukki Group Plc
Domicile	Espoo
Business ID-number	0618181-8

Business
Industrials (OMX sector)

Business areas
Wood Processing, Minerals

Trading code
RUG1V (Nasdaq OMX Helsinki)

Interim Reports in 2009:

Period	To be published
1 Jan – 31 Mar 2009 (3 months)	7 May 2009
1 Jan – 30 Jun 2009 (6 months)	6 Aug 2009
1 Jan – 30 Sep 2009 (9 months)	5 Nov 2009

Annual General Meeting

The Annual General Meeting will be held on Thursday 7 May 2009 at 11 a.m. in Espoo, Finland. The invitation to the meeting and agenda will be published later.

The Board of Directors has decided to propose to the 2009 Annual General Meeting that capital redemption of EUR 0.04 per share would be distributed out of the paidup unrestricted equity reserve, and that no dividend would be paid out.

RUUKKI GROUP IN BRIEF

Ruukki Group, an industrial operator in the wood processing and minerals businesses, aims at the financially profitable use and processing of natural resources. The Group's current operations include sawmills, house building, pallet manufacturing as well as chrome ore mining and ferrochrome manufacturing.

Ruukki Group's consolidated revenue for 2008 totalled EUR 247.4 million with an EBITDA of EUR 17.6 million. The Group employs over 700 people working in Finland and elsewhere.

The objectives in the two principal business areas are: first, vertical integration; and second, refining raw materials into products with a high degree of specialisation. New investments will be predominantly made in international operations.

The main strategic principles can be defined as follows:

1. Industrial operations in selected industry sectors
2. Diversification of operations by businesses and geographically
3. Vertical integration within business areas
4. A dynamic and proactive approach
5. Products with a high degree of customisation and processing
6. Targeting niche markets

Ruukki Group emphasises cash flow generation in all of its operations and has a conservative approach to managing its debt/equity ratio.

Disclaimer

The annual report is a translation from the original annual report in Finnish. In case of any discrepancies, inconsistencies or inaccuracies, the Finnish version shall prevail.

GROUP KEY FIGURES

Continuing operations

EUR million	2008	2007
Revenue	158.7	128.4
EBITDA	2.3	17.3
EBIT	-46.7	12.7
Profit before taxes	-41.5	18.0
Net profit	-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%
Gross capital expenditure	235.4	12.1
Average personnel	418	279

Share information

Continuing operations

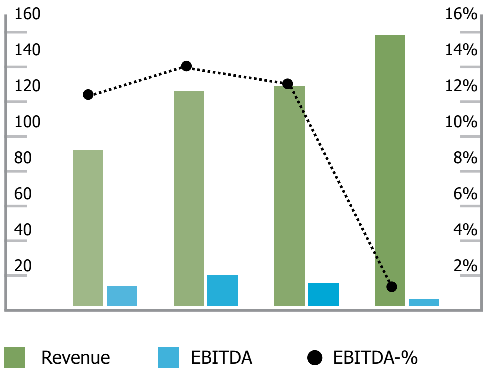
EUR	2008	2007
Earnings per share, basic	-0.14	0.05
Earnings per share, diluted	-0.14	0.05
Equity per share	1.20	1.41
Distribution	0.04 *	0.04 **
Market capitalization (EURm)	333.5	817.9
Number of shares on 31 Dec (1,000)	290 034	290 034

* Capital redemption proposed to the AGM 2009

** Dividend

Revenue and EBITDA

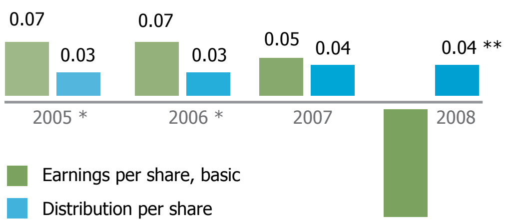
EUR million



* 2005 and 2006 total Group

Earnings and distribution per share

EUR

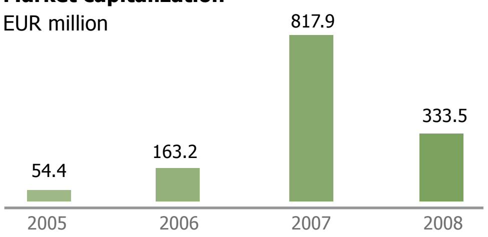


* 2005 and 2006 total Group

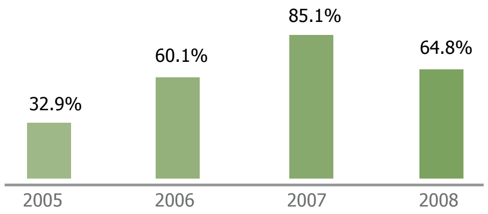
** Capital redemption, proposal

Market capitalization

EUR million

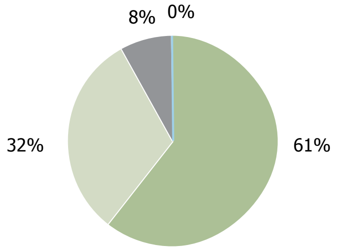


Equity ratio

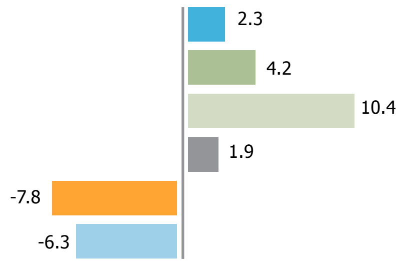


SEGMENT KEY FIGURES

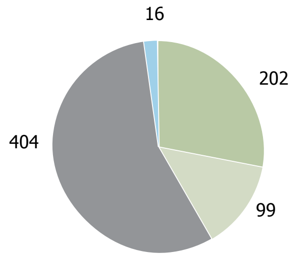
Revenue split by segment 2008



EBITDA split by segment 2008
EUR million



Personnel by segment on 31 Dec 2008
Group total: 721



Group Total
Sawmill Business
House Building
Minerals Business
Investment Projects
Other Operations

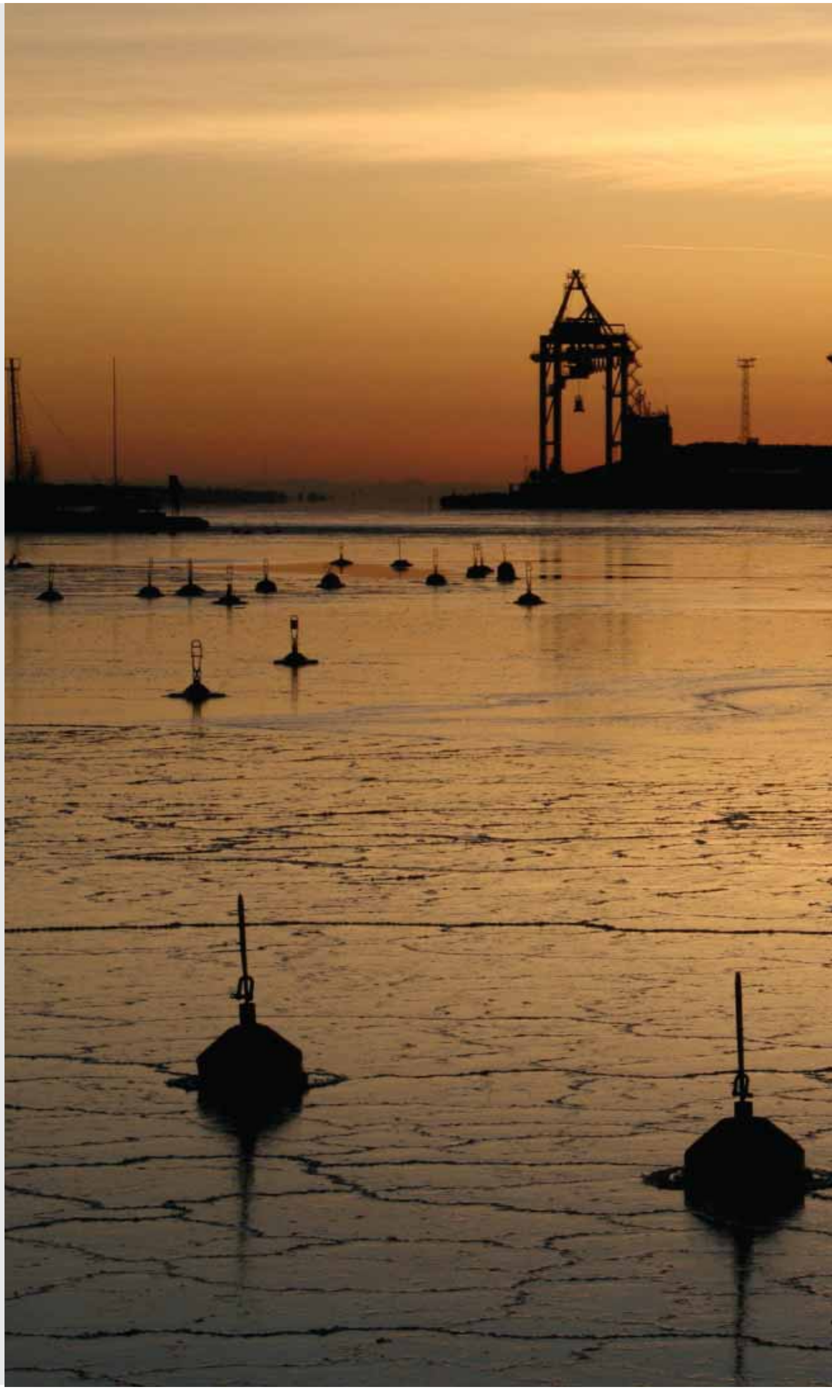
BUSINESS AREAS IN BRIEF

HEADQUARTERS

The Group's headquarters are located in Espoo, Finland. The parent company, Ruukki Group Plc, is listed on the Nasdaq OMX Helsinki under the Mid Cap segment. Ruukki Group Plc is responsible for the Group's strategy and administration. With a view to the long-term development of the Group's businesses, the company also provides its subsidiaries with various services. Some of the Group's subsidiaries operate an on entrepreneurial basis with the entrepreneurs responsible for the daily operations.

MINERALS

The Minerals business operations are located in Turkey, Malta and Germany. Ruukki Group acquired the Minerals businesses in October 2008 that are based on the production of end-products with a high degree of specialisation. Initially, the Minerals business segment focuses on chrome ore and ferrochrome operations. In addition, opportunities for expansion to southern Africa and other speciality metals and alloys, for instance, are being investigated.



Minerals business include the following operations:

Mining

Mining and benefication operations are located in Turkey where the Group has active mining areas in three locations: Kavak, Tavas and Fethiye. In addition, there are several exploration licences in other locations. The main operations are the exploration and exploitation of chrome mines with a main focus on exporting two chrome types: high grade chrome concentrates and lumpy chrome ore. The chromite concentrate is delivered for further processing to the Group's processing operations in Germany. The annual chrome ore concentrate production capacity is currently around 30,000 tonnes.

Processing

Processing the chromite concentrate from both the Group's Turkish mines and external parties is carried out in Eschweiler-Weisweiler, Germany through a toll manufacturing agreement. The German plant manufactures specialised low carbon and ultralow carbon ferrochrome products which are sold to endcustomers mainly by the Groups' sales operations in Malta. The production capacity of ferrochrome is some 30,000 metric tonnes per year.

Procurement and sales

Procurement and sales operations take place in Valletta, Malta. The Group sells specialised products, including low carbon and ultralow carbon ferrochrome and associated materials, to its customers worldwide, mainly to producers of special grades of stainless steel.

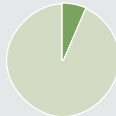
WOOD PROCESSING

Wood Processing operations are currently located in Finland, especially in northern Finland. In recent years, the relative share of exports has increased. The business area is engaged in refining natural resources available in the northern coniferous zone with the ultimate aim of achieving the highest degree of processing at optimum cost and efficiency.

Ruukki Group's Wood Processing businesses are divided into three business operations:

Sawmills

The Group's five sawmills operate in northern Finland with production sites in Kalajoki, Kittilä, Kuusamo, Oulainen and Tervola. The sawmills concentrate on the effective processing of softwood timber into various types of sawn goods - pine and spruce being the key raw materials. The sawmills target both the domestic and export markets (mainly the UK, Japan, and the Mediterranean countries) with the construction industry being the main customer segment. The annual production capacity of sawn timber is about 500,000 m^3. The sawmills' revenue in 2008 was EUR 87.1 million with 312,000 m^3 sawn timber production.



Pallet manufacturing

Pallets are manufactured at four factories in Oulu, Kemi, Tornio and Rovaniemi where wooden loading pallets are made for the paper, steel and other industries. The Oulu unit focuses on close deck, Kemi on open deck and Tornio on custom-designed pallets. A service to manufacture tailor-designed pallets is also provided. Annually, some 1.5 million pallets are produced. Pallet manufacturing generated sales of EUR 9.2 million in 2008.

House Building

House building operations are located in northern Finland. Prefabricated houses are designed in Oulunsalo; electrotechnical design as well as heating, plumbing, and airconditioning work is carried out in Ii; and the element factory is located in Nivala. The business comprises the manufacture and delivery of readytomovein detached wooden houses as turnkey deliveries to private individuals in Finland. During 2008, the house building revenue amounted to EUR 50.4 million and altogether 342 houses were delivered.

CEO'S REPORT

2008 - a year of transformation

During the financial year 2008, Ruukki Group went through a major strategic transformation by diversifying into the minerals business, by putting Russian ambitions on hold and by exiting the unprofitable and unsustainable business model of the Furniture Business.

In addition to strategic transformation, Ruukki Group Plc's shareholder base changed from private persons to industrial family and from mainly Finnish to mainly international.

2008 - a year of consolidation

The year 2008 was also a year of consolidation. We increased our stake in House Building business to 100%, since there are sound long-term prospects and good business fundamentals in the business.

The scale of the Group's Sawmill Business also clearly increased via acquisition and related capital expenditures, with subsequent measures taken targeting added value from synergies between the units. Our target is to keep on actively looking for consolidation opportunities in the future as well.

The Group is well positioned for growth

Because of our emphasis on specialised product grades, there are many opportunities in chrome-related acquisitions. Due to the general collapse of commodity prices, the long-term outlook and current valuation levels provide an excellent basis for future profitability.

In addition, our sawmills are very efficient and do not require any major capital outlays.

Strong balance sheet

The Group's net cash position is strong, which is, to an increasing extent, important under current market circumstances. The ability to generate positive cash flow, in each of our businesses, is a key performance indicator being monitored by the Group's management. Cash management plays a vital role in how the Group copes with the recession the world economy has entered.

We are well equipped to reap any coming opportunities, and to pursue growth and value creation in the sectors we have already invested in, with potential for add-on acquisition and investments with the cash and other resources available.

THE GROUP MANAGEMENT

On targets for future

The Group's management emphasises strong cash flow from operations and from investments. We have taken and will continue to take the needed measures to increase the Group's profitability, which is operationally benchmarked by actual EBITDA, generated by each business area and each unit. Moreover, cost efficiency will be one key competitive edge, especially since there are markets where the unit prices have now slid even below unit production costs of certain competitors. If needed, we will adjust the output of our business units to meet the demand characteristics.

I have set one additional target, which is to reach the top 25 list, as ranked by the market capitalization, on Nasqaq OMX Helsinki Stock Exchange. Having a base in Finland, Ruukki Group has become a more international and diversified industrial Group, ready to take on the future challenges lying ahead.

Alwyn Smit
Chairman and CEO
Ruukki Group Plc

BOARD OF DIRECTORS

Ruukki Group Plc's Board of Directors comprise, based on the decision of the Extraordinary General Meeting on 7 October 2008, the following six members: Alwyn Smit (Chairman of the Board and CEO), Thomas Hoyer, Esa Hukkanen, Markku Kankaala, Jelena Manojlovic and Terence McConnachie.

Alwyn Smit B.Comm.Hon., LLB (b. 1961)

has been the Chairman from 11 July 2008 and prior to that a member of the Board from 31 March 2008. He has been the CEO from 12 September 2008. He has about twenty years' international experience in banking and finance. He is also founder and ex-CEO of Decillion Limited, an investment boutique listed on Johannesburg stock exchange. On 31 December 2008, he owned, through the entities he controls, 11,900,000 Ruukki Group Plc shares. He also had 2,900,000 options of Ruukki Group Plc.

Thomas Hoyer M.Sc. (Econ.) (b.1974)

is currently CFO at Aldata Solution Oyj. Previously he has worked in different investment banks, e.g. Invision Asset Management AG and Bank am Bellevue AG. He has been a member of Ruukki Group Plc Board from 7 October 2008. On 31 December, Hoyer owned 100,000 Ruukki Group Plc shares.

Esa Hukkanen B.Sc. (Eng.) (b.1954)

has been Board member at Ruukki Group Plc from 11 July 2008 and during 2003-2006. He is currently the Business Development Director at Ruukki Group Plc. He was previously Managing Director of Ruukki Furniture Oy, and has worked six years as an entrepreneur in the wood products industry and prior to that in various positions in Ahlström Eristeet Oy and Saint-Gobain Isover Oy. On 31 December, he owned 5,010,100 Ruukki Group Plc shares.

Markku Kankaala B.Sc. (Eng.) (b.1963)

worked as a branch director of Ruukki Group Plc until 31 August 2006. Previously he worked for ten years as an entrepreneur in the wood products industry and before that in different positions in Ahlström and Rautaruukki. He was also the CEO of Ruukki Group Plc in 2003–2004. He has been a member of Ruukki Group Plc's Board of Directors since 30 June 2003. In addition, he acts on the Boards of some of the Ruukki Group sawmills. On 31 December, he and his closely associated persons owned a total of 9,699,290 Ruukki Group Plc shares.

Jelena Manojlovic Ph.D. (Psychology) (b.1950)

is currently HR Director at Kermas Limited. She has previously worked in UK hospitals. She has been a member of Ruukki Group Plc Board from 11 July 2008. On 31 December, she owned, through share holdings and share forward contracts of controlled corporations of her spouse, altogether 86,966,500 Ruukki Group Plc shares. In addition, a controlled corporation of her spouse had 73,170,731 options of Ruukki Group Plc.

Terence McConnachie high school degree (b.1955)

is currently CEO at Sylvania Resources Limited, Welprop Mining Services and SA Chrome and Alloys Limited as well as a major shareholder and CEO in Alumicor Ltd. He has 25 years of experience in mining industry and is the founder of South African Chrome & Alloys Ltd, which is listed on the Johannesburg stock exchange. He has been a member of Ruukki Group Plc Board from 7 October 2008. He did not own any Ruukki Group Plc shares on 31 December.

From left to right:
Terence McConnachie, Esa Hukkanen, Jelena Manojlovic, Alwyn Smit, Thomas Hoyer, Markku Kankaala

THE CEO AND OTHER MANAGEMENT

As from 12 September 2008, Alwyn Smit has been the CEO of Ruukki Group Plc, and he is also Chairman of the Board. The Company has had two Deputy CEOs, Jukka Havia and Antti Kivimaa, since 12 September 2008. Esa Hukkanen has been the Business Development Director since 1 October 2006. Ruukki Group Plc does not have a separate Executive Board. The company's management consists of the people listed above.

The Board of Directors appoints the CEO. The CEO runs the day-to-day administration of the company in accordance with the instructions provided by the Board.

Deputy CEO, domestic wood processing businesses

Antti Kivimaa M.Sc. (Eng), B.Sc. (Econ. & Bus. Adm.) (b. 1949)

has worked as Ruukki Group Plc's CEO's deputy between 1 September 2007 - 12 September 2008 and as Deputy CEO since 12 September 2008. He was the CEO of Ruukki Group Plc between 22 November 2004 - 31 August 2007. He is also a member of the Boards in Ruukki Group's subsidiaries and associated companies. Previously, he has worked as the Managing Director of Startel Oy, as the Chairman of the Board of Esmerk Group Oy, as the CEO of Janton Oyj, as the Managing Director of E. Ahlström Oy and as the Branch Director of Sponsor Oy. He has also been the Chairman of the

Board of FIM Group Oy. On 31 December 2008, he owned 150,000 shares of Ruukki Group Plc. He also had 700,000 options of Ruukki Group Plc.

Deputy CEO, finance and acquisitions

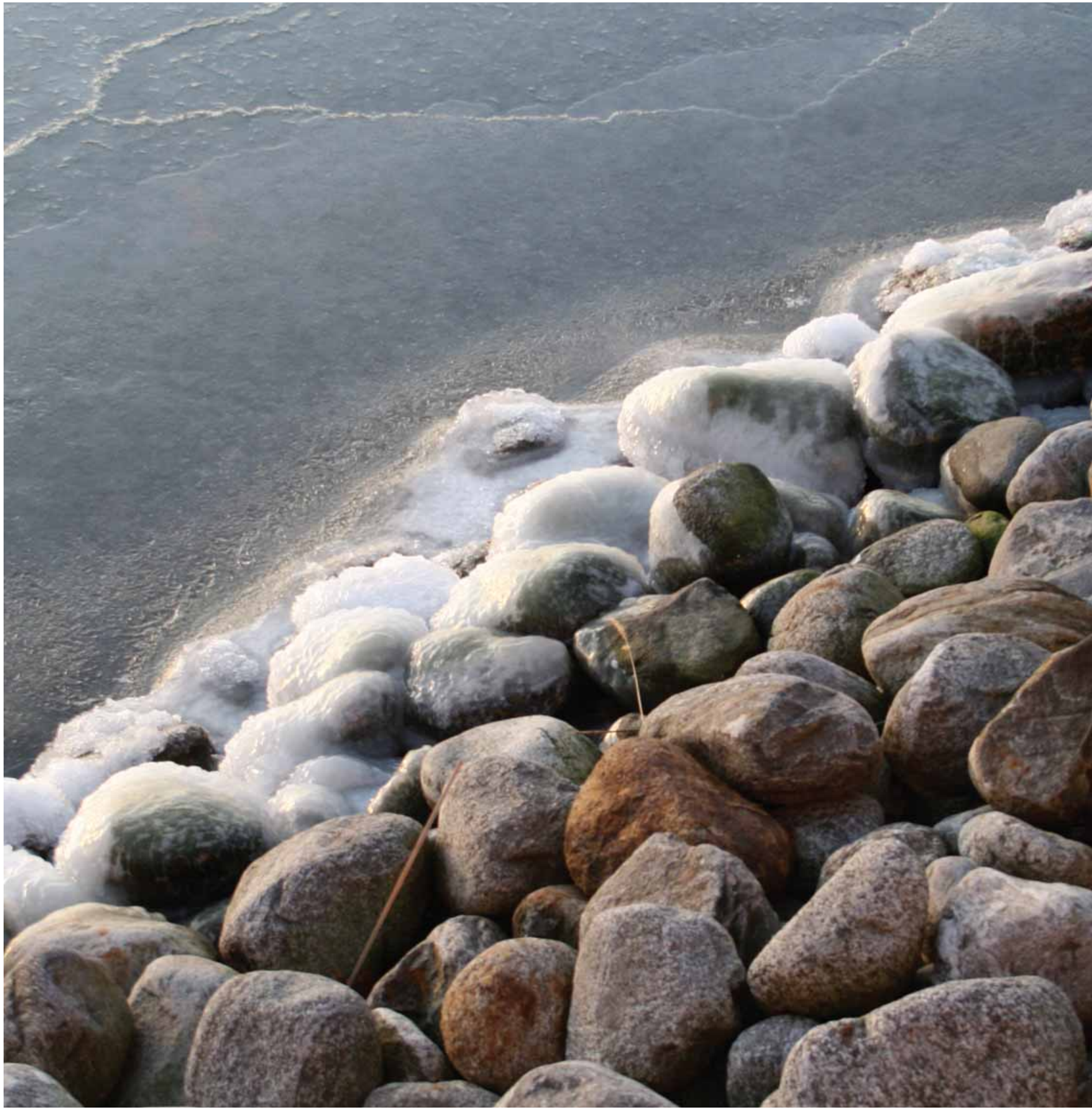
Jukka Havia M.Sc. (Econ. & Bus. Adm.) (b. 1968)

has worked as Ruukki Group Plc's CFO since 1 May 2005 and as Deputy CEO since 12 September 2008. Previously he has worked among other positions as the Director of Finance at the Student Union of Helsinki School of Economics and in financial direction positions in multinational companies. On 31 December, he did not own any shares in Ruukki Group Plc, but held 200,000 options of Ruukki Group Plc.

Business Development Director

Esa Hukkanen B.Sc**.** (Eng.) (b. 1954)

has worked as Business Development Director since 1 October 2006. Before that he was the Managing Director of Ruukki Furniture Oy. He has been a member of the Board of Directors of Ruukki Group Plc from 11 Jul 2008.



BOARD OF DIRECTORS' REPORT

FINANCIAL PERFORMANCE 2008

KEY EVENTS DURING THE FINANCIAL YEAR

Group Strategy

Ruukki Group's Board of Directors redefined the Group strategy during the second quarter of 2008. After the resolution at the end of October by the Extraordinary General Meeting, and the related closing of the chrome ore and ferrochrome business acquisition, the Group now has two main business areas: Wood Processing business and Minerals business.

The Group's target is to become a low-cost, high-value producer of selected specialised industrial commodities that are sold in niche market segments globally. In all of its operations, operative cash flow generation is emphasised.

The Group is actively looking into acquisition opportunities in the minerals sector with an initial focus on chrome mining and production. The Wood Processing businesses are primarily located in the northern part of Finland, and the Group will focus on consolidating its position in that market.

The Board also decided at the end of February 2009 to discontinue Russian pulp mill and sawmill projects. During 2008, the Group went through a major restructuring, which diversified the Group structure geographically and changed its business composition. With the current structure, the Group is well positioned to continue with its established strategy. Since the Group has a significant net cash position, it gives the Group the ability to utilise opportunities for further expansion; however, the Board of Directors emphasises conservative cash management and looks for each entity's ability to generate operative cash flows. The Group has a conservative approach to managing the Group's debt/equity ratio.

Russian Investments

In 2006, Ruukki Group began large-scale preparations with a target to establish an integrated pulp mill – sawmill – harvesting business as a greenfield project in Russia. Kostroma was selected as the location, and Ruukki Group then carried out a share issue during summer of 2007 gathering some EUR 337 million of net proceedings, mainly dedicated to the Kostroma project. Ruukki Group's Board redefined the Group strategy so that northern coniferous wood-based industries, with major emphasis on Russian operations, would be the core Group strategy, with other assets considered to be disposed of to the relevant extent.

Due to a number of adverse developments, mainly related to Kostroma region administration, the Board of Directors of Ruukki Group Plc announced in March 2008 that all the preparations on the Kostroma project are cancelled. After the decision, the Group devoted resources to finding an alternative location in Russia for the project and at the beginning of 2009 all the preparations of the project were discontinued. Due to this decision and the preparations already carried out, the Group recognised major expenses and impairment losses in its 2008 financial statements. Since the sawmill machinery and equipment were already ordered, the equipment is temporarily stored in warehouses in Finland.

Acquisitions and Divestments

Acquisition of Junnikkala sawmill (Q1/2008)

With the acquisition of 51% majority stake in Junnikkala sawmill, the Group immediately almost doubled the capacity of its Sawmill Business and moreover increased the level of further processing (e.g. planing, painting) of sawn timber. Ruukki Group has call options and the sellers put options for 49% stake currently held by private individuals. The estimated total purchase consideration, including also equity that Ruukki Group has injected into Junnikkala and potential future option exercise prices, is about EUR 23 million.

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

Ruukki Group divested its Metal Industry subsidiaries Pan-Oston Oy in Q1/2008 (all of the shares) and Selka-line Oy in Q3/2008 (about 80% of the shares held by Ruukki Group).

Divestment of Care Services business segment (Q3/2008)

Ruukki Group disposed of its Care Services business segment in Q3/2008, and realised about EUR 12 million gain on disposal.

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

At the end of Q2/2008, the Board of Directors redefined Group strategy so that the business was to be diversified from the wood processing business only to also the minerals business, in the first phase more specifically into ferrochrome business. In early June 2008, Ruukki Group Plc and Kermas Ltd, a major shareholder in Ruukki Group, entered into a preliminary agreement on the acquisition of Kermas Ltd's chrome ore businesses in Turkey and the 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 substantially diversified Ruukki Group's businesses geographically, and represents a move into a new industry.

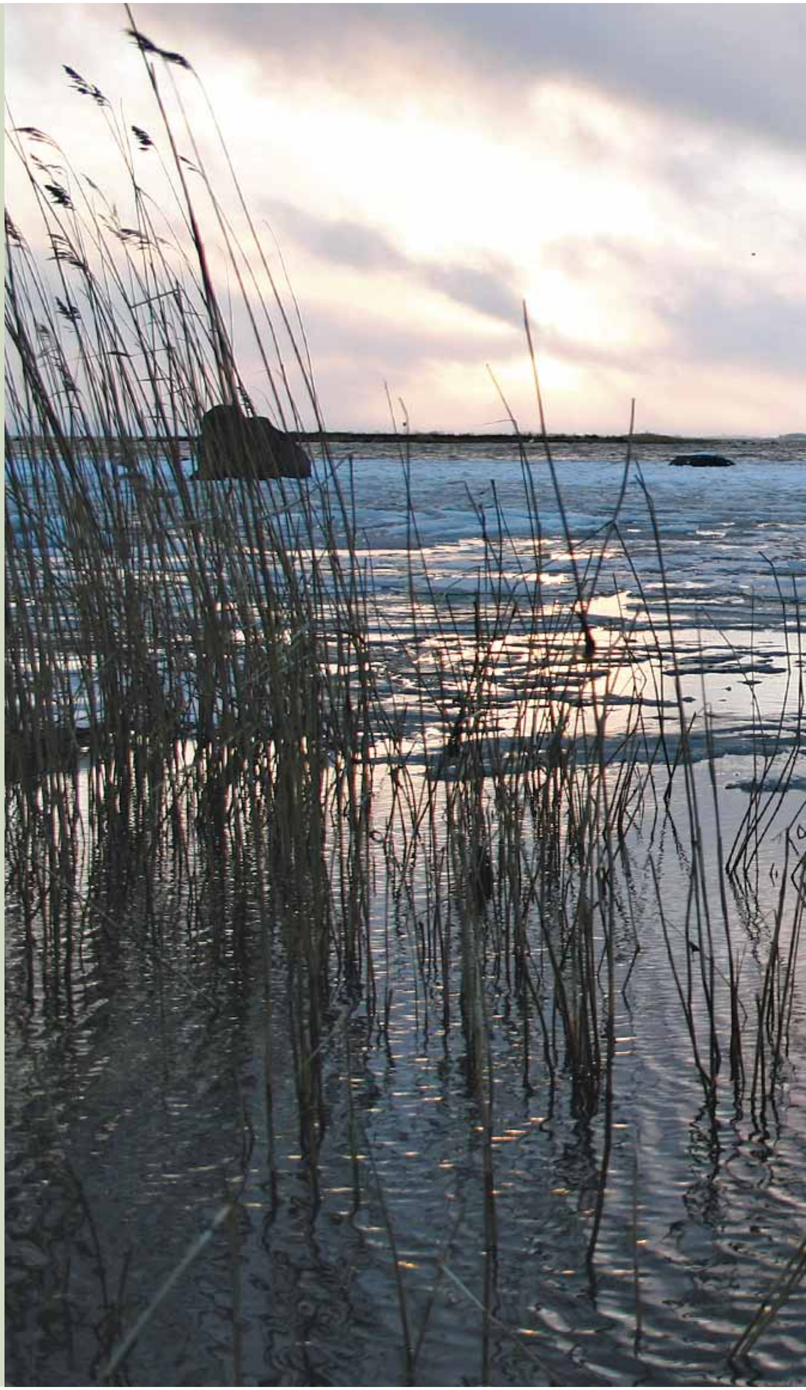
Partial divestment of Furniture Business segment (Q4/2008)

Ruukki Group's Furniture Business segment went through a number of operational restructuring measures in 2008, including also co-determination negotiations, 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 the Furniture Business subsidiary Incap Furniture Oy. Based on this decision, Ruukki Group partially disposed of the shares in Incap Furniture Oy lowering the effective ownership stake to 48.3% at the end of 2008. Therefore, the Furniture Business is included in the discontinued operations at the end of 2008, and not anymore reported as a separate business segment.

Shareholders Meetings

Annual General Meeting on 31 March 2008 in Espoo

The Annual General Meeting approved the financial statements for the financial year 1 January 2007 - 31 December 2007. The Annual General Meeting decided to pay out a dividend of EUR 0.04 per share. The record date for payment was 3 April 2008 and the dividends were paid on 10 April 2008. The Annual General Meeting discharged the



Board of Directors and the CEO from liability for the financial year 2007.

The number of Board members was decided to be seven. The following members of the Board were re-elected: Markku Kankaala, Matti Lainema, Timo Poranen and Ahti Vilppula. Moreover, Danko Koncar, Konstantin Ryzhkov and Alwyn Smit were elected as new Board members. After the Annual General Meeting, the Board organised itself so that Matti Lainema was elected as the Chairman of the Board. The Annual 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.

The Annual General Meeting re-elected the current auditors KPMG Oy Ab and Mr. Reino Tikkanen, APA.

The Annual General Meeting decided to authorise the Board of Directors to decide on share issue, as well as on granting option rights and other special rights that entitle to shares. At the maximum 50,000,000 new or existing shares, equalling approximately 17.2 per cent of the total number of shares (290,034,022), may be issued by virtue of this authorisation. This authorisation is valid for one year.

The Annual General Meeting decided to authorise the Board of Directors to decide on the acquiring of the Company's own shares and transferring of the acquired own shares for a maximum amount of 10,000,000 shares. These authorisations are valid for one year.

Extraordinary General Meeting on 11 July 2008 in Espoo

The number of Board members was decided to be five. Markku Kankaala and Alwyn Smit were re-elected to the Board. Tom Borman, Esa Hukkanen and Jelena Manojlovic were elected as new Board members. After the Extraordinary General Meeting, the Board organised itself so that Alwyn Smit was elected as the Chairman of the Board. The Extraordinary General Meeting resolved the compensation of the Board of Directors as follows: Chairman of the Board EUR 30,000 per month, and EUR 5,000 per month for each member. The position of the Chairman is full-time. Moreover, RCS Trading Corporation Ltd, a shareholder of Ruukki Group Plc, told that in the next shareholders' meeting it will propose that the Chairman of the Board would be granted altogether 2,900,000 option rights with a strike price of EUR 2.30 per share.

Extraordinary General Meeting on 7 October 2008 in Espoo

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.

Extraordinary General Meeting on 28 October 2008 in Espoo

The Extraordinary General Meeting decided, according to the proposal of the Board, on the execution of acquisition related to chrome and ferrochrome operations so that Ruukki Group Plc shall purchase 99.999% and its subsidiary Rekylator Oy 0.001% of the shares of the Maltese company, RCS Ltd, from Kermas Ltd and Ruukki Group Plc shall purchase 98.75% of the shares of a Turkish Türk Maadin Sirketi A.S. from Kermas Ltd. 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 the financial years 2009 – 2013. In any case, the maximum total earn-out consideration is capped at EUR 150 million. In addition, the transaction includes a long-term ferrochrome toll manufacturing agreement between RCS Ltd 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.

