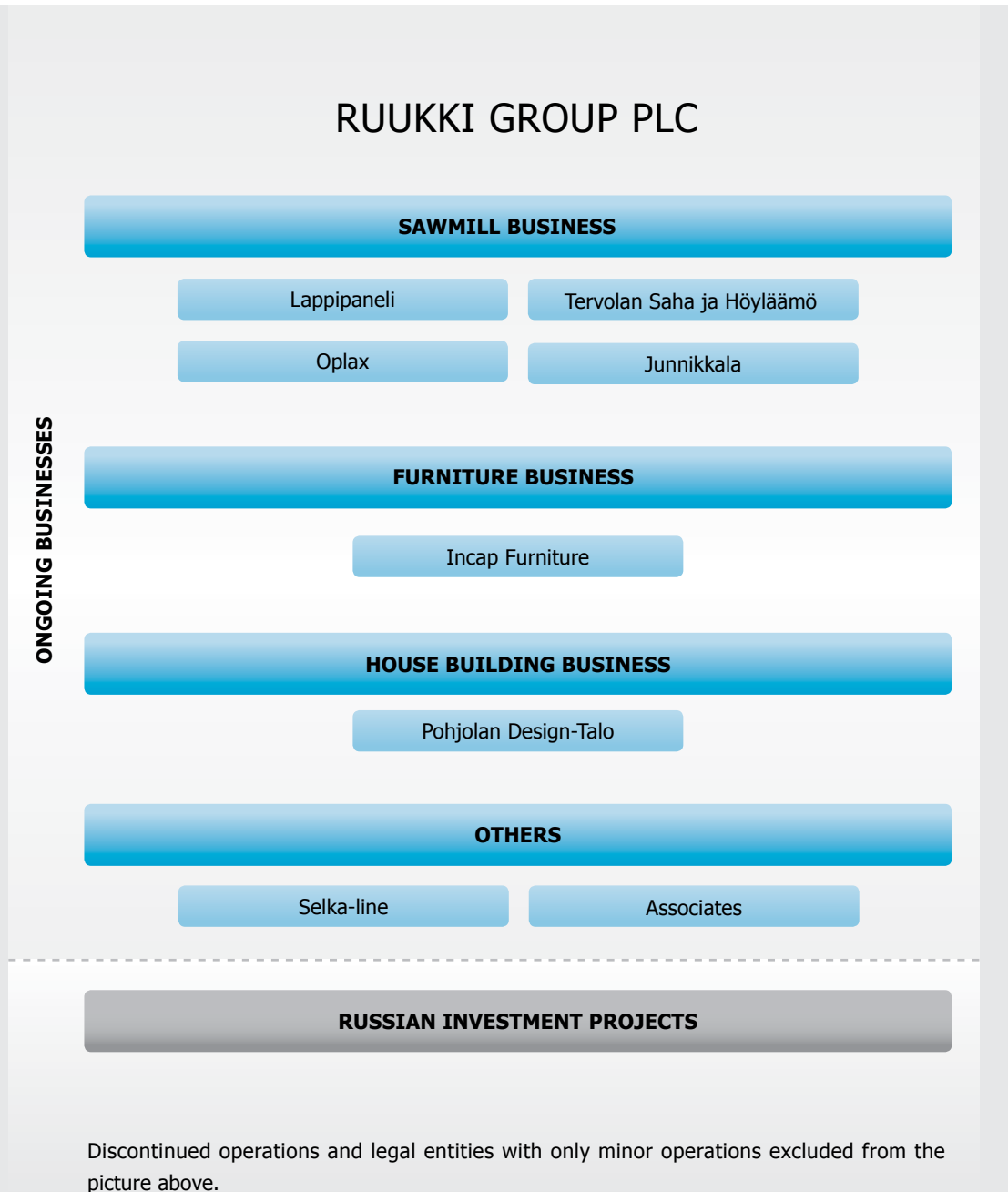


**RUUKKI** | GROUP

INTERIM REPORT 1 JAN – 30 JUN 2008

## BUSINESS STRUCTURE OF RUUKKI GROUP



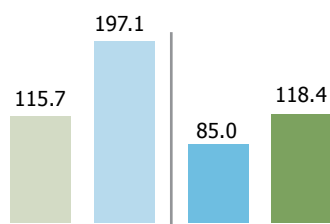
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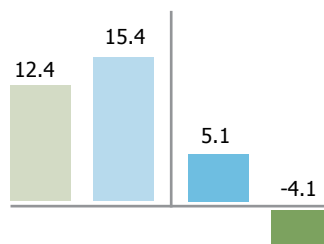
## FINANCIAL PERFORMANCE INDICATORS

