RUUKKI GROUP PLC'S FINANCIAL STATEMENTS REVIEW 1 JANUARY – 31 DECEMBER 2007
SUMMARY

THE TRANSFORMATION OF RUUKKI GROUP INTO INDUSTRIAL GROUP FOCUSING ON WOOD-BASED PRODUCTS STARTED IN 2007 – BUSINESS OPPORTUNITIES IN RUSSIA HAVING SUBSTANTIAL ROLE DURING THE CURRENT YEAR

GROUP KEY FIGURES (EUR MILLION)

	2007 **12 months / 31 Dec 2007**	**2006** **12 months / 31 Dec 2006**	**2005** **12 months / 31 Dec 2005**
Revenue	213.9	125.5	91.9
Operating profit (EBIT)	15.7	13.0	9.3
Net income	13.7	8.0	5.5
Return on equity, %	5.8 %	19.1 %	29.9 %
Return on capital employed, %	8.8 %	17.7 %	25.4 %
Equity ratio, %	85.1 %	60.1 %	32.9 %
Earnings per share, undiluted, EUR	0.06	0.07	0.07
Earnings per share, diluted, EUR	0.06	0.06	0.05

CEO MATTI VIKKULA:

- ”The transformation of Ruukki Group's businesses into an industrial group focusing on wood-based products proceeds. The expanded investment agreements to build a sawmill and a pulp mill were signed without prejudice with the Kostroma region's administration in Russia. Partly associated with the opportunities identified in Russia the Company successfully executed a share offering in the summer 2007.”

- ”Ruukki Group's current businesses succeeded extremely well in the financial year that ended – the profitability of the business operations stood at record-high level and at the end of the year the previously loss-making furniture business turned profitable. During this year the structure of the Group will change and the target-oriented effort on Russian business operations will continue.”

- ”Ruukki Group has set a long-term target of revenue over EUR one billion and exceeding the average profitability within the same industry. These targets are extremely challenging and inspiring – we will aim to the target with our strengthening organisation with committed people and willingness to win.”

- ”The investments of international forest industry companies in Russia are still being formed, and on the other hand there is only little practical experience on execution of the renewed Russian forest code. The needs of developing infrastructure for large investment projects are significant and there are no concrete examples of the procedures relating to them and especially of their implementation. It would be extremely important for the development of the Russian forest industry that the ongoing projects currently in planning, and to certain extent implementation phases could proceed in reasonably foreseeable operational environment.”

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This Financial Statements Review has been prepared according to the principles of the International Financial Reporting Standards (IFRS). The presented information is unaudited.

FINANCIAL PERFORMANCE, SUMMARY

Ruukki Group's consolidated revenue 1-12/2007 totalled EUR 213.9 million (1-12/2006: EUR 125.5 million). Revenue growth year-over-year was about 71 %. Comparable pro forma revenue increased approximately 28 % compared to the previous year.

Group revenue was split by the reporting segments as follows: House Building 29 % (43 %), Sawmill Business 28 % (22 %), Furniture Business 32 % (20 %), Care Services 8 % (8 %).

Of the total revenue exports accounted for roughly 43 % (32 %).

Earnings before interest and taxes (EBIT) for fiscal year 2007 was EUR 15.7 million (EUR 13.0 m), corresponding to 7.3 % (10.4 %) of revenue. Comparable 2007 EBIT, excluding items not presented in both 2007 and 2006, totalled EUR 13.6 million, whereas last year it was EUR 8.9 million.

There were about EUR 3.5 million expenses, included in 2007 EBIT, related to the preparations for the Russian Kostroma investment projects (1-12/2006: EUR 0.5 m). The impairment losses for the fiscal year totalled EUR 1.1 million (EUR 0.4 m). The insurance compensations received in the fiscal year were EUR 5.8 million (EUR 0.1 m). The effect of one-off gains in 2006 on the sales of subsidiaries and associates totalled EUR 4.9 million.

Earnings before taxes was EUR 19.2 million (EUR 12.2 m) corresponding to about 9.0 % (9.7 %) of revenue.

Net income attributable to equity shareholders for the full year 2007 was EUR 12.7 million (EUR 8.4 m), i.e. 5.9 % (6.7 %) of revenue. Net income including minority interests for the full year 2007 was EUR 13.7 million (EUR 8.0 m), i.e. 6.4 % (6.4 %) of revenue.

The Board of Directors of Ruukki Group Plc has decided to propose the Annual General Meeting to be held in spring 2008 a dividend payout of four cents per share, i.e. totalling approximately EUR 11.6 million.

Especially due the share issues finalised in June and July 2007, Group's equity ratio increased to 85.1 % (60.1 %) at the year-end.

GROUP KEY FIGURES (EUR MILLION)

	2007 **12 months / 31 Dec 2007**	**2006** **12 months / 31 Dec 2006**	**2005** **12 months / 31 Dec 2005**
Revenue	213.9	125.5	91.9
Operating profit (EBIT)	15.7	13.0	9.3
% of revenue	7.3 %	10.4 %	10.2 %
Earnings before taxes	19.2	12.2	8.5
% of revenue	9.0 %	9.7 %	9.2 %
Net income	13.7	8.0	5.5
% of revenue	6.4 %	6.4 %	6.0 %
Return on equity, %	5.8 %	19.1 %	29.9 %
Return on capital employed, %	8.8 %	17.7 %	25.4 %
Equity ratio, %	85.1 %	60.1 %	32.9 %
Earnings per share, undiluted, EUR	0.06	0.07	0.07
Earnings per share, diluted, EUR	0.06	0.06	0.05

Equity per share, EUR	1.41	0.42	0.26
Average number of shares, undiluted (1,000)	217,889	118,052	83,188
Average number of shares, diluted (1,000)	221,432	135,996	106,468
Number of shares outstanding, end of period (1,000)	290,034	135,964	93,301

GROUP STRATEGY AND GUIDANCE FOR 2008

The company's Board has decided to focus the Group's business more intensively on wood-based operations so that the future industrial operations and investments will be focused on Russia in particular and on a substantially larger scale than before.

Ruukki Group's strategic aim is to concentrate on wood processing within the Northern coniferous wood zone. Group business operations will be focused on mechanical wood processing, and furthermore on pulp business. The target is to reach revenue of over EUR one billion by the first half of the 2010 decade, and the Group EBIT percentage should be in excess of the average profitability within the same industry.

Ruukki Group's consolidated revenue in 2008 is expected to be about 20 per cent higher than the 2007 group revenue. The Group's 2008 operating profit (EBIT) in euros is expected to be at about the same level as during 2007 despite the cyclical changes in the House Building and Sawmill businesses. Earnings before taxes for the financial year 2008 are expected to increase by approximately one fourth. These guidances are based on forecasts by the Group's and subsidiaries' management, market prognosis in various industries and the Group order book at the end of 2007. Furthermore, the guidance is valid for the current Group structure, which is assumed to be unchanged during the full year 2008.

KEY EVENTS DURING THE FINANCIAL YEAR

General

In Spring 2007 Group entered into two investment agreements with Russian Kostroma region to construct a sawmill and a pulp mill. These agreements replaced the previous investment agreements signed in December 2007. In case these investment projects are finalised they will have significant effect on Group's operations, its geographical focus and its risk position.

In June and July, the parent company Ruukki Group Plc executed a directed paid share offering and related over-allotment share issue. These share issues were specifically aimed at partial financing of Kostroma investment projects. By the share issues the company gathered a net total of approximately EUR 339 million in equity when taking into account the deferred tax effect related to the share offering costs.

Russian investments

Ruukki Group targets to implement investment projects in Russia so that as a result a modern integrated forest industry entity will be created. Also third parties will be offered opportunities to join the integrate with their own areas of expertise.

In February 2007, Ruukki Group Plc announced that it had registered investment agreements concerning a sawmill and a chemi-mechanical market pulp (bleached chemi thermo mechanical pulp, BCTMP) mill in the investment project register of the Kostroma region. In May 2007, Ruukki Group made an agreement with the administration of the Kostroma region to expand the BCTMP mill investment agreement with a new agreement that was registered by the Kostroma region's administration at the end of June.

In accordance with the investment agreement registered previously in February 2007, Ruukki Group had the opportunity to invest in a BCTMP mill with an annual production capacity of 300,000-500,000 tons. Pursuant to the expanded investment agreement concluded in May and registered in June, Ruukki Group can either invest in a chemical pulp mill (BKP, bleached kraft pulp) with an annual production capacity of 800,000 tons or alternatively in the BCTMP mill agreed upon earlier.

According to the investment agreements Ruukki Group is able to get tax concessions. The concessions will be given for regional income tax and property tax, and their amount depends on the final timetable, on the investments costs and on the profitability of the investment projects.

In November 2007 Ruukki Group made applications, both for the sawmill project and for the pulp mill project, for the priority investor status related to forest harvesting rights. If Ruukki Group will be granted the priority investor status, a 50 per cent discount on forest rents will be given and the forest areas can be leased without the auction process that would otherwise be followed.

The combined total wood consumption of the 500,000 cubic meters conifer sawmill and the 800,000-ton BKP mill planned by Ruukki Group will, if realised, reach over four million cubic meters of industrially usable wood per year. To enable this, in conjunction with signing the investment agreements it was agreed with the Kostroma region that the annual harvesting rights included in the investment agreements can be increased from the previously agreed 2.5 - 3.1 million cubic meters to a total of 6.0 million cubic meters per year.

The planning and preparations for the pulp mill are currently in process with BKP as the primary alternative. The ongoing pre-engineering study thereby will be finalised during summer 2008. In case the pulp mill will be constructed as a BKP mill, for example the development of special steel prices will be affecting the final amount of the investment.

Based on current information and calculations, Ruukki Group estimates the total investments in the BKP mill and sawmill and in the necessary harvesting and transport machinery to be approximately EUR 1.1 billion. The total investment will however essentially depend on the technical set-up and the annual production capacity of the pulp mill.