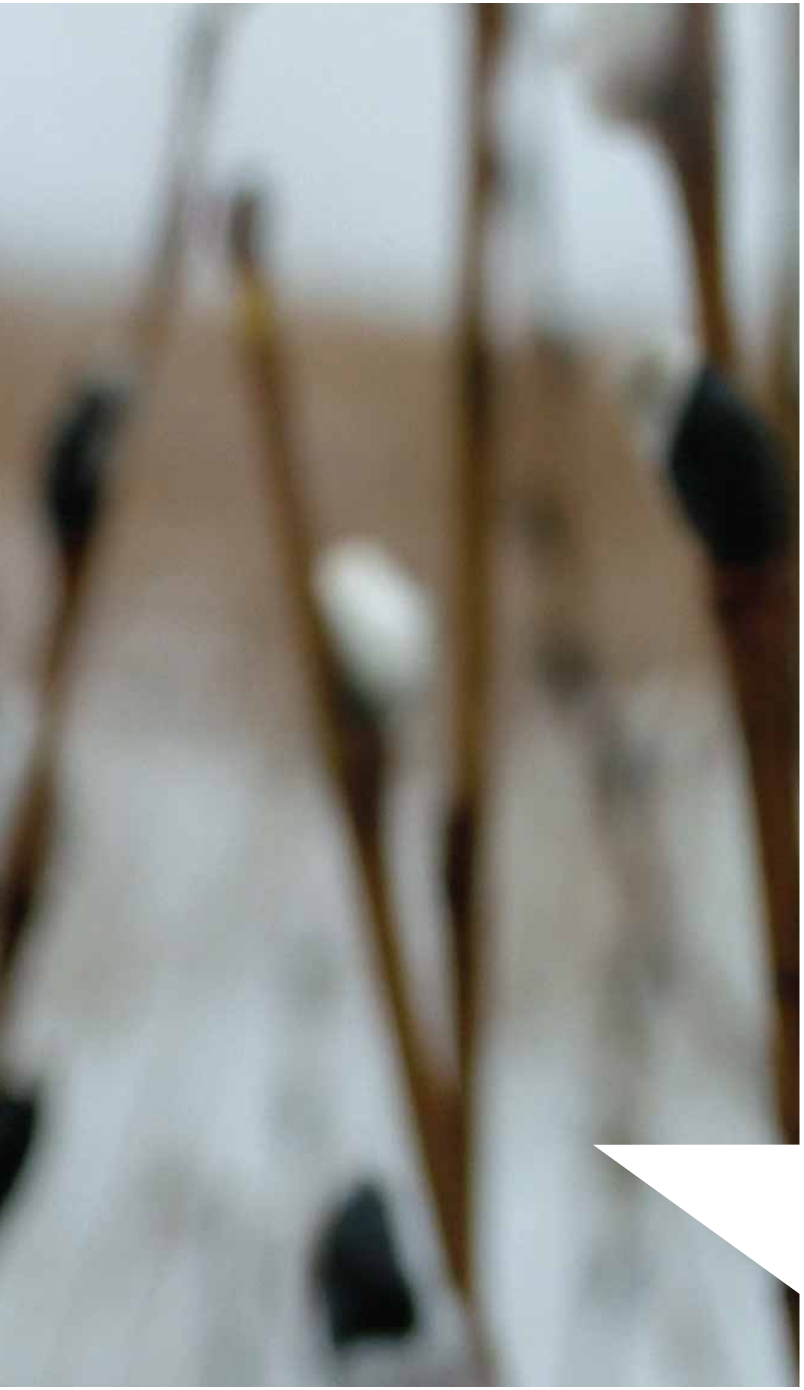
The Extraordinary General Meeting decided, according to the proposal of the Board, on issuing a maximum total of 73,170,731 option rights to Kermas Ltd related to an additional earn-out purchase consideration of the aforementioned acquisition. The option rights will be issued without consideration and 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 the Company's own shares and transferring of the 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 a maximum 2,900,000 option rights to the Company's CEO Alwyn Smit. The option rights would entitle the owner to subscribe to 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.

Changes in Group Management

In July 2008, Ruukki Group Plc`s Chief Executive Officer Matti Vikkula and the Company agreed to terminate the service agreement of Mr. Vikkula effective as of 31 July 2008. The Board of Directors decided that Alwyn Smit will take on the CEO posi-



tion in addition to being Chairman of the Board. In September 2008, it was also agreed that Alwyn Smit and Jelena Manojlovic form the Company's Audit Committee. At the same instance it was also decided that Ruukki Group Plc has two Deputy CEOs to assist Alwyn Smit: Jukka Havia, being responsible for Finance and Acquisitions, and Antti Kivimaa, being responsible for Finnish forest industry businesses.

EVENTS AFTER THE BALANCE SHEET DATE

Audit committee members

Ruukki Group Plc's Board of Directors decided that starting from 21 January 2009, the Audit Committee will comprise three members. Thomas Hoyer and Markku Kankaala were 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

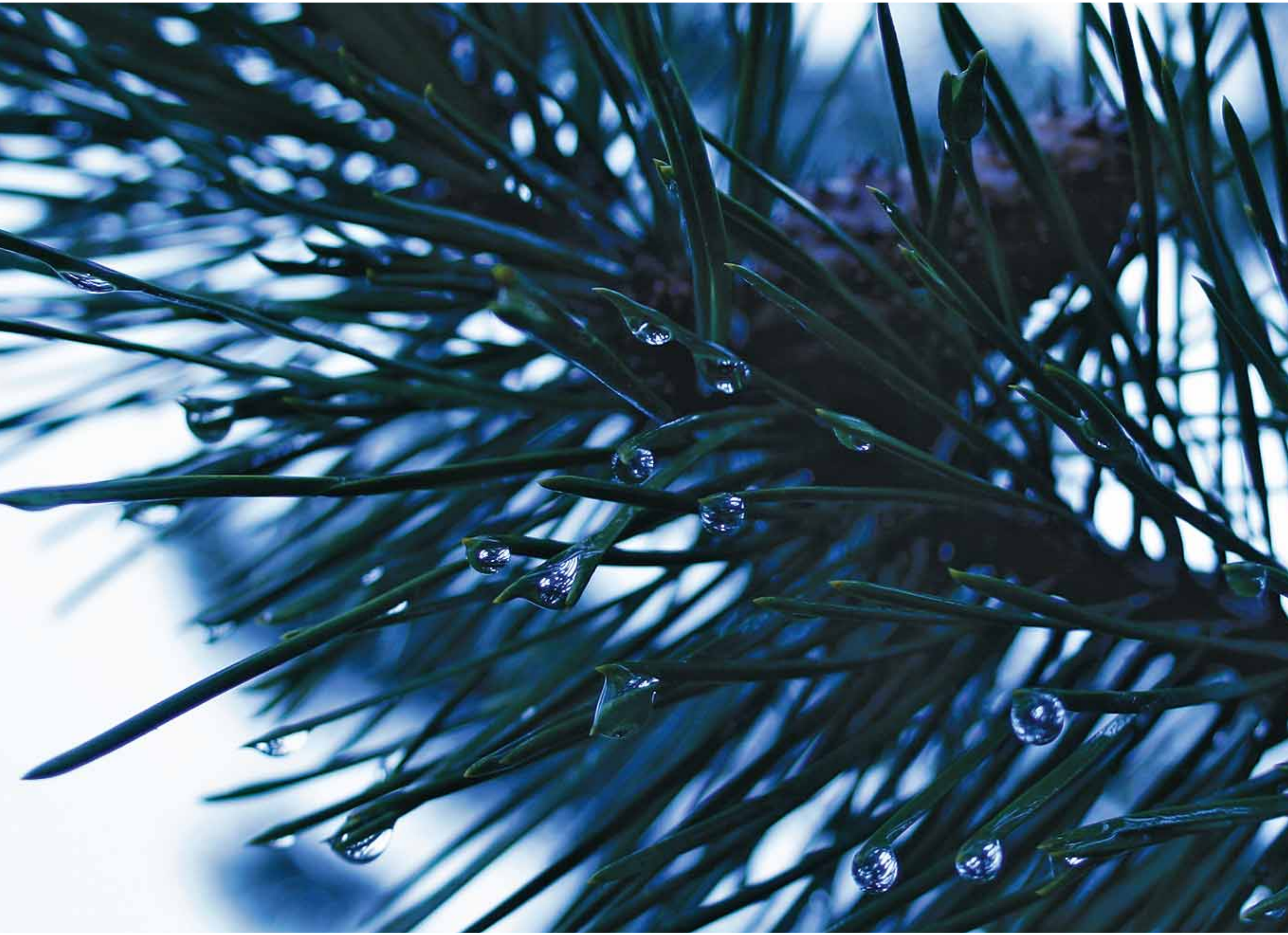
Ruukki Group Plc's Board of Directors decided to cancel 29,000,000 treasury shares held by the Company. The cancellation did not affect Company's share capital. After the cancellation, the Company does not hold any of its own shares. The registered number of shares has been 261,034,022 after the cancellation,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

Extraordinary General Meeting on 24 February 2009 in Espoo

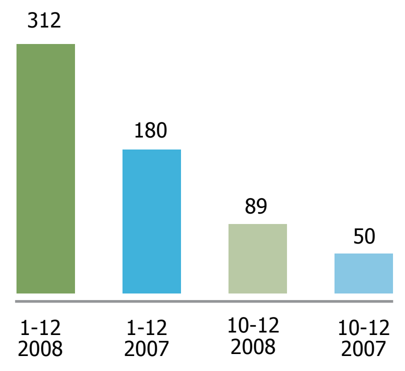
The Extraordinary General Meeting decided, in accordance with the proposal by the Board of Directors, to authorise the Board of Directors to decide on the share issue and on the issuing of stock options and other special rights giving entitlement to shares. By virtue of the authorisation shares could be emitted in one or more tranches a maximum of 100,000,000 new shares or shares owned by the Company. This equates to 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 its 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



The volume in cubic meters of sawn timber production



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.

In the Sawmill Business segment, the both demand for sawn timber and market prices have continued to decline. Moreover, the better price competiveness of Swedish competitors has further deteriorated the situation. Hence, during financial year 2008, also including 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 the Finnish Forest Research Institute (METLA) in the middle of February, in January 2009 the pine and spruce log prices are, on average, 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

Revenue, EBITDA and EBIT of the Sawmill Business segment:

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 margin	4.3%	17.1%	-0.7%	10.2%
EBIT	-23.7	6.4	-10.7	0.4
EBIT margin	-24.7%	10.8%	-46.2%	3.0%

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

EUR million	10-12/2008	7-9/2008	4-6/2008	1-3/2008	1-12/2008
Revenue	23.1	22.9	28.1	22.2	96.3

EUR million	10-12/2007	7-9/2007	4-6/2007	1-3/2007	1-12/2007
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 the Sawmill Business segment's figures.

price of raw material, as well as end-products and by-products.

During the latter half of 2008, the Group's Junnikkala sawmill unit carried out a major investment programme at its Kalajoki and Oulainen mills costing EUR 9.5 million to enhance efficiency and increase annual capacity from about 140,000 m^3 to about 260,000 m^3. The 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.

The Sawmill Business segment has encountered major currency related losses in Q4/2008 and Q1/2009 related to rapid and large changes in the EUR/JPY exchange rate, which has been hedged using forward agreements. The realised foreign exchange losses for the 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 year-end so additional losses to be booked into Q1/2009 income statement will be about EUR 1.0 million.

The profitability of the 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.

The Sawmill Business segment's units have the necessary environmental permits for their operations. Amendments and expansions for the permits are applied when necessary. The Group's sawmills take into consideration the origin of the wood and the principles of sustainable development in their wood procurement activities. The Group's largest sawmills have the right to use the PEFC-certificate, whose criteria are economical, social and ecological. The Group's sawmills produce bio-energy out of their by-products for their own needs as well as for district heating.

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

The major subsidiaries of the segment are: Junnikkala Oy (51.0%), Lappipaneli Oy (100%), Tervolan Saha ja Höyläämö Oy (91.4%) and Oplax Oy (100%).

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

EUR million	10-12/2008	7-9/2008	4-6/2008	1-3/2008	1-12/2008
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	10-12/2007	7-9/2007	4-6/2007	1-3/2007	1-12/2007
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.

The Group has booked the raw material inventories of sawmills to net realisable value, which had a total effect of EUR -0.5 million.

Did you know that...

» the northern slow-growing wood is especially suited for construction industry due to its strength properties.

» the sawing by-products can be utilised in bio energy generation and as raw material for the pulp industry.

» the wooden loading pallets are used as transportation pads for our customers' products, e.g. in the paper industry.

HOUSE BUILDING BUSINESS

The House Building business 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.

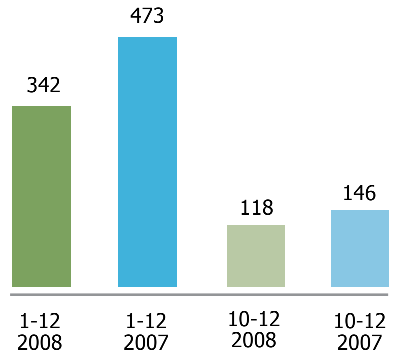
The revenue from ready-to-move-in houses delivered by the business area is recognised upon delivery to the customer, for which reason sites in progress have no effect on the Group's revenue or profit. However, the Group entered in Q2/2008 into an agreement to deliver 31 cottages, whose delivery time 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 30% 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 in November. Moreover, the general deterioration of economic situation and prevailing uncertainty have affected the sales, the level of which has been weak and led to a decline in the order book.

The segment employed 99 employees at the end of December 2008 (31 Dec 2007: 118).

The following companies belong to the segment: Pohjolan Design-Talo Oy (100%), Nivaelement Oy (100%) and RG Design-Talotekniikka Oy (70.1%).

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



Revenue and operating profit (EBIT) of the House Building segment:

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 margin	20.6%	21.8%	22.5%	24.5%
EBIT	10.1	13.3	3.0	4.8
EBIT margin	20.0%	21.4%	21.8%	23.9%

Did you know that...

» the ready-to-move-in detached houses are completed in about 5 months.

» the Group's detached houses are delivered to a fixed contract price settled with the client in advance.

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 has decided to discontinue all preparations related to the planned pulp mill and sawmill project due to the global pulp market demand-supply characteristics and due to the 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. 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	10-12/2008	7-9/2008	4-6/2008	1-3/2008	1-12/2008
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	10-12/2007	7-9/2007	4-6/2007	1-3/2007	1-12/2007
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 work once the sawmill has been erected.

MINERALS BUSINESS

After the acquisition of RCS Ltd 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.

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

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

Due to the lowered global demand from stainless steel producers for ferrochrome, the German ferrochrome smelter has not been in operation 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 the capital tied in earlier inventories will be freed.

The Group has the required environmental and other permits for both mining activities and ferrochrome production. The Group actively pursues for more efficient utilisation of chrome ore in order to protect the environment. The Group aims to minimise environmental harm in its production, for instance by the efficient cleaning of waste waters and air emissions and by improving the production process to reduce energy consumption.

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

The following companies in the segment are owned by Ruukki Group Plc: RCS Ltd (100%) in Malta, Ruukki Holdings Ltd (100%) in Malta, and Türk Maadin Sirketi A.S. (98.8%) in Turkey.

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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 margin	15.3%
EBIT	-1.0
EBIT margin	-8.1%

Did you know that...

ferrochrome aka. FeCr, is an alloy of chrome and iron. It contains about 40-70% (depending on ore used as the producer) chromium alloyed with iron. Typically, ferrochrome is utilised in the production of stainless steel. Ruukki Group's ferrochrome operations are specialised in low carbon products.

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. The majority of the revenue not recognised in separately reported segments relates to the Group's Metal Industry subgroup.

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

DISCONTINUED OPERATIONS

Furniture Business

Ruukki Group Plc sold part of its stake, lowering its ownership from 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 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 shares, 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.

The Furniture Business went through major restructuring during 2008, including co-determination negotiations for all its employees, since the main customer of the business segment has indicated lower future delivery volumes, which would have a major effect on the segment's operations.

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.

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 margin	2.7%	9.1%	2.5%	16.6%
EBIT *	-3.7	2.7	5.3	3.1
EBIT margin	-4.7%	3.9%	29.9%	12.5%

GROUP PERSONNEL

Care Services Business

The Care Services business segment has been consolidated into Group until 30 June 2008.

Revenue and operating profit (EBIT) of the Care Services segment:

EUR million	1-6/2008	1-6/2007	1-12/2007
Revenue	10.2	8.0	16.8
EBITDA *	13.1	0.7	1.2
EBITDA margin	128.9%	8.9%	7.2%
EBIT *	12.8	0.3	0.3
EBIT margin	125.3%	4.1%	1.9%

* In the Care Services segment's 2008 EBITDA and EBIT, a gain on disposal resulting from the sale of the segment and totalling EUR 12.0 million is included.

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. The 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 the IFRS 2 standard.

The Group has several different business areas. The number of personnel, geographical location and tasks vary significantly between the business segments.

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, 99.5% of the employees worked in Finland for the Finnish Group companies.

The number of personnel by segment was the following at the end of the year:

Continuing Operations			
	31 Dec 2008	31 Dec 2007	31 Dec 2006
Sawmill Business	202	112	72
House Building	99	118	101
Minerals	404	-	-
Russian Investment Projects	8	10	-
Group Management	8	7	5
Discontinued Operations			
	31 Dec 2008	31 Dec 2007	31 Dec 2006
Furniture	-	331	-
Care Services	-	344	229
Metal Industry	-	36	45
Total personnel	**721**	**958**	**452**

OUTLOOK FOR THE FUTURE

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

Due to very uncertain circumstances prevailing currently in global financial markets and in the product markets, no revenue guidance will be given for 2009, since the Group will adjust its capacity utilisation to the market conditions as they change, and since the Group will want to secure flexibility to set the optimal output volume level.

For profitability, the following EBITDA guidance is given:

EUR million	Guidance 2009
Group Total	10.0
Wood Processing	5.0
Minerals	10.0

The guidance presented above is based on the subsidiaries' 2009 budgets, on order book at the end of 2008, on the current market situation and on the following main assumptions for 2009:

» current business and legal structure maintained throughout the year

» average sales and input prices being around the same levels as at the end of 2008

» House Building business delivering some 25% less houses than in 2008

» the average EUR/USD for 2009 at 1.35

EBITDA, Actual 2008

Group Total EUR 17.6 million							
Continuing operations EUR 2.3 million						**Discontinued operations EUR 15.3 million**	
	Sawmill Business	House Building	Investment Projects *	Minerals	Other operations and eliminations	Furniture Business	Care Services **
EUR million	4.2	10.4	-7.8	1.9	-6.3	2.1	13.1

* According to the decision by the Board of Directors in February 2009, all Russian projects have been discontinued.
** In the Care Services segment's EBITDA a gain on disposal resulting from the sale of the segment and totalling EUR 12 million is included.

FUTURE OUTLOOK FOR THE GROUP'S MAIN BUSINESS AREAS:

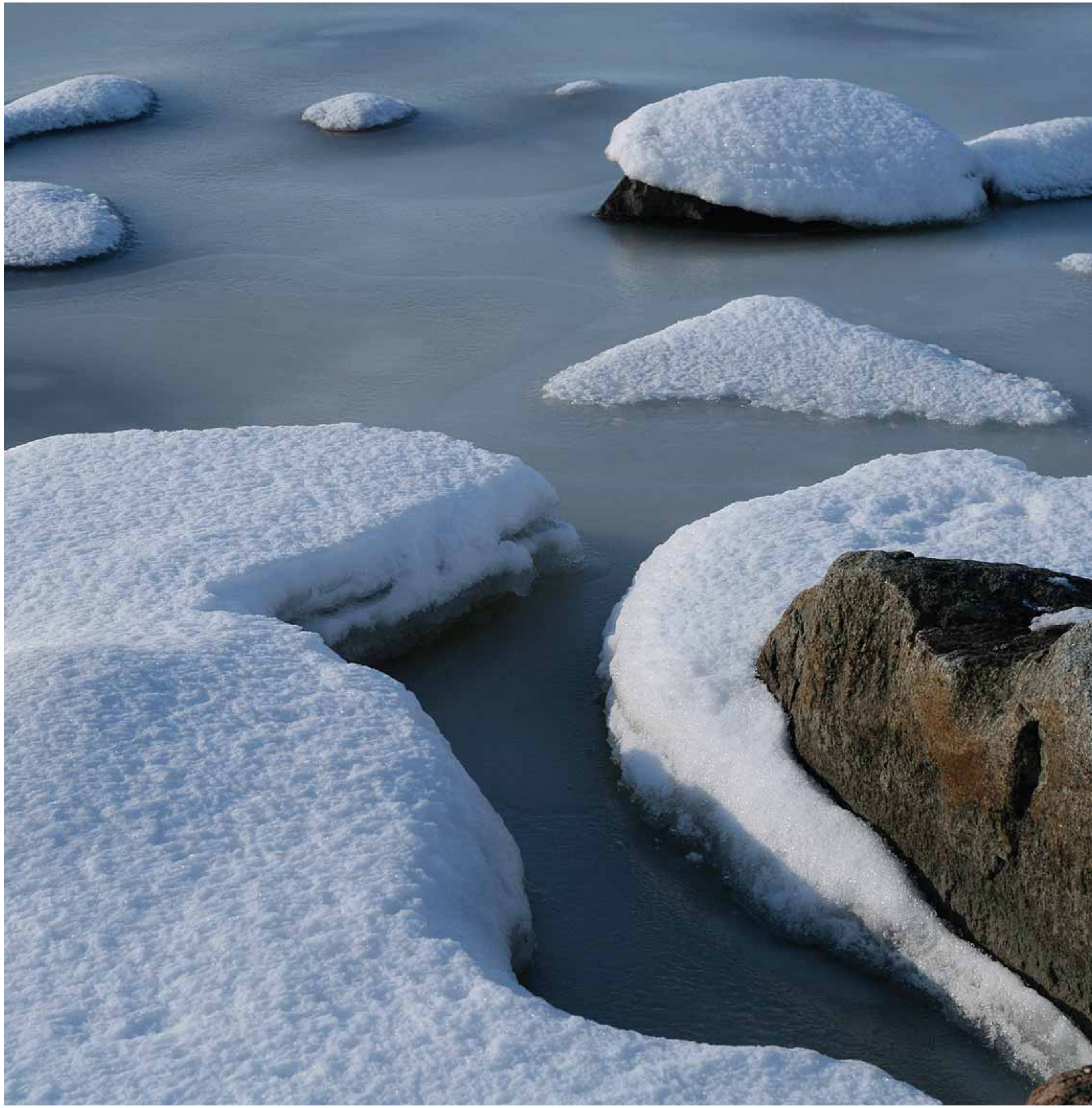
Sawmill Business

» Due to the 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 forecast 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 the sawmills' profitability, the downward trend in Finnish pine and spruce log purchase prices will have a positive contribution to profitability. On the other hand, however, 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 examining ways of utilising synergy between the sawmills, in procurement and sales for example, while also evaluating opportunities for consolidation in the business area.
- In the pallet business, the short-term outlook remains stable, with sound profit margins and cash flows; however, there might be negative implications if the customers in the business area suffer from a deepening recession.

House Building

- The downward trend in the Finnish detached family house market is expected to continue in the near future, which, in turn, will have negative impact on new sales of Ruukki Group's housing business. Furthermore, since the capacity in the Finnish ready-to-move-in market has increased over the past years by new entrants coming into the market segment, it is forecast that the competition will intensify, which might affect both pricing and profitability as well as potentially lead to a decrease in relative market share. In general, it is expected that for the foreseeable future, Ruukki Group's House Building business faces a weak and challenging business environment and that the 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 an increase of fixed costs' share of total costs and due to a 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 the geographical expansion out of Finland having any effect on revenue or results.

Minerals Business

- Based on statistics by the 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 adversely affect the demand and price outlook for the first half of 2009.
- Many large countries, including China, have announced stimulus packages to counter the recession. These stimulus packages typically include major infrastructure and public sector construction programmes, which should create more demand for the ferrochrome sold by Ruukki Group's Minerals business segment. Moreover, since almost all the ferrochrome producers have either fully stopped or clearly decreased their production, when the stock levels reach lower points there will be a pick-up in demand, now expected to take place during the second half of 2009.
- Since the focus of Ruukki Group's Minerals business is 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 the 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 the conversion of foreign subsidiaries' financial figures, the current level of exchange rates has been used as the basis for the 2009 forecast.
- For 2009, the Group is considering an investment project in its Turkish mining operations. For 2009 it would only entail capital expenditure; however, from 2010 it could significantly increase the cost competitiveness of the mining operations if the investment project is carried out and finalised by year-end 2009.

The main risk categories and their implications are discussed in the following section. The risks and risk management of the Group are presented in more detail in the notes to the consolidated financial statements under "Commitments and risks".

RISKS RELATED TO OPERATIONS

STRATEGIC RISKS

Group level

The Group has diversified its business portfolio into two main business areas: Wood Processing and Minerals. This somewhat alleviates the effect of any adverse change in any one business area, although both of these businesses are cyclical in nature and rely on general market developments. Moreover, due to their geographic locations, the Group has operations in various countries and in various currencies, so risks related to any one location are diminished.

The Group has been formed in the past mainly via acquisitions, and therefore, both the preparatory phase as well as post-merger integration of the acquired businesses has a vital effect on the Group's success. The success in acquisitions and their pricing can have a significant effect on the Group's financial performance, and can also contribute to future growth possibilities.

Business area and unit level

In the Wood Processing businesses, the Group's entities are relatively small and in their relevant markets there are a large number of competitors, both domestic and foreign. Hence, the Group is exposed to competition, which it tries to alleviate by aiming at low production costs and an efficient operational model. Competition is expected to be more intensive in the future due to the slowdown in demand and overcapacity, and also indirectly via adverse foreign exchange rate movements, which have taken place in the previous months. In the Minerals business, the Group has a competitive edge in the special grade products, and is expected to be less vulnerable to competition.

The strategic objective of both the Group's main business areas is to further increase processing and tailoring towards specific customer needs. In addition, vertical integration and flexibility in the operations are stressed. In case this strategic path would prove to be incorrect, the Group might face challenges or incur extra costs in the short-term to realign its operations.

OPERATIONAL RISKS

The Group currently has industrial operations, and consequently fluent production processes, as well as fluent demand and supply chain management are key success factors. If there would be a business interruption there might be long lead times to ramp up production. The price risk associated with the Group companies' main raw materials is especially significant in coniferous wood logs used for sawn timber production. To minimise price and availability risks, Ruukki Group utilises long-term co-operation agreements and a diversified supplier base, but geographical location limits this somewhat. While the remote location of certain units increases the risks related to customer deliveries, it ensures better raw material quality and availability, and it helps in the retention of skilled personnel. In both the Wood Processing and Minerals segments, the output and input prices tend to move in the same direction, which decreases economic risks; however, the correlation is not perfect and there might be differences in timing.

Due to the nature of the business, the Group's Minerals segment has the largest potential exposure to environmental risks, and also consumes most energy and electricity. The Sawmill Business is also exposed to the environmental aspect both in wood procurement and in production. The Group companies conduct self-assessment with regard to environmental permits and risks, and they implement revisions and apply for the necessary permits if the business environment or regulations change. Environmental risks relate first to direct potential harm to the environment, and second to potential post-production rehabilitation or landscaping obligations. Based on studies carried out, the Group does not have any knowledge that any significant environmental risks would exist in its current operations in excess of what is already recognised as a liability in Group balance sheet. Moreover, the Group will also engage third-party experts to evaluate environmental risks if there are any indication that the situation changes.

Some of the Group's business activities are officially regulated. In the House Building business, operations are guided by regulations dealing with the technical quality requirements for construction. For the Minerals business, there are strict rules on, e.g. production slag disposals.

FINANCIAL RISKS

Foreign exchange rate risks that the Group faces have significantly increased compared to the year-end of 2007 due to the expansion into the Minerals business, whose operations are located partially outside the Euro area and where the pricing on end-products is globally based on the US dollar. Moreover, the volatility in the currency markets has increased due to the global economic crisis, which both directly and indirectly affects the Group's Euro-denominated cash flows.

The majority of the Company's interest-bearing debt finance involves variable interest, which means that the Group's interest expenses will, without any hedging measures, follow the movements in money market interest rates. As the average weighted maturity of the loans is not very long, the interest rate risk is no different from the standard risk. Furthermore, a considerable proportion of the Group's liabilities, including the acquisitions related earn-out liabilities, is non-interest bearing in nature.

Since the Group has significant net cash position on 31 December 2008, it is well positioned to utilise any coming business opportunities as well as to survive the harder business cycle. The availability and terms of external funding can, however, limit the Group's opportunities to make significant cash acquisitions or investments.

Counterparty risks in both commercial operations as well as in Group's treasury operations, when excess cash is deposited, plays a much more vital role today than what was the case previously. On the other hand, on the balance sheet date 31 December 2008, there are no major single customer risks, since the Furniture Business is not anymore in the Group. Due to the deteriorating economic situation, credit risks have increased. Some of the receivables of the Sawmill Business segment are covered with credit insurance. The House Building business segment gets advance payments from its customers in line with the degree of completion of the projects.

DAMAGE OR OTHER RISKS

Property risks have been as extensively as possible covered with insurance, except for the excess portion. Business interruption is also covered although it might not fully compensate for the damages should a major discontinuation occur. In addition, Ruukki Group has sought to cover indirect liability for damages. In a number of cases, the products delivered by Ruukki Group companies involve quality or quantity guarantees to the customers.

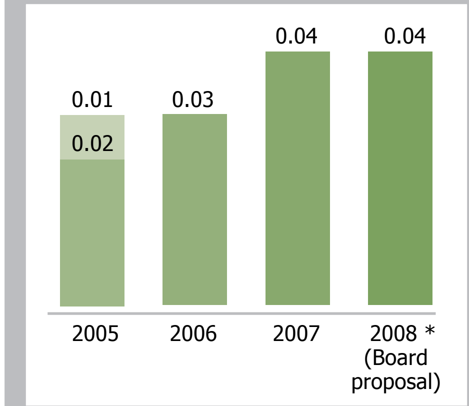
DIVIDEND PAYOUT PROPOSAL OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING

The Company's Board of Directors has decided to propose to the Annual General Meeting, which will be later convened separately, 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.

On the balance sheet date 31 December 2008, the total distributable equity of the parent company Ruukki Group Plc totalled EUR 350,307,602.38, as detailed below:

Retained earnings	
Retained earnings 1 Jan 2008	12,623,408.96
Dividends paid out during 2008	-11,601,360.88
Retained earnings after dividend payout	1,022,048.08
Net profit 1 Jan – 31 Dec 2008	16,641,701.13
Retained earnings 31 Dec 2008	17,663,749.21
Paid-up unrestricted equity reserve	
Paid-up unrestricted equity reserve 1 Jan 2008	345,308,675.59
Treasury shares acquired during 2008	-12,664,822.42
Paid-up unrestricted equity reserve 31 Dec 2008	332,643,853.17
Total distributable equity	
Retained earnings 31 Dec 2008	17,663,749.21
Paid-up unrestricted equity reserve 31 Dec 2008	332,643,853.17
Total distributable equity 31 Dec 2008	**350,307,602.38**

Dividend per share 2005 - 2008 *



* Capital redemption

INFORMATION PRESENTED BY REFERENCE

The Group's key financial figures, information of share capital and option rights are presented on the notes for the consolidated financial statements. The share ownership of related parties is presented on the notes for the parent company's financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR '000	Note	1 Jan - 31 Dec 2008			1 Jan - 31 Dec 2007		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Revenue	G1	**158 665**	**88 696**	**247 361**	**128 378**	**85 532**	**213 910**
Other operating income	G2	1 273	2 347	3 620	592	6 282	6 874
Changes in inventories of finished goods and work in progress		-6 653	-2 397	-9 050	1 635	14	1 650
Raw materials and consumables used		-109 352	-62 242	-171 595	-85 058	-55 745	-140 802
Employee benefits expense	G3	-19 724	-17 634	-37 358	-12 396	-19 641	-32 037
Depreciation and amortisation	G4	-10 839	-3 328	-14 168	-4 175	-3 846	-8 022
Other operating expenses	G5	-22 037	-5 542	-27 579	-16 059	-8 183	-24 242
Income from associates	G11	171	0	171	184	-807	-623
Impairment	G4	-38 187	-2 847	-41 034	-434	-600	-1 034
Operating profit / loss		**-46 684**	**-2 947**	**-49 631**	**12 667**	**3 007**	**15 674**
Finance income	G6	16 812	-1	16 812	7 213	254	7 467
Finance cost	G6	-11 669	-1 402	-13 071	-1 898	-2 084	-3 983
Profit / loss before taxes		**-41 541**	**-4 349**	**-45 891**	**17 981**	**1 177**	**19 158**
Income taxes	G7	174	997	1 171	-5 427	-51	-5 478
Gain on disposal from discontinued operations		0	12 033	12 033	0	0	0
Net profit / loss		**-41 367**	**8 680**	**-32 687**	**12 555**	**1 126**	**13 680**
Profit attributable							
to equity shareholders		-40 066	8 680	-31 386	11 525	1 126	12 651
to minority interests		-1 301	0	-1 301	1 030	0	1 030
		-41 367	8 680	-32 687	12 555	1 126	13 680
Earnings per share (counted from profit attributable to equity shareholders):	G8						
basic (EUR)		-0.14	0.03	-0.11	0.05	0.01	0.06
diluted (EUR)		-0.14	0.03	-0.11	0.05	0.01	0.06

CONSOLIDATED BALANCE SHEET

EUR '000	Note	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets			
Property, plant and equipment	G9	69 633	37 516
Goodwill	G10	87 248	33 422
Other intangible assets	G10	72 137	5 807
Investments in associates	G11	1 770	1 702
Other financial assets	G12	1 082	477
Receivables	G12	19 469	1 596
Deferred tax assets	G13	2 815	1 136
		254 154	81 656
Current assets			
Inventories	G14	40 419	29 635
Receivables	G15	36 672	29 955
Assets held to maturity	G12/G15	186 485	131 212
Other financial assets	G12/G15	133	176 112
Cash and cash equivalents	G16	45 413	48 527
		309 121	415 440
Assets held for share	G18	0	2 893
Total Assets		**563 275**	**499 990**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	G19	23 642	23 642
Share premium reserve	G19	25 740	25 740
Revaluation reserve	G19	2 193	969
Paid-up unrestricted equity reserve	G19	328 025	340 690
Retained earnings	G19	-30 658	18 614
		348 943	409 655
Minority interest		7 768	1 995
Total equity		**356 710**	**411 650**
Non-current liabilities			
Deferred tax liabilities	G13	30 979	3 894
Interest-bearing debt	G21	23 095	23 958
Other non-current debt	G22	82 036	1 267
Provisions	G23	4 815	70
		140 925	29 188
Current liabilities			
Trade payables	G22	31 936	25 099
Deferred income	G22	13 215	16 481
Provisions	G23	479	119
Tax liabilities	G22	6 917	877
Interest-bearing debt	G21	13 092	15 991
		65 640	58 566
Liabilities classified as held for sale	G18	0	585
Total liabilities		**206 565**	**88 340**
Total Equity and Liabilities		**563 275**	**499 990**

CONSOLIDATED CASH FLOW STATEMENT

EUR '000	1 Jan - 31 Dec 2008	1 Jan - 31 Dec 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	-32 687	13 681
Adjustments to net profit:		
Depreciation and impairment	55 202	9 055
Finance income and expense	-3 341	-3 484
Income from associates	-571	623
Income taxes	-1 171	5 478
Option expenses	358	576
Proceeds from non current assets	-13 063	0
Working capital changes:		
Change in trade receivables and other receivables	18 836	-9 618
Change in inventories	17 345	-4 049
Change in trade payables and other debt	-31 182	-1 404
Change in provisions	-1 708	11
Interests paid	-6 549	-2 028
Interests received	1 340	1 370
Income taxes paid	-3 763	-4 429
Net cash from operating activities	**-952**	**5 783**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of subsidiaries, net of cash acquired	-89 157	-6 445
Payments for earn-out liabilities	-403	-8 358
Acquisitions of associates	-5	-42
Capital expenditure on non-current assets	-38 704	-6 337
Other investments, net	-1 175	0
Disposals of subsidiaries	11 101	355
Disposals of associates	10	6 713
Net cash used in investing activities	**-118 334**	**-14 114**

EUR '000	1 Jan - 31 Dec 2008	1 Jan - 31 Dec 2007
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	0	337 609
Share buy-back	-12 273	0
Dividends paid	-12 433	-5 493
Proceeds from borrowings	16 731	10 630
Repayments of borrowings	-14 498	-5 655
Deposits	-52 770	-133 851
Other investments	173 056	-173 360
Interest received on investments	14 741	3 940
Repayments of loan receivables and loans given, net	3 872	-1 380
Repayments of finance leases	-212	-351
Net cash used in financing activities	**116 214**	**32 089**
INCREASE IN CASH AND CASH EQUIVALENTS	**-3 071**	**23 758**
Cash at beginning of period	48 527	24 768
Fair value adjustments	-42	0
Cash at end of period	45 413	48 527
Change in the balance sheet	**-3 071**	**23 758**

CHANGES IN SHAREHOLDERS' EQUITY

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 6/2007 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			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
Purchase 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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY INFORMATION

Ruukki Group specialises in the industrial refining of certain natural resources. The Group has two focus areas: Wood Processing and Minerals. The Wood Processing business has a strong presence in the northern part of Finland. The Minerals business has mining operations in Turkey, with specialty grade ferrochrome refining operations in Germany, and is looking to expand into southern Africa. The Group's parent company is Ruukki Group Plc (business ID: 0618181-8). The parent company is domiciled in Espoo, and its registered address is Keilasatama 5, FI-02150 Espoo. Copies of the consolidated financial statements are available at Ruukki Group Plc's head office at Keilasatama 5, FIN-02150 Espoo.