2006 2007 2007 (6 months) 2008 (6 months)

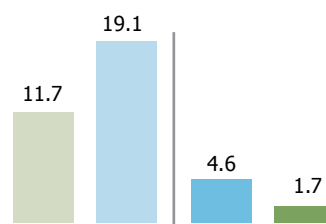
**Revenue, EUR million**



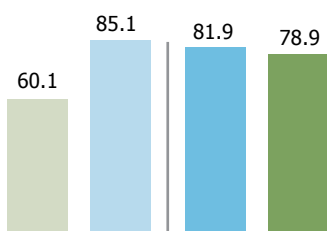
**EBIT, EUR million**



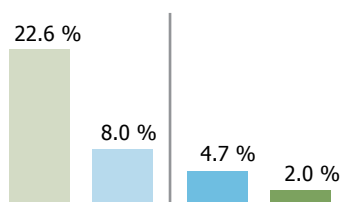
**Earnings before taxes, EUR million**



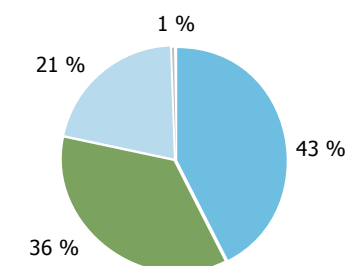
**Equity ratio, %**



**ROCE -%, p.a.**

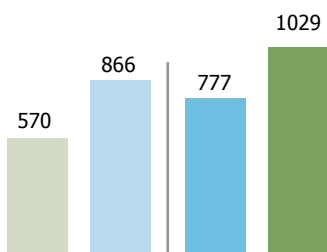


**Revenue split by segment, 1-6/2008**

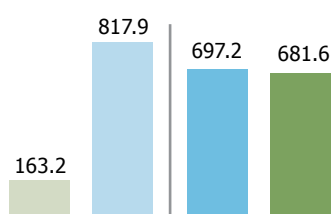


- Sawmill Business
- Furniture Business
- House Building
- Other operations

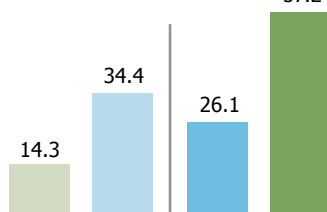
**Personnel, average**



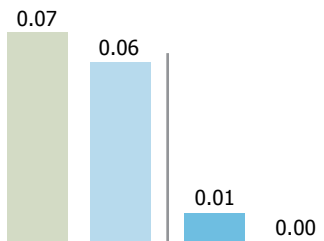
**Market capitalisation, EUR million**



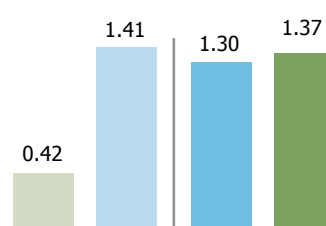
**Gross investments, EUR million**



**EPS (basic), EUR**



**Equity per share, EUR**



Indicators are based on profit and loss figures from continuing operations.

## SUMMARY

### GROUP KEY FIGURES, CONTINUING OPERATIONS

EUR million	Q2/2008	Q2/2007	2007
	6 months / 30 Jun 2008	6 months / 30 Jun 2007	12 months / 31 Dec 2007
Revenue	118.4	85.0	197.1
EBIT, Finnish businesses	3.3	7.5	18.9
EBIT, Russian investment projects	-7.3	-2.4	-3.5
Total operating profit (EBIT)	-4.1	5.1	15.4
% of revenue	-3.4 %	6.0 %	7.8 %
Earnings before taxes	1.7	4.6	19.1
% of revenue	1.4 %	5.4 %	9.7 %
Net profit	0.2	2.0	13.7
Return on equity, % *	0.1 %	1.9 %	5.8 %
Return on capital employed, % *	2.0 %	4.7 %	8.0 %
Equity ratio, %	78.9 %	81.9 %	85.1 %
Earnings per share, undiluted, EUR	0.00	0.01	0.06
Earnings per share, diluted, EUR	0.00	0.01	0.06
Equity per share, EUR	1.37	1.30	1.41
Average number of shares, undiluted (1,000)	290,034	146,165	217,889
Average number of shares, diluted (1,000)	300,084	149,751	221,432
Number of shares outstanding, end of period (1,000)	290,034	270,534	290,034