It is targeted that the sawmill starts its production at the end of 2008 if needed permits from authorities and required forest resources have been granted promptly. Especially important in relation to the timetable is that the pending priority investor status has been given during the first quarter of 2008. The targeted start-up for the planned pulp mill is at the end of 2010. To be able to reach that timetable is also dependant upon the availability of needed permits and raw material resources. The planned location for the pulp mill and sawmill is the city of Manturovo on the Unzha River in the Kostroma region some 600 km northeast of Moscow.

The sawmill business segment signed in autumn 2007 purchase agreements with Heinolan Sahakoneet Oy, which belongs to Sorb Industri Ab, for the main production machinery and equipment for the Kostroma sawmill. The annual capacity of the sawmill is set at 500,000 cubic meters of sawn wood per year, to be produced in three shifts. Moreover, Ruukki Group has delivery agreements for the Kostroma sawmill in place for the log sorting and feeder machinery and equipment with Nordautomation Oy, for the kilns with WSAB Oy, for the debarking equipment with Valon Kone Oy and for the bio energy boiler plant utilising the bark of logs for Wärtsilä Biopower Oy.

Furthermore, large-scale frame agreement was signed with John Deere in autumn. This agreement includes the delivery of harvesters and forwarders to the planned harvesting operations in Kostroma regions, as well as the related training and spare parts services.

In August Ruukki Group’s Russian subsidiary made rental agreements in Manturovo, Kostroma for the land plots to be used for both the planned sawmill and the pulp mill. In conjunction with the preparations ongoing for the pulp mill project the Group has purchased certain old buildings situated on the site with the purpose of mainly demolishing them later.

The final implementation of the investments also depends on obtaining environmental and other official permits in Russia, as well as a number of other factors. At this time, no assurance can be given that such permits will be obtained or that favourable decisions will be made by the relevant authorities.

Share offerings

On 12 June 2007 Ruukki Group Plc's Extraordinary General Meeting decided on a directed paid share offering, in which a minimum of 100,000,000 and a maximum of 130,000,000 new shares were to be offered. The share offering's success met the company's expectations, and the number of subscription commitments clearly exceeded the number of new shares to be offered. Based on the subscription commitments submitted by institutional investors in the book building process, the final subscription price was confirmed at EUR 2.30 per share. Ruukki Group Plc's Board of Directors decided on 21 June 2007, in accordance with the general meeting decision, to execute the share offering. In addition, Ruukki Group's Board decided in June, in accordance with the share offering's terms and conditions, to give Evli Bank Plc, the manager of the issue, the right to subscribe for up to 19,500,000 new shares at a subscription price of EUR 2.30 per share to cover the over-allotment. Resulting from the offerings of a total of 149,500,000 shares less the estimated costs net of deferred taxes, Ruukki Group received altogether EUR 339 million equity.

In the same context, the company's Board approved the allocation of new shares to investors who had made subscription commitments, the total number of who at the final subscription price level were 363. In accordance with the share offering's terms and conditions, at least one third of the minimum amount of new shares offered were reserved for the company's current shareholders and comparable parties.

In accordance with the terms and conditions of the issue, the subscription price was recognised in full in the paid-up unrestricted equity fund. At the end of financial year 2007 the funds received from the share issues are to major extent placed in short-term euro-denominated deposits or diversified money market mutual funds. About one tenth of those funds were at the end of 2007 placed in short-term rouble-denominated deposits.

Acquisitions

In February 2007, Ruukki Group Plc carried out an ownership arrangement concerning Incap Furniture Oy, the furniture manufacturer, taking part in its directed share issue. After all share and financing transactions finalised during the financial year, Ruukki Group owned altogether 71.0 % of Incap Furniture's shares at the end of the year. At the end of 2006 the corresponding ownership was about 47.3 %. Due to the effect of the joint financing package of shareholders and providers of finance, the financial situation of Incap Furniture was strengthened in this conjunction by about EUR 3 million. Through the options issued by Incap Furniture Oy, Ruukki Group Plc's holding may decrease to about 65 per cent, if all the options are exercised. A total of EUR 0.9 million of Ruukki Group's cash assets was tied up in this arrangement.

Through a transaction carried out in March 2007, Ruukki Group Plc acquired approximately 68% of Oplax Oy's stock. Oplax Oy had previously been an associated company. After the acquisition Ruukki Group has held the entire stock of Oplax Oy. Oplax Oy is engaged in the production of wooden packaging products and packaging pallets and the provision of logistics services in Oulu, Tornio and Kemi. Oplax Oy annually produces over one million packaging pallets, using about 30,000 m^3 of timber. Oplax Oy has been consolidated in the Ruukki Group's sawmill business area as a Group company since March 2007.

In June, Pohjolan Design-Talo Oy, the parent company of Ruukki Group's house building business segment, acquired a majority holding in Pohjolan Design-Sähkö Oy, a non-Group electrical contractor company, at a price of EUR 1.5 million. Pohjolan Design-Sähkö has previously been a long-term subcontractor and partner of Pohjolan Design-Talo. After the transaction, Ruukki Group has a consolidated holding of about 63.2 % in Pohjolan Design-Sähkö Oy, which has been renamed as RG Design-Talotekniikka Oy. The company's operating management retains a minority holding in the company.

As part of the Group's strategic restructuring, in December 2007 a letter of intent was signed of the sale of all the shares of Pan-Oston Oy, a subsidiary in Other Businesses, metal industry. The closing of the divestment did occur in the beginning of January 2008.

Other events

The Annual General Meeting held in April 2007 decided to pay out a dividend of EUR 0.03 per share, partly amend the Articles of Association, execute a bonus share offering to pay for the additional transaction price liabilities relating to old share exchange agreements and update the terms and conditions of the I/2005 option program as enabled by the new Companies Act. The Annual General Meeting re-elected the existing Board in its entirety and the auditors. Additionally, the Annual General Meeting authorised the Board to decide on a share issue and on granting options and other special rights that give entitlement to shares. By virtue of this authorisation, the maximum number of shares to be issued in one or more lots is 25,000,000 new shares or Ruukki Group shares already held in the company's treasury, corresponding approximately 18 % of total number of registered shares at the moment when decision was made and approximately 8.6 per cent of the total number of shares registered on 31 December 2007. Based on this authorisation the board of directors has issued 300,000 shares to CEO Matti Vikkula in June 2007 and decided in December 2007 to set up new management incentive scheme with a maximum of 7,350,000 share options. The share issue authorisation given by the Annual General Meeting is valid until 20 April 2009.

An Extraordinary General Meeting held in June decided, in accordance with the Board proposal, to execute a paid directed share offering and related over-allotment share issue option primarily to finance part of planned investments in Russia. Arno Pelkonen and Timo Poranen were elected as new members to Ruukki Group Plc's Board of Directors, and Fredrik Danielsson and Timo Honkala left the Board. The company's Articles of Association were amended in part, for example, by adding Ruukki Group Plc as the company's English business name.

In May 2007, Ruukki Group Plc's Board decided to revise the company's dividend distribution policy. The number of dividends distributed by the Company in the future will depend on the Company's financial status, need for capital and other factors. The planned investments to Russia will restrict the company's possibility to distribute dividends in the coming years. It is possible that no dividend at all will be distributed on the company's shares in the next few years.

The Lestijärvi factory of Ruukki Group's furniture business segment was to major extent destroyed by a fire that took place at the end of June 2007. The insurance compensations, net of impairment losses, related to the fire totalled EUR 4.3 million in financial year 2007. There are no major pending insurance processes at the end of 2007. The operations and production in Lestijärvi were decided to be terminated. Based on that decision and after the co-determination negotiations process forty employees were given immediate notice after due to financial and production-related reasons. The costs related to workforce layoffs or relocating, and factory closure were not substantial.

In June, Ruukki Group Plc's Board appointed Matti Vikkula, M.Sc. (Econ.) as the company's new CEO. He commenced as CEO in the beginning of September 2007.

The Extraordinary General Meeting of 12 June 2007 elected Timo Poranen, M.Sc. (Eng.) and Arno Pelkonen, M.Sc. (Econ.) as new members of the company's Board. Mr. Arno Pelkonen resigned from the Board on 25 January 2008.

Ruukki Group Plc's Board of Directors decided in May 2007 to establish an Audit Committee. In August Matti Lainema (committee chairman), Mikko Haapanen and Timo Poranen were appointed as members of the Audit Committee.

There will be a separate summary at company's webpage www.ruukkigroup.fi of all stock exchange releases and investor news published during 2007.

EVENTS AFTER THE BALANCE SHEET DATE

In January 2008 Ruukki Group acquired a majority interest in Junnikkala Oy and the group it forms. Junnikkala group practises sawmill business in Kalajoki, Ostrobothnia, and its subsidiary Juneropt Oy specialises in further processing of sawn wood targeted especially for prefabricated housing business. The annual production capacity of the Junnikkala sawmill is at present 130,000 cubic meters of sawn wood. At the same time, Junnikkala Oy acquired all shares of Pyyn Saha ja Höyläämö Oy, which operates in Oulainen. The current annual production capacity of

Pyyn Saha ja Höyläämö Oy is close to 40,000 cubic meters. The business and investment plans for the newly formatted Junnikkala group are based on increasing the total combined capacity to 300,000 cubic meters during the next two to three years. In addition, further processing will be developed in the planing and painting operations. The Oulainen sawmill will be focusing on sawing smaller logs, whereas Kalajoki sawmill will be concentrating on further processing in addition to sawing operations. The consolidated revenue of the newly formed Junnikkala group totalled nearly EUR 50 million in 2007 and the profitability was positive. As a result of these arrangements, the annual production capacity of Ruukki Group's sawmill business will increase immediately from approximately 200,000 cubic meters to nearly 400,000 cubic meters, and by 2010 the total capacity is to reach 500,000 cubic meters level.

In January 2008 it was announced that the board of directors of Ruukki Group has decided to explore opportunities to make structural arrangements in the house building business segment and in the care services segment with a target to dispose of those businesses.