Ruukki Group Plc is quoted (trading code: RUG1V) on the NASDAQ OMX Helsinki Oy in the industrials group, in the mid cap category.

ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements of Ruukki Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in conformity with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on 31 December 2008. In the Finnish Accounting Act and the regulations issued on the basis thereof, International Financial Reporting Standards refer to the standards and their interpretations that have been approved for application within the EU in accordance with the procedure prescribed in the EU regulation (EC) 1606/2002. Notes to the consolidated financial statements also meet the requirements set forth in the Finnish accounting and company legislation.

The consolidated financial statements have been prepared on the basis of original acquisition cost, except in the case of investments available for sale and financial assets and liabilities recognised as income or expense with an impact on fair value, and similar items. Share-based payments have been recorded at fair value. For business combinations carried out before 2004, goodwill is the carrying amount according to the previous accounting standards that has been used as the IFRS-compliant default acquisition cost. Figures in the consolidated financial statements are given in EUR thousands.

The preparation of IFRS-compliant consolidated financial statements requires the management to make certain estimates and to use its discretion in the application of the accounting policies. Information regarding management discretion used in applying the accounting policies and that may have an effect on the figures presented in the financial statements is shown in the section 'Accounting policies requiring management discretion and key uncertainty factors for estimates'.

Principles of consolidation

Subsidiaries

The consolidated financial statements include the parent company Ruukki Group Plc and its subsidiaries. Subsidiaries refer to companies in which the Group has control. The Group gains control of a company when it holds more than half of the voting rights, or otherwise exercises control. The existence of potential voting rights has been taken into account in assessing the requirements for control in cases where the instruments entitling their holder to potential voting rights can be exercised at the time of assessment. Control refers to the right to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Intra-group shareholding has been eliminated according to the purchase method. Acquired subsidiaries are consolidated from the time when the Group gained control, and divested subsidiaries until the time when control ceased. All intra-group transactions, receivables, debts, and unrealised profits, as well as internal distribution of profits, are eliminated when the consolidated financial statements are prepared. In cases where losses can be attributed to impairment, unrealised losses are not eliminated. Distribution of profits between parent company owners and minorities is shown in the income statement, and the minority share of equities is shown as a separate item in the balance sheet under shareholders' equity. Minority share of accumulated losses is recorded in the financial statements up to the amount of the investment.

According to the interpretation SIC-12 an entity created to accomplish certain objective, a special purpose entity (SPE), shall be consolidated when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity. Based on comprehensive view, Ruukki Group Plc has interpreted that its Minerals Business contract manufacturer Elektrowerk Weisweiler GmbH is a SPE as defined in SIC-12 and therefore it has been consolidated into the Ruukki Group even though the share of ownership is 0%.

Associates

Associates are companies in which Ruukki Group exercises significant influence. The Group exercises significant influence if it holds more than 20% of the company's voting rights, or if the company in other ways exercises significant influence but not control. Associates have been consolidated in the Group's financial statements using the equity method. If the Group's share of the associate's losses exceeds the carrying amount of the investment, the investment is recognised at zero value in the balance sheet, and losses exceeding the carrying amount are not consolidated unless the Group has made a commitment to fulfil the associates' obligations. Unrealised profits between the Group and the associates have been eliminated in line with the Group's ownership. Investment in associate includes the goodwill arising from its acquisition.

Translation of foreign currency items

Figures indicating the profit/loss and financial position of Group entities are measured in the currency of each entity's main operating environment ('functional currency'). Figures in the consolidated financial statements are presented in EUR, which is the functional and presentation currency of the Group's parent company, Ruukki Group Plc. The functional and presentation currency of Finnish Group companies is the Euro. The functional and presentation currency of foreign subsidiaries is the official currency of each country. The associates owned by the parent company have some individual foreign Group companies.

Transactions in foreign currencies have been recorded at the functional currency using the exchange rate on the date of the transaction or mid reference rates of central banks. Monetary items denominated in foreign currencies have been translated into the functional currency using the exchange rates for the balance sheet date. Exchange rate gains and losses are included in the corresponding items above operating profit. Hedge accounting has not been applied to forward contracts used for hedging purposes.

Operating profit and EBITDA

IAS 1 Presentation of financial statements does not define the concept of operating profit. Ruukki Group has defined it as follows: Operating profit is the net amount derived by adding to revenue other operating income, less purchase costs adjusted with the change in inventories of finished goods and work in progress and expenses from work performed by the enterprise and capitalised, less costs from employee benefits, depreciation and possible impairment losses, and other operating expenses. All other profit and loss account items are shown below operating profit. Translation differences arising from business items are included in operating profit; otherwise they are recorded under financial items.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) are defined to equal the following formula: EBITDA = EBIT + Depreciations + Amortisations + Impairment losses

Income from associates is included in both EBITDA and operating profit.

Income recognition principles

Goods sold and services provided

Income from the sale of goods is recognised once the essential risks and benefits associated with ownership have been transferred to the buyer. Some Group companies sell goods to exports in which case income from export trading is recognised on a case-by-case basis with due attention paid to the terms of delivery in the trade agreements. Income from services is recognised after the service has been provided.

Construction contracts

Ruukki Group's house building segment is involved in activities that fall under the definition applied in the IAS 11 standard Construction Contracts. Revenue and expense from construction contracts is recognised by reference to the stage of completion of a contract. The stage of completion of the contract activity is defined by the share of actual costs incurred of total estimated costs of the contract activity. The profit margin of the contract activity is recognised based on the estimated total profit margin deducted with safety margin. The sales of single houses from standard selection to consumers is not recognised as revenue by reference to the stage of completion, but is recognised upon delivery as sale of goods and rendering of construction services.

Financial income and expense

Interest income and expense is recognised using the effective interest method, and dividends are recognised when the right to dividends is established.

Unrealised financial gains and losses are recognised in the income statement. These items relate to currency forward contracts, interest rate swaps as well as mutual funds and other instruments used in liquidity management.

Employee benefits

Pension liabilities

All pension arrangements in Ruukki Group are classified as defined contribution plans with the exception of a defined benefit plan which is effective in Germany. The Group companies do not have any defined benefit plans. Payments for defined contribution plans are recorded in the income statement for the relevant period. Finnish group companies have a few individual pension insurance policies that differ from the statutory insurance under the Finnish Employees' Pensions Act (TyEL), but they have no material impact on the Group's expenses or liabilities. The present value of obligation for defined benefit plan effective in Germany has been estimated applying the Projected Unit Credit Method and recognised as a non-current liability on the balance sheet. The Group has recognised a long-term provision on employee severance indemnities for Group's employees working in Turkey in accordance with Turkish legislation.

Share-based payments

Ruukki Group has applied the IFRS 2 standard Share-based Payments to all option schemes in which the options were granted after 7 November 2002 and which did not vest before 1 January 2005. Prior option arrangements have not been shown as expenses in the income statement. Option rights are measured at fair value at the time they were granted and recorded as expenses in the income statement on a straight-line basis during the vesting period. The expenses at the time the options were granted are determined according to the Group's estimate of the number of options expected to vest at the end of the vesting period. Fair value is determined on the basis of the Black & Scholes option pricing model. The effects of non-market-based terms and conditions are not included in the fair value of the option; instead, they are taken into account in the estimated number of options expected to vest at the end of the vesting period. The Group updates the estimated final number of options on each balance sheet date. Changes in the estimates are recorded in the income statement. When the option rights are exercised, the cash payments received from the subscriptions adjusted with potential transaction costs are recorded under paid-up unrestricted equity reserve.

Impairment

On each balance sheet date, the Group makes an assessment of whether there are any indications of asset impairment. If such indications exist, the recoverable amount of the asset is estimated. In addition, goodwill is assessed annually for its recoverable amount regardless of whether there are any signs of impairment. Impairment is examined at the cash-generating unit level – in other words, the lowest level of entity that is primarily independent of other entities and whose cash flows can be separated from other cash flows. Goodwill is tested at the segment level. In addition, impairment related to associates and other assets are tested on a company/asset basis.

The recoverable amount is the fair value of an asset less divestment costs, or the higher value in use. Value in use means the present value of estimated future cash flows expected to arise from the asset or cash-generating unit. Value in use is forecast on the basis of circumstances and expectations at the time of testing. The discount rate takes into account the time value of money as well as the special risks involved for each asset, different capital structures in different lines of business, and the investors' return expectations for similar investments, in addition to risks related to company size. An impairment loss is recorded when the carrying amount of an asset is greater than its recoverable amount. Impairment losses are recorded in the income statement. If the impairment loss involves a cash-flow-generating entity, it is allocated first to reduce the goodwill of the entity and subsequently to reduce other assets of the entity. An impairment loss is reversed if a change has occurred in circumstances and the recoverable amount of the asset has changed since the impairment loss was recognised. However, the reversal must not cause the adjusted value to be higher than the carrying amount without the recognition of the impairment loss. An impairment loss recognised for goodwill is not reversed in any circumstances.

Goodwill has been tested for impairment annually at the year-end, for the financial year 2008 on 31 December 2008. Impairment testing and the methods used are discussed in more detail elsewhere in 'Notes to the consolidated financial statements'.

Provisions

A provision is recognised when the Group has a legal or factual obligation resulting from a previous event, when it is probable that the payment obligation will materialise, and the amount of the obligation can be reliably estimated. If a reimbursement can be obtained from a third party for part of the obligation, the reimbursement is treated as a separate asset but not until the reimbursement is practically certain. Provisions are measured at the current value of the expenses required to fulfil the obligation.

The prefabricated houses manufactured by Ruukki Group's house building segment involve a one-year repair liability and an additional 10-year structural safety guarantee. On the basis of the historical data of the company operating in the house building business area, the one-year repair liability has been recorded as expenses in the income statement and as provisions in the balance sheet. No expenses have been recorded in the income statement for the 10-year structural safety guarantee, because such an amount is difficult to estimate, it is unlikely to materialise, and the majority of the guarantee risk ultimately rests with non-Group subcontractors.

Income taxes

Tax expenses in the income statement consist of the tax based on taxable income for the year, and deferred taxes. Taxes based on taxable income for the year are calculated using the applicable tax rates. Taxes are adjusted with potential taxes from previous years.

Deferred taxes have been calculated for all temporary differences between the carrying amount and taxable amount. No deferred taxes have been recorded for goodwill impairment, which is non-deductible, nor have deferred taxes been recorded for the subsidiaries' non-distributable profit funds insofar as the difference is unlikely to be revoked in the foreseeable future. Deferred taxes have been calculated using the tax rates prescribed by the balance sheet date. Deferred tax assets have been recognised up to the amount for which there is likely to be taxable income in the future and against which the temporary difference can be used.

Tangible assets

Tangible assets have been measured at original acquisition cost less accumulated depreciation and impairment losses. If a tangible asset item consists of several parts with different useful lives, each part is handled as a separate item. In this case, expenses from a part replacement are capitalised. In other cases, subsequent expenses are included in the carrying amount of an item only if it is probable that the future economic benefits from the item will flow to the Group and the acquisition cost of the item can be determined reliably. Other repair and maintenance expenses are recognised after they have occurred. Prepayments of tangible assets are recognised in the balance sheet in the tangible assets, and are not depreciated.

Assets are depreciated over their useful lives using the straight-line method. Land areas are not depreciated. The estimated useful lives of assets are as follows:

Buildings	15–25 years
Machinery and equipment	3–15 years
Other tangible assets	5–10 years

The residual value of assets and their useful life are reviewed in connection with each financial statement, and, if necessary, they will be adjusted to reflect the changes that have occurred in the expected financial benefit. The sales gains or losses arising from the decommissioning or divestment of tangible assets are included in other operating income or expenses.

Public subsidies

Public subsidies for the acquisition of tangible assets have been recorded as depreciation on the carrying amounts of tangible assets. The subsidies are recognised as income in the form of smaller depreciation amounts over the useful life of the asset.

Intangible assets

Goodwill and intangible assets identified at acquisitions

Goodwill represents the portion of acquisition cost that exceeds the Group's share of the fair value at the time of acquisition of the net assets of a company acquired after 1 January 2004. Goodwill arising from previous business combinations represents the carrying amount under the previous accounting standards, which has been used as the deemed cost. The classification or accounting method for these acquisitions has not been adjusted in preparation of the Group's opening IFRS balance sheet on 1 January 2004. Instead of regular amortisation, goodwill is tested annually for potential impairment. For this purpose, goodwill has been allocated to cash-generating units or, in the case of an associated company; is included in the acquisition cost of the associate in question. Goodwill is measured at original acquisition cost less impairment costs.

Acquisitions made after 1 January 2004 have been recorded in compliance with the IFRS 3 standard, which states that the acquired identifiable assets, liabilities, and contingent liabilities are measured initially by the acquirer at their fair values on the acquisition date. Any intangible assets of the acquired company not included in the company's balance sheet have been separated from goodwill. The remaining residual value is allocated as goodwill from acquisition. In situations when an associate has become a Group company, the assets attributable to the previous ownership have been revalued at fair value and recognised in the revaluation reserve.

Efforts have been made to identify intangible assets outside the balance sheet associated with customers, marketing, technology, or intellectual property rights in all acquisitions. On the basis of the analyses conducted, for example trademarks and clientele have been identified as intangible rights to be activated in the balance sheet. Since market prices were not applicable to these items, a cash-flow-based approach was used in their measurement. In addition, the value of work in progress has been reassessed where necessary. The depreciation period used for intangible assets recognised during purchase price allocation analysis is based on the useful life of the assets. The amount of the acquisition price remaining after the allocation of assets has been recorded as goodwill.

For determining the acquisition cost, the assets provided by Ruukki Group companies, liabilities incurred by Ruukki Group or that it has undertaken to answer for, and equity-based instruments issued have been taken into account. In addition to the time of transaction, all future earn-out items have been taken into account on an assessment basis, because the final amount of these items may be different from that recognised in the balance sheet, as the conditional earn-out items are based on the future financial performance of the acquired company. Direct costs arising from the services of experts in connection with business combinations have been recognised in the total acquisition price.

Research and development costs

Research costs are recorded as expenses in the income statement. Development costs associated with the design of new or more advanced products have been recorded as expenses also, because the Group companies do not actually carry out any extensive R&D activities besides ordinary product improvement measures and the development of business-supporting computer applications.

Amortisation periods for intangible assets

Amortisation periods are as follows:

Computer software	3–5 years
Other intangible rights	3–5 years
Clientele	3–5 years
Trademarks	10 years

Inventories

Inventories are measured at acquisition cost or a lower probable net realisable value. Acquisition costs are determined using the FIFO method or an average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour expenses, other direct expenses, and an appropriate share of fixed and variable production overheads based on the normal capacity of the production facilities. In ordinary operations, the net realisable value is the estimated selling price that is obtainable, less the estimated costs incurred in completing the product and the selling expenses.

Financial assets and liabilities

Financial assets are classified on the basis of the purpose for which the financial asset was acquired, and in connection with the original acquisition. Transaction costs have been included in the original carrying amount of the financial assets where an asset not measured at fair value in the income statement is concerned. The acquisition and disposal of financial assets are recorded on the transaction dates. Derivatives and assets held for trading are measured at fair value in the income statement.

Investments held to maturity include non-derivative financial assets that involve fixed or easily defined payments, that mature on a specified date, and that the Group is determined and able to hold until maturity. Loans and other receivables are non-derivative financial assets that involve fixed or easily defined payments, that are not quoted on active markets, and that the company does not hold for trading purposes. Assets available for sale include non-derivative financial assets that could be disposed of immediately without restrictions or assets that can not be categorised in groups mentioned above.

Cash and cash equivalents consist of cash funds, bank deposits available for withdrawal on demand, and other highly liquid short-term investments that are measured at fair value on the balance sheet date. Items classified as financial assets mature not later than in three months from the date of acquisition.

The Group has, during the financial year, in conjunction with an acquisition received emission rights, which the acquired subsidiary has received without compensation. The Group has no utilisation for the emission rights and the intention is to sell them. On purchase price allocation, the emission rights have been recognised as financial assets in fair value on the Group's balance sheet and they have been revalued on each balance sheet date. On the Group's balance sheet, the emission rights have been classified as financial assets held for trading, and the unrealised changes in fair value are recognised in the financing items of the Group's income statement. Some of the emission rights have been sold during 2008 and the net gain on disposal has realised in the financing items of the Group's income statement.

Through share issues carried out during summer 2007, Ruukki Group Plc gathered substantial amount of equity. A majority of these funds are still in the possession of the company. On the cash flow statement the changes in these assets are presented in the cash flow from financing activities.

Financial liabilities are included in long- and short-term liabilities, and they may be interest-bearing or interest-free.

Derivative contracts and hedge accounting

Derivative contracts are measured at fair value in the income statement. The Group does not apply hedge accounting.

Lease agreements (the Group as the lessee)

Leases of tangible assets where the Group possesses a material portion of the risks and benefits of ownership are classified as financial leases. An asset acquired through a financial lease agreement is recorded in the balance sheet at the fair value of the leased object at the beginning of the lease period, or at a lower current value of minimum lease. An asset obtained through a finance lease is depreciated over the useful life of the asset or the lease term, whichever is shorter. The leases payable are divided into financial expenses and loan repayment during the lease term so that the interest rate for the remaining loan is roughly the same each financial year. Leasing obligations are included in interest-bearing liabilities. Lease agreements in which the risks and benefits typical of ownership remain with the lessor are classified as other leases. Leases paid under other lease agreements are recognised as expenses in the income statement on a straight-line basis over the lease term.

Non-current assets held for sale and discontinued operations

The standard IFRS 5 requires that an entity must classify a non-current asset or a disposal group as assets held for sale if the amount equivalent to its carrying amount is accumulated primarily from the sale of the item rather than its continued use. In this case, the asset or disposal group must be available for immediate sale in its present condition under the general and standard terms and conditions for sale for such assets and sale must be highly probable. For a sale to be highly probable, the management representing the appropriate organisational level must be committed to a plan to sell the asset or disposal group, and the entity must have initiated an active programme to locate a buyer and to execute the plan. When these requirements are met after the balance sheet date but before the approval of the financial statements for disclosure, the notes required by IFRS 5 will be presented.

During the financial year, Ruukki Group Plc has disposed of its Furniture and Care Service businesses. The profit and loss items generated by these business segments are presented on the Group's income statement separately as discontinued operations. The Board of Directors of Ruukki Group Plc has also made a decision in 2005 to dispose of the associates related to the company's prior history, except for ILP-Group Ltd Oy. The implementation of this decision has been started and some associated companies have been sold. However, the Group's management sees that these interests in associates have not represented such major line of business or geographical area that they should be presented as discontinued operations in accordance with IFRS 5. Even though the implementation of these decisions continues the sale of the remaining associated companies or any other potential rearrangements were not highly probable as referred to in IFRS 5 when the financial statements for 2008 were approved for disclosure, therefore they have not been presented separately in disposal group of non-current assets held for sale.

Accounting policies requiring management discretion and key uncertainty factors for estimates

Preparation of the financial statements requires the management to make estimates, assumptions, and forecasts regarding the future. Future developments may deviate significantly from the assumptions made if changes occur in the business environment and/or business operations. In addition, the management is required to use its discretion in the application of the financial statements' preparation principles. Ruukki Group is engaged in several different lines of business, and each business requires different kinds of estimates and assumptions. Group companies vary by their size and they are located both in different parts of Finland and abroad. The nature of Ruukki Group's operations essentially involves business acquisitions and other arrangements, which often requires the management's discretion in the application of accounting policies.

Allocation of the cost of a business combination

In accordance with IFRS 3, the acquisition cost of an acquired company is allocated to the assets of the acquired company. The management has to use estimates when determining the fair value of identifiable assets and liabilities. Determining a value for intangible assets such as trademarks or clientele requires estimation and discretion because in most cases no market value can be assigned to these assets. Determining fair value for tangible assets requires particular discretion as well. Especially in cases where the companies are small or geographically situated in areas where there are no active markets for real property, for instance. In these cases, the management has to select an appropriate method for determining the value and must estimate future cash flows. Similarly, determining the discount rate to be used for discounting future cash flows requires discretion.

Determination of the amount of the earn-out liabilities associated with business acquisitions

The Group has made a significant number of business acquisitions in the past few years. These acquisitions typically have involved additional sale prices calculated and paid on the basis of the future operative profitability of the acquired company (earn-out arrangements), and the estimated additional sale prices have been included in the company's other liabilities at the time of acquisition. The estimates presented in the financial statements may differ from the actual earn-out liability if the real profit or loss of the acquired company is different from the estimated. Furthermore, the estimated earn-out items may differ from the subsequent actual sale prices as a result of the discounting of future liabilities.

The previously presented earn-out liabilities have been reviewed during the financial year 2008 (also in 2007), which has affected the goodwill on the one hand and the corresponding transaction price liability on the other. This is because the companies acquired in the previous financial years have prepared their financial statements and future forecasts have been adjusted, thereby enabling to specify the additional sale prices more accurately.

Impairment testing

Goodwill is tested annually for impairment, and assessments of whether there are indications of any other asset impairment are made. The recoverable amounts of cash-flow-generating units have been determined by means of calculations based on value in use. Preparation of these calculations requires the use of estimates to predict future developments. Future cash flow forecasts are made for a five-year period, after which the cash flow growth rate is, under the principle of prudence, assumed to be zero.

The forecasts used in the testing are based on the budgets and projections of the operative units, which strive to identify any extension investments and rearrangements. Separating extension investments from replacement investments and the elimination of their impact from the projected figures require the use of discretion. To prepare the estimates, efforts have been made to collect background information from the operative business area management as well as from different sources describing general market activity. The risk associated with the estimates is taken into account in the interest used. In addition, in some individual cases some of the forecasts prepared by the operative units have been revised to lower the predicted figures somewhat, on the basis of the historical forecasting accuracy of the units in question. The definition of components of discount rates applied in impairment testing requires discretion, such as estimating the risk premiums and average capital structure for each business segment.

Trade receivables

The individual companies in Ruukki Group make assessments of their trade receivables based on known facts, previous experience, and foreseeable future events; therefore, the information includes estimates made by the management of the companies in question.

Fixed Assets

Ruukki Group companies operate in dissimilar business conditions and lines of business, which is why on the business segment level the Group's management is required to use its discretion when determining the useful lives of various assets, which affects the amount of depreciation and thereby the balance sheet value of the assets concerned. In addition, when the Group acquires new subsidiaries, assessments have to be made to make the acquired companies' depreciation practices consistent with practice in the rest of the Group wherever applicable. Similarly, the management is required to use its discretion in determining the useful lives of immaterial rights identified in accordance with IFRS 3, and in determining the depreciation period. This affects the financial result for the period through depreciation and change in deferred taxes.

Inventories

Those Ruukki Group companies that have inventories make, in case needed, an estimate-based non-marketability provision for inventories, as a result of which the balance sheet value of inventories has been changed somewhat. The estimates are based on stocktaking as well as the predicted future need and inventory turnover rate.

Guarantee expenses

The deliveries of prefabricated houses manufactured by Ruukki Group's house building business area involve repair liabilities. To estimate these liabilities, the management has to prepare estimates based on the historical data of the company operating in the division, as well as on experience of similar realised repair costs.

Deferred taxes

The tax expenses in the profit and loss account consist of tax based on taxable income for the period and deferred taxes. In some cases, estimates have to be made to determine deferred taxes. Special consideration is required in the capitalisation of deferred tax assets and in estimating grounds thereof, especially in predicting taxable income for future periods. No deferred taxes have been recorded for impairment, which is non-deductible. Deferred tax assets have been recognised up to the amount for which there is likely to be taxable income in the future and against which the temporary difference can be used.

Share-based payments

For share-based payments, Ruukki Group applies the IFRS 2 standard, according to which option rights are measured at fair value at the time they were granted. Synthetic options or incentive schemes are measured at fair value separately for each period, therefore their value can change. Share-based payments are recorded as expenses in the profit and loss account on a straight-line basis during the vesting period. Expenses on the option grant date are determined according to the Group's estimate of the number of options expected to vest at the end of the vesting period. The Group updates the estimated final number of options on each balance sheet date. Changes in the estimates are recorded in the profit and loss account. Fair value is determined under the Black & Scholes option pricing model. The management is required to assess the parameters of this model in terms of the volatility of the underlying share, which is based on historical volatility data.

Associates

Ruukki Group's associates are consolidated using the equity method. Income from associates is recorded in the consolidated profit and loss account. Associated companies prepare their own financial statements in compliance with the Finnish Accounting Act, and Ruukki Group adjusts the statements to comply with the IFRS standards before recording the associates' earnings information. For this purpose, the management sometimes is forced to make estimates of the required adjustments, and sometimes it may not be possible to identify all of the necessary adjustments. However, this has no material impact on the Group's financial results or its financial position. Determining the value of associates' shares, particularly in consideration of the IAS 36-compliant impairment testing, requires discretion, as it involves an assessment of whether there is any indication of impairment of the balance sheet value of the associates' shares and receivables, and an assessment of how their value in use should be calculated if impairment testing needs to be conducted.

Application of new or amended IFRS standards

As a rule, the Group applies all new or amended IFRS standards related to its own business activities since their effective date.

The Group will apply the IFRS 8 and the amended IAS 1 standards as of 1 January 2009.

IFRS 8 requires operating segments to be identified, among other criteria, on the basis of internal reports so that a segment is the level at which group management reviews the operations in order to allocate resources to the segment and to assess its performance. The Group estimates that the standard will not have a material effect on Group's current business segment structure, since financial reporting to the chief operating decision maker of the Group is carried out based on the business segment structure applying IFRS accounting principles. Instead, the geographical segments will no longer be presented in the future. From the financial year 2009 the Group's operating segments will be wood processing and minerals businesses. If the Group's juridical structure or principles of management reporting will change in the future, for example due to business reorganisations, the Group will estimate the implications of the reorganisations on segment reporting separately.

The amended IAS 1 standard has an effect on the presentation and terminology of income statement and statement of changes in equity. Moreover, the amended standards IAS 23 Borrowing Costs and IFRS 2 Share-based payment may influence the Group's financial statements in the future, even though their instant implications have not been identified on the balance sheet date.

The Group estimates that of the amended standards IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements will affect the Group's financial statements after their effective date. These amended standards have not yet been approved for application within the EU. The amended standards IFRS 3 and IAS 27 affect the treatment of business combinations in the financial statements and the Group estimates that it particularly affects the initial accounting for the business combination and the amount of goodwill.

On the basis of the information currently available, the Group believes that the future introduction of other new or amended standards, or of the IFRS interpretations (IFRIC 12, 15, 16 and 17) available on the balance sheet date, will not have a material impact on the Group's future financial statements.

FINANCIAL INDICATORS

	2008		2007		2006
	Group	Continuing operations	Group	Continuing operations	Group
Revenue, EUR '000	247 361	158 665	213 910	128 378	125 459
EBITDA, EUR '000	17 603	2 342	24 729	17 276	17 805
% of revenue	7.1%	1.5%	11.6%	13.5%	14.2%
Operating profit / loss, EUR '000	-37 599	-46 684	15 674	12 667	13 048
% of revenue	-15.2%	-29.4%	7.3%	9.9%	10.4%
Profit / loss before taxes, EUR '000	-33 858	-41 541	19 158	17 981	12 156
% of revenue	-13.7%	-26.2%	9.0%	14.0%	9.7%
Return on equity, %	-8.5%	-10.8%	5.8%	5.3%	19.1%
Return on capital employed %	-5.9%	-8.1%	8.8%	7.0%	17.7%
Equity ratio, %	64.8%	64.8%	85.1%	85.1%	60.1%
Gross capital expenditure, EUR '000	241 243	235 411	34 442	12 065	14 330
% of revenue	97.5%	148.4%	16.1%	9.4%	11.4%
Personnel, average	916	421	866	279	570
Earnings per share, basic, EUR	-0.11	-0.14	0.06	0.05	0.07
Earnings per share, diluted, EUR	-0.11	-0.14	0.06	0.05	0.06
Equity per share, EUR	1.20	1.20	1.41	1.41	0.42
Dividends, EUR '000			11 601		4 079
Dividend per share, EUR			0.04		0.03
Dividend per earnings, %			68.9%		41.9%
Effective dividend yield, %			1.4%		2.5%
Price to earnings	-10.6		48.6		16.8
Highest share price, EUR	2.99		3.59		1.23
Lowest share price, EUR	1.02		1.18		0.64
Average share price, EUR	2.03		2.40		0.84
Market capitalisation, EUR '000	333 539		817 896		163 156
Turnover, EUR '000	884 635		623 228		84 819
Turnover, %	149.9%		89.7%		86.0%
Average number of shares, (1 000)	290 034		217 889		118 052
Average number of shares, diluted, (1 000)	305 176		221 432		135 996
Number of shares at the end of the period (1 000)	290 034		290 034		135 964

Formulae for calculation of indicators

Return on equity	Net profit / Total equity (average for the period) * 100
Return on capital employed	Profit before taxes + financing expenses / (balance sheet total - non-interest bearing liabilities) average * 100
Equity ratio	Total equity / balance sheet - prepayments received * 100
Earnings per share (basic)	Profit attributable to shareholders of the parent company / Average number of shares during the period
Earnings per share (diluted)	Profit attributable to shareholders of the parent company / Average number of shares during the period, diluted
Equity per share	Shareholders' equity / Average number of shares during the period
Dividend per share	Dividends / Number of shares at the end of the period
Dividend per earnings	Dividend per share / Earnings per share * 100
Effective dividend yield	Dividend per share / Share price at the end of the period
Price to earnings	Share price at the end of the period / Earnings per share
Average share price	Total value of shares traded in euro / Number of shares traded during the period
Market capitalisation	Number of shares * Share price at the end of the period
Operating profit	Operating profit is the net of revenue plus other operating income, plus gain on disposal from discontinued operations, minus cost of goods sold adjusted with finished goods inventory change, minus employee benefits expense, minus depreciation, amortisation and impairment and minus other operating expense. Foreign exchange gains or losses are included in operating profit when generated from ordinary activities. Exchange gains or losses related to financing activities are recognised as financial income or expense.
Gross capital expenditure	Gross capital expenditure consists of the additions in the acquisition cost of non-current tangible and intangible assets as well as additions resulting from acquisitions.

SEGMENT INFORMATION

The presentation of segment information follows the Group's segmentation by business and geographic area. Business segments represent the Group's primary segment reporting, which is based on the Group's internal organisational structure and financial reporting.

The business segments consist of groups of assets and business operations generating products or services that involve risks and profitability that are different from those in other segments. Products and services in specified geographic areas are produced in a specific economic environment in which the risks and profitability related to products and services differ from those inherent in the financial environment of other geographic regions. Inter-segment transactions are carried out at market prices. The significance of inter-segment transactions in the Group's operations is minor. The assets and liabilities of the segments represent items that these segments use in their activities or that can be reasonably allocated to them. Investments consist of increases in tangible and intangible assets whose life is longer than one financial year.

From the financial year 2009, the Group's segments, in accordance with the standard IFRS 8 Operating segments, will be Wood Processing and Minerals businesses. During the financial year 2008 and in these financial statements, the Group has applied the standard IAS 14 Segment reporting.

BUSINESS SEGMENTS – PRIMARY SEGMENT

On the balance sheet date 31 December 2008, the Group's business segments were the following:

House Building

The House Building business area specialises in the design, manufacture and assembly of ready-to-move-in detached wooden houses mainly to consumer markets.

Sawmill Business

The Sawmill Business segment specialises in the efficient processing of softwood logs from northern Finland into various timber products for both domestic and export markets. The construction industry forms the business area's main customer group in both Finland and elsewhere as the Group's products are very well suited to house building thanks to their strength properties. Moreover, the business area produces packaging pallets and wooden packages.

Minerals Business

The Minerals Business, entered into via acquisition in October 2008, is based on the production of end-products with a high degree of specialisation. Initially, the Minerals Business segment will focus on Chrome Ore and Ferrochrome operations. The production plants for the Minerals Business are located in Turkey and Germany.

Investment Projects

Group's investment projects in the preparatory phase are presented separately from other business segments. On the balance sheet date the Group has ongoing projects related to wood processing businesses in Russia.

The Group's other businesses are classified under 'Other Operations'. The Board of Directors of Ruukki Group Plc has changed the classification of segments from the previous financial year so that the investment projects previously reported under Sawmill Business segment is presented under Other Operations. Information for the corresponding period 2007 has been changed accordingly. Investments in associates are presented in the segments classified by the nature of their operations. During 2008, the Group divested the Furniture Business and Care Services segments which have been presented as discontinued operations.

SEGMENT INFORMATION FOR 2008 BY BUSINESS SEGMENT

	Continuing Operations					Discontinued Operations				
EUR '000	Sawmill Business	House Building	Minerals Business	Others	Continuing operations	Furniture Business	Care Services	Discontinued Operations	Eliminations and unallocated items	Group total
External sales										
Services	503	1 548	0	7	2 058	0	10 190	10 190		12 248
Goods sold	93 195	48 820	12 308	2 300	156 623	78 506	0	78 506	-16	235 113
Total external sales	93 698	50 368	12 308	2 308	158 681	78 506	10 190	88 696	-16	247 361
Intra-group sales	2 610	11	0	987	3 608	0	0	0	-3 608	0
Revenue	96 307	50 379	12 308	3 295	162 289	78 506	10 190	88 696	-3 624	247 361
Income from associates	0	0	0	171	171	0	0	0	0	171
Segment's operating profit	-23 742	10 097	-999	-31 121	-45 766	-3 681	12 767	9 085	-918	-37 599
Unallocated items										0
Operating profit										-37 599
Unallocated items										4 912
Net profit										-32 687
Segment's assets	67 330	19 318	57 943	524 997	669 589	0	0	0	-108 084	561 505
Investments in associates	0	0	0	1 770	1 770	0	0	0	0	1 770
Unallocated assets										0
Total assets										563 275
Segment's liabilities	90 291	17 495	58 210	144 982	310 977	0	0	0	-104 412	206 565
Unallocated items										0
Total liabilities										206 565
Gross capital expenditure	74 321	6 263	154 787	39	235 411	4 687	1 146	5 832	0	241 243
Depreciation	-7 537	-288	-2 880	-135	-10 839	-2 959	369	-3 328	0	-14 168
Impairment	-20 376	0	0	-17 810	-38 187	-2 847	0	-2 847	0	-41 034
Other non-cash items:										
Provisions	0	92	5 202	0	5 294	0	0	0	0	5 294

SEGMENT INFORMATION FOR 2007 BY BUSINESS SEGMENT

	Continuing Operations				Discontinued Operations				
EUR '000	Sawmill Business	House Building	Others	Continuing operations	Furniture Business	Care Services	Discontinued Operations	Eliminations and unal-located items	Group total
External sales									
Services	350	2 160	260	2 770	0	16 816	16 816	0	19 586
Goods sold	57 243	60 227	8 138	125 608	68 716	0	68 716	0	194 323
Total external sales	57 593	62 387	8 398	128 378	68 716	16 816	85 532	0	213 910
Intra-group sales	1 835	0	300	2 135	0	0	0	-2 135	0
Revenue	59 428	62 387	8 698	130 513	68 716	16 816	85 532	-2 135	213 910
Income from associates	74	0	110	184	-807	0	-807	0	-623
Segment's operating profit	6 430	13 337	-7 295	12 471	2 689	318	3 007	196	15 674
Unallocated items									0
Operating profit									15 674
Unallocated items									-1 993
Net profit									13 680
Segment's assets	75 917	30 128	415 947	521 992	38 369	9 523	47 892	-71 596	498 288
Investments in associates	0	0	1 702	1 702	0	0	0	0	1 702
Unallocated assets									0
Total assets									499 990
Segment's liabilities	69 452	23 643	7 395	100 491	39 556	9 050	48 606	-60 758	88 340
Unallocated items									0
Total liabilities									88 340
Gross capital expenditure	11 501	360	204	12 065	21 441	936	22 377	0	34 442
Depreciation	-3 737	-293	-146	-4 175	-2 959	-887	-3 846	0	-8 022
Impairment	0	0	-434	-434	-600	0	-600	0	-1 034
Other non-cash items:									
Provisions	70	119	0	189	0	0	0		189

GEOGRAPHICAL SEGMENTS – 'SECONDARY SEGMENT'

Ruukki Group's divisions carry out operations in Finland, Turkey, Germany, Malta and Russia as well as in other international markets in the respect of the exports of products. Products manufactured by the Group are exported from Finland and Germany mainly to the EU countries, Japan, the United States and northern African countries. Most of the Group's personnel and production operations are in Finland, Turkey and Germany.

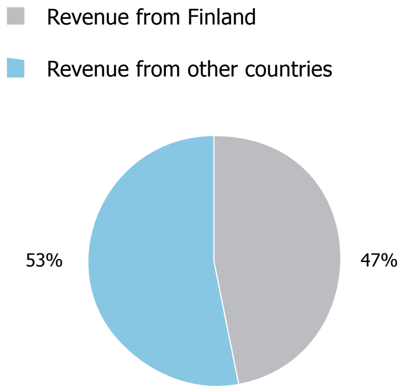
The Group's geographical focus has changed significantly during 2008 as a result of the acquisition carried out at the year-end when the Group enlarged to Malta, Turkey and Germany. Revenue figures for the various geographic regions are based on the geographic location of its customers, and similarly the assets and investments for particular geographic regions are based on the location of assets.

2008, EUR '000	Finland	Russia	Other countries	Group
Revenue	115 879	9 525	121 957	247 361
Assets	357 868	2 883	202 524	563 275
Capital Expenditure	83 956	2 500	154 787	241 243

2007, EUR '000	Finland	Russia	Other countries	Group
Revenue	122 875	672	90 362	213 910
Assets	468 245	31 734	10	499 990
Capital Expenditure	33 855	587	0	34 442

In 2008, the Group's revenue in Finland was approximately EUR 116 million (47%) and revenue from other countries EUR 131 million (53%). Of the employees, on 31 December 313 (43%) worked in Finland and 408 (57%) abroad.

Geographical segments



BUSINESS ARRANGEMENTS

FINANCIAL YEAR 2008

Ruukki Group has carried out the following business acquisitions and disposals during the financial year 2008:

Group Companies

In January, the Group's Sawmill Business area acquired a 51% interest in Junnikkala Oy and the group it forms. Junnikkala Oy is consolidated in Ruukki Group as a 100% subsidiary based on a share option arrangement.

The Group sold all shares of its Metal Industry subsidiary Pan-Oston Oy in a share transaction carried out in January.

The Group disposed of its Care Services subsidiary Mikeva Oy and the group it formed in July.

In August, the Group sold 80.6% of the shares of its Metal Industry subsidiary Selka-line Oy. After the transaction Ruukki Group's share in the company is 19.4%.

Ruukki Group Plc's Board of Directors decided in September to strengthen the current House Building business operations by redeeming all the minority shareholder's shares (9.9%) in Pohjolan Design-Talo Oy, and by acquiring the business of Gloria House Finland Oy.

In October, Ruukki Group Plc purchased 99.93% and its subsidiary Rekylator Oy 0.07% of the shares of the Maltese company, RCS Ltd, from Kermas Ltd; Ruukki Group Plc purchased 98.75% of the shares of the Turkish company, Türk Maadin Sirketi A.S., from Kermas Ltd.

Oplax Oy, a subsidiary of Ruukki Group's Sawmill Business segment, acquired on 31 October the entire share capital of PSL Räinä Oy, which operates in the wooden package manufactoring business and is located in Rovaniemi.

On 29 December, Ruukki Group decreased its stake in the furniture business by selling 23% of shares in Incap Furniture Oy, the parent company of its Furniture Business. After the transaction Ruukki Group owns 48.3% of Incap Furniture Oy's shares and the company is currently the Group's associated company.

Associates

Ruukki Group Plc's former associated companies Lanux Oy, Orienteq Capital Oy and SG Systems Oy have closed down their operations during the year.

Junnikkala Oy

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

If this acquisition had taken place with a corresponding holding already on 1 January 2008, it 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 the Junnikkala

* 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

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 2008 revenue) and EBIT about EUR -23.6 million (+0.5% compared with the business segment's 2008 EBIT).

The acquisition generated EUR 2.5 million goodwill, which was based on synergies expected to be gained, e.g. from wood procurement, cooperation in export markets and potentially from rationalisation measures in administration to be taken in the future. According to the preliminary purchase price allocation, the acquisition generated EUR 5.4 million goodwill, which was written off in conjunction with the impairment test carried out on 30 September. Consequently there was no goodwill on the Group's balance sheet on 31 December. The difference in goodwill between the preliminary and final purchase price allocation was recognised by decreasing the value of the clientele.

The following assets and liabilities were recognised relating to the acquisition:

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	0	
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 debt	16 811	16 811
Non-interest bearing debt		
Deferred tax liability	1 470	0
Muut korottomat liabilities	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**	
Cash flow:		
Consideration paid in cash	5 740	
Acquired cash and cash equivalents	-415	
Cash flow	**5 326**	

Pan-Oston Oy

In January, Ruukki Group sold all shares of its Metal Industry subsidiary Pan-Oston Oy in an all-cash transaction. A gain on disposal totalling about EUR 0.7 million was recognised on the transaction.

Selka-line Oy

Ruukki Group's Metal Industry subsidiary Alumni Oy sold on 29 August 80.6% of the share capital of Selka-line Oy, a company operating in the metal contract furniture and furniture component businesses, to the company's managing director Ismo Räty. Ruukki Group's share in the company decreased from 100% to 19.4%, and Selka-line was consolidated into Ruukki Group up until the end of August. The sales price of the shares was EUR 10 thousand and the gain on disposal some EUR 150 thousand. The revenue of Selka-line totalled approximately EUR 2.9 million in 2007 and operating profit was slightly positive. The transaction did not have a significant effect on the Group's income statement or balance sheet.

Pohjolan Design-talo Oy

Ruukki Group Plc's Board of Directors decided in September to strengthen the current House Building business segment's operations by redeeming all the minority shareholder's shares in its subsidiary, and by acquiring the business of Gloria House Finland Oy. Ruukki Group Plc acquired 9.9% of Pohjolan Design-Talo Oy from Kimmo Kurkela, the managing director of Pohjolan Design-Talo Oy, with about EUR 6.1 million cash consideration. The share of the purchase price exceeding the minority interest, about EUR 5.9 million, was recognised as goodwill. After the transaction, Ruukki Group Plc owns all the shares in Pohjolan Design-Talo Oy. Moreover, Pohjolan Design-Talo Oy entered into a preliminary agreement to acquire, by the end of 2008 at the latest, all the business operations and related intellectual property rights of Gloria House Finland Oy, with a fixed cash consideration of EUR 0.3 million. The transaction was completed in November.

RCS Ltd and Türk Maadin Sirketi A.S.

Ruukki Group Plc purchased 99.93% and its subsidiary Rekylator Oy purchased 0.07% of the shares of the Maltese Company, RCS Ltd, from Kermas Ltd; Ruukki Group Plc purchased 98.75% of the shares of the Turkish company, Türk Maadin Sirketi A.S., from Kermas Ltd. Ruukki Group Plc pays as a purchase consideration EUR 80 million in cash at the closing, and as a potential additional earn-out purchase consideration, 50% of the combined net profit of RCS and TMS during a five year period covering the financial years 2009 – 2013. In any case, the maximum total earn-out consideration is EUR 150 million. In addition, the transaction includes a long-term ferrochrome toll manufacturing agreement between RCS Ltd and German Elektrowerk Weisweiler GmbH (EWW), a put option for two years related to the shares of Türk Maadin Sirketi A.S., and a call option related to the shares of Elektrowerk Weisweiler GmbH after five years.

The purchased Minerals business has become a separately reported business segment, which was consolidated into Ruukki Group from the beginning of November 2008. Also, EWW has been consolidated into the Ruukki Group even though the share of ownership is 0% and even though the exercise period of the EWW option only starts on 1 January 2014, since based on the IFRS SIC-12 principles and on a comprehensive view of the target, the signs of control are estimated to exist.

Related to the acquisition, Ruukki Group Plc has issued 73,170,731 option rights to the seller, Kermas Ltd, based on general meeting resolution on 28 October 2008. These options can be exercised only on condition that the companies acquired generate positive net results, and are based on EUR 2.30 per share exercise price with dividend adjustment mechanism. Based on estimates, as confirmed by Ruukki Group Plc's Board of Directors, for 2009 – 2013 profits of the acquired entities, and assuming maximum dividend adjustment of the share purchase agreements, altogether 39,725,720 shares are estimated to be given as earn-out payment to the seller. The fair value of these shares has been determined to be EUR 1.28 per share based on the market price of the share on 28 October 2008, the date of the company's general meeting. There is no resolution as to the exercise of option rights related to Elektrowerk Weisweiler GmbH. Moreover, the exercise price of the option rights on that company are not fixed in advance, but the exercise price will be based on fair value of Electrowerk Weisweiler GmbH, which will be separately determined in the future. In the consolidated balance sheet on 31 December 2008, Ruukki Group Plc has assumed that option rights would be exercised in 2018. The nominal exercise price has been determined by using judgment and a valuation model.

Related to the acquisition, Ruukki Group has recognised about EUR 61.1 million goodwill on the Group balance sheet, which was based on the following factors:

As part of the transaction, Ruukki Group Plc acquired a mining company operating in Turkey having mining sites and ore reserves in a number of Turkish locations. To the extent that external experts' geological and other surveys have established proven or probable quantities of ore reserves, the reserves have been recognised as a separate asset on Ruukki Group's balance sheet. The value of ore reserves at the time of acquisition was determined to be EUR 10.4 million. However, there are no certain survey data on reserves below the surface, even though they might have major significance according to the studies, and hence goodwill has been recognised.

In implementing the acquisition, Ruukki Group's target has been to create a combined business consisting of the acquired companies so that as tight integration as possible can be achieved. The Group will get efficiency and cost gains from the increase in operational integration, which also enables diminishing the relative importance of external service and goods providers, and hence gives added value into the Group. Via the acquisition it is possible to gain with the ferrochrome business economies of scale, something that has not been possible in the past, for example in the production of chrome ore concentrate.

To a certain extent, Ruukki Group can utilise the same global agent or trade house channels, which

A preliminary purchase price allocation on the acquisition:

EUR '000	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	15 789
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**	

can lead to added value or cost savings in sales operations of the Group's wood products businesses.

Since Ruukki Group has significant cash reserves, the expansion into the minerals business enlarges the Group's investment opportunities, and therefore the Group can make such investments or acquisitions that it could not make previously.

The acquisition of Minerals business increase the debt capacity of the Group, diversifies business risks, and consequently can affect the stability and potentially also the predictability of cash flows. This can lead to more optimal capital structure and tax benefits.

If the acquired business entity had been acquired in corresponding way 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 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 October 2008 fair values to be valid for the earlier periods as well.

PSL Räinä Oy

Oplax Oy, a subsidiar of Ruukki Group's Sawmill Business segment, has on 31 October 2008 entered into agreement to acquire the entire share capital of PSL Räinä Oy, which operates in the wooden loading pallets business and is located in Rovaniemi. PSL Räinä Oy has been consolidated into the Group since November.

The acquisition generated goodwill EUR 40 thousand, which is based on expected synergies to be generated by cost savings from streamlining the administrative functions and lower prices of sawn timber due to higher procurement volumes.

If the acquisition of PSL Räinä Oy had taken place with a corresponding holding already on 1 January 2008, this would have increased the Group's revenue with about EUR 2 million. Otherwise the acquisition would not have had a material effect on the Group's reported figures.

The following assets and liabilities were recognised relating to the acquisition:

EUR '000	Fair value of acquired assets	Book value before acquisition
Intangible assets		
Clientele	368	0
Property, plant and equipment	33	33
Inventories	252	252
Receivables		
Trade receivables	386	386
Other receivables	11	11
Cash and cash equivalents	0	0
Total assets	**1 050**	**682**
Deferred tax liability	96	0
Current liabilities		
Trade payables	91	91
Other liabilities	335	335
Total liabilities	**522**	**426**
Net assets	**528**	**526**
Acquisition costs	568	
Net assets at acquisition	528	
Goodwill	**40**	
Net cash outflow on the acquisition:		
Consideration paid in cash	568	
Acquired cash and cash equivalents	0	
Cash flow	**568**	

DISCONTINUED OPERATIONS

Mikeva Oy

At the end of June, Ruukki Group entered into an agreement to sell all the shares of Mikeva Oy, the parent company of its Care Services business, to DF-Care Oy. The transaction was closed at the beginning of July. The business has been presented in the Group income statement as a discontinued operation. The net gain on disposal amounted to about EUR 12.0 million. The cash consideration paid in July to Ruukki Group Plc by the buyer was EUR 10.2 million. According to the transaction, Ruukki Group Plc's receivables from the sold subsidiary have been converted into non-interest-bearing vendor notes, whose total nominal amount is about EUR 3.8 million, given to the buyer to be paid back in arrears over the next three years. Moreover, Ruukki Group Plc has, until the end of 2012, a call option to buy up to 5% of the buyer's shares.

Incap Furniture Oy

Ruukki Group decreased its stake in furniture business by selling altogether 23% of shares in Incap Furniture Oy, the parent company of its Furniture Business, with a total cash consideration of EUR 200 on 29 December 2008. After the transaction, Ruukki Group owns 48.3% of Incap Furniture Oy's shares and the company is currently Group's associated company. Net gain on disposal amounted to EUR 5.2 which was fully recognised against impairment losses on Furniture Business' property, plant and equipment recognised in September 2008.

The combined results and cash flows of the discontinued operations are set out below. The comparative figures include Care Services and Furniture Business profit and cash flows for previous financial year.

Profit from discontinued operations

EUR '000	1 Jan - 31 Dec 2008	1 Jan - 31 Dec 2007
Revenue	88 696	85 532
Other operating income	2 347	6 282
Operating expenses	-93 991	-88 808
Operating profit	-2 974	3 007
Finance income and expense	-1 402	-1 830
Profit before taxes	-4 349	1 177
Income taxes	997	-51
Net profit	-3 352	1 126
Gains on disposals of discontinued operations	12 033	0
Profit from discontinued operations	**8 680**	**1 126**
Cash flows from discontinued operations		
Cash flow from operating activities	6 919	-4 158
Cash flow from investing activities	-3 973	1 016
Cash flow from financing activities	-3 761	3 326
Net cash flows	-815	183

Financial year 2007

Ruukki Group has carried out the following business combinations in financial year 2007:

1. Group companies

In February the Group acquired the majority of the shares of Incap Furniture Oy, which previously was an associate. At the end of 2007, Ruukki Group held 71.3% of shares of Incap Furniture Oy.

In March, Ruukki Group Plc acquired all of the shares of the pallet producer Oplax Oy. Before the transaction, Ruukki Group Plc held approximately 32% of Oplax shares.

Pohjolan Design-Talo Oy, the parent company of the House Building business segment of Ruukki Group Plc, acquired the majority of Pohjolan Design-Sähkö Oy in June. After the transaction, Ruukki Group has a 70.1% stake in Pohjolan Design-Sähkö Oy. The management of the acquired company holds the minority.

In August 2007, Ruukki Group Plc increased its ownership in Alumni Oy, the parent company of the metal industry business sector, to 100% by purchasing the shares corresponding to 30.6% ownership from a person formerly belonging to the Alumni management. This acquisition did not have a material effect on Ruukki Group's profit or financial performance since Ruukki Group already previously had a controlling interest in Alumni Oy. Moreover, Alumni Oy has been loss-making and therefore no minority interest has been recognised. Based on the acquired company's equity at the moment of the transaction, and taking into account Ruukki Group's previous ownership, the total equity related to this acquisition was zero. As no other assets or liabilities were recognised relating to the acquisition, the total acquisition cost, approximately EUR 0.3 million, was recognised as goodwill.

Ruukki Group's subsidiaries sold all their holdings in the Russian OOO Sever-Trust to third parties during the financial year. Prior to the transaction, the Group held 100% of the equity capital of OOO Sever-Trust. The transaction had only a minor effect on financial performance or the financial position of the Group.

The ownership of shares of Pan-Oston Oy, which was a Group company on the balance sheet date, was sold to an external party on 2 January 2008 based on an agreement made on 17 December 2007. Pan-Oston Oy has been presented in the "Other businesses" category for the financial year 2007.

2. Associates

Ruukki Group Plc has decreased its interest in the associated company Valtimo Components Oyj from 39.2% to 24.9% during 2007. Ruukki Group sold all of its holdings in ID Express Oy (40% share) and Neopolar Oy (33.9% share) in December 2007.

Incap Furniture Oy

In February, Ruukki Group became the majority owner of Incap Furniture Oy through a directed share issue. See below for more specific information. As a result of the share issue, Ruukki Group's ownership increased from 47.1% to 70.3%. Incap Furniture has been consolidated to Ruukki Group as a Group company as of 1 March 2007. In January and February, Incap Furniture was treated as an associate.

Incap Furniture's share subscription was paid for by setting off former subordinated loan receivables. However, prior this share issue, Ruukki Group invested some EUR 0.9 million by a subordinated loan arrangement. If a corresponding proportional holding of 70.3% in Incap Furniture would have been valid as of 1 January 2007, its net effect on the reported Ruukki Group's profit and loss account main items would have been the following: consolidated revenue would have increased by some EUR 8,907 thousand (+4%), consolidated EBIT* decreased by roughly EUR 714 thousand (-5%) and consolidated net profit* decreased by about EUR 885 thousand (-6%) (all these figures compared with the reported interim figures).

* when taking into account the purchase price allocation, the related depreciation and amortisation, and the actual balance sheet as of 28 February 2007

The following assets and liabilities were recognised relating to the acquisition:

Phase 3: acquisition of 23.3% share

EUR '000	Fair value of acquired assets	Book value before acquisition
Intangible assets		
Clientele	814	0
Other intangible assets	555	607
Property, plant and equipment	18 193	18 284
Inventories	8 185	7 810
Other assets		
Trade receivables	5 902	5 902
Other receivables	2 502	2 444
Cash and cash equivalents	369	369
Total assets	**36 521**	**35 415**
Interest bearing debt		
Leasing liabilities	3 200	3 200
Current and non-current debt	23 041	23 041
Non-interest bearing debt		
Trade payables	7 742	7 742
Other debt	3 842	3 669
Deferred tax liability	1 295	986
Total liabilities	**39 120**	**38 638**
Net assets	**-2 600**	**-3 223**
Acquisition cost	1 171	
Net assets 28 Feb 2007 (100%)	-2 600	
Acquired net assets 28 Feb 2007 (23,3%)	-604	
Goodwill	**1 775**	
Cash flow:		
Consideration paid in cash	886	
Acquired cash and cash equivalents (23,3%)	86	
Cash flow	**800**	

Oplax Oy

In March, the company decided to finalise a cash transaction to increase its holding in Oplax Oy, a manufacturer of packaging pallets in Oulu, Kemi and Tornio, from 32% to 100%. The latest of these transactions increased Ruukki Group's ownership by 61.7%, which is reflected in the table below as well as more specific information relating to this transaction. Oplax Oy has been consolidated to Ruukki Group's Sawmill Business segment since March.

If the corresponding 100% holding in Oplax Oy would have been valid as of 1 January 2007, its net effect on the reported Ruukki Group's profit and loss account main items would have been the following: consolidated revenue would have increased by roughly EUR 1,428 thousand (+0.6%), consolidated EBIT* decreased by some EUR 269 thousand (-1.7%) and consolidated net profit* been decreased by about EUR 261 thousand (-1.9%) (all these figures compared with the reported interim figures).

* when taking into account the purchase price allocation, the related depreciation and amortisation, and the actual balance sheet as of 12 March 2007

The following assets and liabilities were recognised relating to the acquisition:

EUR '000	Fair value of acquired assets	Book value before acquisition
Intangible assets		
Clientele	2 061	0
Property, plant and equipment		
Land and buildings	525	78
Machinery and equipment	1 628	273
Investments	1 446	1 434
Other assets		
Inventories	1 226	1 142
Trade receivables	707	707
Other receivables	125	125
Accruals	2	2
Cash and cash equivalents	9	9
Total assets	**7 728**	**3 769**
Non-interest bearing debt		
Trade payables	429	429
Other debt	216	216
Accruals	80	80
Deferred tax liability	1 029	
Interest bearing debt	114	114
Total liabilities	**1 869**	**839**
Net assets	**5 859**	**2 930**
Acquisition cost	4 852	
Net assets 12 Mar 2007 (100%)	5 859	
Net assets 12 Mar 2007 (61,66%)	3 613	
Goodwill	**1 239**	
Net cash outflow on the acquisition:		
Consideration paid in cash	4 772	
Acquired cash and cash equivalents	-9	
Cash flow	**4 763**	

Pohjolan Design-Sähkö Oy (RG Design-Talotekniikka Oy)

In June 2007, the House Building business area acquired a 70.1% holding in Pohjolan Design-Sähkö Oy (Ruukki Group's effective holding 63.2%), an electrical contractor company. The management of the acquired company holds the minority. As a consequence of the transaction, the name of the company was changed to RG Design-Talotekniikka Oy.

If this acquisition had taken place with a corresponding holding already on 1 January 2007, this would have changed the consolidated figures reported by Ruukki Group for the review period as follows: consolidated revenue would have increased by about EUR 1,828 thousand (+0.8%), consolidated EBIT would have increased by about EUR 221 thousand (+1.4%), and consolidated net profit would have increased by about EUR 175 thousand (+1.3%).

The following assets and liabilities were recognised relating to the acquisition:

EUR '000	Fair value of acquired assets	Book value before acquisition
Intangible assets		
Other intangible assets	2	2
Property, plant and equipment		
Machinery and equipment	93	93
Other assets		
Inventories	687	662
Trade receivables	670	670
Other receivables	44	44
Accruals	152	152
Marketable securities	316	302
Cash	431	422
Total assets	**2 395**	**2 346**
Non-interest bearing debt		
Trade payables	52	52
Other payables	123	123
Accruals	292	292
Deferred tax liability	13	0
Total liabilities	**479**	**466**
Net assets	**1 916**	**1 880**
Acquisition cost	1 524	
Net assets 15 Jun 2007 (70.1%)	1 343	
Goodwill	**181**	
Net cash outflow on the acquisition:		
Consideration paid in cash	1 500	
Acquired cash and cash equivalents	-431	
Cash flow	**1 069**	

IMPAIRMENT TESTING

General principles of impairment testing

Ruukki Group has carried out impairment testing on goodwill and other assets as of 31 December 2008, and impairment tests on goodwill and other assets based on indications on impairment on 30 September 2008. Generally, the impairment tests are carried out at the segment level, but for certain specific assets and for associated companies the tests are carried out by asset or by company.

The Group assesses at each balance sheet date whether there is any indication that assets may be impaired. If any such indication exists, the recoverable amount of these assets is estimated. Moreover, the recoverable amount of any goodwill and unfinished fixed assets will be estimated annually, at the end of the year, irrespective of whether there is an indication of impairment.

Changes in goodwill during 2008 and amount of goodwill by segment

During the year, the total goodwill of Ruukki Group increased by approximately EUR 52.4 million to EUR 87.2 million, as compared to the end of financial year 2007. The main components contributing to this change are described herein.

Goodwill split by segment on 31 December 2008 and 31 December 2007 and changes during 2008:

EUR ‘000	31 Dec 2008	%	31 Dec 2007	%	Change
Continuing operations					
Sawmill Business	0	0.0%	6 554	18.8%	-6 554
House Building	25 418	29.1%	19 518	56.0%	5 900
Minerals	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**

Increases

» EUR 5.4 million due to acquisition of Junnikkala Oy (July)

» EUR 5.9 million due to add-on acquisition of 9.9% of the shares in the House Building business’s parent company (September)

» EUR 61.8 million due to the acquisition of the Minerals business segment (October)

Decreases

» EUR 1.5 million due to divestment of Metal Industry subsidiary (January)

» EUR 5.7 million due to divestment of Care Services segment (July)

» EUR 11.8 million due to impairment of Sawmill Business segment’s goodwill (September)

» EUR 1.7 million due to impairment of Furniture Business segment’s goodwill (September)

Related to certain acquisitions carried out, there are earn-out liabilities which are conditional upon future years’ results of the target entity. The amounts of earn-outs are revised when the actual target company results are finalised or in case there is reason to believe that the original assumptions and forecasts used for the determination of these earn-outs have changed. Changes made in earn-outs only affected the amount of goodwill to a minor extent during 2008; however, for future financial periods, changes in earn-outs can have major significance especially due to the Minerals business acquisition finalised in the fourth quarter of 2008.

Goodwill as a ratio of Group equity has been the following on 31 December 2008 and 31 December 2007:

EUR '000	31 Dec 2008	31 Dec 2007
Goodwill	87 248	34 882
Equity	356 710	411 650
Goodwill/ Equity, %	24%	8%

Impairment on other assets during 2008

During 2008, the Group has recognised impairment losses, in excess of those applied to goodwill, as follows:

» For the balance sheet date 30 September, impairments of fixed assets of the Furniture Business segment totalling EUR 6.4 million were recognised, of which EUR 2.4 million related to land and buildings, EUR 3.6 million to machinery and equipment and EUR 0.4 million to intangible assets. Later in the financial year, the Group partially sold its shares in the Furniture Business segment's subsidiary, and based on this, at the end of 2008 this fixed assets' write-down was partially reversed for a total amount of EUR 5.2 million.

» Related to Ruukki Group's Russian Kostroma investment project preparations, in Q1/2008 EUR 0.7 million and in Q2/2008 EUR 1.1 million of impairment losses were realised. On 30 September, an impairment of EUR 7.8 million was recognised on the assets under construction related to the Russian sawmill projects' equipment and related design work. Furthermore, on 31 December, EUR 8.2 million additional write-downs were recognised on those sawmill assets.

» For the balance sheet date 31 December, impairments of Finnish Sawmill Business segment assets amounting to close to EUR 8.5 million were recognised, of which EUR 0.0 million related to goodwill, EUR 1.2 million to intangible assets and EUR 7.3 million to machinery and equipment.

» The value of shares in associated companies was written down by about EUR 0.4 million.

The methodology applied in impairment testing

For all cash generating units, which have been tested for impairment, the value in use has been calculated by discounting estimated future net cash flows that have been based on the conditions and assumptions prevailing at the time of the testing. Future cash flows have been projected for a 5-year period, after which a conservative zero percent growth assumption has been used. For the terminal year after the 5-year estimation period, the essential assumptions (revenue, variable costs and fixed costs) have been based at the estimation period's last year figures excluding inflation adjustments. For the Russian investment project, a net realisable value approach has also been applied, somewhat as a benchmark, since the project's implementation and its timing were uncertain at the time of the testing.

The weighted average cost of capital (WACC) has been calculated separately for each segment and testable asset taking into account unit-specific risk factors, each businesses typical capital structures, investors' average required rate of return for similar investments and company size and operational location related factors, as well as the prevailing risk-free interest rates and required margins for debt financing.

These pre-tax discount rates used in the 31 December impairment testing were the following:

Segment	Pre-tex discount rate	
	31 Dec 2008	30 Sep 2008
Sawmill Business	12.8%	13.8%
House Building	12.6%	12.9%
Russian Investment Projects	15.5%	-
Furniture Business	-	15.8%
Minerals	17.8%	-

The results of impairment testing have been evaluated by comparing the cash generating units' recoverable amount to the corresponding carrying amount based on the following judgment rules:

Recoverable amount/ Carrying amount	Conclusion
< 0%	Impairment
1-20%	Slightly above
21-50%	Clearly above
> 51%	Significantly above

Results of the impairment testing carried out on 31 December 2008

The results of the impairment testing were the following:

Segment	Goodwill (EUR '000)	Total carrying amount (EUR '000) *	Conclusion
Sawmill Business	40	62 806	Impairment
House Building	25 418	24 251	Significantly above
Russian Investment Projects	-	17 077	Impairment
Minerals	61 830	174 626	Slightly above

* Total carrying amount in the table above = goodwill + intangible and tangible assets + net working capital

Sensitivity analysis of the impairment testing

The Group has analysed the sensitivity of the impairment testing results by estimating how the essential assumptions should change in order for the recoverable value to be equal to the corresponding carrying amount. The results of this sensitivity analysis as of 31 December are shown below:

Segment	Discount rate (WACC) change (% units, compared to the level used in testing)	Free cash flow change (on average, compared to the used estimated values)	Segment's average EBIT margin change (% units)
Sawmill Business	-3.9%	+15.6%	+1.0%
House Building	+19.6%	-48.0%	-7.5%
Russian Investment Projects	-3.8%	+92.4%	+2.7%
Minerals	+1.2%	-3.8%	-1.2%

Summary of impairment losses

During the financial years 2008 and 2007 the Group has realised the following impairment losses by segment

EUR million	2008	2007
Sawmill Business	-20.4	-
House Building	-	-
Russian Investment Project	-17.8	-
Furniture Business (net)	-2.8	-0.6
Minerals	-	-
Other	-	-0.4
Total	**-41.0**	**-1.0**

During the financial years 2008 and 2007 the Group has realised the following impairment losses by type of asset:

EUR million	2008	2007
Land and buildings	-11.5	-0.3
Machinery and equipment	-19.5	-0.5
Reversal of fixed assets' impairment	+5.2	-
Intangible assets	-1.6	-0.0
Goodwill	-13.6	-0.2
Total	**-41.0**	**-1.0**

COMMITMENTS AND RISKS

COMMITMENTS AND CONTINGENT LIABILITIES

Mortgages and guarantees pledged as security

On 31 December 2008, the Group companies had given business mortgages as collateral for loans and other liabilities totalling approximately EUR 18.5 million (31 December 2007: EUR 13.3 million). Of the parent company's EUR 4.2 million business mortgages, EUR 1.7 (1.7) million had been pledged as security with external financial institutions on 31 December 2008. Real estate mortgages amounted to approximately EUR 13.5 (11.1) million. The Group's parent company has given a total of EUR 5.6 (5.0) million in direct-liability absolute guarantees for the financing of Group companies. The segments' parent companies had given, to secure their subsidiaries' financing, pledges to external parties totalling EUR 0.0 (0.3) million. Moreover, the Group companies had given cash deposits totalling altogether EUR 3.7 (1.0) million as a security for their commitments. Machinery financing typically involves the acquired machinery to be pledged as a guarantee with the debt repayment. The Group's long term machinery financing liabilities totalled EUR 3.3 (2.3) million at the end of 2008. With the mortgages and guarantees given to the company's third parties, mainly to Finnish financial institutions, the Group companies have received loans that, in turn, have been used either for financing acquisition, capital expenditures or working capital needs.

Covenants included in the Group's financing agreements

Some of the Group's debt financing agreements include covenants tied to the Group's or individual Group companies' solvency or profitability ratios, or have covenants that restrict the payment of the Group companies' liabilities to the parent company, or that require the parent company not to divest significant parts of the business operations without first consulting the financier.

Investment commitments

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 that is planned to be constructed in Russia, and due to expanding the domestic sawmills' kiln capacity and efficiency. In addition, the Group subsidiary Oplax Oy has unpaid investment commitments of EUR 2.0 million at the end of 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.

Earn-out liabilities related to acquisitions

Earn-out liabilities related to acquisitions carried out by the Group have been activated on the Group's financial statements, and presented in the consolidated balance sheet as short-term or long-term debt based on the contractual obligations as to the date of payment. The earn-out liabilities on the balance sheet as of 31 December 2008 are mainly dependant upon future financial periods' results, so the exact amount to be paid as earn-outs will be finalised only in the future and based on the results of the acquired entities; hence the amounts recognised on the balance sheet at year-end are based on estimates. The earn-outs will be paid partially in cash and partially in Ruukki Group Plc shares.

Since the Group sold its Care Services business during the financial year 2008, and since there were earn-out liabilities related to that business, the earn-out liabilities are not reflected in Group liabilities anymore.

The Sawmill Business area's long-term earn-out liabilities as of 31 December 2008 are based on

In the Group's Wood Processing businesses, there are earn-out liabilities related to the acquisitions of Tervolan Saha ja Höyläämö Oy (Sawmill Business, acquired 2006), Junnikkala Oy (Sawmill Business, acquired 2008) and Pohjolan Design-Talo Oy (House Building business, increase in stake acquired during 2008) in the following way (the corresponding amounts at year-end 2007 are shown in brackets):

EUR million	Sawmill Business	House Building	Total
Short-term liabilities	0.3 (0.5)	1.1 (0.0)	1.4 (0.5)
Long-term liabilities	12.3 (0.7)	0.9 (0.0)	13.2 (0.7)
Total liabilities	**12.6 (1.2)**	**2.0 (0.0)**	**14.6 (1.2)**

Presented are the following long-term earn-out liabilities related to the Minerals business acquisition in October 2008 (RCS Ltd, Türk Maadin Sirketi A.S. and Elektrowerk Weisweiler GmbH) and based on future profits:

Company	Estimated earn-out liability, EUR million	Estimated time of payment	Other
RCS Ltd and Türk Maadin Sirketi A.S.	50.8	2010, 2011, 2012, 2013 and 2014	Earn-out to be paid in Ruukki Group Plc shares
Elektrowerk Weisweiler GmbH	8.2	2018	Based on assumption that Ruukki Group Plc would buy Elektrowerk Weisweiler shares in cash by exercising its options
Total	**59.0**		

estimated future results of the acquired entity and, moreover, on the assumption that related to Junnikkala Oy, the call options held by Ruukki Group or put options held by the minority owners will be executed in full, even though at the end of 2008 there are no resolutions on it by either party. The minority shareholders in Tervolan Saha ja Höyläämö Oy have call options, which can be exercised between 1 Oct - 31 Dec 2009. If these options would be exercised in full, Ruukki Group's subsidiary would have to sell an 11.42% stake (current ownership of the Group at 91.42%) in Tervolan Saha ja Höyläämö Oy to the minority shareholders at a price which equals the Group's purchase price per share added with an inflation adjustment factor.