The implementation of the investment agreements is continuing by Ruukki Group and its Russian subsidiary according to the investment agreements. In order to get the needed forest resources in the Kostroman region in accordance with the new Russian Forest Code, Ruukki Group's Russian subsidiary filed in November 2007 applications for the so-called priority investor status within the Kostroma region's administration. At the date of the announcement of this Financial Statements Review the processes related to these applications are open. On 17 January 2008 initiative was presented by the Kostroma region to make amendments in the investment agreements. For this purpose both parties have nominated experts into joint working groups to handle the issue. The claims by Kostroman region's administration to change the tax concessions and the forest harvesting rights are not based on the registered investment agreements. The priority investor status applications will be actively processed further with the Kostroma region's administration. The confirmation of the priority investor status will be done by the responsible ministry of the Russian Federation.

DEVELOPMENT BY BUSINESS SEGMENT

House Building

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

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

1-12/2007	1-12/2006	10-12/2007	10-12/2006
473	458	146	141

Revenue and operating profit of the House Building segment:

in EUR million	1-12/2007	1-12/2006	10-12/2007	10-12/2006
Revenue	62.4	53.7	19.9	16.0
EBIT	13.3	13.4	4.8	4.1
EBIT margin, %	21.4 %	24.9 %	23.9 %	25.4 %

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.

The steep and rapid climb of the costs of raw materials and supplies in the first half of 2007 weakened the relative operating profitability. The cost increases started to level off in the autumn. The number of houses delivered to customers increased slightly from the previous year. Business area's revenue grew more than the volume of delivered houses due to an increase in the average selling price and since starting from June 2007 electricity contractor subsidiary acquired has been consolidated into the segment. Deliveries in the house building business are generally very seasonal, which in practice means that more deliveries are made during the first, and particularly the fourth, quarters than over the summer. However, during 2007 the timing of deliveries differed slightly from the historical seasonal variation.

The business area's order book excluding VAT stood at approximately EUR 17.9 million at the end of 2007 (31 Dec 2006: EUR 36.0 m). The order book contains no significant risks. At the end of the review period, the house building area’s personnel totalled 118 (31 Dec 2006: 101).

The following companies belong to the segment: the parent company of the group Pohjolan Design-Talo Oy (Ruukki Group Oyj owns 90.1 %) and its subsidiaries Nivaelement Oy (100 %) and RG Design-Talotekniikka Oy (Pohjolan Design-Talo Oy owns 70,1 %).

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, because the Group's products are very well suited to house building thanks to their strength properties.

Revenue and operating profit of the Sawmill Business segment:

in EUR million	1-12/2007	1-12/2006	10-12/2007	10-12/2006
Revenue	59.4	27.8	14.4	9.7
EBIT	5.4	1.4	-0.5	0.1
EBIT margin, %	9.0 %	4.9 %	-3.3 %	1.0 %

In the segment’s operating profit (EBIT) for the 2007 last quarter, there are altogether EUR 0.8 million expenses included related to the Russian projects (1-12/2006: EUR 0.0 m) and about EUR 1.1 million for the full financial year 2007 (1-12/2006: EUR 0.0 m).

Excluding the Russian investment projects’ expenses, the operating profit (EBIT) of the Sawmill Business totalled EUR 0.4 million for the last quarter of 2007 (1-12/2006: EUR 0.1 m). The corresponding EBIT margin of the domestic operations was 2.5 % (10-12/2006: 1.3 %) of revenue. For the full financial year 2007 the domestic operations’ EBIT totalled EUR 6.4 million (EUR 1.4 m), which is 10.8 % (5.0 %) of revenue. A one-off insurance compensation of EUR 0.4 was recognised during the first quarter of 2007.

Both the market prices of the end-products and the costs of raw materials and transportation have risen, the net result of which the profit and relative profitability have improved during 2007. The log stumpage prices have levelled off during the autumn. Market demand for the products of the business segment has been strong in Finland as well as in export markets, but especially abroad there has been deterioration the market situation from the end of the financial year 2007. There have been many factors affecting the whole sector that have lowered the profitability of the segment: declining exports prices, weak demand abroad, profound structural changes in the Finnish forest industry and the implications of the introduced Russian round wood duties into the business environment.

The exports accounted about 42 % of the Sawmill segment’s revenue (1-12/2006: 56 %). The order book excluding VAT was approximately EUR 8.9 million (1-12/2006: EUR 13.2 m). There were totally 112 employees employed by the segment at the end of 2007 (31.12.2006: 72).

The coniferous sawmill planned in the Kostroma region, Russia, is still at the preparation phase. During 2007 the total costs recognised in the group profit and loss account related to the investment projects in Kostroma were EUR 3.5 million (for the previous financial year EUR 0.5 million). Furthermore, prepayments on the investments have been paid. During the last quarter of 2007, the Kostroma projects’ expenses totalled about EUR 0.8 million, which almost fully has been related to the sawmill business.

After the financial year 2007 Junnikkala group has been acquired into the Sawmill Business segment (Ruukki Group’s ownership share 51 %), which will to a large extent increase the revenue of the segment in 2008. When the new acquired unit is integrated, the target is to intensify the co-operation of various sawmills and to get synergy benefits in for example purchases.

The major subsidiaries of the segment are: Lappipaneli Oy (100 %), Tervolan Saha ja Höyläämö Oy (91.4 %), Oplax Oy (100 %) and Ruukki Invest Oy (100 %), which has a Russian subsidiary OOO Ruukki Invest Oy Kostroma.

Furniture Business

The Furniture Business segment manufactures wooden, ready-to-assemble furniture at four production plants in Finland.

Revenue and operating profit of the Furniture segment:

in EUR million	1-12/2007	1-12/2006	10-12/2007	10-12/2006
Revenue	68.7	25.7	25.0	0.0
EBIT	2.6	-5.3	3.1	-1.7
EBIT margin, %	3.8 %	-20.8 %	12.2 %	-

In the above table the EBIT includes both the shares of profit relating to holdings in associated companies corresponding with the Group's respective holdings and all income statement items corresponding with holdings in subsidiaries. In January and February 2007 the furniture business company Incap Furniture and all of its subsidiaries were associated companies of Ruukki Group, and from March 2007 onwards subsidiaries.

The business environment of the furniture business has continued to be very challenging, and the operating result without non-recurring items has remained negative. However, during the last quarter of the financial year, the operative volumes and capacity utilisation increased notably and the business area's profit before non-recurring items returned to profit. During the year 2007 a net insurance compensation in total of approximately EUR 5.4 million has been recognised, by for the same period a EUR 1.1 million impairment of inventories has been booked as well. At the end of the accounting period, the area's order book excluding VAT stood at approximately EUR 10.4 million. On 31 December 2007, the segment employed a total of 331 people.

The following companies belong to the segment: Incap Furniture Oy (Ruukki Group's ownership 71.0 %) and its subsidiaries.

Care Services

The Care Services business area provides high-quality care and rehabilitation services for municipalities, cities, communities and businesses.

Revenue and operating profit of the Care Services segment:

in EUR million	1-12/2007	1-12/2006	10-12/2007	10-12/2006
Revenue	16.8	9.8	4.5	3.3
EBIT	0.3	0.6	-0.4	-0.1
EBIT margin, %	1.6 %	6.2 %	-8.2 %	-3.7 %

During the financial year 2007, the organic growth of the business was strong as a result of new service unit openings and the Mendis acquisition carried out last year. During the last quarter of 2007 the business segment's expenses were above the average due to the autumn salary increases, the personnel or premises costs for new or planned care services units as well as one-off purchases at the existing care homes.

At the end of the accounting period, the business area employed 344 persons (229 on 31 Dec 2006). The structure of the subgroup will be simplified further in 2008 by merging one of the subsidiaries into the parent company. The business area has service units in 21 locations, and the combined number of these unit's customers was about 550 at year end (420 on 31 Dec 2006).

The comparable increase in the revenue of the care services business area was approximately 30%, when eliminating the effect of the acquisition of Terveyspalvelut Mendis Oy during the 2006 financial year. Correspondingly, the comparable change in operating profit is about -75%.

The following companies belong to the segment: the parent company of the group Mikeva Oy (100 %) and its subsidiaries Mikon Kuntoutuskodit Oy (100 %) and Terveyspalvelut Mendis Oy (100 %) that also has Mendis Palvelukodit Oy (100 %) as its subsidiary.

Other Businesses

In addition, Ruukki Group has business operations within the metal industry that are not reported as separate segments as well as some holdings in associated companies.

The following companies belong to the metal industry sub-group: Alumni Oy (100 %) and its subsidiaries Pan-Oston Oy (100 %), the entire stock of which was sold upon transactions carried out on 2 January 2008, and Selka-line Oy (100 %). During the accounting period 2007, the metal industry sub-group's revenue was EUR 8.2 million (EUR 8.2 million in 2006) of which Pan-Oston Oy generated about 65 %, and operating profit EUR 0.1 million (EUR 0.3 million in 2006).

Ruukki Group Plc also has some minority holdings in Finnish companies that operate in logistics and ICT businesses. The combined profit effect of associates was approximately EUR 0.1 million in 2007 (EUR 0.4 million in 2006). The profit effect of associates belonging to sawmill and furniture business segments is presented within the operating profit of these segments. During the accounting period 2007 Ruukki Group Plc reduced its ownership in Valtimo Components Oyj from 39.2 % to 24.9 %. All the associates have been consolidated in the consolidated financial statements by applying the equity method.

GROUP EMPLOYEES

At the end of the financial year Ruukki Group's number of employees was 958 (2006: 452), and accordingly for the parent company 7 (5). The average headcount was 866 (579) during the financial year. Group's personnel expenses were EUR 32,037,200.86 (18,368,867.34) for 2007 (2006). There were altogether EUR 576,147.77 (105,304.50) expenses recognised in the profit and loss account based on option and other share-based payments as depicted by IFRS 2 standard.