Related to the acquisition of RCS Ltd and Türk Maadin Sirketi A.S, Ruukki Group Plc has issued 73,170,731 option rights to the seller, Kermas Ltd, based on Extraordinary General Meeting's resolution on 28 October 2008. These options can be exercised only on condition that the companies acquired generate positive net results, and are based on EUR 2.30 per share exercise price with a dividend adjustment mechanism. Based on estimates at the end of 2008, as confirmed by Ruukki Group Plc's Board of Directors, for 2009 – 2013 net profits of the acquired entities, and assuming a maximum dividend adjustment of the share purchase agreements, altogether 39,725,720 shares are estimated to be given as earn-out payment to the seller. The fair value of these shares has been determined to be EUR 1.28 per share based on the market price of the share on 28 October 2008, the date of the company's Extraordinary General Meeting.

The total earn-out to be realised in the future can deviate from the amount estimated, in case the net results of the acquired companies in 2009 – 2013 deviate from the estimated results; or in case Ruukki Group Plc's dividend distribution is not equal to the amount estimated; or in case Ruukki Group Plc would exercise the put option on Türk Maadin Sirketi A.S.'s shares. Since the maximum amount of the earn-out is capped at the total amount of option rights issued, Ruukki Group Plc's total earn-out liability cannot exceed 73,170,731 shares. Hence, in addition to the amounts activated on the 31 December 2008 balance sheet, the total additional earn-out payments of the acquisition of RCS Ltd and Türk Maadin Sirketi A.S, are capped at 33,445,011 shares, which at EUR 1.28 per share valuation equals about EUR 42.8 million.

In case the combined net profit of RCS Ltd and Türk Maadin Sirketi A.S. is negative during 2009 – 2013 (considered on annual basis separately for each year), then the seller is obliged to pay back Ruukki Group Plc 50% of the losses in cash as a refund of the purchase consideration.

There is no resolution as to the exercise of option rights related to Elektrowerk Weisweiler GmbH. Moreover, the exercise price of the option rights on that company is not fixed in advance; however, the exercise price will be based on fair value of Elektrowerk Weisweiler GmbH, which will be separately determined in the future. In the consolidated balance sheet on 31 December 2008, Ruukki Group Plc has assumed that option rights would be exercised in 2018. The nominal exercise price has been determined by using judgment and a valuation model.

Rental agreements

Liabilities associated with rental and operating lease agreements totalled some EUR 3.1 million (31 Dec 2007: EUR 14.0 million). In the future, no material changes in these rental liabilities are expected. At the end of the previous financial year, a significant amount of the rental liabilities were allocated to Care Services and Furniture Businesses, which have been divested during the financial year 2008. Consequently the amount of rental liabilities has decreased. Typically the rental agreements maturity varies between three to eight years, and normally there is possibility to continue these agreements after the end of original maturity date. For these contacts, their price indexing, renewing and other terms differ contract by contract. As guarantee for these rental agreements, the Group companies have made cash deposits for approximately EUR 0.1 million at year-end.

Other liabilities and commitments

Certain Group companies have entered into agreements that oblige them to make raw material purchases in the future with fixed terms - typical in their line of business. A supplier has received a guarantee totalling EUR 0.1 (0.1) million for obligations of a Group company.

Collaterals given by Ruukki Group Plc
(note to parent company's financial statements, FAS)

Collaterals for the company's own behalf

EUR '000	31 Dec 2008	31 Dec 2007
Corporate mortgage	1 682	1 682
Pledged subsidiary shares	7 936	9 263
Other collaterals	943	1 423

Guarantees for Group companies

EUR '000	31 Dec 2008	31 Dec 2007
Payment guarantees for subsidiaries	7 250	23 961
Pledges for subsidiaries' liabilities	2 500	2 000

The amount of payment guarantees above is the maximum amount; their realization in full is unlikely in the opinion of the company's management.

EUR '000	Credit limit in use/loan 31 Dec 2008	Maximum liability 31 Dec 2008	Maximum liability 31 Dec 2007
Guarantees given to financial institutions for group companies' financing limits:			
Guarantees for bank guarantee limits	0	0	1 400
Guarantees for equipment financing	2 042	2 744	1 840
Factoring	0	0	0
Guarantees given to financial institutions for Group companies' loans			
Bonds	2 786	2 875	1 764
Total	**4 827**	**5 619**	**5 004**

Ruukki Group Plc's rental and leasing liabilities were on 31 Dec 2008 in some EUR 0.6 (0.8) million, of which about EUR 0.3 (0.2) million will mature in less than one year and the rest in 1-5 years.

RISKS

The Board of Directors of Ruukki Group Plc has outlined the main risk categories of the Group in the Board of Directors' Report. In the following section, more detailed information will be presented; first on the short-term risk outlook for the Group; and second, on the financial and commodity risks with the related sensitivity analyses as well.

RISKS AND UNCERTAINTIES AT THE END 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 the wood processing industry, but exposed itself to the sector's commodity price risks on the other. 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, it is dependant on the competence of the key employees in the acquired businesses. In general, the economic downturn facilitates finding competent personnel; however, there might still be bottlenecks geographically since many of the Group's operations are in remote locations and need specialist resources with knowledge of the Group's business units' operations.

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

Based on its own studies and surveys, the Group has no knowledge of any environmental risks or changes in environmental requirements that relate to its businesses in excess of what is already recognised as a liability in the Group balance sheet. However, the Group might face some additional environmental liabilities, or there might be changes in regulations that 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 started during 2008 in which the financial sector was one major trigger. Even though Ruukki Group currently has strong net cash position, if the availability or terms of external financing remain inadequate for longer than expected it can have a major adverse effect on the implementation of the Group's strategy, on its future growth and on the implementation of mergers or acquisitions. Moreover, the uncertainty in the capital markets 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 the assumptions of the 2009 average price development, exchange rate development, production and sales volumes, and projections on needed investments and financing. If there are any deviations between the forecasted and realised values of the forecast parameters, then the Group's or its segments' EBITDA might not be in line with the guidance.

In the Sawmill Business, major short-term risks and uncertainties relate to customer demand and the development of market prices. If the capacity utilisation has to be cut even further, it can have an adverse effect on profitability since losing benefits from economies of scale typically increase average production costs per unit. If the Finnish or Swedish pulp industry closes more of its capacity, it could affect both the availability of logs and also the revenue from chip sales. However, should bio energy, related to the utilisation of sawmills' side products like chips in energy generation, become more lucrative, it could alleviate the situation and even create a new source of revenue for sawmills. The market prices of emission rights can also have some - though not major - effects on the Group's Sawmill Business's profitability. If there are any public sector changes to taxes, laws, required safety measures or any other similar issues, these can increase the costs of the sawmills. Since Ruukki Group's sawmills have also been selling sawn timber products to the Finnish furniture manufactures, including Incap Furniture, any further slowdown in this specific business can affect the 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; if any major benefits can be achieved, it will only have a positive effect on short- and longer-term results. Also, the changes in foreign exchange rates can have major impact on the Group's Sawmill Business segment's performance, as 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, input costs have been rising rather than falling over the past months; 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 the Group's ferrochrome businesses is, to a large extent, dependant on the global demand for special grade stainless steel on which the ferrochrome is one key raw material. Currently, there is major uncertainty as to when and how the demand will recover from its present low tide. The Group's Minerals business segment's management expects the demand to pick up in the second half of 2009; however, if not, 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 the exchange rate, which can affect the realised Euro-denominated prices. Since chrome metal and indirectly nickel can be determined as substitutes for ferrochrome, the prices of these commodities can also affect the pricing of ferrochrome in 2009. Due to the large-scale availability of chrome ore from various Turkish or other suppliers, any adverse change in the Group's Turkish mining operations can probably be compensated with some delay.

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, the Ruukki Group as a buyer or the sellers will exercise the call or put options. There are options in both the Sawmill Business (Junnikkala, Tervolan Saha ja Höyläämö) and the Minerals business segments (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 the total purchase consideration is for these transactions, both related to options' exercise prices and also related to earn-out purchase components, as they can only be verified when the prices are finally settled.

RISK MANAGEMENT

Management of strategic and operative risks

Ruukki Group has, in 2008 and 2007, operated in various businesses, which has diversified the Group's total risk. For example, the rise in sawn wood prices has been enhancing the profitability of the Sawmill Business segment; however, at the same time, it has had negative effect on the profitability of the Group's Wood Processing businesses. Moreover, since the relative significance of export has increased, the impact of changes in any single market is lower than previously. Ruukki Group Plc's Board is responsible for the comprehensive management of strategic risks.

Long-term planning and a flexible business model play a key role in managing operative risks. Moreover, the larger size of the Group will enhance the level of risk tolerance. Via new investment projects, the Group will be exposed to project management risks to larger extent than previously, which is targeted to be facilitated by education, expert resources and thorough planning. Due to the decentralised and heterogenic business structure, each business unit's role in managing operative risks has been very central in the past; most probably, more centralised approaches will be applied in 2009.

The success of the Group's business is also dependant upon recruitment and holding on to professional and motivated personnel. As the Ruukki Group's operations have been growing, the relative importance of any one key employee has decreased. The dependence on key persons is thus lower than before. On the other hand, however, the changes in strategic focus and the targeted international expansion will bring about specific competence requirements. In order to commit the key employees at Group headquarters, there are share-based incentives schemes in place, for example. In addition, part of the business unit management does have earn-out structures in place.

The damage and liability risks are covered by insurances. To an applicable extent, Group has used insurances brokers and international insurance experts to build insurance packages that are needed to fulfil risk management needs.

The internal audit function, whose practical operations have been outsourced to an external specialist, is for its part, involved in ensuring the implementation of risk management activities and the appropriate follow-up on business processes and instructions.

Management of financial risks

In its normal operations, the Group is exposed to various financial risks. The objective of Group risk management is to minimise the adverse effects of the changes in the financial markets on the Group's result. The main financial risks are foreign exchange rate, interest rate, liquidity and credit risks.

The general risk management principles are accepted by Ruukki Group Plc's Board of Directors and monitored by its audit committee; the management of the business segments is responsible for the implementation. The Group has not, for the time being, had a centralised Group risk management organisation, but has decided to centralize its treasury functions during 2009 in order to centrally manage risks and in order to utilise economies of scale. When analysing risks Group's financial and operational information is utilized, and the Group has not used e.g. VaR (Value at Risk) tools for risk measurement.

Group's operations expose the Group and its business units to the following market risks:

(i) foreign exchange rate risk
(ii) interest rate risk
(iii) credit risk
(iv) liquidity risk
(v) commodity risks

(i) Foreign exchange rate risk

The Group operates internationally and has, during 2008, diversified its operations out of Finland into, e.g. Turkey and Malta. The Group thus has foreign exchange rate risks to an increasing extent both directly via the outstanding commercial cash flows and currency positions, as well as indirectly via the changes in competitiveness between various competitors in the relevant product markets. For the 2009 financial year, the translation risk, when converting foreign subsidiaries' financial statements into euros, can also significantly affect the Group's Euro-denominated financial performance.

During 2008, based on developments in Russian operations, the Group's exposure to the rouble has decreased. The Group has also taken active steps to decrease its exposure to the rouble, which has been depreciating in value for the last few months. Consequently, at the end of 2008, the Group's direct exposure to the rouble was only mi-

In the following tables, the currency composition of receivables and debt, and changes thereby vis-à-vis the previous year-end, are presented. At the balance sheet date of 31 December 2008, the major open foreign exchange rate risk related to EUR/JPY currency forwards. Correspondingly, on 31 December 2007 the major balance sheet currency risk related to change in the Euro value of the rouble-denominated cash and deposits.

Currency exposure of receivables and liabilities (at contractual currency) on 31 Dec 2008

('000)	EUR	RUB	JPY	USD	Other currencies, total in EUR*
Trade receivables	14 960		26 791	2 135	282
Loans and other receivables	225 022	50 177	42 977	4 095	13
Trade payables	-12 699			-1 991	
Other liabilities	-201 131			-249	-29
Currency derivatives			-1 800 000	-500	
Net position	**26 152**	**50 177**	**-1 730 232**	**3 490**	**266**
Currency exposure, net in currency		50 177	-1 730 232	3 490	
Currency exposure, net in EUR	26 152	1 215	-13 717	2 508	266

* other currencies = GBP, TRY, SEK; converted into Euro at 31 Dec 2008 exchange rate

Currency exposure of receivables and liabilities (at contractual currency) on 31 Dec 2007

('000)	EUR	RUB	JPY	USD
Trade receivables	18 239		89 369	337
Loans and other receivables	135 813	1 013 437	0	0
Trade payables	-12 370	-870		
Other liabilities	-71 258	-464		
Currency derivatives			-140 000	
Net position	**70 424**	**1 012 103**	**-50 631**	**337**
Currency exposure, net in currency		1 012 103	-50 631	337
Currency exposure, net in EUR	70 424	28 125	-239	236

nor. Indirectly, the Group is exposed to the rouble risk via the indirect consequences to market prices of its Wood Processing businesses in Finland and abroad.

In the Sawmill Business segment, the relative importance of exports is quite high, and can increase in the near future if the domestic House Building business does not recover from the clear slowdown in demand. Historically, the Japanese yen-denominated export cash flows have been the single most important source of foreign exchange rate risk in the Sawmill Business segment. However, the Group is considering changing the pricing into the Euro also for this market, which diminishes the direct foreign exchange rate risks. Based on excessive hedging of commercial cash flow risks and on deep appreciation of Japanese yen during the latter half of 2008, the Sawmill Business segment realised EUR 2.7 million losses in its currency forwards, which was only, to minor extent, offset by the corresponding commercial yen cash flows. In addition, at the end of 2008, the Group's Sawmill Business segment subsidiary had EUR 2.5 million of unrealised foreign exchange rate losses. All of these positions were closed at the beginning of 2009 causing an additional EUR 1.0 million of losses, with realised losses amounting to EUR 3.5 million. Partially based on these developments, the Group will, for 2009, establish centralized treasury operations and will most probably tie its sales much more directly to the Euro. The Sawmill Business segment also has in increasing volumes sales and purchases from Sweden, denominated in SEK, which directly affects the Euro cash flows, and indirectly the competitiveness towards Swedish competitors.

The effect on 31 Dec 2008 balance sheet's currency denominated items by changes in foreign exchange rates vis-à-vis the rates used in the Group balance sheet consolidation is presented below. To the extent that the Group has internally financed foreign subsidiaries with foreign currency loans, these loans have, in accordance with the IAS 21 standard, been presented as long-term investment into the subsidiary, and therefore the corresponding foreign exchange rate difference has been recognised as conversion difference in the Group equity until the loans have been paid back. Due to the increase in market volatility in 2008, the range of change has been widened to +/- 20%; the Group used +/- 10% in a similar sensitivity analysis a year before.

Sensitivity analysis, Group balance sheet on 31 Dec 2008

('000)	RUB	JPY	USD	GBP
Cash in currency	50 177	42 977	4 095	13
Receivables in currency	0	26 791	2 135	267
Payables in currency	0	0	-1 991	-16
Net receivables in currency ('000)	**50 177**	**69 768**	**8 221**	**296**
At 31 Dec 2008 exchange rate:				
Net receivables in EUR ('000)	1 215	553	5 907	311

Sensitivity analysis compared with the actual conversion rates

('000)	EUR/RUB	EUR/JPY	EUR/USD	EUR/GBP
Change in currency value vs. euro				
20% strengthening	33.03	100.91	1.11	0.76
15% strengthening	35.09	107.22	1.18	0.81
10% strengthening	37.15	113.53	1.25	0.86
5% strengthening	39.22	119.83	1.32	0.90
0% no change	41.28	126.14	1.39	0.95
-5% weakening	43.35	132.45	1.46	1.00
-10% weakening	45.41	138.75	1.53	1.05
-15% weakening	47.48	145.06	1.60	1.10
-20% weakening	49.54	151.37	1.67	1.14
The effect of the change in currency rates compared with the actual rates	Change in balance sheet value, EUR '000			
20% strengthening	304	138	1 477	78
15% strengthening	214	98	1 042	55
10% strengthening	135	61	656	35
5% strengthening	64	29	311	16
0% no change	0	0	0	0
-5% weakening	-58	-26	-281	-15
-10% weakening	-110	-50	-537	-28
-15% weakening	-159	-72	-770	-41
-20% weakening	-203	-92	-984	-52

In the Minerals Business segment, the Group has subsidiaries abroad, and hence is directly exposed to fluctuations in, e.g. Turkish lira. Moreover, since the global ferrochrome market's pricing is, to major extent, based on US dollar, the Group is also exposed to changes in the EUR/USD exchange rate. The changes in exchange rates can indirectly change the competitive position of the Group or affect the purchase prices of its raw materials, since most of the competitors or suppliers operate in non-Euro areas.

The Group management's view is that the currency distribution at the balance sheet date does not necessarily describe the real direct or indirect foreign exchange rate risk, since the year-end situation does not fully reflect the average situation during the ended or coming financial years. Furthermore, should the Group's businesses expand into new geographical areas during the coming years, the foreign exchange rate risks will thus, presumably, increase considerably. Generally, the Group's foreign exchange rate risks increased during 2008 over 2007, and they are expected to increase also in the future.

(ii) Interest rate risk

The Group is exposed to interest rate risk when the Group companies take loans or make other financing agreements or deposits and investments related to liquidity management. Moreover, changes in interest rates can indirectly affect the conditions in which the business units operate since, for example, the demand for ready-to-move-in houses is dependant upon the prevailing interest

The short-term receivables of the Group are mainly fixed rate deposits made for predetermined periods of varying lengths. The Group revenue and operative cash flows are mainly independent of the changes in market interest rates. The split of interest-bearing debt and receivables, also classified into fixed rate and floating rate instruments, were the following on the balance sheet dates 31 December 2008 and 31 December 2007:

EUR '000	31 Dec 2008	31 Dec 2007
Fixed rate instruments		
Financial assets (including mutual funds)	221 527	184 367
Financial liabilities	-3 030	-4 475
Fixed rate instruments, net	**218 497**	**179 892**
Variable rate instruments		
Financial assets (including mutual funds)	27 795	173 472
Financial liabilities	-33 157	-35 474
Variable rate instruments, net	**-5 362**	**137 998**
Interest bearing net debt	**213 135**	**317 890**
(+ = net receivable; - = net debt)		

rate level and the customers' possibilities to get debt financing. In addition, the changes in interest rates can influence the profitability of investments or the changes can alter the fair values of Group assets via the IFRS impairment tests.

To manage interest rate risks, the Group uses both fixed and floating rate debt instruments and, when needed, derivative instruments such as interest rate swaps. The Group also aims to match the loan maturities with the businesses' needs and to have the maturities spread over various periods, whereby the Group's interest rate risks are somewhat diversified. Floating rate financing is mainly tied to 3–12 months Euribor interest rates, the changes of which will then influence the Group's total financing cost and cash flows.

In a separate section covering the impairment testing, a sensitivity analysis is presented on the changes in impairment tests' values due to changes in interest rates used in the calculations. One component that affects the used weighted average cost of capital is the market interest rate and the changes in it. Any changes in the impairment tests' outcome can change the Group's financial result and assets' value on the Group balance sheet.

In the following table, the rough effect on the Group's income statement by changes in market interest rates is presented should the deposits' and loans' interest rates change. The changes in interest rates have been taken into account in the floating rate items. The following sensitivity analysis is illustrative in nature and primarily takes into account the forthcoming twelve-month period, if the periods' balance sheet structure would be equal to that of 31 December 2008. Therefore, the analysis is primarily applicable to assessing the variation in the 2009 financial year's interest income and expenses. Moreover, any potential acquisition or investment can alter the Group's capital structure to a major extent. Due to the increase in market volatility in 2008, the range of change has been widened to +/- 200 basis points, whereas the Group used +/-100 basis points in the similar sensitivity analysis a year ago.

Sensitivity analysis: Effect on changes in interest rate on interest expense and income, Group balance sheet 31 Dec 2008

Average chane in average interest rate for 2009 compared with the interest rates on 31 Dec 2008, percentage points, % p.a.	change EUR '000 interest income full year	change EUR '000 interest expense full year	change EUR '000 net effect full year
-2.00%	-4 985	663	-4 322
-1.50%	-3 739	497	-3 241
-1.00%	-2 492	332	-2 161
-0.50%	-1 246	166	-1 080
0.00%	0	0	0
0.50%	1 246	-166	1 080
1.00%	2 492	-332	2 161
1.50%	3 739	-497	3 241
2.00%	4 985	-663	4 322

Main assumptions:

- interest rates for deposits and loans change simultaneously as market rates change, ie. both are based on market rates, however the interest rate of fixed rate deposits and loans remains unchanged
- the amount of loans and deposits remains unchanged the whole year (compared with the balance sheet 31 Dec 2008)
- the interest rates of deposits and loans in differrent currencies change simultaneously as market rates change, and the changes are parallel
- all Group companies and the amounts of their deposits and loans on 31 Dec 2008 are constant and they are taken into account for full financial year of 12 months
- the change of interest rate for cash and liquidity deposits is taken into account
- it should be taken into account that in the reality the changes of the euribor rates for loans and for deposits do not materialise at the beginning of the next year, therefore most probably the effect would be slightly less, even if the interest rate change would take place 1 Jan 2009

(iii) Credit risk

Credit risk can be realised when the counterparties in commercial, financial or other agreements cannot take care of their obligations and thus cause financial damage to the Group. The Group's operational policies define the creditworthiness requirements for customers and for counterparties in financial and derivate transactions, as well as the principles followed when investing liquidity. In all the major sales agreements, the counterparty's creditworthiness information is checked.

Due to the general economic downturn, credit risk has increased; however, so far, the Group has not faced any major risk due to this reason. The Furniture Business, partially disposed of at the end of 2008, had a customer concentration risk which had negative implications in the business but will not affect the Group's credit risk in the future.

The House Building segment gets prepayments from its customers in accordance with the completion rate of the houses, which clearly diminishes potential credit risks.

The Sawmill Business segment has two major market segment concentrations: the domestic house building industry and the Japanese export market. Changes in demand in these market areas can considerably affect the segment's profitability if no other customers from other segments can be found to replace the lost sales. While the Group's Pallet Business has a sizable dependence on a few major customers, written delivery agreements covering the period up until 2011 essentially decrease the risk. In export operations, the business segment has partially covered the credit risk with credit insurance.

The Minerals business's customers are major international steel companies with whom there are typically long business histories. Since the customers represent one sector of industry, major changes in that industry's profitability could increase the credit risk; furthermore, the payment terms of the Minerals business are typically quite short.

In its commercial operation, the Group does not have any other substantial concentrations of credit risk at the end of 2008 since there are many customers who are geographically widely spread. In addition, the Group only sells with credit to those companies that have good creditworthiness.

During the 2008 financial year, Ruukki Group impaired its loan receivable (total value less than EUR 0.1 million) from one of its associates due to the financial status of the associated company and the probability of payback and its expected payback time. Moreover, the value of all loan and other receivables related to the Furniture Business, in which the Group has 48.3% stake, have been fully written down on 31 December 2008 . After year-end, the Furniture Business company applied for official restructuring procedure due to severe difficulties in the company's financial situation and future outlook which was approved by the local court; hence it has been assumed that the probability of getting back any capital or interest on capital is extremely low.

The Board of Directors of Ruukki Group Plc has determined a cash management policy for the Group's parent company, according to which the excess cash reserves are deposited for a short-term only and with sound financial institutions with which the Group has had business relations. These reserves are diversified into a number of counterparties so that a single entity can have a maximum of 40% share of total deposits. The credit rating of the counterparties is analysed constantly. The exposure to foreign currencies at the end of 2008 was very minor, since the deposits were almost fully denominated in the Euro.

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 Dec 2008, EUR million	% of cash and interest-bearing receivables, 31 Dec 2008
AA- (Standard&Poors, long-term), multiple banks	Finland	116.2	50%
BBB (Fitch, 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%**

During the financial year, credit losses booked through the profit and loss account were not significant. The maximum credit risk is equal to the balance sheet value of the receivables as of 31 December 2008, and is split in the following way:

EUR million	31 Dec 2008	31 Dec 2007
Interest-bearing		
Cash and cash equivalents	45.4	48.5
Held-to-maturity investments, short-term	186.5	131.3
Receivable from related party	16.4	1.4
Other interest-bearing receivables	0.9	3.1
Assets-held-for-sale (mutual funds)	0.0	173.5
Interest-bearing, total	249.2	357.8
Non-interest bearing		
Trade receivables	17.0	18.9
Current prepayments and accrued income	16.9	4.3
Other short-term receivables	2.9	4.2
Long-term receivables	3.9	0.2
Non-interest-bearing, total	40.7	27.6
Total	**289.9**	**385.4**

The maturity distribution of the Group debt was the following at the balance sheet date:

31 Dec 2008

EUR '000	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Secured bank loans	27 317	-32 846	-3 882	-4 111	-10 017	-11 387	-3 449
Unsecured bank loans	4 480	-5 308	-797	-716	-1 027	-2 193	-576
Convertible loans	0	0	0	0	0	0	0
Finance lease liabilities	6	-6	-6	0	0	0	0
Trade and other payables	113 545	-118 805	-54 733	-900	-19 605	-43 564	-3
Bank overdraft	4 367	-1 906	-1 472	-57	-94	-283	0
Derivatives							
Currency derivatives							
Outflow	-2 527	-3 498	-3 498	0	0	0	0
Inflow	0	0	0	0	0	0	0
Interest rate swaps	0	0	0	0	0	0	0
Total	**147 187**	**-162 370**	**-64 388**	**-5 784**	**-30 743**	**-57 427**	**-4 028**

31 Dec 2007

EUR '000	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Secured bank loans	31 931	-36 976	-8 059	-3 030	-4 649	-10 363	-10 875
Unsecured bank loans	1 553	-1 984	-68	-39	-1 138	-739	0
Convertible loans	0	0	0	0	0	0	0
Finance lease liabilities	3 321	-3 321	-410	-410	-626	-1 877	0
Trade and other payables	42 454	-42 713	-38 788	-1 552	-922	-741	-710
Bank overdraft	3 704	-4 799	-130	-107	-214	-643	-3 704
Derivatives							
Currency derivatives							
Outflow	-839	-4 055	-4 055	0	0	0	0
Inflow	4	849	489	0	0	0	0
Interest rate swaps	161	161	17	36	72	36	0
Total	**82 291**	**-92 839**	**-50 644**	**-5 102**	**-7 477**	**-14 327**	**-15 289**

(iv) Liquidity risk

The Group constantly assesses and monitors the investment and working capital needs and financing so that the Group has enough liquidity to serve and finance the operations and to pay back loans. The availability and flexibility of financing are targeted to be guaranteed by using multiple financial institutions in the financing and financial instruments, and to agree on financial limit arrangements. Cash flow forecasts on both incoming and outgoing cash flows are taken into account when the Group companies make decisions on liquidity management and investments as well as when they plan short-term and long-term financing needs.

Since the Group's net cash position was strong at the end of 2008, there are no major short-term challenges to secure the Group's liquidity; however, in the Sawmill Business segment, which is in principal capital-intensive, there might be some needs to restructure the financing packages. At the end of 2008, the Group did not have any major revolving or other unused credit facilities in place.

If liquidity risks would be realised, it would probably cause overdue interest expenses and may make co-operation with goods and services suppliers more difficult. Consequently, the pricing and other terms for input goods and services and for financing could be affected.

(v) Commodity risks

The Group is exposed to price risks on various output and input products, materials and commodities. Also, securing the availability of raw materials, without any major discontinuation, is essential to the industrial processes.

The price risks on input materials and commodities are managed by pricing policies so that changes in input materials and commodities could be moved into sales prices. This, however, is not always possible or there might be delays due to contractual or competitive reasons.

The Group's units that have industrial production operations are exposed to the availability, quality and price fluctuations in raw materials and commodities. To diminish these risks, the Group's business units try to enter into long-term agreements with known counterparties; however, in certain industries like the Minerals business, this is not possible due to the tradition and practice of the business. The Group's Sawmill Business segment has, during the financial years 2008 and 2007, increased the relative importance of its own procurement of logs. For the most part, as it is not possible or economically feasible to hedge commodity price risks in the Group's business sectors with derivative contracts, the Group does not have any commodity derivate contracts in place as of 31 December 2008.

In the following table, the effect of changes in the Sawmill Business segment's sales prices of end-products and purchase prices of logs are illustrated under various capacity utilisation rates. It should be taken into account that by-products (like chips) are not included, and that since the Group's sawmills sell their products to the Group's House Building and Pallet businesses, the net effect of consolidated Group results should typically be somewhat different from the figures given below. Logs present roughly two thirds of production costs and thus have a substantial effect to the EBITDA margin. As far as the capacity utilisation rate is concerned, it must also taken into account that if the capacity utilization rate would be lowered, it typically would increase the cost per output unit, since fixed costs would be stable at least for the short-term; however, this would normally decrease the capital tied in working capital. Also, the product mix can change, which is not taken into account in the table.

Sensitivity analysis: Effect of changes in sawn timber sales prices and log purchase prices to Group EBITDA

Change in sales price compared to Dec 2008 average price			Change in full year EBITDA			
EUR '000			500,000 m^3/a full capacity	375,000 m^3/a 75% capacity	250,000 m^3/a 50% capacity	125,000 m^3/a 25% capacity
	211.20	20%	17 600	13 200	8 800	4 400
	202.40	15%	13 200	9 900	6 600	3 300
	193.60	10%	8 800	6 600	4 400	2 200
	184.80	5%	4 400	3 300	2 200	1 100
EUR/m^3	176.00	0%	0	0	0	0
	167.20	-5%	-4 400	-3 300	-2 200	-1 100
	158.40	-10%	-8 800	-6 600	-4 400	-2 200
	149.60	-15%	-13 200	-9 900	-6 600	-3 300
	140.80	-20%	-17 600	-13 200	-8 800	-4 400

Change in log purchase price compared to Dec 2008 average price			Change in full year EBITDA			
EUR '000			500,000 m^3/a full capacity	375,000 m^3/a 75% capacity	250,000 m^3/a 50% capacity	125,000 m^3/a 25% capacity
	64.45	20%	-11 815	-8 861	-5 908	-2 954
	61.76	15%	-8 861	-6 646	-4 431	-2 215
	59.08	10%	-5 908	-4 431	-2 954	-1 477
	56.39	5%	-2 954	-2 215	-1 477	-738
EUR/m^3	53.71	0%	0	0	0	0
	51.02	-5%	2 954	2 215	1 477	738
	48.33	-10%	5 908	4 431	2 954	1 477
	45.65	-15%	8 861	6 646	4 431	2 215
	42.96	-20%	11 815	8 861	5 908	2 954

The effect of changes in the sales price of ferrochrome to the Group's EBITDA is illustrated below, assuming that the EUR/USD rate would be constant. Since the products are effectively priced in USD, the exchange rate changes could have a major effect on the Group's EBITDA in Euro. Full capacity for simulation purposes is set at 30,000 t/a. In ferrochrome production, a number of raw materials are used, including chrome ore concentrate and ferrosilicochrome. Electricity usage is also substantial, and hence changes in electricity prices have a significant effect on profitability; typically, the electricity price does not correlate perfectly with changes in commodity prices. However, in practice, the purchase prices of the main raw materials typically change to the same direction as the sales prices, even though the correlation is not perfect and the timing might differ. Therefore, the net effect on the Group's EBITDA most probably would be lower than shown below.

Sensitivity analysis: Effect of changes in ferrochrome sales prices to Group EBITDA

Change in Sales price compared to January 2nd price			Change in full year EBITDA			
EUR '000			30,000 tn/a full capacity	22,500 tn/a 75% capacity	15,000 tn/a 50% capacity	7,500 tn/a 25% capacity
	3.3	20%	18 297	13 722	9 148	4 574
	3.1625	15%	13 722	10 292	6 861	3 431
	3.025	10%	9 148	6 861	4 574	2 287
	2.8875	5%	4 574	3 431	2 287	1 144
USD/lb Cr	2.75	0%	0	0	0	0
	2.6125	-5%	-4 574	-3 431	-2 287	-1 144
	2.475	-10%	-9 148	-6 861	-4 574	-2 287
	2.3375	-15%	-13 722	-10 292	-6 861	-3 431
	2.2	-20%	-18 297	-13 722	-9 148	-4 574

Main assumptions regarding sawn timber:

- Sales price is equal to December 2008 average pine and spruce export price from Finnish Customs statistics/Woodnotes
- Full capacity of the sawmills assumed to be 500,000 m^3 of sawn timber products / year
- Purchase price of logs is based on Metla December 2008 statistics (average price of spruce and pine, Finland average)
- Log yield (input-output) is assumed to be 2.2 times the output value
- Mix of wood assumed to be 50% spruce and 50% pine
- Effect of the chip sales price and prices of other sawmill by-products excluded
- Effect of the exchange rates excluded, direct and indirect

Main assumptions regarding ferrochrome:

- Sales price is equal to the 2 January 2009 high end price (quote in Metal Bulletin)
  - Ferrochrome 0.10% C, average 68-70% Cr major European destinations $/lb Cr
  - Highest price was 2.75 USD/lb Cr
- Average chrome content of 70% assumed
- USD/EUR rate on 31 Dec 2008 fixed at 1.3917 (Bank of Finland)
- Full capasity is assumed to be 30,000 tn / year

RELATED PARTY TRANSACTIONS

Group structure 31 December 2008

Group company name and domicile	Group ownership and share of votes (%)	Ruukki Group Plc direct ownership and share of votes (%)
Sawmill Business		
Ruukki Yhtiöt Oy, Espoo	100.00	100.00
Ruukki Wood Oy, Espoo	100.00	0.00
Ruukki Invest Oy, Espoo	100.00	0.00
OOO Ruukki Invest Rus, Kostroma, Russia	100.00	0.00
OOO Ruukki Harvest, Kostroma, Russia	100.00	0.00
OOO Ruukki Lesopilnyj Zavod, Kostroma, Russia	100.00	0.00
OOO Agroprodservis, Kostroma, Russia	100.00	0.00
Utawood Oy, Utajärvi	96.70	0.00
Lappipaneli Oy, Kuusamo	100.00	0.00
Tervolan Saha ja Höyläämö Oy, Keminmaa	91.42 *	0.00
VK Timber Oy, Kittilä	91.42 *	0.00
Junnikkala Oy, Kalajoki	51.02 **	0.00
Pyyn Liikehuoneisto Oy, Oulainen	51.02 **	0.00
Oplax Oy, Oulu	100.00	100.00
PSL Räinä Oy, Rovaniemi	100.00	0.00
House Building		
Pohjolan Design-Talo Oy, Oulunsalo	100.00	100.00
Nivaelement Oy, Nivala	100.00	0.00
RG Design-Talotekniikka Oy, Ii	70.10	0.00

* Minority stakeholders of Tervolan Saha ja Höyläämö Oy have a call option to buy back a maximum of 11.6% of the Tervolan Saha ja Höyläämö shares from Ruukki Yhtiöt Oy during the last quarter of 2009. In case the minority stakeholders will exercise the maximum amount of call options, Ruukki Group's ownership will fall to 80.0%.

** Ruukki Group has a call option and Junnikkala Oy's minority shareholders a put option to carry out transactions after which Ruukki Group would have all shares of Junnikkala Oy. The vesting period of the options begins partly in spring 2009 (call) and partly in spring 2011 (put/call) and ends in spring 2013 for all options. Ruukki Group controls 51.02% of the shares and 51.06% of the voting rights of Junnikkala Oy.

Group structure 31 December 2008

Group company name and domicile	Group ownership and share of votes (%)	Ruukki Group Plc direct ownership and share of votes (%)
Minerals Business		
Ruukki Holdings Ltd, Valletta, Malta	100.00	99.93
RCS Ltd, Valletta, Malta	100.00	99.93
Türk Maadin Sirketi A.S., Istanbul, Turkey ***	98.75	98.75
TH Ören Madencilik TAO, Istanbul, Turkey	73.08	0.00
Metal ve Maden ic ve Dis Pazarlama Tic Ltd, Sti, Istanbul, Turkey	97.76	0.00
Elektrowerk Weisweiler, GmbH Eschweiler-Weisweiler, Germany ****	0.00	0.00
Other Group companies		
Alumni Oy, Espoo	100.00	100.00
Balansor Oy, Espoo	99.99	99.99
Hirviset Group Oy, Espoo	100.00	100.00
Rekylator Oy, Helsinki	100.00	100.00

*** Ruukki Group Plc holds a put option on the shares of Türk Maadin Sirketi A.S. to sell the shares at any time until 28 October 2010 at their purchase price.

**** Elektrowerk Weisweiler GmbH is consolidated into Ruukki Group in accordance with SIC-12 principles as described in the accounting policies of the consolidated financial statements. Ruukki Group Plc also has a call option from 1 January 2014 to 31 March 2014 to acquire all the shares of Elektrowerk Weisweiler GmbH.

Related party transactions

Ruukki Group Plc defines the related party consisting of:

» companies or entities having common control or considerable voting power in Ruukki Group
» subsidiaries
» associates
» Ruukki Group Plc's and the abovementioned entities' top management

Ruukki Group's management, its significant shareholders and Group companies' management might, as private individuals or through companies or entities directly or indirectly controlled by them, or with other parties having considerable control or voting power, have transactions classified as related party transactions with any companies belonging to Ruukki Group. As well their close family members might, as private individuals or through companies or entities directly or indirectly controlled by them, or with other parties having considerable control or voting power, have transactions classified as related party transactions with any companies belonging to Ruukki Group. These individuals or entities might also have had existing agreements or business operations with Ruukki Group companies prior to the date that Ruukki Group has obtained control in the entities.

The IAS 24 standard defines top management as those company employees that have direct or indirect power, authority and responsibility to affect company operations planning, management and control functions. This definition includes board members and company top management team.

In addition to the above mentioned salaries, Alwyn Smit has altogether 2,900,000 Ruukki Group Plc option rights based on which a total of EUR 55 thousand has been recognised as options expenses in the Group 2008 income statement (2007: EUR 0). The previous CEO Vikkula had, in addition to the above mentioned and based on his CEO contract, a synthetic option arrangement and 300,000 free shares received as incentive on which a total of EUR 484 thousand has been recorded according to IFRS 2 standard as expenses in the income statement (EUR 411 thousand). For Deputy CEOs Kivimaa and Havia, a total options expense of EUR 339 thousand was recognised in 2008 (EUR 165 thousand).

The main terms of the CEO agreement signed with Alwyn Smit on 11 September 2008 are the following:

» a fixed monthly gross salary of EUR 30,000 (both for CEO and for Board Chairman duties)
» a bonus salary, based on targets set by the Board in advance including share price development over agreed time frame, so that the annual bonus salary is capped at 24 months' gross salary
» based on the EGM resolution in October 2008, altogether 2,900,000 option rights with EUR 2.30 exercise price per share (with dividend adjustment): subscription period for 1,450,000 shares is 1 Oct 2009 – 31 Dec 2015 and for 1.450.000 shares 1 Oct 2010 – 31 Dec 2015; if the CEO resigns on his initiative the company has the unilateral right to cancel the options
» since Alwyn Smit is not a citizen of the EU area nor lives in the EU area, the company has the

Related party transaction with persons belonging to group board and management

Finnish accounting legislation, KPA 2:8 § 4 mom disclosure requirement

EUR '000	2008		2007	
	Salaries	Fees	Salaries	Fees
Borman Thomas, Board member 11.7.2008 - 2.8.2008				
Danielsson Fredrik, Board member 26.4.2006 - 20.4.2007				2
Havia Jukka, Deputy CEO 12.9.2008 onwards	48			
Haapanen Mikko, Board member 26.4.2006 - 31.3.2008		2		6
Honkala Timo, Board member 26.4.2006 - 12.6.2007				3
Hoyer Thomas, Board member 7.10.2008 onwards		14		
Hukkanen Esa, Board member 11.7.2008 onwards *	79	28	81	
Kankaala Markku, Board member 30.6.2003 onwards		47		6
Kivimaa Antti, Group CEO until 31.8.2007, CEO's deputy 1.9.2007 - 12.9.2008, Deputy CEO 12.9.2008 onwards	161		162	
Koncar Danko, Board member 31.3.2008 - 11.7.2008		17		
Lainema Matti, Board member 26.4.2006 onwards, Chairman 1.9.2007 - 11.7.2008		28		8
Manojlovic Jelena, Board member 11.7.2008 onwards		28		
McConnachie Terence, Board member 7.10.2008 onwards		14		
Mäkelä Kai, Board member 10.2.2000 onwards, Vice Chairman 26.4.2006 - 31.3.2008		2		9
Pelkonen Arno, Board member 20.4.2007 - 24.1.2008		1		3
Poranen Timo, Board member 20.4.2007 - 11.7.2008		33		21
Ryzhkov Konstantin, Board member 31.3.2008 - 11.7.2008		17		
Smit Alwyn, Board member 31.3.2008 onwards, Chairman 11.7.2008 onwards, Group CEO 12.9.2008 onwards	120	96		
Vikkula Matti, Board member 7.6.2005 onwards, Chairman 6.4.2006 - 31.8.2007, Group CEO 1.9.2007 - 31.7.2008	1 237		1 640	6
Vilppula Ahti, Board member 7.6.2005 - 11.7.2008		12		5
Total	**1 645**	**338**	**1 883**	**69**

* Salaries from financial years 2007–2008 include the salary from Business Development Director's position.

Of the above items, accrual-based and unpaid salaries and fees totalled about EUR 44 thousand on 31 Dec 2008 (about EUR 5 thousand on 31 Dec 2007).

obligation to arrange insurance coverage to match the Finnish TyeL pensions system, but not to provide for any extra pensions and pension age benefits

- the company is obliged to arrange Smit life, travel and occupational health insurances
- an annual vacation totalling 5 weeks
- non-competition, being valid also six months after the CEO agreement has been terminated
- in case the employer terminates the agreement, six months notice period and the notice period pay is applied; if the CEO terminates the agreement the notice period is three months

Based on their membership in the Ruukki Group Plc Board, the Board members received a total of EUR 323 thousand as Board membership fees during 2008 (EUR 51 thousand). In addition, on other basis, the Board members received fees totalling EUR 15 thousand (EUR 18 thousand).

Management remuneration includes the individuals detailed above as well as other Ruukki Group Plc management**:**

Management remuneration
IAS 24.16 disclosure

EUR '000	2008	2007
Short-term remuneration	2 813	1 391
Pensions (TyeL)	329	139
Total	**3 142**	**1 530**

The information above includes IFRS 2 based options expenses and other similar share-based expenses a total of EUR 878 thousand in 2008 (EUR 576 thousand). The numbers also include ex-CEO Matti Vikkula's non-recurring resignation costs.

For the Group companies' managing directors and Board members, a total of EUR 1,110 thousand has been paid as salaries and board membership fees in 2008 (EUR 807 thousand). In addition, as additional pension insurance payments a total of EUR 26 thousand has been paid to these persons (EUR 120 thousand).

The segment level parent companies are the following:

Ruukki Yhtiöt Oy; Sawmill Business/sawn timber
Oplax Oy; Sawmill Business/pallets
Pohjolan Design-Talo Oy; House Building
Ruukki Group Plc; Minerals Business

For many Ruukki Group acquisitions, future earn-out structures, based on future profitability of target companies, have been typical. These earn-out liabilities have been settled either by cash or by Ruukki Group Plc's own shares. Within these annual accounts there is a separate section where earn-out structures are written out in more detail. All future related conditional earn-out payments have been estimated and that estimated amount has been booked in the balance sheet as non-interest bearing short-term and long-term debt.

Paid/accrued earn-outs
On the period on which earn-outs are based

EUR '000	2007	2008	2009	2010	2011	2012	2013	2014
Jelena Manojlovic, Ruukki Group Plc Board Member → via Danko Koncar (Kermas Limited)				5 059	12 473	10 015	11 109	12 194
Segment management, and their related parties, total		215	72					
Other Ruukki Group employees and their related parties, total	790	627	489					
Total	**790**	**841**	**561**	**5 059**	**12 473**	**10 015**	**11 109**	**12 194**

Certain Ruukki Group Plc's Board members and Group companies' management team members are and/or have been, either directly or through entities controlled by them, counterparties in acquisitions where there are earn-out structures to be settled either in cash or in Ruukki Group Plc's shares. Of the unsettled earn-out liabilities on 31 December 2008, EUR 50.8 million will be settled in Ruukki Group Plc's shares and the remaining in cash.

OTHER RELATED PARTY TRANSACTIONS IN 2008

Purchase of RCS Limited and Türk Maadin Sirketi A.S.

Based on the 28 October 2008 resolutions by the Extraordinary General Meeting, Ruukki Group Plc paid Kermas Ltd EUR 80 million in cash as purchase consideration for the acquisition of its chrome ore and ferrochrome businesses. In addition, Ruukki Group Plc granted Kermas Ltd a total of 73,170,731 option rights related to potential future earn-out consideration, whose payment is conditional upon the financial performance of the acquisition targets for the financial years 2009 - 2013. Earn-out is paid to Kermas Ltd in Ruukki Group Plc's shares, if the combined net result of the acquired RCS Ltd and Türk Maadin Sirketi A.S. is positive. In case the combined net result is negative, Kermas Ltd returns Ruukki Group Plc payment in cash. The amount of earn-out, and also the payback, is 50% of the net result, and it is calculated annually. In conjunction with the transaction, Ruukki Group Plc and Kermas Ltd have also entered into a management agreement, which is valid until 31 December 2013 and under which Kermas Ltd provides its know-how and assistance in relation to the business operations of the acquired companies.

Kermas Ltd is a major shareholder in Ruukki Group Plc, and also has, as part of the previously described transaction, acquired in its own name 15,000,000 Ruukki Group Plc's shares with a five-year lock-up commitment.

Other acquisitions and divestments with related parties

During the third quarter, Ruukki Group Plc acquired 9.9% of the shares in Pohjolan Design-Talo Oy, parent company of Ruukki Group's House Building business, from its Managing Director Kimmo Kurkela. The cash consideration agreed upon totalled approximately EUR 6.1 million, of which EUR 4.2 million was paid to Mr. Kurkela during the financial year 2008.

Ruukki Group sold, during the third quarter, 80.6% of Group's subsidiary Selka-line Oy to its managing director.

Financing arrangements

During the first quarter, the Group's parent company made a EUR 10.0 million short-term deposit so that the counterparty in the transaction was a company controlled by a related party. The capital and accrued interest of EUR 0.1 million were fully paid back during the first quarter.

Option rights related to the Sawmill Business segment's acquisition

In January, Ruukki Group's Sawmill Business segment's subsidiary Ruukki Yhtiöt Oy acquired a 51% majority stake in Junnikkala Oy. As a part of the arrangement, a shareholders' agreement was signed, according to which Ruukki Yhtiöt Oy has call options and Junnikkala Oy's minority stakeholders have put options regarding the remaining 49% minority ownership. As collateral for these options, Junnikkala Oy's minority stakeholders have pledged the shares in question.

Ruukki Yhtiöt Oy has a call option for an 11.4% stake in Junnikkala Oy so that the call option can be exercised from 1 March 2009 to 31 March 2009. With this call option, it is also possible, if Ruukki Yhtiöt Oy so requires and if all required conditions are met, that Junnikkala Oy would acquire part of these shares. As regards the shares of the other minority shareholders, altogether 37.6% of Junnikkala Oy's shares, Ruukki Yhtiöt Oy has call options with about two years' exercise period beginning two weeks after the 2010 financial statements are finalised and ending two weeks after the 2012 financial statements are finalised. Junnikkala Oy's minority shareholders have put options for their shares, totalling approximately 49%, with about two years' exercise period beginning two weeks after the 2010 financial statements are finalised and ending two weeks after the 2012 financial statements are finalised.

Earn-out payments to related parties

Ruukki Group's Sawmill Business segment's parent company Ruukki Yhtiöt Oy paid about EUR 0.4 million in cash as earn-out payments to the sellers of Tervolan Saha ja Höyläämö Oy.

Dividend payout to related parties

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

Loans to related parties

Ruukki Group Plc had, on 31 December 2008, an interest-bearing long-term receivable, with no collateral backing, from the company's ex-CEO for an outstanding amount of EUR 1.4 million, including capital and accrued interest.

A Group subsidiary had a short-term receivable amounting to EUR 0.8 million from a company controlled by a related party of Ruukki Group Plc.

Elektrowerk Weisweiler GmbH, of which Ruukki Group owns no shares but which has been consolidated into the Group based on SIC-12 interpretation, had on 31 December 2008 a EUR 15.0 million receivable from Kermas Ltd, the parent company of Elektrowerk Weisweiler and a major shareholder in Ruukki Group Plc. The accrued interest on 31 December 2008 on this loan totalled EUR 0.3 million.

Consultancy and other fees to entities controlled by related parties

Ruukki Group Plc paid a total of about EUR 0.2 million in 2008 as consultancy fees and other expenses to companies controlled by individuals being related parties of the Group.

Transactions with associated companies

Relating to the preparations of Ruukki Group's Russian sawmill project, the Group's subsidiary has temporarily used, starting in the summer of 2008, transportation and warehousing services partially provided by an associated company minority-owned by Ruukki Group Plc. The Group's subsidiary has paid some EUR 0.4 million for these services during 2008.

Other related party transactions

A Sawmill Business segment's company purchased timber raw material for about EUR 0.3 million during financial year from a company controller by persons belonging to the related party of that company.

A subsidiary of House Building business area sold, during 2008, services to companies controlled or managed by the management of the subsidiary for a total value of close to EUR 0.3 million and, to a minor extent, also bought some services from those companies.

During the financial year, the Group's Russian subsidiary paid about EUR 0.2 million as rent for its premises to a related party.

During 2008, the Group's House Building segment made an agreement to deliver 31 wooden holiday houses to a company controlled by related parties. The total value of this delivery, including value added tax, was about EUR 4.3 million. Related to this transaction, the Group's House Building segment had approximately EUR 0.9 million receivable on 31 Dec 2008. The Group company had received a real security from the customer as collateral for receivables.

OTHER RELATED PARTY TRANSACTIONS IN 2007

Acquisitions and divestments

Ruukki Group Plc paid about EUR 0.3 million to a person belonging to Metal Industry sub group's management when acquiring Metal Industry's parent company's shares in autumn 2007.

Ruukki Group Plc sold its associate's Valtimo Components Oyj's shares to an entity controlled by a person belonging to the associate's management. The acquisition cost totalled approximately EUR 0.1 million.

From the sale of 9.9% of the shares of a subsidiary in House Building business segment carried out in 2006, the managing director who bought the shares paid, according to the agreement, an acquisition cost of close to EUR 0.4 million which was presented as a receivable on the balance sheet on 31 December 2006.

The Furniture Business segment company Incap Furniture Oy's subsidiary, consolidated to Ruukki Group's Furniture Business segment in February 2007, acquired Incap Furniture Oy shares from persons previously belonging to the company's management with a total of about EUR 0.1 million.

Property transactions

A subsidiary in Ruukki Group's Sawmill Business segment carried out property transactions by which the subsidiary acquired, with a EUR 0.5 million cash consideration, the land plots rented by a sawmill business unit and in the use of the sawmill from a real-estate company controlled by the subsidiary's management.

Earn-out payments

Ruukki Group Plc's Annual General Meeting decided on 20 April 2007 to carry out a free directed share issue to the sellers of Pan-Oston Oy and Lappipaneli Oy, in order to settle the fiscal year 2006 related earn-outs for these companies. Therefore, a total of 598,285 new shares were issued.

Ruukki Group's Sawmill Business segment's parent company, Ruukki Yhtiöt Oy, paid about EUR 0.8 million in cash as earn-out payments to the sellers of Tervolan Saha ja Höyläämö Oy.

Dividend payout

Ruukki Group Plc paid to the management and Board members, and their close family members, and entities controlled by them in total about EUR 1.6 million in dividends in 2007. Moreover, less than EUR 0.1 million was paid to segment level management and to other persons being employed by and being a related party of Ruukki Group companies. Ruukki Group's subsidiaries paid dividends in total of approximately EUR 1.4 million to the minority shareholders of the subsidiaries in question.

Financing arrangements

In the 2007 share issue, Ruukki Group's management, their close family members, or entities controlled by them, acquired new Ruukki Group Plc shares in cash for a total of EUR 101.7 million. Moreover, these previously mentioned parties converted their subordinated convertible loans into equity worth of EUR 0.7 million. The interest paid to related parties for this loan totalled less than EUR 0.1 million in 2007.

Loans to related parties

In September, Ruukki Group Plc granted Matti Vikkula a long-term loan, with no collateral, of close to EUR 1.4 million to finance his purchase of the company shares as a part of his incentive scheme. Ruukki Group Plc had, on 31 December 2007, approximately EUR 1.5 million in loan and other receivables from persons belonging to the Group management or entities controlled by related parties, including the previously mentioned loan and the accrued interest on it.

Consultancy fees to entities controlled by related parties

Ruukki Group Plc paid a total of close to EUR 0.1 million in 2007 as consultancy fees to companies controlled by individuals being related parties of the company.

Other related party transactions

A person belonging to Ruukki Group's Sawmill Business area's management made an agreement with Ruukki Group's House Building business area regarding a delivery of a prefabricated house, of which this person has made prepayments of close to EUR 0.1 million in 2007. A Sawmill Business segment's company purchased timber raw material from the related party of a person belonging to the management worth of less than EUR 0.1 million in 2007 and, in addition, from persons, who during previous accounting periods have been sellers in share transactions by which a company later consolidated to Ruukki Group acquired a subsidiary, worth of about EUR 0.2 million.

OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G1. Revenue

EUR '000	2008	2007
Continuing operations		
Sale of goods	154 344	125 608
Rendering of services	2 058	2 770
Construction contracts	2 263	0
	158 665	**128 378**
Discontinued operations		
Sale of goods	78 506	68 716
Rendering of services	10 190	16 816
	88 696	**85 532**
Total	**247 361**	**213 910**

G2. Other operating income

EUR '000	2008	2007
Gain on disposal of property plant and equipment	294	149
Gain on disposal of investments	841	6
Government grants	6	97
Insurance compensations	1 785	5 778
Other	693	844
Total	**3 620**	**6 874**

G3. Employee benefits

EUR '000	2008	2007
Salaries and wages	-29 841	-25 183
Share-based payments	-395	-576
Pensions defined contribution plans	-5 117	-4 482
Other employee related costs	-2 006	-1 796
Total	**-37 358**	**-32 037**

Average personnel during the accounting period by segment

	2008	2007
Sawmill Business	193	106
House Building	113	120
Minerals Business	69	0
Other operations	43	54
Discontinued operations	495	587
Total	**913**	**866**

Personnel at the end of the accounting period by segment

	2008	2007
Sawmill Business	202	112
House Building	99	118
Minerals Business	404	0
Other operations	16	53
Discontinued operations	0	675
Total	**721**	**958**

Retirement benefit obligation

EUR ‘000	2008	2007
Defined benefit obligation	13 082	0
Fair value of plan assets	1 966	0
Retirement benefit obligation	11 116	0

Movements in defined benefit obligation

EUR ‘000	2008	2007
Opening Balance 1 Jan	0	0
Business Combinations	11 116	0
Closing Balance 31 Dec	11 116	0

Defined benefit pension plans (Germany)

The majority of the Group’s pension plans are defined contribution plans for which total expense of EUR 5.1 million has been recognised in the income statement for 2008. In addition, the Group’s German subsidiary has defined its benefit plans. The obligations relating to these plans have been defined by actuarial calculations. The pension scheme is arranged by recognising a provision on the balance sheet. The pension plan in question has been transferred to the Group in consequence of a business combination carried out on 31 October 2008. The present value of the obligation, less the fair value of the plan’s assets, totalled EUR 11.1 million on 31 December 2008. The Group has considered that the value on 31 December also corresponds with the amount of obligation on the day of acquisition. Therefore, no cost has been recognised for the plan during 2008. In the future financial years, the Group shall apply the ‘corridor method’ for measuring the actuarial gains and losses. The Group does not possess the assets of the pension plans.

Of the 2008 impairment losses, EUR 17.8 million are related to changes in the Russian investment project preparations. As a result of the general economic situation and changes in financial markets, the Sawmill Business segment recognised EUR 20.4 million as impairment and, correspondingly, the Furniture Business, which was not consolidated into the Group at the balance sheet date, recognised impairment losses of EUR 2.8 million. In addition, the value of loan receivables of the associated companies was written down by less than EUR 0.1 million. Of the 2007 impairment losses, EUR 0.6 million are related to the Furniture Business segment's buildings and machinery that were destroyed by fire. Moreover, EUR 0.4 million impairment losses for tangible and intangible assets were recognised based on impairment testing.

Principal assumptions of the actuarial valuations

	2008	2007
Discount rate	5.85%	-
Expected retirement age	65	-
Expected return on plan assets	5%	-
Expected rate of salary increase	3%	-
Inflation	2.25%	-

Moreover, mortality expectancy in accordance with the German 'Richttafeln 2005 G' has been applied in valuations. The expected pension increases are in line with German pension legislation. The Group expects that in the 2009 financial year, the expense for the defined benefit plan of EUR 0.8 million will be recognised in the income statement.

G4. Depreciation, amortisation and impairment

EUR '000	2008	2007
Depreciation by asset category		
Intangible assets		
Trade marks (IFRS3)	-141	-183
Clientele (IFRS3)	-5 435	-1 722
Other intangible assets	-243	-328
Total	**-5 818**	**-2 233**
Property, plant and equipment		
Buildings and constructions	-1 859	-1 296
Machinery and equipment	-6 034	-4 322
Other tangible assets	-456	-171
Total	**-8 349**	**-5 789**
Impairment by asset category		
Buildings and constructions	-1 888	-274
Machinery and equipment	-24 012	-510
Goodwill	-13 526	-198
Clientele (IFRS3)	-1 567	-35
Other intangible assets	-41	-17
Total	**-41 034**	**-1 034**

G5. Other operating expense

EUR '000	2008	2007
Loss on disposal of property plant and equipment	-106	-1
Loss on disposal of investments	0	-577
Research and development expenditure	-5	-14
Rental costs	-3 788	-3 592
External services	-3 785	-4 136
Other	-19 895	-15 923
Total	**-27 579**	**-24 242**

G6. Finance income and expense

EUR '000	2008	2007
Finance income		
Income on assets available for sale	98	2 715
Interests from held-to-maturity investments	13 500	2 438
Interests from loans and trade receivables	1 363	1 717
Foreign exchange gains	1 983	3
Other finance income	29	19
Total	**16 972**	**6 891**
Finance expense		
Interests on loans	-3 071	-2 566
Impairment losses	-342	-135
Foreign exchange losses	-5 594	-202
Other finance expense	-1 424	-244
Total	**-10 431**	**-3 148**
Changes in fair value	**-2 800**	**-259**
Net finance income/expense	**3 741**	**3 484**

G7. Income taxes

EUR '000	2008	2007
Income tax for the period	-3 585	-6 505
Income tax for previous years	-228	-29
Deferred taxes	4 985	1 057
Total	**1 171**	**-5 478**

EUR '000	2008	2007
Profit before taxes	**-33 858**	**19 158**
Income tax calculated at income tax rate	**8 803**	**-4 981**
Tax exempt income	5 027	159
Difference between domestic and foreign tax rates	1 052	0
Income tax for previous years	-228	-29
Income from associates	148	-162
Impairment losses	-10 669	-147
Tax losses not recognised as deferred tax assets	-10 031	-327
Non-tax deductible expenses	-311	-504
Previously unrecognised tax losses now recognised	2 396	740
Change of deferred tax assets and liabilities and other adjustments *	4 985	-225
Total adjustments	**-7 632**	**-497**
Income tax recognised	**1 171**	**-5 478**

* other adjustments relate mainly to acquisitions and the items generated thereof as well as to the possibility of utilising group contributions only after the financial year following the year of acquisition.

G8. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to equity shareholders by the weighted average number of shares during the financial year.

When calculating diluted earnings per share, all convertible securities are assumed to be converted in preferred shares. The Group has had two types of securities with potential dilution effect: share options and convertible bond notes. All the convertible bond notes have been converted into shares during the financial year 2007. Share options have a dilution effect if the exercise price is lower than the share price. The diluted number of shares is the number of shares issued free of charge when share options are exercised, as with the funds received from exercising options, the company is not able to issue the same number of shares at fair value. The fair value of shares is based on the average share price of the period. Convertible bonds have been converted into shares and the profit has been adjusted for interest savings after tax.

In 2008, the basic earnings per share of the Company was negative, thus the diluted earnings per share is not presented, while it would be better than the basic (undiluted) earnings per share. However, the calculation method is described above.

	2008	2007
Profit attributable to equity shareholders (EUR '000)	-31 386	12 651
Weighted average number of shares, basic (1 000)	290 034	217 889
Basic earnings per share (EUR)	**-0.11**	**0.06**

	2008	2007
Profit attributable to equity shareholders (EUR '000)	-31 386	12 651
Interests for convertible bonds, adjusted with taxes (EUR '000)	0	25
Earnings used in calculation of diluted earnings per share (EUR '000)	-31 386	12 676
Weighted average number of shares, basic (1 000)	290 034	217 889
Shares deemed to be issued in respect of convertible securities (1 000)	15 142	3 542
Weighted average number of shares, diluted (1 000)	305 176	221 432
Diluted earnings per share (EUR)	**-0.11**	**0.06**

G9. Property plant and equipment

EUR '000	Land and water property	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Balance at 1 Jan 2008	669	18 635	28 653	1 394	49 351
Additions	0	2 489	35 607	308	38 404
Acquisitions of subsidiaries	1 284	12 088	17 353	11 300	42 024
Disposals of subsidiaries	-42	-9 586	-940	-131	-10 699
Disposals	-70	0	-920	-78	-1 068
Balance at 31 Dec 2008	1 841	23 627	79 753	12 791	118 012
Accumulated depreciation and impairment 1 Jan 2008	0	-2 100	-11 584	-446	-14 130
Depreciation	0	-1 859	-6 034	-456	-8 349
Impairment	0	-1 888	-24 012	0	-25 899
Accumulated depreciation and impairment 31 Dec 2008	0	-5 847	-41 630	-902	-48 378
Carrying amount 1 Jan 2008	**669**	**16 534**	**17 069**	**948**	**35 221**
Carrying amount 31 Dec 2008	**1 841**	**17 780**	**38 123**	**11 889**	**69 633**
Balance at 1 Jan 2007	130	5 226	17 088	969	23 412
Additions	497	214	4 107	306	5 124
Acquisitions of subsidiaries	42	13 203	8 298	188	21 731
Disposals	0	-9	-839	-68	-916
Balance at 31 Dec 2007	669	18 635	28 653	1 394	49 351
Accumulated depreciation and impairment 1 Jan 2007	0	-531	-6 752	-275	-7 557
Depreciation	0	-1 296	-4 322	-171	-5 789
Impairment	0	-274	-510	0	-784
Accumulated depreciation and impairment 31 Dec 2007	0	-2 100	-11 584	-446	-14 130
Carrying amount 1 Jan 2007	**130**	**4 695**	**10 336**	**694**	**15 854**
Carrying amount 31 Dec 2007	**669**	**16 534**	**17 069**	**948**	**35 221**

Machinery and equipment include the prepayments paid of them.

Under property there are assets purchased through finance leases as follows:

Equipment under finance lease

EUR '000	Machinery and equipment	Buildings	Total
31 Dec 2008			
Balance	84	0	84
Accumulated depreciation	-78	0	-78
Carrying amount	**6**	**0**	**6**
31 Dec 2007			
Balance	119	2 869	2 988
Accumulated depreciation	-56	-327	-383
Carrying amount	**63**	**2 542**	**2 605**

G10. Intangible assets

EUR '000	Goodwill	Intangible assets identified acc. to IFRS3	Other intangible assets	Total
Balance at 1 Jan 2008	35 915	7 922	2 034	45 871
Additions	5 918	0	835	6 753
Disposals	-241	-320	-214	-775
Acquisitions of subsidiaries	67 340	74 051	562	141 953
Disposals of subsidiaries	-7 125	-552	-696	-8 373
Balance at 31 Dec 2008	101 808	81 101	2 520	185 429
Accumulated amortisation and impairment 1 Jan 2007	-1 033	-3 357	-701	-5 091
Amortisation	0	-5 576	-243	-5 818
Impairment	-13 526	-1 567	-41	-15 135
Accumulated amortisation and impairment 31 Dec 2008	-14 559	-10 500	-985	-26 044
Carrying amount 1 Jan 2008	**34 882**	**4 565**	**1 333**	**40 780**
Carrying amount 31 Dec 2008	**87 248**	**70 601**	**1 536**	**159 385**
Balance at 1 Jan 2007	32 072	5 051	815	37 938
Additions	0	0	589	589
Disposals	-1 460	0	-191	-1 652
Acquisitions through business combinations	3 843	2 872	821	7 536
Balance at 31 Dec 2007	34 454	7 922	2 034	44 411
Accumulated amortisation and impairment 1 Jan 2007	-834	-1 418	-356	-2 608
Amortisation	0	-1 904	-328	-2 232
Impairment	-198	-35	-17	-250
Accumulated amortisation and impairment 31 Dec 2007	-1 033	-3 357	-701	-5 091
Carrying amount 1 Jan 2007	**31 237**	**3 633**	**459**	**35 328**
Carrying amount 31 Dec 2007	**34 882**	**4 565**	**1 333**	**40 780**

G11. Investments in associates

Movements in 2008, EUR '000	
1 Jan 2008	**1 702**
Disposals	
Orienteq Capital	-5
Share of profit	571
Dividends	-98
Impairment	-400
31 Dec 2008	**1 770**

Movements in 2007, EUR '000	
1 Jan 2007	**5 568**
Disposals	
Incap Furniture Oy	-133
Oplax Oy	-1 656
ID Express Oy	-3
Valtimo Components Oyj	-19
Share of profit	-623
Dividends	-1 433
Impairment	0
31 Dec 2007	**1 702**

EUR '000	Domicile	Balance sheet date	Assets	Liabilities	Revenue	Profit / loss	Ownership (%)
2008							
Arc Technology Oy	Helsinki	31 Dec 2008	976	643	182	77	37.4
Cybersoft Oy Ab	Tampere	31 Oct 2008	514	147	1 137	81	37.5
ILP-Group Ltd Oy *	Helsinki	30 Sep 2008	7 261	3 912	15 348	1 201	33.4
Incap Furniture Oy	Oulu	31 Dec 2008	22 244	30 266	78 506	-9 005	48.3
Loopm Oy	Helsinki	inactive					28.4
Rivest Oy	Helsinki	31 Dec 2008	16	15	52	-8	40.0
Sportslink Group Oy	Helsinki	inactive					25.0
Stellatum Oy	Helsinki	30 Nov 2008	347	320	1 120	-12	34.0
Valtimo Components Oyj	Valtimo	31 Dec 2007	2 314	2 926	2 395	-317	24.9
Widian Oy	Espoo	31 Dec 2007	806	1 031	722	1	39.6
			34 477	**39 259**	**99 462**	**-7 981**	
2007							
Arc Technology Oy	Helsinki	30 Nov 2007	710	389	1 523	206	37.4
Cybersoft Oy Ab	Tampere	31 Oct 2007	541	191	977	29	37.5
ILP-Group Ltd Oy *	Helsinki	30 Sep 2007	6 571	4 519	13 198	549	33.4
Lanux Oy	Helsinki	inactive					47.0
Loopm Oy	Helsinki	inactive					28.4
Orienteq Capital Oy	Helsinki	31 Dec 2007	42	34	330	31	30.0
Rivest Oy	Helsinki	31 Dec 2006	6	10	11	-5	40.0
SG Systems Oy	Helsinki	inactive					35.0
Sportslink Group Oy	Helsinki	inactive					25.0
Stellatum Oy	Helsinki	31 Dec 2007	286	224	1 410	65	34.0
Valtimo Components Oyj	Valtimo	30 Sep 2007	2 153	2 723	1 707	-274	24.9
Widian Oy	Espoo	30 Nov 2007	467	1 043	633	-349	39.6
			10 776	**9 134**	**19 789**	**252**	

* ILP-Group Ltd Oy group's figures at 30 Sep 2008; consolidated financial statements at 31 Dec 2008 not available when these statements have been prepared.

The balance sheet date of certain associates differs from the Group balance sheet date, since not all associated companies' financial statements were available when the Group financial statements were prepared. Certain associates are also inactive.

All subordinated loans are included in the associated companies' liabilities.

G12. Financial Assets

31 Dec 2008

EUR '000	Assets available-for-sale	Assets held-to-maturity	Loans and other receivables	Assets at fair value through profit and loss	Total
Non-current financial assets					
Non-current interest bearing receivables		957	19 469		20 427
Derivatives					0
Other financial assets	125		27		125
Current financial assets					
Current interest bearing receivables		186 485	518		187 003
Trade and other receivables			36 154		36 154
Other financial assets				133	133
Total financial assets	**125**	**187 442**	**56 141**	**133**	**243 841**

31 Dec 2007

EUR '000	Assets available-for-sale	Assets held-to-maturity	Loans and other receivables	Assets at fair value through profit and loss	Total
Non-current financial assets					
Non-current interest bearing receivables		304	1 682		1 986
Derivatives				161	161
Other financial assets	13				13
Current financial assets					
Current interest bearing receivables		131 361	102		131 462
Trade and other receivables			29 704		29 704
Shares in mutual funds	176 112				176 112
Total financial assets	**176 124**	**131 664**	**31 489**	**161**	**339 438**

Non-current receivables

EUR '000	31 Dec 2008	31 Dec 2007
Loan receivables	16 380	1 589
Deferred tax assets	2 815	1 136
Other receivables	3 089	7
Total	**22 284**	**2 732**

Balance sheet values of receivables closely correspond to the monetary value of maximum credit risk, excluding the fair value of received guarantees, in the potential case where the counterparties cannot fulfil their commitments. There is no significant credit risk concentration related to receivables.

G13. Deferred tax assets and liabilities

Movements in deferred taxes in 2008

EUR '000	31 Dec 2007	Recognised in P&L or deferred taxes from fair value adjustments	Recognised in equity	31 Dec 2008
Deferred tax assets:				
Unrealised expenses	379	1 058		1 437
Non-tax deductible depreciation	130	20		150
Pension liabilities		1 088		1 088
Translation difference	379		-379	
Group eliminations	180	-9	-32	139
Other items	67	-30	-37	0
Total	**1 136**	**2 127**	**-449**	**2 815**
Deferred tax liabilities:				
Assets at fair value in acquisitions	1 968	26 785		28 753
Accumulated difference between actual and tax deductible depreciation	1 442	988	-752	1 678
Financial assets and investments at fair value	142	-77		65
Other items	342	142		484
Total	**3 894**	**27 838**	**-752**	**30 979**

Movements in deferred taxes in 2007

EUR '000	31 Dec 2006	Recognised in P&L or deferred taxes from fair value adjustments	Recognised in equity	31 Dec 2007
Deferred tax assets:				
Unrealised expenses		379		379
Non-tax deductible depreciation		130		130
Translation difference			379	379
Group eliminations		107	73	180
Other items		30	37	67
Total	**0**	**646**	**490**	**1 136**
Deferred tax liabilities:				
Assets at fair value in acquisitions	1 487	-856	1 337	1 968
Accumulated difference between actual and tax deductible depreciation	531	-4	915	1 442
Financial assets and investments at fair value		142		142
Other items	38	304		342
Total	**2 056**	**-415**	**2 253**	**3 894**

The Group has booked the raw material inventories of sawmills to net realisable value, which had a total effect of EUR -0.5 million.

Prepaid expenses and accruals mainly relate to rental contracts, personnel expenses and accrued interest for loans. Balance sheet values of receivables closely correspond to the monetary value of maximum credit risk, excluding the fair value of received guarantees, in the potential case where the counterparties cannot fulfil their commitments. There is no significant credit risk concentration related to receivables.