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

	31 Dec 2007	31 Dec 2006
House Building	118	101
Sawmill Business	112	72
Furniture Business *	331	0
Care Services	344	229
Other Operations	46	45
Group management	7	5
Total personnel	**958**	**452**

* Incap Furniture Oy was an associate on 31 Dec 2006

In the care services business area there are authority requirements in relation to the relative number of personnel (in proportion to the number of customer units) and the educational level of the personnel.

OUTLOOK FOR THE FUTURE

The company's Board has decided to focus the Group's business more intensively on wood-based operations so that the future industrial operations and investments will be focused on Russia in particular and on a substantially larger scale than before.

Ruukki Group's strategic aim is to concentrate on wood processing within the Northern coniferous wood zone. Group business operations will be focused on mechanical wood processing, and furthermore on pulp business. The target is to reach revenue of over EUR one billion by the first half of the 2010 decade, and the Group EBIT percentage should be in excess of the average profitability within the same industry. Ruukki Group Plc's Board of Directors has decided to set a long-term goal of having equity ratio of 40 per cent at the group level.

Considering the Group's size, the planned projects, particularly relating to the planned pulp business, are extremely large and entail a number of different kinds of risks for both implementation and investment processes as well as the business operation phase.

Ruukki Group's consolidated revenue in 2008 is expected to be about 20 per cent higher than the 2007 group revenue. The Group's 2008 operating profit (EBIT) in euros is expected to be at about the same level as during 2007 despite the cyclical changes in the House Building and Sawmill businesses. Earnings before taxes for the financial year 2008 are expected to increase by approximately one fourth. These guidances are based on forecasts by the Group's and subsidiaries' management, market prognosis in various industries and the Group order book at the end of 2007. Furthermore, the guidance is valid for the current Group structure, which is assumed to be unchanged during the full year 2008.

Future outlook for each segment's market development:

House Building

There are signs that the rapid growth of the detached house market in recent years has levelled off; this may affect the number of detached house deliveries during next year, and therefore it is generally expected that the amount of house deliveries will fall from the level achieved in 2007.

Competition, especially in the ready-to-move-in niche, can be harder and affect the needed marketing resources and the average sales prices.

Changes in market interest rates or the prices of production inputs may have a negative impact on the short-term and long-term performance of the business.

Sawmill Business

After the positive markets and rapid hike in the sales prices last year, the future market situation is expected to be challenging. Especially in the export market a negative change in the prices and demand is expected in the near future.

The price of standing timber is expected to stabilise, but it is likely that the proportion of raw material imported from Russia to Finland will shrink, which might have considerable impact on future availability and price of raw materials.

The volume and geographic distribution of the production capacity in the sector is likely to change, and the focus in new investments probably will be on the areas neighbouring Finland.

Furniture Business

In the furniture business the operating environment is estimated to improve in general from previous years, but possible changes may rapidly affect the situation.

In short-term, demand is expected to be high, but the conditions can change rapidly during the second half of 2008.

Care Services

The bidding competitions and service outsourcing from the public sector to private operators offer good growth opportunities for the field, particularly in elderly care and mental health services.

Availability of competent workforce and rise in personnel costs due to given material rises in salaries are factors that can slow down growth in the field and affect the short-term profitability.

RISKS RELATED TO OPERATIONS

In addition to the issues presented below, the risks on businesses and investment projects have been described in the share offering prospectus published on 13 June 2007.

STRATEGIC RISKS

Competitive situation and position in the production chain
The competitive situation is expected to remain strong or tighten in the company’s key business sectors and main markets. This might affect the Group’s profitability through unfavourable development in sales prices and price of raw materials. The Group aims to intensify its production and service processes which will guarantee sustained competitiveness as well as sufficient capacity and quality.

The house building business area deals directly with customers, which means that it has a responsibility toward the end clients for a package delivery of ready-to-move-in houses. However, in the production and delivery process subcontractors play a significant role as they increase the division’s flexibility and ability to react to major market changes. The sawmill business area is involved in the relatively early stages of the processing chain and delivers part of its production output to other processing plants or the wholesale industry. This may affect its ability to react to major structural changes affecting the sector.

Geographic and political risks and customer concentration

The Group companies’ production facilities, personnel, and customers are mainly located in Finland. The Group previously operated mainly in Finnish markets, but a growing share of customers are abroad. Geographical decentralisation has decreased the direct impact of home markets especially in sawmill and furniture business areas. However, the risk arising from unfavourable development in individual market areas or changes in their currencies may continue to be significant.

The Group’s new strategy to explore and implement business opportunities in Russia will presumably increase geographical risks related to operating in Russia. The execution and timing of investment projects in Russia are considerably depending on obtaining permits from the Russian Federation, local regional administration and municipal authorities of the locality where the planned production facilities are situated. The execution of the investment projects also requires that the Group obtains the obligatory permits and harvesting and other rights stipulated by law, as well as existence and construction of adequate infrastructure.

The relative importance of Japanese export markets in the sawmill business and the house building business in Finland are high even if individual customers are not very significant. In the pallet manufacturer unit, the number of customers is small but the company has entered into partnerships as well as long-term delivery agreements with the customers. This decreases the risk arising from centralised customers. An individual customer may, however, entail a significant risk in the furniture business, which may significantly affect the segment’s business. The care services business area is subject to licence, and the key customer group consists of Finnish municipalities. If for social or regional policy reasons structural changes were made to the system of outsourcing social services to the private sector, a major impact could be seen in terms of future business opportunities in the care services sector.

Risks associated with business reorganisation

A significant proportion of the Group's operations consist of business reorganisations, which is why the implementation, timing, and pricing of acquisitions and divestments, as well as integration of these activities at Group level, have a key impact on both short- and long-term performance. The estimated synergy benefits related to business reorganisation might be realised in different time frame and in different magnitude than originally planned. Moreover, these operations essentially involve various financing arrangements that typically include covenants that may affect the chances of securing further financing, or the terms and conditions of such financing. The launch of the planned new business in Russia involves significant exercising of financing and investment solutions, involving risks that, especially in the Russian business environment, are likely to be greater than average. The terms of the needed financing, especially if the turmoil in the global financial markets, which started in the second half of 2007, would continue, can be affected for the coming months and years by these factors.

OPERATIONAL RISKS

Market situation in sectors of operation

The sectors in which the Group operates are clearly different in terms of their sensitivity to economic fluctuations, their operational profitability, and volume variations, and the individual divisions have only a very limited amount of direct co-operation. As a result, the dissimilar and mutually independent business operations diversify the Group's market risk and reduce the overall cyclicality of operations. The board’s decision to focus on wood-based industrial business operations is expected to increase the risk related to changes in the market prices of timber raw materials, especially soft wood logs. Moreover, the change in the Group structure changes the decentralisation to different market areas and customer groups.

As the planned sawmill and pulp mill projects are completed, the Group will move to new business and market areas which would change the Group’s risk profile. Expansion to new business areas will, as realised, have also an effect on customer and market risks. The planned pulp mill operations are large compared to the Group’s current businesses.

Raw material price and availability risks

The price risk associated with the Group companies' main raw materials should be relatively easy to manage, and the sales prices can, at least in part, be revised to match the raw material price development. To minimise price and availability risks, Ruukki Group utilises long-term co-operation agreements and extensive partnership and subcontracting networks. The remote location of certain units increases the risks related to customer deliveries on the one hand, but on the other hand it ensures better raw material quality and availability, and it helps in retention of skilled personnel.

The estimated use of timber raw material in the Group’s sawmill business in 2008 is in total about 800.000 cubic meters of soft wood log annually when the Junnikkala group is consolidated to Ruukki Group as of February 2008. As a result, a one euro change in the logs’ purchase price (EUR/m3) will affect the Group’s operating profit EUR 0.8 million if the sales prices stay unchanged.

Environmental risks

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 have to do firstly with direct potential harm to the environment and secondly with post-production rehabilitation or landscaping obligations. Due to the nature of the business, the group’s Sawmill Business has the largest potential exposure to environmental risks. Based on studies carried out, the group does not have any knowledge that any significant environmental risks would exist in its current operations.

Changes in regulations

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. Furthermore, activities in the Care Services division require official permits, and certain members of staff must meet specific educational criteria. The Group keeps a close eye on any changes in regulations and attempts to respond to them as early as possible. If the planned Russian investments are realised, future investment claims will arise as well as forestry obligations set by authorities and different security and other permit requirements.

Personnel

The work carried out in the Care Services division is particularly labour-intensive and is subject to statutory requirements regarding staff training and education, and concerning the ratio between staff and customers as well as consumer legislation. The potential difficulties in recruiting and retaining skilled personnel may impose some restrictions on future growth in this business area. Moreover, as some of the Group companies are located relatively far from major towns and cities, individual companies may have trouble retaining sufficient personnel. In addition, obtaining skilled personnel will have an effect on the success of the Russian investments. This, however, may be challenging and require major training inputs.

Intellectual property rights

The Group is not currently involved in any business activity in which intellectual property rights, patents, or product development would be of significance.

FINANCIAL RISKS

Exchange rate risks

As a rule, short-term forward contracts are used to hedge against direct exchange rate risk exposure of the business segment’s exports. The most significant exchange rate risks in export operations currently are linked with the Japanese yen, the Swedish krona, and the UK pound. A large percentage of the sale and purchase agreements are denominated in euros.

If the new projects in the works in Russia are carried out, they will affect the Group's currency risks, which by default are going to gain a great deal of significance owing to the risks linked to the Russian rouble and to the growing relative weighting of export markets. At the end of the accounting period 2007 the Group had rouble-denominated deposits totalling about EUR 30 million that are not hedged against exchange rate risk.

Interest rate and financial risks

Majority of the company's debt finance involves variable interest, which means that the Group's interest expenses will, without any hedging measures, follow the movements in short-term 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, are non-interest bearing in nature. The interest rate risk is closely monitored, and hedging measures are taken when necessary. For example, the nominal value of interest rate swaps made to hedge against interest rate risk related to debt finance is about EUR 5 million. To ensure the availability of financing, the Group's parent company has increased its equity-based funding and also taken other measures to expand its range of financing sources and alternatives for future projects.