G14. Inventories

EUR '000	31 Dec 2008	31 Dec 2007
Goods and supplies	8 296	6 437
Unfinished products	8 311	10 964
Finished products	22 690	9 707
Prepayments	1 121	2 527
Total	**40 419**	**29 635**

G15. Trade receivables and other current receivables

EUR '000	31 Dec 2008	31 Dec 2007
Trade receivables	16 988	18 917
Loan receivables	432	147
Interest-bearing receivables	86	131 462
Prepaid expenses and accrued income	16 915	4 295
Other receivables	2 250	6 345
Total	**36 672**	**161 166**

The aging of trade receivables on the balance sheet date

EUR '000	31 Dec 2008	31 Dec 2007
Not past due	10 139	13 061
Past due 0-30 days	4 597	4 644
Past due 31-60 days	1 374	915
Past due 61-90 days	473	80
Past due more than 90 days	405	63
Impairment	0	154
Trade receivables total	**16 988**	**18 917**

Construction contracts

Contracts in progress at the balance sheet date

EUR '000	31 Dec 2008	31 Dec 2007
Construction costs plus recognised profits	2 758	0
Progress billings	-1 787	0
Net	**972**	**0**
Gross receivables for constuction contracts	183	0

G16. Cash and cash equivalents

EUR '000	31 Dec 2008	31 Dec 2007
Cash and bank balances	45 413	48 279
Pledged deposits	1 118	1 720

Cash and cash equivalents in the cash flow statement:

EUR '000	31 Dec 2008	31 Dec 2007
Cash bank balances and deposit certificates	45 413	48 279
Short-term money market investments	0	248
Total	**45 413**	**48 527**

G17. Derivative agreements

EUR '000	31 Dec 2008	31 Dec 2007
Forward contracts contract values		
Foreign exchange forward contracts	14 759	853
Interest rate swaps	0	5 241
Other derivatives	1 030	3 195
Forward contracts fair value		
Foreign exchange forward contracts	-2 527	-2
Interest rate swaps	0	161
Other derivatives	893	-833

The maturity of foreign exchange rate and other derivatives is less than 6 months.

On the balance sheet date, the Group did not have any assets classified as held for sale. On the balance sheet for 31 December 2007, the assets and liabilities of Pan-Oston Oy are presented separately, classified as assets and liabilities held for sale. All of the shares of Pan-Oston Oy have been transferred to an external party in a transaction carried out on 2 January 2008. The sales price of the shares totalled EUR 3.0 million. The gain on disposal, approximately EUR 0.7 million, has been recognised in the income statement for 2008. Pan-Oston Oy has not been classified to any business segment and it is presented in the "Other operations".

G18. Assets and liabilities classified as held for sale

EUR '000	31 Dec 2008	31 Dec 2007
Non-current assets classified as held for sale		
Goodwill	0	1 460
Other intangible assets	0	21
Property, plant and equipment	0	73
Non-current assets classified as held for sale	**0**	**1 554**
Current assets classified as held for sale		
Inventories	0	459
Trade and other receivables	0	692
Cash and cash equivalents	0	188
Current assets classified as held for sale	**0**	**1 339**
Assets classified as held for sale	**0**	**2 893**
Liabilities associated with assets held for sale		
Leasing liabilities	0	6
Trade payables	0	232
Other current liabilities	0	347
Liabilities associated with assets held for sale	**0**	**585**

G19. Share capital

	Increase, EUR '000	Number of shares	Share capital, EUR '000
31 Dec 2006		**135 963 737**	**23 018**
Conversions of convertible bonds (13 Feb 2007)	621	139 615 737	23 639
Directed free issue (3 May 2007)	0	140 214 022	23 639
Conversions of convertible bonds (29 Jun 2007)	3	140 234 022	23 642
Share issue (29 Jun 2007)	0	270 234 022	23 642
Directed free issue (6 Jul 2007)	0	270 534 022	23 642
Share issue (18 Jul 2007)	0	290 034 022	23 642
31 Dec 2007		**290 034 022**	**23 642**
No changes	0	290 034 022	23 642
31 Dec 2008		**290 034 022**	**23 642**

Own shares

The Annual General Meeting held on 31 March 2008 authorised company's Board of Directors to acquire a maximum of 10,000,000 of the company's own shares and to transfer the acquired shares. This authorisation is valid until 31 March 2009. The Board resolved, based on the above mentioned authorisation, that Ruukki Group Plc was to acquire a maximum 10,000,000 company's own shares with the funds from the company's unrestricted shareholders' equity. Therefore, the acquisition of the shares reduces the company's distributable non-restricted shareholders' equity. The acquisition of the shares began on 5 November 2008 with the 10,000,000 shares being bought by 27 November 2008. The shares were acquired according to Section 5 of the Rules of Nasdaq OMX Helsinki related to the acquisition of a company's own shares and otherwise according to the rules related to the acquisition of the company's own shares.

The Extraordinary General Meeting held on 28 October 2008 authorised company's Board to acquire a maximum of 19,000,000 of the company's own shares. This authorisation is valid until 28 October 2010. Based on this authorisation, in December 2008 the Board decided to launch a trading plan, and thus the share buy-backs were started on 29 December 2008. Based on this trading plan, 19,000,000 of the company's own shares were acquired by 30 January 2009. The shares were acquired according to Section 5 of the Rules of Nasdaq OMX Helsinki related to the acquisition of a company's own shares and otherwise according to the rules related to acquisition of the company's own shares.

At the end of January 2009, the company held 29,000,000 treasury shares, which was equivalent to 9.999% of all the registered shares. On 3 February 2009, the Board of Directors decided to cancel the 29,000,000 shares it held. After the cancellation was registered on 17 February 2009, the company has not held any treasury shares. The company's subsidiaries do not hold any of Ruukki Group Plc's shares.

The Extraordinary General Meeting held on 24 February 2009 authorised company's Board of Directors to acquire a maximum of 26,000,000 of the company's own shares and to transfer the acquired shares. This authorisation is valid until 24 February 2010.

Share Issue Authorisations given to the Board of Directors

The Annual General Meeting held on 31 March 2008 decided to authorise the Board of Directors to decide on a share issue, as well as on granting option rights and other special rights giving entitlement to shares. At maximum, 50,000,000 new or existing shares, equalling 17.2% of the total number of shares outstanding at the end of 2008, may be issued by virtue of this authorisation. This authorisation is valid until 31 March 2009.

The Extraordinary General Meeting held on 24 February 2009 decided to authorise the Board of Directors to decide on a share issue and on the issuing of stock options and other special rights giving entitlement to shares. The authorisation replaces the authorisation given by the Annual General Meeting on 31 March 2008. 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 to 38.3% of the Company's registered number of shares on 17 February 2009. This authorisation is valid until 24 February 2010.

Other option rights

The Extraordinary General Meeting decided to issue a maximum 73,170,731 option rights to Kermas Limited related to an additional earn-out purchase consideration of an acquisition. The option rights entitle the recipients to subscribe for a maximum total of 73,170,731 new shares or shares that are in the possession of the company. 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 share subscription price per share is EUR 2.30 (with dividend adjustment). The whole paid subscription price shall be entered in the paid-up unrestricted equity fund. The number of shares in the company can be increased by a maximum of 73,170,731 new shares as a result of share subscriptions.

Selling the Shares in the Joint Book-Entry Account

In total, 47,500 shares in the joint book-entry account of Ruukki Group Plc have been sold through

Nasdaq OMX Helsinki Oy. These shares represented 0.02 percent of the share capital and voting rights of Ruukki Group Plc. The sale was based on the decision made by Ruukki Group Plc's Annual General Meeting on 20 April 2007 to sell the company's shares in the joint book-entry account that have not been transferred to book-entry system in the name of the owners of the shares according to the old Securities Market Act (29 September 1978/734) Chapter 3a Section 3a. Proceeds will be deposited to the State Provincial Office of Southern Finland. The owner or other rights holder of the shares previously on the joint account is then entitled to a share of the proceeds corresponding to the amount of his/her share holdings.

Share Price Development

Ruukki Group Plc's share is listed on Nasdaq OMX Helsinki in which the shares of the Company have been traded in the mid cap segment in the industrials sector since 1 July 2007. 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 year-end. The closing price of the company's share on 31 December 2008 was EUR 1.15 (2.82). The market capitalisation of the Group's entire capital stock at the closing price on 31 December 2008 was EUR 333.5 million (817.9).

Shareholders

On 31 December 2008 the company had a total of 4 136 shareholders (4 283 on 31 Dec 2007) of which 10 were nominee-registered. The number of shares in issue on 31 December 2008 were 290 034 022.

Largest shareholders 31 December 2008:

Shareholder	Shares	%
Nordea Bank Finland Plc	43 558 411	15.0%
Nordea Bank Finland Plc nominee-registered	38 382 014	13.2%
Hanwa Company Limited	30 000 000	10.3%
Kermas Limited	28 774 200	9.9%
Atkey Limited	26 884 864	9.3%
Djakov Aida nominee-registered	16 780 000	5.8%
Oy Herttakakkonen Ab	14 202 593	4.9%
Danske Bank AS Helsinki Branch	13 644 000	4.7%
Bassanio Services Limited	11 900 000	4.1%
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%**

Shareholders by category:

Shares	Number of shareholders	Share of shareholders	Number of shares held	% of shares held
1-100	658	15 91%	42 811	0.02%
101-1.000	2 347	56.75%	1 254 350	0.43%
1.001-10.000	996	24.08%	3 116 827	1.08%
10.001-100.000	103	2.49%	2 526 180	0.87%
100.001-1.000.000	13	0.31%	3 806 824	1.31%
1.000.001-10.000.000	10	0.24%	55 160 948	19.02%
in excess of 10.000.000	9	0.22%	224 126 082	77.28%
Total	**4 136**	**100.00%**	**290 034 022**	**100.00%**
of which nominee-registered	10		65 185 063	22.48%
On common account			0	0.00%
Total outstanding			290 034 022	100.00%

Shareholders by shareholder type on 31 December 2008

	% of share capital
Finnish shareholders	57.94%
of which:	
Companies and business enterprises	11.90%
Banking and insurance companies	37.57%
Non-profit organisations	0.00%
Households	8.47%
Foreign shareholders	42.06%
Shares on common account	0.00%
Total	**100.00%**
of which nominee-registered	22.47%

Ruukki Group Plc's Board members and CEO together owned 113,675,890 Ruukki Group Plc shares on 31 December 2008 (146,202,923 on 31 Dec 2007) when including shares and forward contracts owned either directly, through persons closely associated with them or through controlled companies. This corresponds to approximately 39.2% (50.4%) of all outstanding shares that were registered to the Trade Register on 31 December 2008.

G20. Share-based payments

The company has two option schemes I/2005 and I/2008. In order to increase the level of commitment and motivation of key persons, option rights of option scheme I/2005 are, deviating from shareholders' pre-emptive rights, granted to Ruukki Group Plc's CEO and management and other key employees, and furthermore as decided by the Board to the Board members, management or employees of Group subsidiaries, and potentially for persons having other contractual relationships with the Group. Option scheme I/2008 is granted to the company's CEO.

The company's I/2005 option scheme entitles option holders to subscribe for a maximum of 2,700,000 shares in the company. The share subscription period is 1 July 2007 through 30 June 2015 for various options denoted with different letters, and the subscription price range is EUR 0.50 – 1.00. As a result of subscriptions made with the I/2005 options, Ruukki Group Plc's share capital may be increased by a maximum of EUR 459,000.00 and the number of shares by a maximum of 2,700,000 new shares.

The company's I/2008 option scheme entitles option holder to subscribe for a maximum of 2,900,000 shares in the company for subscription price EUR 2.30 per share. 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.

Of the option scheme I/2005, options on A, B, C and D series have been issued to Ruukki Group's management totalling 875,000 option rights and of the option scheme I/2008 altogether 2,900,000 options. All options that have been granted after 7 Nov 2002 and that have not been vested prior to 1 Jan 2005 have been treated according to the principles set forth in the IFRS2 Share-based Payments standard. Share options will be expired if not redeemed as agreed in the terms of options. Options are forfeited if the option holder leaves the company prior to the effective date of the options. The main terms of the option arrangements are detailed in the table herein.

Share based payments

Share option plan	Share options, granted to employees in 2008	Share options, granted to employees in 2008	Share options, granted to employees in 2008	Share options, granted to employees in 2007	Share options, granted to employees in 2006	Share options, granted to employees in 2005
Nature of the plan	Share options issued	Share options issued	Share options issued	Share options issued	Share options issued	Share options issued
Grant date	28 Oct 2008	28 Oct 2008	28 Oct 2008	17 Oct 2007	14 Aug 2006	14 Dec 2005
Number of options	1.450.000	1.450.000	200.000	225.000	225.000	225.000
Options series	I/2008	I/2008	D (I/2005)	C (I/2005)	B (I/2005)	A (I/2005)
Exercise period	1 Oct 2010 - 31 Dec 2015	1 Oct 2009 - 31 Dec 2015	1 Jul 2010 - 30 Jun 2013	1 Jul 2009 - 30 Jun 2012	1 Jul 2008 - 30 Jun 2011	1 Jul 2007 - 30 Jun 2010
Dividend adjustment	yes	yes	yes	yes	yes	yes
Exercise price	2.30	2.30	0.70	0.64	0.54	0.44
Share price at grant date	1.26	1.26	1.26	2.86	0.69	0.63
Option life (years)	5.3	5.3	3	3	3	3
Conditions	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date
Execution	In shares	In shares	In shares	In shares	In shares	In shares
Expected volatility	66%	66%	66%	44%	89%	130%
Expected option life at grant date (years)	5 years	5 years	4.7 years	4.7 years	4.9 years	4.5 years
Risk free rate	4.33%	4.33%	4.33%	4.10%	3.65%	2.79%
Expected dividend yield	3.17%	3.17%	3.17%	1.40%	2.20%	0.00%
Expected personnel reductions	0	0	0	0	0	0
Fair value at grant date (EUR)	0.24	0.24	0.64	2.22	0.53	0.54
Valuation model	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes

Changes in share options issued and in weighted average exercise prices:

	Weighted average exercise price EUR/share	Number of options	Synthetic options
At the beginning of 2007	0.49	450 000	0
Granted new options	0.64	225 000	1 000 000
Exercised options	0.00	0	0
Forfeited options	0.00	0	0
At the end of 2007	0.54	675 000	1 000 000
Exercisable at the end of 2007	0.44	225 000	0
At the beginning of 2008	0.54	675 000	1 000 000
Granted new options	2.20	3 100 000	0
Exercised options	0.00	0	0
Forfeited options	0.00	0	-1 000 000
At the end of 2008	1.90	3 775 000	0
Exercisable at the end of 2008	0.49	450 000	0

No share options were exercised in 2008.

The exercise prices of existing share options and their years of forfeiting are presented below:

Year of forfeiting	Exercise price (EUR)	Number of shares
2009	-	-
2010	0.50	225 000
2011	0.60	225 000
2012	0.70	225 000
2013	0.80	200 000
2014	-	-
2015	2.30	2 900 000

The Group applies the Black & Scholes model to option arrangements that include employment terms. The expected volatility has been determined by calculating the historical volatility of the company’s share price and adjusting it according to generally available factors that are expected to affect historical volatility. Historical volatility was calculated on the basis of changes in the company’s share price.

G21. Interest-bearing debt

EUR '000	31 Dec 2008	31 Dec 2007
Non-current		
Bank loans	19 769	17 281
Subordinated loans (liability component for convertibles)	5	1 894
Equipment financing	3 321	2 281
Finance lease liabilities	0	2 502
Total	**23 095**	**23 958**
Current		
Bank loans and equipment financing	13 069	15 733
Finance lease liabilities	6	258
Other interest bearing liabilities	18	0
Total	**13 092**	**15 991**

Finance lease liabilities

EUR '000	31 Dec 2008	31 Dec 2007
Finance lease liabilities minimum lease payments		
No later than 1 year	6	258
Later than 1 year and not later than 5 years	0	2 502
	6	**2 760**
Finance lease liabilities present value of minimum lease payments		
No later than 1 year	6	255
Later than 1 year and not later than 5 years	0	2 325
	6	**2 580**
Future finance charges	**0**	**180**
Total finance lease liabilities	**6**	**2 760**

G22. Trade payables and other liabilities

EUR '000	31 Dec 2008	31 Dec 2007
Current		
Trade payables	19 313	12 394
Prepayments	13 215	16 481
Accrued expenses	8 057	9 791
Income tax liability	6 917	877
Other liabilities	2 057	2 911
Total current	**49 560**	**42 454**
Non-current	**70 920**	**1 262**

Material items included into accrued expenses are related to personnel expenses and interests. Received prepayments are advance payments made by clients of the House Building business segment. Of the other non-current liabilities EUR 70,816 thousand are additional earn-out liabilities from the acquisitions of subsidiaries.

G23. Provisions

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**

EUR '000	2008	2007
Long-term provisions	4 815	70
Short-term provisions	479	119
Total	**5 294**	**189**

The long-term provisions in the balance sheet mainly relate to environment and restoration provisions of the Minerals Business segment and also to some degree to future personnel's expenses. Environment and restoration provisions are based on an estimate of the future commitments. The House Building segment gives a quality guarantee of one year for its products. Defects discovered during the warranty period are repaired by the company or the product is replaced with an equal product. The provision is based on the expected number of defective products based on previous experience. Provisions are expected to be used within the next year.

G24. Summary on financial assets and loan arrangements

Financial assets 31 December 2008

In addition to the operative result and the cash flow generated from it, the following factors described below have most significantly affected the change in the amount of Group's financial assets At the balance sheet date 2008 year-on-year:

Actions that have decreased financial assets

- Acquisition of Junnikkala Oy in January
- Dividend distribution (Ruukki Group Plc's dividend payout in April)
- Acquisition of a minority stake in Pohjolan Design-Talo Oy in September
- Acquisition of RCS Limited and Turk Maadin Sirketi A.S. in October
- Acquisition of own shares during February and December

Actions that have increased financial assets

- Disposal of Mikeva Oy in July

At the balance sheet date 31 December 2008, the cash and cash equivalents have been invested to short-term mainly euro-denominated fixed-term deposits. The Group also has part of the funds in the interest-bearing avista accounts that have been categorised into cash and cash equivalents. At the balance sheet date 31 December 2007, the Group had invested a significant part of its liquid funds in money market mutual funds. These funds were disposed of at the beginning of financial year 2008. In addition, at the balance sheet date 31 December 2007, the Group had rouble-denominated deposits for EUR 27 million. However, on 31 December 2008 the amount of those deposits totalled EUR 1 million; hence the amount of rouble-denominated deposits has been decreased. As a result of the acquisition, the amount of other foreign-currency-denominated financial assets has increased.

On 31 December 2008, the Group's financial assets comprise of the euro- and foreign-currency-denominated deposits and pledged deposits as follows:

- Euro-denominated fixed-term deposits for EUR 200.4 million (31 Dec 2007: 100.0). The annualised average interest rate is 3.1% p.a. (4.8%). The deposits have been made at the end of 2008 and their weighted average maturity is less than 1 month.
- Interest-bearing deposits pledged; when not taking into account the pledges for rented premises, the group companies have given pledged deposits for EUR 3.4 million (31 Dec 2007: 3.6)

At the balance sheet date 31 December 2008, the amount of foreign-currency-denominated cash and cash equivalents is, on its euro-value, some EUR 4.5 million. Euro-denominated cash and cash equivalents totalled EUR 24.5 million. The company has interest-bearing receivables from its previous or current related parties for approximately EUR 16.4 million, of which EUR 15.0 million relates to a German company that is consolidated into the Group, but in which Ruukki Group's ownership stake is zero.

Interest-bearing debt 31 December 2008

» Floating rate loans from financial institutions totalling EUR 33.2 million (29.0). Fixed rate loans altogether EUR 3.0 million (4.5).

» The interest rates of the loans are to major extent tied to euribor rates. The weighted average interest rate at the balance sheet date 31 December 2008 was, based on market interest rates at that date, 4.4% (5.8%) when the impact of interest rate swaps have been taken account. The average interest rate margin for floating rate notes was 1.1% p.a. (1.2%) (over the reference rates of the loans). The range of the annualised interest rates was 1.9% p.a. (1.3) – 7.4% p.a. (14.0). The loans will mature in years 2009 – 2016.

» After the balance sheet date, an external financial institution has one-sidedly terminated a promissory note of EUR 0.2 million of a company belonging to the Sawmill Business segment and trade receivables financing, the limit of which was EUR 2.0 million.

G25. Capital and risk management

Capital management

At the same time with preparing the financial statement, the Board of Directors of Ruukki Group Plc has redefined the principles concerning management of capital as follows:

1. the Group has a conservative approach to managing Group's debt/equity ratio; and
2. return on capital employed will be optimised in all businesses; and
3. cash flow generation is emphasised in all operations; and
4. cash reserves and financing capacity are supervised and administered in a centralised and conservative manner.

At the balance sheet date 31 December 2008, the Group's equity ratio stood at 64.8%.

The balance sheet structure on 31 December 2008 and 31 December 2007 were the following:

EUR '000	31 Dec 2008	31 Dec 2007
Equity	348 943	409 655
Minority interest	7 768	1 995
(1) Total Equity	356 710	411 650
Balance sheet total	563 275	499 990
. /. Prepayments received	-13 215	-16 481
(2) Balance sheet total excluding prepayments received	550 060	483 509
(3) Equity ratio = (1) / (2)	64.8%	85.1%

PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

PARENT COMPANY'S INCOME STATEMENT (FAS)

EUR '000	Note	1 Jan - 31 Dec 2008	1 Jan - 31 Dec 2007
REVENUE	P1	**1 123**	**567**
Other operating income	P2	13 190	37
Materials and services			
Goods,materials and supplies			
Purchases during the period		-100	-158
Goods, materials and supplies total		-100	-158
Materials and services total		-100	-158
Personnel expenses			
Salaries and wages		-2 262	-1 015
Social security expenses			
Pension expenses		-422	-178
Other social security expenses		-173	-52
Social security expenses total		-595	-231
Personnel expenses total		-2 858	-1 246
Depreciation, amortisation and impairment	P3		
Depreciation and amortisation according to plan		-66	-54
Impairment of non-current assets		-40	0
Impaiment of non-current investments		-6 877	-1 193
Depreciation, amortisation and impairment total		-6 983	-1 247
Other operating expenses		-4 103	-10 505
OPERATING PROFIT (LOSS)		**269**	**-12 553**
Financial income and expenses	P4		
Income from group companies			
Dividends from subsidiaries		8 402	10 622
Dividends from associates		98	1 433
Other financial income			
From group companies		6 285	974
From others		10 976	5 725
Interests and other financial expenses			
To group companies		0	-1
To others		-1 651	-1 126
Interest and other finacial expenses total		24 110	17 628
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS		**24 379**	**5 075**
Extraordinary items	P5		
Extraordinary income		0	5 600
Extraordinary expenses		-7 000	0
Extraordinary items total		-7 000	5 600
PROFIT BEFORE TAXES		**17 379**	**10 675**
Income taxes	P6		
Income taxes		-737	-185
NET PROFIT		**16 642**	**10 490**

BALANCE SHEET (FAS)

EUR '000	Note	31 Dec 2008	31 Dec 2007
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	P7		
Intangible rights		60	111
Total intangible assets		60	111
Property, plant and equipment	P7		
Machinery and equipment		66	90
Other tangible assets		2	2
Total property, plant and equipment		69	92
Investments	P8		
Shares in group companies		178 427	38 541
Shares in associated companies		1 277	1 280
Receivables from group companies		0	2 701
Receivables from associated companies		0	50
Total investments		179 704	42 571
Total non-current assets		**179 832**	**42 775**
CURRENT ASSETS			
Receivables	P9		
Non-current receivables			
Receivables from group companies		93 254	56 727
Other interest-bearing receivables		1 380	1 380
Other interest-free receivables		2 686	0
Total non-current receivables		97 320	58 107
Current receivables			
Trade receivables		6	0
Receivables from group companies		729	3 799
Other interest-bearing receivables		1 026	1 509
Other non interest-bearing receivables		1 441	749
Prepaid expenses and accrued income		475	4 182
Total current receivables		3 677	10 239
Financial assets			
Other financial assets		157 624	275 056
Total financial assets		157 624	275 056
Cash and cash equivalents		27 771	28 384
Total current assets		**286 392**	**371 787**
TOTAL ASSETS		**466 224**	**414 561**

EUR '000	Note	31 Dec 2008	31 Dec 2007
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	P10		
Share capital		23 642	23 642
Share premium reserve		25 223	25 223
Paid-up unrestricted equity reserve		332 644	345 309
Retained earnings		1 022	2 133
Profit for the period		16 642	10 490
Total shareholders' equity		**399 173**	**406 797**
LIABILITIES	P11		
Non-current liabilities			
Loans from financial institutions		2 725	4 005
Loans from associated companies		5	5
Other liabilities		900	0
Accrued expenses and deferred income		45 834	0
Total non-current liabilities		49 464	4 010
Current liabilities			
Loans from financial institutions		1 280	1 280
Loans from group companies		7 000	0
Accounts payable		922	379
Payables to group companies		0	7
Other debt		2 513	692
Accrued expenses and deferred income		5 873	1 397
Total current liabilities		17 587	3 754
Total liabilities		**67 051**	**7 764**
TOTAL EQUITY AND LIABILITIES		**466 224**	**414 561**

CASH FLOW STATEMENT (FAS)

EUR '000	1 Jan - 31 Dec 2008	1 Jan - 31 Dec 2007
CASH FLOW USED IN OPERATING ACTIVITIES		
Profit for the period	16 642	10 490
Adjustments:		
Depreciation and amortisation	66	54
Capital gains and losses from investments	-13 175	-11
Impairment	6 917	1 193
Financial revenue and expense	-24 110	-17 628
Group contributions	7 000	-5 600
Income taxes	737	185
Other adjustments	-21	1
Cash flow before change in working capital	-5 944	-11 315
Change in working capital:		
Change in current trade receivables	3 470	-2 388
Change in current non interest-bearing receivables	6 915	1 072
Operating cash flow before financing items and taxes	4 441	-12 632
Interests paid and other financing items	-4 308	0
Income taxes paid	1 227	-102
CASH FLOW USED IN OPERATING ACTIVITIES	**1 360**	**-12 734**
CASH FLOW USED IN INVESTING ACTIVITIES		
Capital expenditure on tangible and intangible assets	-30	-156
Acquisition of subsidiaries and associates	-89 188	-5 772
Payments for earn-out liabilities	0	-7 070
Disposals of subsidiaries and associates	10 043	7 154
Dividends received	8 500	12 055
CASH FLOW USED IN INVESTING ACTIVITIES	**-70 676**	**6 212**

EUR '000	1 Jan - 31 Dec 2008	1 Jan - 31 Dec 2007
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	0	343 850
Acquisition of own shares	-12 273	0
Proceeds from borrowings	0	4 500
Repayments of borrowings	-1 280	-830
Non-current loans from group companies	0	-33
Non-current loans to group companies	-157 147	-41 601
Repayments of non-current loans to group companies	116 947	138
Non-current loans to others	0	-1 380
Repayments of non-current loan receivables	4 279	0
Current deposits	-55 144	-103 478
Investments in money market mutual funds	173 562	-173 056
Dividends paid	-11 600	-4 077
Group contributions received	0	3 100
Interests received and income from money market investments	11 358	4 667
Interests paid	0	-386
CASH FLOW FROM FINANCING ACTIVITIES	**68 703**	**31 412**
CHANGE IN CASH AND CASH EQUIVALENTS	**-613**	**24 890**
Cash at the beginning of the period	28 384	3 493
Cash at the end of the period	27 771	28 384
CHANGE IN THE BALANCE SHEET	**-613**	**24 890**

NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY (FAS)

Accounting principles

Scope of financial statements and accounting principles

The parent company has prepared its separate financial statements in accordance with Finnish Accounting Standards. Consolidated financial statements have been prepared in accordance with International Financial Reportins Standards. Consolidated financial statements are presented separately as a part of these financial statements.

Information on holdings in subsidiaries and associated companies and information on their consolidation is presented in notes to the financial statements.

Valuation principles and methods

Investments in associated companies and debt instruments are valued at acquisition cost, less eventual impairment. Dividends received from Group companies and associates have been recorded as financial income.

The balance sheet value of property, plant and equipment is stated at acquisition cost, less accumulated depreciation. Other assets have been stated in the balance sheet at the lower of acquisition cost or their likely realizable value. Debt items are valued at acquisition cost. Receivables from subsidiaries and Group companies have been valued at acquisition cost.

Depreciation methods

Acquisition costs of property, plant and equipment are depreciated over their useful lives according to plan. Depreciation plans have been defined based on practice and experience.

Asset	Depreciation period/method
Intangible rights	5 years straight line
IT equipment	2 years straight line
Other machinery and equipment	5 years straight line
Vehicles	6 years straight line

Translations of foreign currency items

Balance sheet items denominated in foreign currency are translated into functional currency using the exchange rates of the balance sheet date. Income statement items are translated applying the exchange rates prevailing at the date of the transaction.

Comparability of the reported financial year and the previous year

Financial year reported and previous year have both been calendar years and are thus comparable.

In 2008, the Company has recognised significant one-off impairment losses on holdings in subsidiaries and associates, mainly related to Furniture Business. Impairment is presented in income statement above operating profit, which meets the presentation in Group financial statements. In 2007, the company has recognised some impairment losses on holdings in subsidiaries based on expected returns.

Due to the nature of the Company's business, various ownership and financial arrangements may have significant non-recurring or recurring effects on Company's income statement, balance sheet and financial position, which makes comparison of financial statements and estimating future more difficult.

Earn-out liabilities associated with business acquisitions

The company has from 2008 unpaid purchase price tranches and estimated additional earn-out liabilities associated with business acquisitions in total of EUR 52,891,993.98 including transfer tax. Of these earn-out liabilities EUR 50,848,921 will be paid with the company's own shares or option rights and the rest with cash.

Summary of acquisitions and divestments carried out in 2008

Group companies:

» Decrease of ownership in Incap Furniture Oy, when taking into account the effect of the company's subsidiary Hirviset Group Oy; with exchange of the convertible bond 12/2008 (71.0% -> 72.4%), disposal 12/2008 (72.4% -> 48.3%)

» Increase of ownership in Pohjolan Design-Talo Oy, acquisition 11/2008 (90.1% -> 100%)

» Acquisition of shares in RCS Limited (0% -> 100%) and Tûrk Maadin Sirketi A.S. (0% -> 98.75%) 10/2008

» Disposal of shares in Mikeva Oy 6/2008 (100% -> 0%)

NOTES TO INCOME STATEMENT

P1. Revenue

By business line:

EUR '000	2008	2007
Wood components	114	183
Services	360	297
Other revenue	648	87
Total	**1 123**	**567**

By geography:

EUR '000	2008	2007
Finland	1 008	384
EU countries	114	183
Total	**1 123**	**567**

P2. Other operating income

EUR '000	2008	2007
Gain on disposal of subsidiary shares	13 173	0
Gain on disposal of associated companies shares	2	16
Rental income	14	21
Total	**13 190**	**37**

P3. Depreciation amortisation and impairment

Depreciation and amortisation according to plan

EUR '000	2008	2007
Intangible rights	-26	-12
Machinery and equipment	-40	-42
Total	**-66**	**-54**

Impairment on investments

EUR '000	2008	2007
Impairment on holdings in subsidiaries	-4 528	-627
Impairment on loans to group companies	-2 699	-565
Reversal of impairment from loans to group companies	400	0
Impairment on holdings in associates	0	0
Impairment on loan receivables from associates	-50	0
Total	**-6 877**	**-1 193**

Impairment has been presented above operating profit, which meets the presentation of share of associated companies' earnings. The basis of valuation for the aforementioned impairment has been, in addition to other criteria, to record the parent company's balance sheet values according to IFRS valuation principles.