Carrying out the business operations in Russia will require significant new financing solutions, which will, if finalised, significantly affect group’s financing position, interest rate risk and liquidity issues in short-term and long-term perspective, but the actual timing and financing structure is still not yet finalised.

Credit loss risks

Some of the credit loss risks of the sawmill business segment are hedged against with credit insurance. The House Building business segment generates a considerable proportion of Group's cash flows, which follow a payment scheme prepared in advance following degree of completion. This reduces credit loss risk significantly. In some business segments or companies, individual customers may be particularly important, which is why customer concentration risks could have a negative effect on the value of the Group's receivables and its future business opportunities.

Risks related to the availability and terms of financing

The Group is planning investments and it also has ongoing investment projects. Implementation of these projects requires financing for both the investment and to some extent also for the net working capital tied up with the investment. Especially the planned pulp mill investment in Russia is large compared with the Group's current operations and it will require significant amounts of both equity and debt financing. The overall situation in the financial markets and willingness to take risks and risk pricing may have a significant effect on the Group's ability to implement the projects profitably. The Group has no certainty that it will obtain the debt financing for the pulp mill investments on financially acceptable interest and other terms. The Group has worked on persistent manner with several financers and advisors in order to diminish the risks related to the availability of financing. On balance sheet date, the Group does not have a complete financing arrangement or any financing commitments for the planned pulp mill in Russia. Neither the Group has any certainty of obtaining sufficient debt financing on acceptable terms or in planned schedule.

DAMAGE RISKS

Property and damage risks

Property risks have been as extensively as possible covered with insurance, except for the excess portion. In addition, Ruukki Group has sought to cover indirect liability for damages, for example as related to transportation, by insurance. The insurance cover for property risks is reviewed regularly.

Guarantee risks

In number of cases, the products delivered by Ruukki Group companies involve quality or quantity guarantees to customers, consisting of a short-term duty to make repairs, and in the house building segment, a statutory 10-year guarantee of structural safety issues. These risks are covered only partly, but the Ruukki Group companies pay particular attention to quality assurance and product development. Furthermore, non-group subcontractors are responsible to a certain extent for their own guarantee issues.

Legal proceedings

The Group's parent company has been involved in legal actions related to the company name for a long time. The District Court has in 2007 and the Market Court in 2008 given their rulings for these proceedings dismissing Ruukki Group's claims. According to the Company's view, there are no liabilities relating to these processes that have not been taken into account in the financial statements. The Company has not received reports of the ongoing tax audit. There are no other significant ongoing legal proceedings.

SPECIFIC RISKS RELATED TO RUSSIAN KOSTROMA INVESTMENT PROJECTS

If the planned projects in Kostroma would not be realised in planned schedule or their implementation would change from the original plans, it may cause delays of cash flows or additional costs. Changes in schedule or implementation may also affect the profitability of the investments or lead to decline in value of the assets and resources that already have been invested.

Russian administrative culture and political risks

The administrative procedures and changes in the Russian decision making mechanisms at the Russian Federation's level, regional level and municipality level may have adverse effect on the implementation possibilities of the projects. Ruukki Group has no certainty of obtaining the so-called priority investor status, which may complicate or delay the implementation or affect the profitability of the projects. Moreover, for instance, changes in implementation of timber export duties that Russian Federation has decided to carry out, may affect the regional price competitiveness from the current estimates.

The start-up of a new business segment

The planned start-up of a new business segment (pulp business) contains significant risks relating to both the ability to implement the pulp mill project, and the operational risks of the pulp business. Ruukki Group must also have the ability to bring up the complete supply chain on required volume. In addition, Ruukki Group also faces the risk of delays in recruiting and training of employees.

Adequate infrastructure

Obtaining good and high quality functionality of the projects requires clear improvement in infrastructure in Kostroma region. There is no certainty of realising any infrastructure improvement or information on schedule of such projects. The production facilities require adequate electricity-, heat- and gas connections as well as road and railway connections. Moreover, the soil and other examinations of sites chosen for the production plants are not fully completed until near future.

Market risks

The Russian or world market price changes in the production inputs, end products or investment goods and changes in the availability of these inputs, may affect significantly the profitability. The profitability of the projects may therefore differ from the current estimates of the company and its advisors.

Environmental issues

The planned investments, especially the pulp business, require obtaining environmental licenses and fulfilling environmental requirements stipulated by Russian legislation and official regulations. The environmental impact assessment processes are completed for the planned saw mill and they are in preparation phase for the pulp mill.

Contractual issues

It is possible that the conditions and schedule of the existing investment and supplier contracts are not met for reasons not depending on Ruukki Group. This may require amendments or expansions for the contracts made with the regional administration of Kostroma or with the suppliers.

CHANGES IN PLEDGES AND CONTINGENT LIABILITIES DURING AND AFTER THE REVIEW PERIOD

During the financial year, Group's interest-bearing debt has increased by a total of about EUR 26.2 million. The interest-bearing debt balance at 31 December 2007 totalled EUR 39.9 million of which EUR 16.0 million was short-term debt and EUR 23.9 million long-term debt.

To finance an acquisition carried out during the accounting period, Ruukki Group Plc has drawn a EUR 4.5 million long-term loan from a financial institution. The loan has been covered by pledging the purchased subsidiary shares, and there are covenant terms relating to the loan both at the level of the Group and the acquired company. On 31 December 2007 the unpaid portion of the loan totalled EUR 4.1 million.

A change in the financing and ownership structure of the furniture business area has increased Ruukki Group Plc's direct liabilities, but at the same time reduced various guarantee liabilities relating to the business area, which means that the net amount of the parent company's financial liabilities has not changed materially. However, the Group's total liabilities increased substantially particularly due to the Incap Furniture transaction carried out in February 2007: on 31 December 2007, the Incap Furniture group had loans from financial institutions totalling approximately EUR 18.4 million, subordinated loans from external parties totalling approximately EUR 1.8 million and leasing liabilities totalling approximately EUR 2.7 million. Loans from financial institutions have been collateralised with company and property pledges and equipment, for example.

On 31 December 2007, Group companies had given company pledges as collateral for loans and other liabilities totalling approximately EUR 13.3 million (EUR 5.7 million on 31 Dec 2006). The total amount of property pledges is approximately EUR 11.1 million (EUR 2.2 million on 31 Dec 2006). The Group's parent company had given a total of EUR 5.0 million in direct-liability guarantees for the financing of Group companies (EUR 6.6 million on 31 Dec 2006).

On 31 December 2007, the net worth of forward exchange agreements in terms of nominal value totalled about EUR 0.9 million (EUR 2.7 million on 31 Dec 2006), and the related unrealised exchange rate loss was about EUR 0.0 million (unrealised gain on 31 Dec 2006: EUR 0.1 million).

Based on the delivery agreements the direct irrevocable liabilities related to the equipment of the planned Kostroma sawmill amount to about EUR 30 million at the end of financial year 2007. The liabilities of these investment made and to be made are expected to change during 2008 in line with the final timetable to be achieved in the sawmill, harvesting and pulp mill projects and their progress.

RELATED PARTY TRANSACTIONS

Salaries and other remuneration paid to the Board and management of the Group's parent company totalled approximately EUR 0.9 million during the accounting period. Additionally, salary expenses in accordance with IFRS2-standard of EUR 0.6 million relating to the options granted to management, the synthetic option granted to the CEO and shares acquired through the bonus share offering were allocated for the accounting period 2007 (1-12/2006: EUR 0.1 million). In paid share offerings carried out during the accounting period, related parties or entities controlled by them have subscribed for a total of 44,217,038 new shares of the company. In September 2007 the Group's parent company has granted Matti Vikkula a loan of approximately EUR 1.4 million to finance the purchase of the company shares as a part of his incentive scheme.

The Group's parent company paid a total of EUR 1.7 million in dividends to related parties 1 January - 31 December 2007. Furthermore, group companies paid about EUR 1.4 million dividends to the related parties being minority shareholders of those companies.

During the accounting period, related parties subscribed for a total of 1,561,000 shares with a subordinated convertible loan.

Ruukki Group has paid by cash a total of approximately EUR 8.2 million and by Ruukki Group Plc shares about EUR 1.0 million in acquisition-related earn-out payments to persons belonging or having belonged to the management of the Group's business areas relating to acquisitions made by the Group.

CHANGES IN THE NUMBER OF SHARES AND SHARE CAPITAL IN 2006 – 2007

Changes in share capital	Share capital increase (EUR)	Number of shares after registration	Share capital (EUR) after registration
Share capital 1 Jan 2006		86,300,880	14,583,700.12
Bonus issue (11 Jan 2006)	87,449.49	86,300,880	14,671,149.60
Directed share issue (13 Jan 2006)	1,190,000.00	93.300,880	15,861,149.60
Share issue (6 Apr 2006)	5,100,000.00	123,300,880	20,961,149.60

Conversion of convertible bonds (21 Jul 2006)	610,810.00	126,893,880	21,571,959.60
Conversion of convertible bonds (23 Aug 2006)	116,110.00	127,576,880	21,688,069.60
Conversion of convertible bonds (6 Oct 2006)	102,000.00	128,176,880	21,790,069.60
Free directed share offering (10 Nov 2006)	0.00	128,741,737	21,790,069.60
Conversion of convertible bonds (12 Dec 2006)	259,250.00	130,266,737	22,049,319.60
Conversion of convertible bonds (27 Dec 2006)	968,490.00	135,963,737	23,017,809.60
Share capital 31 Dec 2006		135,963,737	23,017,809.60
Conversion of convertible bonds (13 Feb 2007)	620,840.00	139,615,737	23,638,649.60
Free directed share offering (3 May 2007)	0.00	140,214,022	23,638,649.60
Conversion of convertible bonds (29 Jun 2007)	3,400.00	140,234,022	23,642,049.60
Paid directed share offering (29 Jun 2007)	0.00	270,234,022	23,642,049.60
Free directed share offering (6 Jul 2007)	0.00	270,534,022	23,642,049.60
Paid directed share offering (18 Jul 2007)	0.00	290,034,022	23,642,049.60
Share capital 31 Dec 2007		290,034,022	23,642,049.60

At the end of the above accounting periods, neither Ruukki Group Plc nor any of its subsidiaries held any Ruukki Group shares. At the end of December 2007, a subsidiary of Ruukki Group's furniture business segment held approximately 1.0% of Incap Furniture Oy's shares. Ruukki Group Plc's Board doesn't have a valid authorisation to buy back shares.