P4. Financial income and expense

EUR '000	2008	2007
Dividends from group companies	8 402	10 622
Dividends from associated companies	98	1 433
Interest and other financial income		
From group companies	6 285	974
From others	10 976	5 725
Interest and other financial expense		
To group companies	-1 651	-1
To others	0	-1 126
Total	**24 110**	**17 628**

P5. Extraordinary items

EUR '000	2008	2007
Group contributions received	0	5 600
Group contributions given	-7 000	0
Total	**-7 000**	**5 600**

P6. Income taxes

EUR '000	2008	2007
Profit for the period	16 642	10 490
Adjustments for tax calculation	-14 393	-9 983
Taxable income	2 249	507
Tax advances paid	-735	10 490
Tax deferral based on taxable income	150	1 899
Income tax of the period	-585	-132
Taxes of previous years		
Additional taxes from previous years	-152	-53
Net income taxes	-737	-185
Tax receivable 31 Dec	150	1 899
Tax liability 31 Dec	0	0

P7. Tangible and intangible assets

EUR ‘000	31 Dec 2008	31 Dec 2007
Intangible rights		
Acquisition cost Jan 1	154	35
Additions	14	118
Disposals	0	0
Acquisition cost Dec 31	168	154
Accumulated depreciation Jan 1	42	31
Depreciation for the period	26	12
Impairment for the period	40	0
Accumulated depreciation Dec 31	109	42
Book value Dec 31	60	111
Machinery and equipment		
Acquisition cost Jan 1	208	170
Additions	16	37
Disposals	0	0
Acquisition cost Dec 31	224	208
Accumulated depreciation Jan 1	118	75
Depreciation for the period	40	42
Accumulated depreciation Dec 31	157	118
Book value Dec 31	66	90
Other tangible assets		
Book value Jan 1	2	2
Book value Dec 31	2	2

E8. Investments

EUR '000	Shares in group companies	Shares in associated companies	Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1 Jan 2008	41 226	6 059	3 266	169	80	50 801
Additions	144 515	0	0		0	144 515
Disposals	-100	-7			0	-108
Transfers between categories	-2 964	2 964				0
Acquisition cost 31 Dec 2008	182 677	9 016	3 266	169	80	195 209
Accumulated depreciation and impairment 1 Jan 2008	-2 686	-4 779	-565	-120	-80	-8 230
Disposals		5				5
Impairment	-1 565	-2 964	-2 701	-50		-7 279
Accumulated depreciation and impairment 31 Dec 2008	-4 250	-7 739	-3 266	-169	-80	-15 504
Book value 31 Dec 2008	**178 427**	**1 277**	**0**	**0**	**0**	**179 704**

Holdings in other companies

Subsidiaries

Company name and domicile	Group ownership 31 Dec 2008 (%)	Parent company's direct ownership 31 Dec 2008 (%)	Joined the group	Accounting period	Movements in parent company's holding in 2008
Ruukki Yhtiöt Oy, Espoo	100.00	100.00	1 Jul 2003	1 Jan - 31 Dec 2008	
Ruukki Wood Oy, Espoo	100.00	0.00	1 Jul 2003	1 Jan - 31 Dec 2008	
Ruukki Invest Oy, Espoo	100.00	0.00	1 Jul 2003	1 Jan - 31 Dec 2008	
Ruukki Harvest Oy, Espoo	100.00	0.00	17 Oct 2007	1 Jan - 31 Dec 2008	first accounting period
Ruukki Sawmill Oy, Espoo	100.00	0.00	17 Oct 2007	1 Jan - 31 Dec 2008	first accounting period
Utawood Oy, Utajärvi	100.00	0.00	1 Jul 2003	1 Jan - 31 Dec 2008	
OOO Ruukki Invest Rus, Russia	100.00	0.00	30 Sep 2006	1 Jan - 31 Dec 2008	
OOO Ruukki Harvest, Russia	100.00	0.00	31 Oct 2007	1 Jan - 31 Dec 2008	
OOO Ruukki Sawmill, Russia	100.00	0.00	31 Oct 2007	1 Jan - 31 Dec 2008	
OOO Agroprodservice, Russia	100.00	0.00	31 Jan 2008	1 Jan - 31 Dec 2008	
Lappipaneli Oy, Kuusamo	100.00	0.00	31 Dec 2003	1 Jan - 31 Dec 2008	
Tervolan Saha ja Höyläämö Oy, Keminmaa	91.42	0.00	31 Dec 2003	1 Jan - 31 Dec 2008	
VK Timber Oy, Kittilä	91.42	0.00	31 Dec 2003	1 Jan - 31 Dec 2008	
Junnikkala Oy, Kalajoki	51.00	0.00	31 Jan 2008	1 Jan - 31 Dec 2008	
Pyyn Liikehuoneisto Oy, Oulainen	51.00	0.00	4 Jun 2008	1 Jan - 31 Dec 2008	
Oplax Oy, Oulu	100.00	100.00	15 Feb 2007	1 Jan - 31 Dec 2008	
PSL Räinä Oy, Rovaniemi	100.00	0.00	1 Nov 2008		first accounting period
Pohjolan Design-Talo Oy, Oulunsalo	100.00	100.00	1 Jan 2004	1 Jan - 31 Dec 2008	Ownership 90.1% --> 100%
Nivaelement Oy, Nivala	100.00	0.00	1 Dec 2006	1 Jan - 31 Dec 2008	
RG Design-Talotekniikka Oy, Ii	70.10	0.00	1 Jul 2007	1 Jan - 31 Dec 2008	
RCS Limited, Malta	100.00	100.00	31 Oct 2008	1 Jan - 31 Dec 2008	Ownership 0% --> 100%
Türk Maadin Sirketi A.S., Turkey	98.75	0.00	31 Oct 2008	1 Jan - 31 Dec 2008	Ownership 0% -> 98.75%
TH Ören Madencilik TAO, Turkey	73.08	0.00	31 Oct 2008	1 Jan - 31 Dec 2008	Ownership 0% -> 73.08%
Metal ve Maden ic ve Dis Pazarlama Tic Ltd, Sti, Turkey	97.76	0.00	31 Oct 2008	1 Jan - 31 Dec 2008	Ownership 0% -> 97.76%
Balansor Oy, Espoo	99.99	99.99	1 Nov 2003	1 Jan - 31 Dec 2008	
Rekylator Oy , Helsinki	100.00	100.00	1 Jul 2003	1 Jan - 31 Dec 2008	
Hirviset Group Oy, Espoo	100.00	100.00	1 May 2006	1 Jan - 31 Dec 2008	
Alumni Oy, Espoo	100.00	100.00	1 Aug 2003	1 Jan - 31 Dec 2008	

Associates

	Ownership (%)	Book value, parent company	Closing date	Equity * 31 Dec 2008	Net profit 1 Jan - 31 Dec 2008
Stellatum Oy, Helsinki	34.00	238	30 Nov 2008	27	-12
Valtimo Components Oyj, Valtimo	24.90	96			
Oy Cybersoft Ab, Tampere	37.50	88	31 Oct 2008 **	367	81
Arc Technology Oy, Helsinki	37.40	312	31 Dec 2008	332	77
Widian Oy, Espoo	39.64	71			
ILP-Group Ltd Oy	33.44	473	30 Sep 2008 (9 months)	3 185	1 201
Incap Furniture Oy	36.69	0	31 Dec 2008	-8 022	-9 006
Rivest Oy	40.00	0	31 Dec 2008	1	-8
LoopM Oy, Helsinki	28.43	0			
Sportslink Group Oy, Helsinki	25.00	0			
Total		**1 277**			

* Equity excluding subordinated loans
** Oy Cybersoft Ab's accounting period ends on 31 October

P9. Receivables

Receivables from Group companies

EUR '000	31 Dec 2008	31 Dec 2007
Non-current		
Trade receivables	61	61
Loan and other receivables	92 618	55 160
Prepayments and accrued income	575	1 506
Total	**93 254**	**56 727**
Current		
Trade receivables	45	615
Prepayments and accrued income	684	3 184
Total	**729**	**3 799**

Other interest-bearing receivables

EUR '000	31 Dec 2008	31 Dec 2007
Non-current		
Loan receivables	1 380	1 380
Total	**1 380**	**1 380**
Current		
Rental deposits	83	31
Receivable from disposal of associated company shares	0	55
Other collaterals	943	1 423
Total	**1 026**	**1 509**

Other non-interest bearing receivables

EUR '000	31 Dec 2008	31 Dec 2007
Non-current		
Purchase price receivables from disposal of group companies	2 686	0
Total	**2 686**	**0**
Current		
VAT receivable	682	697
Receivable from disposal of group company shares	759	0
Receivables from related parties	0	52
Total	**6 814**	**749**

Prepaid expenses and accrued income

EUR '000	31 Dec 2008	31 Dec 2007
Deferred tax assets	150	1 899
Accrued interest income	265	1 318
Other prepaid expenses and accrued income	60	965
Total	**475**	**4 182**

NOTES TO EQUITY AND LIABILITIES

P10. Shareholders' equity

Share capital

EUR '000	31 Dec 2008	31 Dec 2007
Share capital 1 Jan	23 642	23 018
Convertible bond conversion 13 Feb 2007	0	621
Convertible bond conversion 19 Jun 2007	0	3
Share capital 31 Dec	23 642	23 642

Share premium reserve

EUR '000	31 Dec 2008	31 Dec 2007
Share premium reserve 1 Jan	25 223	24 195
Convertible bond conversion 13 Feb 2007	0	1 023
Convertible bond conversion 19 Jun 2007	0	6
Share premium reserve 31 Dec	25 223	25 223

Paid-up unrestricted equity reserve

EUR '000	31 Dec 2008	31 Dec 2007
Paid-up unrestricted equity reserve 1 Jan	345 309	1 459
Share issue, registered 29 Jun 2007	0	299 000
Share issue, registered 16 Jul 2007	0	44 850
Acquisition of own shares	-12 665	0
Paid-up unrestricted equity reserve 31 Dec	332 644	345 309

Retained earnings

EUR '000	31 Dec 2008	31 Dec 2007
Retained earnings 1 Jan	2 133	5 712
Profit for the previous financial year	10 490	500
Dividends	-11 601	-4 079
Retained earnings 31 Dec	1 022	2 133

Profit for the financial year

EUR '000	31 Dec 2008	31 Dec 2007
Profit for the financial year	16 642	10 490

Total shareholders' equity

EUR '000	31 Dec 2008	31 Dec 2007
Total shareholders' equity	399 173	406 797

Distributable funds

EUR '000	31 Dec 2008	31 Dec 2007
Retained earnings 1 Jan	12 623	6 212
Dividends	-11 601	-4 079
Profit for the financial year	16 642	10 490
Retained earnings 31 Dec	17 664	12 623
Paid-up unrestricted equity reserve	332 644	345 309
Distributable funds 31 Dec	350 308	357 932

P11. Liabilities

Non-current liabilities

Non-current interest bearing debt

EUR '000	31 Dec 2008	31 Dec 2007
Loans from financial institutions	2 725	4 005
Total	**2 725**	**4 005**

Non-current non-interest bearing debt

EUR '000	31 Dec 2008	31 Dec 2007
Loans from associated companies	5	5
Loans from acquiring group companies shares	900	0
Accrued liabilities from acquiring group companies shares	45 834	0
Total	**46 739**	**5**

Current liabilities

Current interest bearing debt

EUR '000	31 Dec 2008	31 Dec 2007
Loans from financial institutions	1 280	1 280
Total	**1 280**	**1 280**

Current non-interest bearing debt

EUR '000	31 Dec 2008	31 Dec 2007
Accounts payable	922	379
Payables to group companies	0	7
Group contribution payable to group companies	7 000	0
Other debt	2 513	692
Accrued liabilities from acquiring group companies shares	5 059	0
Other accrued expenses and deferred income	814	1 397
Total	**16 307**	**2 474**

Other current non-interest bearing debt

EUR '000	31 Dec 2008	31 Dec 2007
Income taxes	856	633
Earn-out liabilities	1 099	0
Other current liabilities	558	59
Total	**2 513**	**692**

Options

The company's option schemes are presented in the notes to the consolidated financial statements.

Pledges and contingent liabilities

The company's pledges and contingent liabilities are presented in the notes to the consolidated financial statements.

Earn-out liabilities related to share-swap agreements

The company does not have such share-swap agreements, the related share subscriptions of which is not registered in the Trade Register.

Earn-out liabilities related to share purchase agreements

The additional earn-out liability relating to the acquisition carried out in financial year 2008 is recognised according to an estimate based on the target company's budget in the acquisition cost of the shares and liabilities.

Pension liabilities

The company is committed to arrange its CEO a pension insurance the cost level of which matches the insurance coverage of the Finnish TyEL pension system. Otherwise the company's pension liabilities are in accordance with the statutory TyEL-system.

Related party loans

The company has granted previous CEO and shareholder Matti Vikkula a loan of EUR 1.380.000 as a part of his incentive scheme. The interest is 12 months euribor. Loan period ends on 30 September 2012. The loan will be due earlier in case Matti Vikkula sells the Ruukki Group Plc shares acquired with the loan. Vikkula has the right to retire the loan or repay a part of it before the agreed due date. The loan has no guarantees.

Additional information on personnel

Personnel, annual average (all employees)

	2008	2007
Employees	8	7

Management remuneration

	2008	2007
Chief Executive Officers	1 333	1 750
Board members	331	69

Information on shares and shareholders

Information on shares, share capital and shareholders have been presented in the notes to the consolidated financial statements.

Information obligated to a group company:

The company is the group parent company:
Ruukki Group Plc, domicile Espoo
(Keilasatama 5, 02150 Espoo)

Other notes

Market value of securities held

EUR '000	Book value 31 Dec 2008	Market value 31 Dec 2008	Book value 31 Dec 2007
Other securities			
Mutual funds	0	0	173 056
Difference between market and book values	0	0	

Board members' and CEO's ownership

31 Dec 2008:	shares	forward contracts	total
Alwyn Smit (Chairman of the Board and CEO)	11 900 000	0	11 900 000
Thomas Hoyer	100 000	0	100 000
Esa Hukkanen	5 010 100	0	5 010 100
Markku Kankaala	9 699 290	0	9 699 290
Jelena Manojlovic	29 774 200	57 192 300	86 966 500
Terence McConnachie	0	0	0
Board + CEO total	56 483 590	57 192 300	113 675 890
All shares outstanding			290 034 022
Proportion of all shares			39.2%

Ruukki Group board members and CEO owned in total 113,675,890 Ruukki Group Plc shares on 31 Dec 2008 (31 Dec 2007: 146,202,923) when including both shares and forward contracts owned either directly, through persons closely associated with them or controlled companies. This corresponds to approximately 39.2% (50.4%) of all outstanding shares that were registered to the Trade Register on 31 December.

Palkkiot tilintarkastajille

EUR '000	2008	2007
KPMG Oy Ab		
Audit	75	61
Other services	73	289

Board's proposition of dividend payout

The Company's Board of Directors has decided to propose to the Annual General Meeting, which will be later convened seperately 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 of EUR 10,441,360.88, and no dividend is proposed.

SIGNATURES TO THE FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS

Espoo 25 February 2009

Alwyn Smit
Chairman of the Board and
CEO

Thomas Hoyer
Member of the Board

Esa Hukkanen
Member of the Board

Markku Kankaala
Member of the Board

Jelena Manojlovic
Member of the Board

Terence McConnachie
Member of the Board

THE AUDITORS' NOTE

Our auditors' report has been issued today.

Espoo March 5, 2009

Reino Tikkanen
Authorised Public Accountant

KPMG Oy Ab

Antti Kääriäinen
Authorised Public Accountant

AUDITORS´ REPORT

This document is an English translation of the Finnish auditors' report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Ruukki Group Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Ruukki Group Plc for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo, March 5, 2009

KPMG Oy Ab

Reino Tikkanen	Authorized Public Accountant
Antti Kääriäinen	Authorized Public Accountant

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES

General

Ruukki Group complies with the current legislation and the regulations issued pursuant to it as well as with generally accepted practices in its operations. Ruukki Group Plc applies the Finnish Corporate Governance Code 2008 for listed companies that came into effect on 1 January 2009, with the exception that since 11 September 2009, the Chairman of the Board, Alwyn Smit, is also the Company's CEO.

The Group's parent company, Ruukki Group Plc, is responsible for the Group's management, strategy, administration as well as internal and external communications.

Currently, the Group consists of two main business areas: Wood Processing and Minerals. As the business areas have been incorporated to the Group through acquisitions, their customers, earnings logic, and other key elements are dissimilar; therefore, the business operations are organised into separate segments in which the operative decisions are made.

General Meeting

Ruukki Group Plc's highest decision-making body is the General Meeting. General Meetings are organised in a manner that permits the shareholders to effectively exercise their ownership rights.

Before a General Meeting, sufficient information on the issues to be addressed is provided to Ruukki Group Plc's shareholders, primarily in the form of stock exchange releases and on the company website. In addition, the invitations to General Meetings are published in a national newspaper decided by the Board (usually Helsingin Sanomat or Kauppalehti). The material presented at a General Meeting is available to the shareholders at the Company's headquarters in Espoo as well as on the company website at least 21 days before the meeting. Copies of the material are delivered to shareholders on request. The minutes of the General Meetings are published on the company website.

The CEO, the Chairman of the Board and a sufficient number of Board members, considering the nature of the issues to be addressed, will attend the General Meetings. As a rule, first-time candidates for Board members are present at the General Meeting.

Board of Directors

The Board of Directors is responsible for the company's administration and the proper organisation of the business operations. The tasks and responsibilities of the Board are specified in the Finnish Companies Act and in the company's Articles of Association. The duty of the Board is to direct the company's activities in a way that generates the maximum added value for the capital invested in the long-term. The Board's operations are based on a written charter and established courses of action.

To fulfil its duties, the Board:

» Devises a business strategy for the Group
» Supervises the strategy's implementation
» Makes decisions on the Group's capital structure
» Makes decisions on significant investments, credits, guarantees, and other commitments
» Reviews and adopts interim reports, financial statements, reports on operations, and forecasts
» Determines the Group's organisational structure
» Appoints the CEO of the parent company and determines the salary and other benefits offered to the CEO
» Appoints the Board members in each of the key subsidiaries

- Makes proposals to the General Meeting and calls the General Meeting
- Determines the general guidelines for the Group's operation

The essential contents of the Board's written charter are:

- The Board convenes on pre-confirmed dates with the objective to hold a meeting about once a month
- The issues to be dealt with by the Board are presented by the Chairman, the CEO or some other person who has taken part in the preparation of the issues
- The Board always aims to make unanimous decisions
- Minutes are taken of the meetings
- The Board prepares a yearly plan for its operation
- If possible, all the Board members and persons proposed for the Board participate in the Annual General Meeting
- The Board acts carefully in the interest of the company and all of its shareholders

In 2008, the Board met 32 times with an average attendance rate of 86%. In 2007, the Board met 24 times and the attendance rate was 89% on average.

The Board members are elected by a General Meeting. According to the Articles of Association, the Board comprises three to nine members. The Annual General Meeting elects the Board members for a term that ends at the end of the AGM following their appointment. The Board elects a chairperson from among its members. The composition of the Board must meet the requirements set by the company's size, market position, and line of business. The current Board, comprising six members - five males and one female - are presented in the Annual Report under 'The Group Management – Board of Directors'.

Corporate governance recommendations state that the majority of the Board members should be independent of the company. In addition, at least two of the members representing this majority should be independent of the significant shareholders. The Board evaluates that of the six Board members, four are independent of the company. Of these four, three are also independent of the significant shareholders in the manner indicated in the corporate governance code. The Board evaluates that the independent members are Thomas Hoyer, Markku Kankaala and Terry McConnachie.

Board compositions during 2008:

1 January – 31 March 2008
Haapanen Mikko, Kankaala Markku, Lainema Matti, Pelkonen Arno (until 24.1.2008), Poranen Timo, Mäkelä Kai, Vilppula Ahti

31 March – 11 July 2008
Kankaala Markku, Koncar Danko, Lainema Matti, Poranen Timo, Ryzhkov Konstantin, Smit Alwyn, Vilppula Ahti

11 July – 7 October 2008
Borman Tom (until 2.8.2008), Hukkanen Esa, Kankaala Markku, Manojlovic Jelena, Smit Alwyn

7 October 2008 –
Hukkanen Esa, Hoyer Thomas, Kankaala Markku, Manojlovic Jelena, McConnachie Terence, Smit Alwyn

Board Committees

The Company's Board of Directors established an audit committee in May 2007. The Board has confirmed the duties of the committee, of which most essential are monitoring the company's financial position and reporting as well as reviewing the internal control and risk management. The audit committee members as elected in January 2009 are: Thomas Hoyer (Chair), Jelena Manojlovic and Markku Kankaala. All members have the qualifications necessary as indicated in the corporate governance code. In addition, the members are independent of the company and two out of three are independent of the significant shareholders. The committee met, as a whole, three times during 2008 and four times in 2007.

The Board has not established any other committees.

CEO and other management

The Board of Directors appoints the CEO, who is responsible for the day-to-day management of the company in accordance with the instructions issued by the Board. The CEO has also been the Chairman of the Board as of September 2008 when the previous CEO resigned from the Company.

The Company does not have a separate Executive Board. The Group's management consists of Alwyn Smit, CEO; Antti Kivimaa, Deputy CEO (Wood Processing businesses); Jukka Havia, Deputy CEO (Finance and Acquisitions) and Esa Hukkanen, Business Development Director, who is also a Board member. The Group's management is presented in the Annual Report under 'The Group Management – CEO and other management'.

Remuneration

The Extraordinary General Meeting, held on 7 October 2008, resolved that the following monthly fees will be paid to the Board members: Chairman EUR 7,500 and other members EUR 5,000.

All matters related to the remuneration payable to the CEO are approved by the Board of Directors. The time needed to carry out the duties, the general situation of the company, and current standard practices are taken into account when determining the CEO's remuneration. The terms and conditions of the CEO's employment are specified in a written contract approved by the Board. The main terms of the CEO agreement signed with Alwyn Smit on 11 September 2008 are presented in the Group Financial Statements under 'Related party transactions'.

In 2008, the total fixed remuneration to the CEO was EUR 336 thousand (2007: EUR 237 thousand); bonuses EUR 30 thousand (EUR 824 thousand); and other incentives EUR 0 (EUR 674 thousand). The IFRS 2 based options expenses totalled EUR 319 thousand (EUR 255 thousand).

The remuneration of the other top management is confirmed by the Board.

The Company has the following incentive schemes:

- Option scheme I/2008, which entitles the option holder to subscribe for a maximum of 2,900,000 new shares in the company.
- Option scheme I/2005, which entitles the option holders to subscribe for a maximum of 2,700,000 new shares in the company.

The option schemes are described in more detail in the notes to the Financial Statements in note G20, Share based payments.

Internal control and risk management

The principles of internal control are confirmed by the Board of Directors. Internal audit has been outsourced to an external professional organisation since the end of 2007. The Group's management and the subsidiaries' Boards are in charge of day-to-day business management and administrative control. The internal control and risk management needs and their implementation are developed as the company and its operations evolve. Development projects will be launched when necessary.

Insider administration

The Company complies with the Guidelines for Insiders issued by the Helsinki Stock Exchange.

Ruukki Group Plc's permanent public insider register consists of its Board members, the Chief Executive Officer, Deputy CEOs as well as its auditors. All permanent public insiders and the statutory information about them, their related parties and the entities controlled by them or in which they exercise influence, have been entered into the Company's public insider register which is published on the company website. Ruukki Group imposes a restriction on trading for insiders which forbids trading with the company's shares for fourteen days before the publication of financial reports. Compliance with the insider regulations is monitored by taking samples at certain intervals of trading by insiders in the company's shares.

In addition to the public insider register, the Company holds a company-specific insider register of persons who regularly receive information that can have material impact on the value of the company's security. These persons include all Ruukki Group Plc employees (excluding those belonging to the public insider register), the Boards and managing directors of the Group's significant subsidiaries, as well as all other Group employees or third-party service providers who regularly obtain insider information.

When necessary, the company sets up a separate project-specific insider register. Project-specific insiders are those who, in connection with the insider project, obtain information about the company that might have material impact on the value of the company's shares if it were published. The establishment of a project is decided by the Board of Directors or the CEO.

Audit

According to the Articles of Association, the Company has at least one and no more than three auditors. If there is only one auditor, the Company must have one deputy auditor. The auditor and his/her deputy must be an Authorised Public Accountant or an Authorised Public Accountant firm. Auditors are elected for a term covering one financial year.

As of 7 June 2005, the company auditors are Reino Tikkanen and the auditing firm KPMG, with Antti Kääriäinen as the principal auditor. In 2008, the Company and its subsidiaries paid some EUR 181 thousand (2007: EUR 115 thousand) audit fees to KPMG (excluding VAT). For non-audit services, a sum of approximately EUR 98 thousand (EUR 303 thousand) was paid in 2008.

Communications

The address of the company website is
www.ruukkigroup.fi

The Company ensures that adequate and correct information regarding the company and its shares is simultaneously available to the markets. In January 2009, the Board prepared and published a disclosure policy, according to which the Group's stock exchange releases are published.

Financial indicators, corporate governance principles, stock exchange releases, and investor news are posted on the company website. Information included in the public insider register is available at: http://www.ruukkigroup.fi/in_English/Investors/Insiders.iw3.

FLAGGING NOTICES

Notices issued under Chapter 2, section 10 of the Securities Market Act in the period from 1 January 2008 to 25 February 2009:

» Nordea Bank Finland Plc's ownership in Ruukki Group Plc has exceeded one fourth (1/4). At the time the flagging notification was given, Nordea Bank Finland Plc announced that as the forward contracts expire in January 2008, the ownership of Nordea Bank Finland Plc (business ID 1680235-8) will fall below 1/10 of the share capital and voting rights of Ruukki Group Plc.

» Moncheur & Cie SA's (registration number 660.0.096.997-7, Geneva) ownership of the share capital and voting rights of Ruukki Group Plc has exceeded one twentieth (1/20) as a result of share transactions concluded on 21 January 2008.

» Procomex S.A's (registration number R.C.Luxembourg B 57.877) ownership will fall below 1/10 of the share capital and voting rights of Ruukki Group Plc based on agreement entered into on 12 February 2008. In case the agreement will be fully implemented the ownership of Procomex S.A. will fall below one tenth after the share transactions are finalised. Furthermore, in consequence of the aforementioned agreement, when fully implemented the combined ownership of Procomex S.A. and Helsingin Mekaanikontalo Oy (business ID number 1076761-9) will fall below 1/5 of the share capital and voting rights of Ruukki Group Plc.

» Russian JSC VTB Bank's (state registration number 1027739609391) or its affiliate's ownership will exceed 1/10 of the share capital and voting rights of Ruukki Group Plc based on agreements entered into on 12 February 2008. In case the agreements will be fully implemented, the ownership of JSC VTB Bank or its affiliate will exceed one tenth after the share transactions are finalised.

» RCS Trading Corporation Ltd's (company number 65574B, Nassau, Bahamas) ownership in Ruukki Group Plc has exceeded 1/20 of the share capital and voting rights of Ruukki Group Plc as a result of share transactions carried out on 20 March 2008.

» Oy Herttakakkonen Ab's (business ID 0761602-7) ownership has fallen below 1/5 of the share capital and voting rights of Ruukki Group Plc based on share transactions carried out on 20 March 2008.

» Oy Herttakakkonen Ab (business ID 0761602-7) made the following one-sided unilateral agreement on 20 March 2008: (i) Oy Herttakakkonen Ab has authorised Mr. Alwyn Smit or person appointed by him to vote in Ruukki Group Plc's Annual General Meeting on 31 March 2008 with all the shares and voting rights of Oy Herttakakkonen Ab; and (ii) Oy Herttakakkonen Ab has given one-sided commitment to sell by 28 March 2008 altogether 21,000,000 Ruukki Group Plc's shares that it owns to RCS Trading Corp Ltd. Moreover, Oy Herttakakkonen Ab has given one-sided commitment to sell altogether 30,000,000 shares and share forward agreements by 31 May 2008. In case all the abovementioned commitments will be finalized, Oy Herttakakkonen Ab's ownership will fall below 1/20 of the share capital and voting rights of Ruukki Group Plc.

» Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership has reached over 1/20 of the share capital and voting rights of Ruukki Group Plc based on share transaction carried out on 20 March 2008. In case the derivative agreements entered are exercised, Danske Bank A/S Helsingin Sivukonttori's ownership in Ruukki Group Plc will fall below 1/20 by the earliest at the value date 19 June 2008.

» Procomex S.A (registration number R.C. Luxembourg B 57.877) has on 20 March 2008 sold 29,200,000 shares of Ruukki Group Plc. The holdings of Procomex S.A. has decreased under 1/10 of the share capital and voting rights of Ruukki Group Plc on 27 March 2008 as the transaction was settled on the stock exchange. In consequence of the aforementioned transaction, when settled, the combined holdings of Procomex S.A. and Helsingin Mekaanikontalo Oy (business ID number 1076761-9) have decreased under 1/5 of the share capital and voting rights of Ruukki Group Plc.

» Russian JSC VTB Bank (business ID Code 1027739609391) has on 26 March 2008 purchased 29,200,000 shares of Ruukki Group Plc. JSC VTB Bank's holdings exceed 1/10 of the share capital and voting rights of Ruukki Group Plc on 27 March 2008 as the transaction is settled on the stock exchange.

» Nordea Bank Finland Plc's (business ID 1680235-8) holdings have not fallen below 3/20 but have fallen below 1/5 of the share capital and voting rights of Ruukki Group Plc as the forward agreements expired in March 2008. When the forward agreements expire in May 2008, Nordea Bank Finland Plc's ownership will fall below 1/10, and accordingly when the forward agreements expire in January 2009, the ownership will fall below 1/20.

» Evli Bank Plc's (business ID 0533755-0) ownership in Ruukki Group Plc's share capital and voting rights has fallen below 1/20 based on transactions carried out on 20 March 2008.

» Oy Herttakakkonen Ab's (business ID 0761602-7) ownership has fallen below 3/20 of the share capital and voting rights of Ruukki Group Plc based on transactions carried out on 28 March 2008.

» The ownership of Nordea Bank Finland Plc (business ID 1680235-8) has on April 1 2008 exceeded 1/5 of the share capital and voting rights of Ruukki Group Plc as a consequence of share purchase transactions. Simultaneously Nordea Bank Finland Plc announced that it has entered into forward contracts that will lead to following changes in the ownership: as the May 2008 forward contracts expire, the ownership of Nordea Bank Finland Plc will fall below 1/5, and as the June forward contracts expire, below 1/10 and as the January 2009 forward contracts expire, below 1/20 of the share capital and voting rights of Ruukki Group Plc.

» RCS Trading Corporation Ltd's (company number 65574B, Nassau, Bahamas) ownership has exceeded 1/10 of the share capital and voting rights of Ruukki Group Plc as a result of share transactions executed on 28 March 2008 and forward contract transactions carried out on 31 March 2008.

» Nordea Bank Finland Plc's (business ID 1680235-8)) holdings in Ruukki Group Plc have fallen below one fifth (1/5) as the May 2008 forward contracts have expired on 20 May 2008. Nordea Bank Finland Plc also announced that as the June 2008 forward contracts expire, the ownership of Nordea Bank Finland Plc will fall below 1/10 and as the January 2009 forward contracts expire, below 1/20 of the share capital and voting rights of Ruukki Group Plc.

» Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership has reached over 1/10 of the share capital and voting rights of Ruukki Group Plc based on share transaction carried out on 19 May 2008. Furthermore, Danske Bank A/S Helsingin Sivukonttori announced that it has entered into derivative agreements, which according to current information will expire in June 2008 and in September 2008. In case these derivative agreements are exercised, Danske Bank A/S Helsingin Sivukonttori's ownership in Ruukki Group Plc will fall below 1/20 by the earliest at the value date 19 June 2008.

» Nordea Bank Finland Plc's (1680235-8) and the Nordea Group's ownership has exceeded 1/5 of the share capital and voting rights of Ruukki Group Plc based on share purchase executed on Tuesday 20 May 2008. As the May 2008 forward contracts expire, the ownership of Nordea Bank Finland Plc and Nordea Group will fall below 1/5, as the June 2008 forward contracts expire, below 3/20 and as the January 2009 forward contracts expire, below 1/20 of the share capital and voting rights of Ruukki Group Plc.

» Hanwa Co., Limited's (Tokyo, Japan) ownership has exceeded 1/10 of the share capital and voting rights of Ruukki Group Plc based on share transaction carried out on 20 May 2008.

» Russian JSC VTB Bank's (business ID Code ZTEMP1964) holdings have fallen below 1/10 and 1/20 of the share capital and voting rights of Ruukki Group Plc based on share sale on 21 May 2008.

» RCS Trading Corporation Ltd (company number 65574B, Nassau, Bahamas) ownership in Ruukki Group Plc has exceeded 1/4 of the share capital and voting rights as a result of forward contract transactions carried out on 20 May 2008 and 21 May 2008. In addition, RCS Trading Corporation Ltd announced that Danko Koncar, who has a controlling interest in the company, has by himself or by third party decided by Danko Koncar right, given one-sided by Oy Herttakakkonen Ab, to acquire a total of 30,000,000 Ruukki Group Plc's shares from Oy Herttakakkonen Ab. In conjunction with this, Danko Koncar announced that he himself or via companies controlled by him will use this right only partially in a way that the combined ownership interest in Ruukki Group Plc by him or by companies controlled by him will not reach or exceed 30% of Ruukki Group Plc's share capital and voting rights.

» Helsingin Mekaanikontalo Oy (business ID number 1076761-9) holdings have fallen below 1/20 of the share capital and voting rights of Ruukki Group Plc based on forward contract sale on 21 May 2008. In addition, the combined holdings of Helsingin Mekaanikontalo Oy and Procomex S.A. (registration number R.C. Luxembourg B 57.877) have fallen below 1/10 of the share capital and voting rights of Ruukki Group Plc.

- Nordea Bank Finland Plc's (1680235-8) and the Nordea Group's holdings in Ruukki Group Plc have not fallen below 1/5 but are still above 1/5 of the share capital and voting rights of Ruukki Group Plc based on forward contract sale on Friday 30 May and forward contracts having expired. In addition, Nordea Bank Finland Plc has made forward contract agreements regarding Ruukki Group Plc. As the June 2008 forward contracts expire, the ownership of Nordea Bank Finland Plc and Nordea Group will fall below 3/20 and as the January 2009 forward contracts expire, below 1/20 of the share capital and voting rights of Ruukki Group Plc.
- Oy Herttakakkonen Ab's (business ID 0761602-7) ownership has fallen below 1/10 of the share capital and voting rights of Ruukki Group Plc based on transactions carried out on 5 June 2008. In addition, Oy Herttakakkonen Ab announced that it has continued the one-sided commitment to sell, by 31 August 2008, 20,000,000 Ruukki Group Plc shares or forward contracts that it owns to RCS Trading Corporation Ltd or to a party appointed by this.
- Ruukki Group Plc and Kermas Limited (registration number 504889) have in June 2008 entered into a preliminary agreement regarding a transaction over chrome operations. Among other things, it has been preliminarily agreed that Ruukki Group Plc will issue and Kermas Limited will subscribe for a convertible loan, with an amount of EUR 92 million. If the convertible loan is issued, Kermas Limited is, after September 1, 2010, entitled to receive in conversion a total of 40.000.000 shares of Ruukki Group Plc. This represents 13.8 percent of the current outstanding shares and votes of Ruukki Group Plc. In the case of complete conversion of the convertible loan the holding of Kermas Limited will exceed 1/10 of all shares and votes of Ruukki Group Plc. Kermas Limited is a parent company in a group of companies including RCS Trading Corp Ltd (company number 65574B, Nassau, Bahamas). Together with the current holding of RCS Trading Corp Ltd the potential ownership related to the convertible loan of Kermas Limited ("ownership of Kermas Group") will exceed 3/10 of the shares and votes of Ruukki Group Plc.
- Oy Herttakakkonen Ab's (business ID 0761602-7) ownership has fallen below 1/10 to 7.48% of the share capital and voting rights of Ruukki Group Plc based on transactions carried out on 5 June 2008. In addition, Oy Herttakakkonen Ab announced that it has continued the one-sided commitment to sell, by 31 August 2008, 20,000,000 Ruukki Group Plc shares or forward contracts that it owns to RCS Trading Corp Ltd or to a party appointed by this.
- Nordea Bank Finland Plc's (business ID 1680235-8) and the Nordea Group's holdings in Ruukki Group Plc have not fallen below 3/20 but are still above 1/5. Nordea Bank AB (publ) announced that part of its forward contracts have expired on 19 June 2008 and part of the forward contracts have been rolled over to longer maturities. In addition, Nordea Bank Finland Plc has made forward contracts regarding Ruukki Group Plc. As the December 2008 forward contracts expire, the ownership of Nordea Bank Finland Plc and Nordea Group will fall below 1/5 and as the January 2009 forward contracts expire, below 1/20 of the share capital and voting rights of Ruukki Group Plc.
- Nordea Bank Finland Plc's (business ID 1680235-8) and the Nordea Group's ownership of Ruukki Group Plc's share capital and voting rights has fallen below 1/5 on 30 June 2008 as a result of a share sale. In addition, Nordea Bank Finland Plc has made forward contracts regarding Ruukki Group Plc. As the December 2008 forward contracts expire Nordea's ownership in Ruukki Group Plc will fall below 1/5 and in January fall below 1/20.
- Nordea Bank Finland Plc's (business ID 1680235-8) and the Nordea Group's holdings in Ruukki Group Plc exceeded one fifth (1/5) as the forward contract agreements expired on 4 July 2008. In addition, Nordea Bank Finland Plc has made forward contract agreements regarding Ruukki Group Plc. As the December 2008 forward contracts expire the ownership of Nordea Bank Finland Plc and Nordea Group will fall below one fifth (1/5) and in January 2009 fall below one twentieth (1/20).
- Nordea Bank Finland Plc's (business ID 1680235-8) and the Nordea Group's ownership of Ruukki Group Plc's share capital and voting rights has on 15 July exceeded one fourth (1/4) as a result of a share purchase. In addition, Nordea Bank Finland Plc has made forward contract agreements regarding Ruukki Group Plc. As the forward contracts expire on 18 July 2008, the ownership of Nordea Bank Finland Plc and Nordea Group will fall below one fourth (1/4) and in January 2009 fall below one twentieth (1/20).
- Atkey Ltd (register number 1456426, British Virgin Islands) announced that it has on 7 August 2008 purchased share forward agreements whose total amount corresponds to 14,586,700 Ruukki

Group Plc shares, i.e. about 5.03% of Ruukki Group Plc's share capital and voting rights. As a result of these contracts, Atkey Ltd's ownership has exceeded one twentieth (1/20).

» JPMorgan Chase & Co. (register number 13-2624428, New York) announced that the total ownership of its subsidiaries JPMorgan Asset Management (UK) Limited, J.P. Morgan Investment Management Inc., J.P. Morgan Securities Ltd. and J.P. Morgan Whitefriars Inc. has fallen below one tenth (1/10) of the share capital and voting rights of Ruukki Group Plc as a result of transactions carried out on 13 August 2008.

» Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership has reached over 15% of the share capital and voting rights of Ruukki Group Plc on value date 24 September 2008. Furthermore, Danske Bank A/S Helsingin Sivukonttori announced that it has entered into derivative agreements, which according to current terms will expire in October 2008. In case these derivative agreements are exercised, Danske Bank A/S Helsingin Sivukonttori's ownership in Ruukki Group Plc will fall below 15% on value date 22 October 2008 at the earliest.

» Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership of the share capital and voting rights of Ruukki Group Plc has fallen below 10% on value date 26 September 2008 due to a share lending agreement made. Danske Bank A/S Helsingin Sivukonttori's ownership has again exceeded 15% as the share lending agreement expires on 30 September 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.

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