On 31 December 2007, the number of registered Ruukki Group Plc shares totalled 290,034,022. The convertible bond issued by the company in 2004 was entirely converted to company shares during the first half of 2007. The maximum dilution effect of the company's I/2005 option program is 2,700,000 shares. The maximum dilution effect of the option rights related to the share-based incentive scheme 2007 is 7,350,000 shares. In conjunction with the implementation of the share-based scheme the Board might issue further shares. The company's Board has a share issue authorisation granted by the Annual General Meeting on 20 April 2007, based on which the Board decided in June 2007 to issue 300,000 shares. The unused authorisation thus stands at 24,700,000 shares. The authorisation is valid until 20 April 2009.

SHAREHOLDERS

On 31 December 2007, the company had a total of 4,283 shareholders (3,226 shareholders on 31 Dec 2006), of which 12 were nominee-registered. The number of shares in issue on 31 December 2007 was 290,034,022.

Largest shareholders, 31 December 2007:

	Shareholder	Shares	%
1	Nordea Bank Finland Plc	75,883,960	26.16
2	Nordea Bank Finland Plc, nominee-registered	57,776,322	19.92
3	Skandinaviska Enskilda Banken, nominee-registered	43,135,512	14.87

4	Oy Herttakakkonen Ab	41,075,297	14.16
5	Evli Bank Plc	14,522,884	5.01
6	Kankaala Markku	9,601,791	3.31
7	Svenska Handelsbanken Ab, nominee-registered	8,841,036	3.05
8	Hukkanen Esa	5,007,500	1.73
9	Procomex S.A.	4,629,215	1.60
10	Glitnir Bank Oy	3,998,068	1.38
	Total	264,471,585	91.19
	Other shareholders	25,562,437	8.81
	Total shares registered	290,034,022	100.00

Ruukki Group Plc's board members and CEO owned in total 146,202,923 Ruukki Group Plc shares (83,146,388 on 31 Dec 2006) On 31 December 2007 when including shares and derivative contracts owned either directly, through persons closely associated with them or through controlled companies. This corresponds to approximately 50.4 % (61.2 %) of all outstanding shares that were registered to the Trade Register on 31 December.

Shareholders by category:

Shares	Number of shareholders	% share of shareholders	Number of shares held	% of shares held
1-100	584	13.64 %	39,091	0.01 %
101-1.000	2,353	54.94 %	1,287,509	0.44 %
1.001-10.000	1,188	27.74 %	4,002,438	1.38 %
10.001-100.000	127	2.97 %	3,055,480	1.05 %
100.001-1.000.000	14	0.33 %	4,896,396	1.69 %
1.000.000-10.000.000	12	0.28 %	44,311,633	15.28 %
over 10.000.000	5	0.12 %	232,393,975	80.13 %
Total	4,283	100.00 %	289,986,522	99.98 %
of which nominee registered	12		113,305,072	39.07 %
On common account			47,500	0.02 %
Total outstanding			290,034,022	100.00 %

Shareholders by shareholder type on 31 December 2007

	% of shares
Finnish shareholders	97.83 %
of which:	
Companies and business enterprises	17.45 %
Banking and insurance companies	70.80 %
Non-profit organizations	0.00 %
Households	9.59 %
Foreign shareholders	2.15 %
Shares on common account	0.02 %
Total	100.00 %
Of which nominee-registered	39.07 %

COMPANY'S SHARE

Ruukki Group Plc's share (RUG1V) is listed on the Helsinki Stock Exchange. The company's share was quoted on the OMX Nordic Exchange under Small Cap segment till 30 June 2007 and has been quoted under Mid Cap segment since 1 July 2007.

CHANGES IN SHARE PRICE DURING THE REVIEW PERIOD

During the year 2007, the price of Ruukki Group's share varied between EUR 1.18 (1-12/2006: 0.64) and EUR 3.59 (1.23). A total of 260,096,248 (87,827,858) Ruukki Group shares were traded in the accounting period, representing 89.7% (64.6%) of all shares registered at the year end. The closing price of the company's share on 31 December 2007 was EUR 2.82 (1.20). The market capitalisation of the Group's entire capital stock at the closing price on 31 December 2007 was EUR 817.9 million (163.2).

FLAGGING NOTICES DURING OR AFTER THE REVIEW PERIOD

Ruukki Group has received the following flagging notices during or after the accounting period 1 January - 31 December 2007:

- Mandatum Securities Oy's ownership of the share capital and voting rights of Ruukki Group Plc exceeded one twentieth (1/20) on 2 January 2007.

- Mandatum Securities Oy's ownership of the share capital and voting rights of Ruukki Group Plc fell below one twentieth (1/20) on 16 March 2007.

- Nordea Bank Finland Plc's ownership of the share capital and voting rights of Ruukki Group Plc exceeded three twentieths (3/20) on 16 March 2007. At the time of this disclosure, Nordea Bank Finland Plc also announced that its ownership will fall below one tenth (1/10) as the forward contracts mature in April 2007.

- Nordea Bank Finland Plc acquired Ruukki Group Plc shares and made forward contracts concerning the shares on 20 April 2007, with the forward agreements maturing in June 2007, December 2007 and January 2008. As the forward contracts mature in January 2008, the ownership of Nordea Bank Finland Plc will fall below one twentieth (1/20).

- Evli Bank Plc's ownership of the share capital and voting rights of Ruukki Group Plc fell below one twentieth (1/20) upon the transaction made on 21 June 2007.

- Markku Kankaala's ownership of the share capital and voting rights of Ruukki Group Plc fell below one twentieth (1/20) upon the transaction made on 21 June 2007.

- Oy Herttakakkonen Ab's ownership of the share capital and voting rights of Ruukki Group Plc fell below one fifth (1/5) as a result of the share issue decisions and share subscriptions made on 21 June 2007.

- The combined ownership of Helsingin Mekaanikontalo Oy and Procomex S.A. of the share capital and voting rights of Ruukki Group Plc fell below one quarter (1/4) as a result of share issue decisions and share subscriptions made on 21 June 2007. At the same time, Helsingin Mekaanikontalo Oy announced that its ownership of the share capital and voting rights of Ruukki Group Plc fell below one tenth (1/10).

- Nordea Bank Finland Plc's ownership of the share capital and voting rights of Ruukki Group Plc fell below three twentieths (3/20) upon the share lending agreement made on 25 June 2007. As the forward contracts mature in January 2008, the ownership will fall below one twentieth (1/20).

- JPMorgan Chase & Co has announced that its subsidiaries have acquired 12,666,818 Ruukki Group Plc shares in a share issue commencing on 25 June 2007. JPMorgan Chase & Co's ownership of the share capital and voting rights of Ruukki Group Plc exceeded one twentieth (1/20) as a result of the transaction.

- Nordea Bank Finland Plc's ownership of the share capital and voting rights of Ruukki Group Plc has, upon the share transaction made on 26 June 2007 and considering the share lending agreement concerning 9,500,500 Ruukki Group Plc's RUG1V shares made on 25 June 2007 with a value date of 29 June 2007, exceeded three twentieths (3/20). Upon the maturity of the forward contracts maturing in December 2007, the ownership will fall below three twentieths (3/20). Upon the maturity of Ruukki Group Plc's forward contracts in January 2008, the ownership will fall below one tenth (1/10).

- Nordea Bank Finland Plc announced on 16 July 2007 that its ownership of the share capital and voting rights of Ruukki Group Plc has exceeded one fifth (1/5). Upon the maturity of forward contracts maturing in December 2007, the ownership of Nordea Bank Finland Plc will fall below three twentieths (3/20), and upon the maturity of forward contracts maturing in January 2008 the ownership will fall below one twentieth (1/20).

- Moncheur & Cie SA (registration number 660.0.096.997-7, Geneva) and Pierre Moncheur announced in August that as a result of share transactions concluded on 27 June 2007, the combined ownership of Moncheur & Cie SA, Pierre Moncheur and their controlled or related parties in Ruukki Group Plc now represents less than one twentieth (1/20) of the share capital and voting rights of Ruukki Group Plc.

- According to the announcement of Oy Herttakakkonen Ab (business ID number 0761602-7) its ownership exceeded one fifth (1/5) of the share capital and voting rights of Ruukki Group Plc in consequence of forward contract transactions carried out on 11 September 2007.

- JPMorgan Chase & Co. (English registration number 2711006) announced that ownership of its subsidiaries exceeded one tenth (1/10) of the share capital and voting rights of Ruukki Group Plc in consequence of transactions carried out on 20 September 2007.

- Nordea Bank AB (publ) (Swedish registration number 516406-0120) announced on 22 November 2007 that its subsidiary Nordea Bank Finland Plc (business ID 1680235-8) has purchased 2,848,000 Ruukki Group shares today November 22 2007, as a consequence of which its ownership in Ruukki Group Plc has exceeded one fourth (1/4). Nordea Pankki Suomi Plc now holds 74.133.044 Ruukki Group Plc shares, that is 25.56 % of the share capital and voting rights of Ruukki Group Plc.

- Evli Bank Plc (business ID number 0533755-0) announced on 12 December 2007 that its ownership exceeds one twentieth (1/20) of the share capital and voting rights of Ruukki Group Plc in consequence of transactions carried out on 7 December 2007.

- Procomex S.A (registration number R.C.Luxembourg B 57.877) announced on 27 December 2007 that its ownership exceeds three twentieth (3/20) of the share capital and voting rights of Ruukki Group Plc in consequence of forward contract transactions carried out on 19 and 21 December 2007. Furthermore, in consequence of the aforementioned forward transactions, the combined ownership of Procomex S.A. and Helsingin Mekaanikontalo Oy (business ID number 1076761-9) together exceeds one fourth (1/4) of the share capital and voting rights of Ruukki Group Plc.

- Nordea Bank AB (publ) (Swedish registration number 516406-0120) announced on 28 December 2007 that forward contracts that were due in December have been rolled forward to longer maturities. Consequently Nordea Pankki Suomi Plc's ownership in Ruukki Group Plc has not fallen below 1/5 but is over 1/4. Nordea Bank AB referred to announcement that was made on November 22 2007. Nordea Bank AB (publ) announced then that as forward contracts expire in December, the ownership of its Finnish subsidiary Nordea Pankki Suomi Plc (business ID 1680235-8) will fall below 1/5 of the share capital and voting rights of Ruukki Group Plc.

- Nordea Bank AB (publ) (Swedish registration number 516406-0120) announced on 21 January 2008 that forward contracts that were due in January have been rolled forward to longer maturities. Consequently Nordea Pankki Suomi Plc's ownership in Ruukki Group Plc has not fallen below 1/10 but is over 1/4. Nordea Bank AB referred to announcement that was made on December 28 2007. Nordea Bank AB (publ) announced then that as forward contracts expire in January 2008, the ownership of its

Finnish subsidiary Nordea Pankki Suomi Plc (business ID 1680235-8) will fall below 1/10 of the share capital and voting rights of Ruukki Group Plc.

- Moncheur & Cie SA (registration number 660.0.096.997-7, Geneva) announced on 23 January 2008 that as a result of share transactions concluded on 21 January 2008, the ownership of Moncheur & Cie SA in Ruukki Group Plc now exceeds one twentieth (1/20) of the share capital and voting rights of Ruukki Group Plc.

- Procomex S.A (registration number R.C.Luxembourg B 57.877) announced on 13 February 2008 that its ownership will fall below one tenth (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 one fifth (1/5) of the share capital and voting rights of Ruukki Group Plc.

- Russian JSC VTB Bank (state registration number 1027739609391) announced on 15 February 2008 that its or its affiliate's ownership will exceed one tenth (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.

BOARD’S DIVIDEND PAYOUT PROPOSITION 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 the company would pay out, from the retained earnings, a dividend of four (4) cents per share. Hence, the total dividend proposed is EUR 11,601,360.88.

As of 31 Dec 2007 balance sheet date the total distributable equity of the parent company Ruukki Group Plc totalled 357,932,084.55 euros, as detailed below:

Retained earnings 1 January 2007	6,211,977.35
Dividends paid out during 2007	- 4,078,912.11
Retained earnings 31 Dec 2007	2,133,065.24
Net income 1 Jan – 31 Dec 2007	10,490,343.72
Total free equity	12,623,408.96
Invested equity fund	345,308,675.59
Total distributable equity	357,932,084.55

During 2007 the company has, within the range of total distributable equity, given a loan to the related party the sum of which totalled EUR 1,398,478.66 at the end of 2007 when taking into account the principal and accrued interest.

FINANCIAL DEVELOPMENT BY SEGMENT, SUMMARY (EUR MILLION)

MEUR	Revenue 1-12/2007	Revenue 1-12/2006	Revenue 10-12/2007	Revenue 10-12/2006
House Building	62.4	53.7	19.9	16.0
Sawmill Business	59.4	27.8	14.4	9.7
Furniture Business	68.7	25.7	25.0	0.0
Care Services	16.8	9.8	4.5	3.3
Other Operations	8.7	8.8	2.9	2.6

Eliminations and unallocated items	-2.1	-0.4	-1.2	-0.3
Group total	213.9	125.5	65.6	31.4

MEUR	EBIT 1-12/2007	EBIT 1-12/2006	EBIT 10-12/2007	EBIT 10-12/2006
House Building	13.3	13.4	4.8	4.1
Sawmill Business	5.4	1.4	-0.5	0.1
Furniture Business	2.6	-5.3	3.1	-1.7
Care Services	0.3	0.6	-0.4	-0.1
Other Operations	-6.4	2.9	-2.2	-0.8
Eliminations and unallocated items	0.5	0.1	0.5	1.0
Group total	15.7	13.0	5.2	2.6

%	EBIT 1-12/2007	EBIT 1-12/2006	EBIT 10-12/2007	EBIT 10-12/2006
House Building	21.4 %	24.9 %	23.9 %	25.4 %
Sawmill Business	9.0 %	4.9 %	-3.5 %	1.0 %
Furniture Business	3.8 %	-20.8 %	12.2 %	-
Care Services	1.6 %	6.2 %	-8.2 %	-3.7 %
Group total	7.3 %	10.4 %	8.0 %	8.4 %

* Other operations includes, as a result of ownership changes in Group companies during the review period Q1/2006, approximately EUR 0.4 million non-recurring gain on disposal (the ownership change in the House building business area is included in the income statement under Other operating income) and approximately EUR 0.6 million non-recurring loss on disposal (Metal industry, Operating expenses).Moreover, in Q3/2006, a gain of EUR 4.6 million related to sale of an associate has been recorded.
* The furniture business has been an associate partly during the accounting periods.

GOODWILL BY SEGMENT, EUR MILLION

	31 Dec 2007	**%**	**31 Dec 2006**	**%**
House Building	19.5	56 %	19.3	62 %
Sawmill Business	6.5	19 %	4.8	15 %
Furniture Business	1.7	5 %	0.0	0 %
Care Services	5.7	16 %	5.7	18 %
Other Operations	1.4	4 %	1.4	4 %
TOTAL	**34.9**	**100 %**	**31.2**	**100 %**

CONSOLIDATED INCOME STATEMENT SUMMARY, EUR THOUSAND

1000 EUR	**1 Jan - 31 Dec 2007** 12 months	**1 Jan - 31 Dec 2006** 12 months	**1 Oct - 31 Dec 2007** 3 months	**1 Oct - 31 Dec 2006** 3 months
Revenue	**213,910**	**125,460**	**65,644**	**31,354**
Other operating income	6,874	5,712	3,395	473

Operating expenses	-195,431	-112,399	-61,000	-26,887
Depreciation and amortisation	-8,022	-4,403	-3,073	-970
Share of profit of associates	-623	-968	117	-974
Impairment	-1,034	-354	150	-354
Operating profit	**15,674**	**13,048**	**5,233**	**2,641**
Financial income and expense	3,484	-891	2,372	-29
Profit before tax	**19,158**	**12,156**	**7,605**	**2,612**
Income tax	-5,478	-4,177	-2,039	-1,498
Net profit	**13,680**	**7,979**	**5,566**	**1,114**
Profit attributable to				
equity shareholders	12,651	8,442	5,365	845
minority interests	1,030	-464	201	269
	13,680	7,979	5,566	1,114

Earnings per share (counted from profit attributable to equity shareholders):		
basic (EUR)	0.06	0.07
diluted (EUR)	0.06	0.06

CONSOLIDATED BALANCE SHEET SUMMARY, EUR THOUSAND

1000 EUR	31 Dec 2007	31 Dec 2006
ASSETS		
Non-current assets		
Investments and intangible assets		
Goodwill	33,422	31,237
Investments in associates	1,702	5,568
Other intangible assets	5,807	4,001
Investments and intangible assets total	40,931	40,807
Property, plant and equipment	37,516	15,855
Other non-current assets	3,209	528
Non-current assets total	**81,656**	**57,189**
Current assets		
Inventories	29,635	17,057
Receivables	29,955	9,805
Held-to-maturity investments	131,212	
Other investments	176,112	7,271
Cash and cash equivalents	48,527	24,768
Current assets total	**415,440**	**58,901**
Assets held for sale	**2,894**	**0**

Total assets	**499,990**	**116,089**
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	23,642	23,018
Share premium reserve	25,740	24,712
Revaluation reserve	969	0
Paid-up unrestricted equity reserve	340,690	424
Retained earnings	18,614	9,511
Shareholders' equity	**409,655**	**57,665**
Minority interest	**1,995**	**1,591**
Total equity	**411,650**	**59,256**
Liabilities		
Non-current liabilities	29,188	13,489
Current liabilities		
Deferred income	16,481	17,576
Other current liabilities	42,086	25,769
Current liabilities total	58,567	43,345
Liabilities classified as held for sale	**585**	**0**
Total liabilities	**88,340**	**56,834**
Total equity and liabilities	**499,990**	**116,089**

SUMMARY OF INTEREST-BEARING RECEIVABLES AND LIABILITIES IN THE CONSOLIDATED BALANCE SHEET, EUR THOUSAND

	31 Dec 2007	31 Dec 2006
Interest-bearing receivables		
Current	131,462	7,271
Non-current	1,986	453
Interest-bearing receivables, total	133,448	7,724
Interest-bearing liabilities		
Current	15,991	4,510
Non-current	23,958	9,205
Interest-bearing liabilities, total	39,949	13,715

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

	Property, plant and equipment	Intangible assets
Acquisition cost 1 Jan 2006	16,056	34,020
Additions	29,758	11,195
Disposals	-22,406	-7,369
Acquisition cost 31 Dec 2006	23,412	37,487
Acquisition cost 1 Jan 2007	23,412	37,847
Additions	26,855	8,124
Disposals	-916	-1,652
Acquisition cost 31 Dec 2007	49,351	44,411

CONSOLIDATED CASH FLOW STATEMENT SUMMARY, EUR THOUSAND

	1 Jan – 31 Dec 2007 12 months	**1 Jan – 31 Dec 2006 12 months**	**1 Oct – 31 Dec 2007 3 months**	**1 Oct – 31 Dec 2006 3 months**
Net profit attributable to equity shareholders	12,651	8,442	4,536	1,578
Adjustments to net profit	12,248	10,793	2,588	2,702
Changes in working capital	-14,029	-4,973	-2,550	-1,545
Interest paid	-2,028	-1,717	-286	-341
Interest received from operations	1,370	826	156	291
Income taxes paid	-4,429	-6,313	-2,726	-1,280
Net cash from operating activities	**5,783**	**7,058**	**1,718**	**1,405**
Acquisition of subsidiaries and associates	-6,487	-13,401	-680	-5,589
Payment of earn-out liabilities and exercises of call options related to acquisitions	-8,358	-8,875	-878	0
Disposal of subsidiaries and associates	7,068	4,183	0	1,500
Capital expenditures and other investing activities	-6,336	-3,203	-163	-2,702
Net cash used in investing activities	**-14,113**	**-21,296**	**-1,721**	**-6,791**
Share issues	337,608	21,218	0	0
Dividends paid	-5,493	-3,146	-339	-1,280
Deposits	-133,851	0	-133,851	0
Other investments	-173,360	0	-173,360	0
Interest received, other than operations related	3,940	0	3,940	
Proceeds from borrowings	10,630	5,561	1,741	3,188

Repayment of borrowings, and other financing activities	-7,386	-2,611	-4,009	-2,326
Net cash used in financing activities	**32,088**	**21,022**	**-305,878**	**-418**
Net increase in cash and cash equivalents	**23,758**	**6,784**	**-305,881**	**-5,804**

In the cash flow statement above, the group's liquid funds other than cash or cash equivalents placed or invested have been presented in the financing activities as from the beginning of the last quarter of 2007. This is based on the decisions by the company's board on the financing and placing policies. Consequently, the investments into money market mutual funds have mainly been re-categorised into financing activities since the assets have been transferred to deposits done for predetermined periods, or the corresponding decisions on the transfer have been made.

Moreover, the exercise of call options and the payments of earn-out liabilities elated to acquisitions have retroactively been presented in the investing activities, whereas during the last financial year there were shown in the financing activities.

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

	Equity attributable to shareholders								**Minority interest**	**Total equity**
1000 EUR	**Share capital**	**Share issue**	**Share premium reserve**	**Fair value and revaluation reserves**	**Paid-up unrestricted equity reserve**	**Translation reserve**	**Retained earnings**	**Total**		
Shareholders' equity 1 Jan 2006	**14,584**	**4,340**	**2,144**	**9**	**0**	**0**	**3,380**	**24,457**	**0**	**24,457**
Bonus issue 1/2006	87		-87					**0**		**0**
Share issue 12/2005	1,190	-4,340	3,150					**0**		**0**
Share issue 3/2006	5,100		16,118					**21,218**		**21,218**
Free directed issue 10/2006					**424**			**424**		**424**
Conversions of convertible bonds	**2,057**		**3,387**					**5,444**		**5,444**
Equity component of convertible bonds and other changes in equity							123	**123**		**123**
Dividend distribution							-3, 148	**-3,148**		**-3,148**
Share-based payments							105	**105**		**105**
Other changes in equity				-9			608	**600**	2,055	**2,654**
Net profit 2006							8,442	**8,442**	-464	**7,979**
Shareholders' equity 31 Dec 2006	**23,018**	**0**	**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 issues 6/ and 7/2007					339,232			**339,232**		**339,232**
Dividend distribution							-4,079	**-4,079**	-1,142	**-5,221**
Net profit 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**
Fair value on acquisitions of subsidiaries				969			1,000	**1,969**		**1,969**
Share-based payments							576	**576**		**576**
Net change in minority interests generated by acquisitions and disposals									516	**516**
Equity component of convertible bonds and other changes in equity							34	**34**		**34**
Shareholders' equity 31 Dec 2007	**23,642**	**0**	**25,740**	**969**	**340,690**	**-1,080**	**19,694**	**409,655**	**1,995**	**411,650**

MERGERS AND ACQUISITIONS DURING THE FINANCIAL YEAR

Ruukki Group has carried out the following acquisitions by business segment during financial year 2007:

House Building: acquisition of controlling interest (70.1 %) in Pohjolan Design-Sähkö Oy in June 2007

Sawmill Business: increase in ownership in Oplax Oy (32.0 % → 100.0 %) in March 2007

Furniture Business: increase in ownership in Incap Furniture Oy (47.2 % → 70.3 %) in February 2007 (ownership has later increased to 71.0 % as a result of transactions carried out by Incap Furniture group)

Other operations: increase in ownership in Alumni Oy (69.4 % → 100.0 %) in August 2007

The financial effects of the aforementioned acquisitions have been discussed in the interim reports published during the accounting period.

ACQUISITION FINALISED AFTER THE END OF FINANCIAL PERIOD, JUNNIKKALA OY

After the end of the accounting period in January 2008, the Group's sawmill business area acquired a majority interest in Junnikkala Oy and the group it forms. Junnikkala Oy practises sawmilling business in Kalajoki, Ostrobothnia, and its subsidiary Juneropt Oy specialises in further processing of sawn wood targeted especially for prefabricated housing business. The annual production capacity of the Junnikkala sawmill is at present 130,000 cubic meters of sawn wood. At the same time, Junnikkala Oy acquired all shares of Pyyn Saha ja Höyläämö Oy, which operates in Oulainen.

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 accounting period 1 January - 31 December 2007 as follows: The consolidated revenue would have increased by about EUR 47,651 thousand (+22%), the consolidated EBIT* would have increased by about EUR 2,338 thousand (+15%), and the consolidated net profit would have increased by about EUR 928 thousand (+7 %) (all these figures compared with the accounting period 2007 figures reported by the Group). If Junnikkala group had been consolidated into Ruukki Group's sawmill business area already on 1 January 2007, the business area's revenue would have been about EUR 107 million (+80 % compared with the business segment's accounting period 2007 revenue) and EBIT about EUR 7.7 million (+44 % compared with the business segment's accounting period 2007 EBIT).

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

Preliminary purchase price allocation has been made on the acquisition. The following assets and liabilities were recognised relating to the acquisition which also gives information about the contribution of this transaction to the group balance sheet at the date of the transaction:

1,000 EUR	**Fair value of acquired assets**	**Book value of assets before acquisition**
Intangible assets		
Clientele	3,869	0
Emission allowances	795	0
Order book	104	0
Other intangible assets	906	906
Property, plant and equipment		
Land and water	7,235	7,235
Machinery and equipment	13,942	13,942
Investments	59	59
Other non-current assets	687	687
Current assets		
Inventories	11,761	10,873
Accounts receivable	4,953	4,953
Accruals	788	788
Cash and cash equivalents	415	415
Total assets	**45,513**	**39,858**
Interest bearing debt	17,758	17,758
Non-interest bearing debt		
Accounts payable	6,244	6,244
Convertible bonds	400	400
Accrued expenses	1,745	1,745
Other liabilities	2,549	2,549
Deferred tax liabilities	1,470	0
Total liabilities	**30,167**	**28,697**
Net assets 31 Jan 2008	**15,346**	**11,161**
Acquisition cost	24,811	
Net assets	15,346	
Goodwill	**9,465**	
Cash flow effect:		
Consideration paid in cash	5,740	
Acquired cash and cash equivalents	-415	
Cash flow effect	**5,326**	

DIVESTMENT FINALISED AFTER THE END OF FINANCIAL YEAR, PAN-OSTON OY

In January 2008 all the shares of Pan-Oston Oy, the subsidiary of Ruukki Group's metal industry sector were sold in an all-cash transaction as a part of the implementation of the Group's strategy to focus on wood-based industries. This transaction does not have major effect to Group's 2008 financials.

OTHER KEY INDICATORS, EUR MILLION

	2007 12 months / 31 Dec 2007	2006 12 months / 31 Dec 2006	2005 12 months / 31 Dec 2005
Gross capital expenditure	34.4	14.3	5.7
% of revenue	16.1 %	11.4 %	6.2 %
Personnel, average	866	570	387
Personnel, at the end of the period	958	452	418
Dividends *		4.1	3.1
Dividend per share, EUR *		0.03	0.02
Dividend per earnings, % *		41.9 %	34.7 %
Effective dividend yield, %		2.5 %	3.7 %
Price to earnings (P/E), EUR	48.6	16.8	9.4
Lowest share price, EUR	1.18	0.64	0.30
Highest share price, EUR	3.59	1.23	0.70
Average trade-weighted share price, EUR	2.40	0.84	0.54
Market capitalisation	817.9	163.2	54.4
Share turnover	623.2	84.8	24.7
Share turnover, %	89.7 %	86.0 %	53.7 %

* Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 per share shall be paid out from company's retained earnings as of 31 Dec 2007. The proposed dividend would therefore total EUR 11,601,360.88.

ACCOUNTING POLICIES

This Financial Statements Review has been prepared in accordance with IFRS principles. Ruukki Group Plc has applied the same accounting policies as in the 2006 financial statements, with the following exception. Based on a decision of the company’s Board of Directors, the sawmill and furniture businesses have been reported as separate primary segments since the beginning of the 2007 financial year, rather than as the wood product industry segment as in the reporting for the 2006 financial year. The figures in the tables have been rounded off to one decimal point, which must be considered when calculating totals. The Financial Statements Review data are unaudited.

PRESS AND ANALYSTS BRIEFING

Ruukki Group Plc holds a press and analysts briefing in Helsinki on Wednesday 27 February 2008 at Restaurant Bank (Unioninkatu 20, 2nd floor). The event will start at 12:00 p.m. In the briefing Matti Vikkula, the CEO of Ruukki Group Plc, will present the Financial Statements Review for financial year 2008. Moreover there will a conference call at 4:00 pm Finnish time held in English. Press representatives, investors, analysts and persons interested in the company are invited to attend the briefing.

RUUKKI GROUP PLC

BOARD OF DIRECTORS

Ruukki Group focuses on wood-based industrial business operations. Currently the group operations are located mainly in Finland, but in future the targeted emphasis is principally in Russia. Ruukki Group Plc’s share is listed on Helsinki Stock Exchange. In the OMX Nordic Exchange the shares of the company are traded in the mid cap sector, in the industrials segment.

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