\* when six month's financial figures have been annualised

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

## SUMMARY OF FINANCIAL PERFORMANCE

Ruukki Group's consolidated revenue from continuing operations during 1-6/2008 totalled EUR 118.4 million (1-6/2007: EUR 85.0 million). Revenue growth was 39 %. Comparable revenue for the first six months of 2008 was approximately 5 % lower than that of previous year.

The business segments accounted for consolidated January-June revenue as follows, presented as percentage share of total revenue from continuing operations: Sawmill Business 43 % (34 %), Furniture Business 36 % (29 %), House Building 21 % (33 %). Discontinued operations accounted for 8 % (9 %) of the total Group revenue.

Approximately 53 % (1-6/2007: 39 %) of total revenue were for exports.

The operating profit (EBIT) from continuing operations for the period under review was EUR -4.1 million (1-6/2007: EUR 5.1 million), or -3.4 % (6.0 %) of revenue. The comparable operating profit was about EUR -4.2 million (EUR 5.0 million) when taking into account the effect of corporate restructurings.

The profitability of the Sawmill Business segment was clearly below previous year's level, and the segment generated operating losses due to increased costs and slow-down in global demand. The Furniture Business segment did have better profitability than in 2007, but the results did not meet set targets. The House Building segment's relative profitability has remained at the historical levels.

During the review period altogether EUR 7.3 million expenses related to Russian investment projects and their preparation were recognised. These expenses include about EUR 2.5 million impairment on assets. During the financial year 2007 the total expenses on Russian investment projects' preparations recognised in the Group income statement were EUR 2.4 million during January – June, and approximately EUR 3.5 million for the full financial year 2007.

## GROUP STRATEGY AND GUIDANCE FOR 2008

Ruukki Group's Board of Directors has redefined the Group strategy during the second quarter of 2008. The Group is aiming at expanding its operations by entering into minerals business in order to optimise the return on capital employed. This expansion shall, if realised, significantly change Group's business and geographical focus as well as impact risks. The existing wood-processing related industrial operations in Finland will be strengthened to manage and optimise their operations. The Russian investment projects, being planned and implemented during the past two years will be continued – the saw mill project according to the original plan, and the pulp mill project adjusted.

Group's consolidated revenue from continuing operations for the full fiscal year 2008 is expected to be close to EUR 250 million. Group's earnings before interest and taxes (EBIT) from continuing operations are expected to be slightly negative when excluding any potential new acquisitions. This guidance is based on forecasts made by the Group's and subsidiaries' management, market prognosis in various industries and the Group order book at the end of second quarter.



**CHAIRMAN ALWYN SMIT:**

“The most significant development during the second quarter was the decision to broaden Ruukki Group’s portfolio into minerals business, in the first phase into chrome ore and ferro chrome sectors. The company is currently working on the transaction, announced in early June, to complete the acquisition of Kermas Limited’s chrome ore assets in Turkey and the related sales operations in Malta. In the meantime, we are focusing on the finalising the needed due diligence processes.

Furthermore, we are taking a very close look into the existing operations in Finland and into the various implementation options in Russian investment projects in order to enhance their profitability and to continue to scaling down Russian project-specific expenses.”





### PRESS AND ANALYSTS BRIEFING

Ruukki Group Plc holds a conference call at 4:00 pm Finnish time in English. Chairman Alwyn Smit will present the interim report. Moreover, at 12:00 o'clock Finnish time a briefing will be held in Finnish at World Trade Center Helsinki premises at the address Aleksanterinkatu 17, 00100 Helsinki. To attend these events, please register via email to [marjo.lonka@ruukkigroup.fi](mailto:marjo.lonka@ruukkigroup.fi). Further instructions to participate in the conference call will be given after registration.

For any further information, please contact:

Alwyn Smit  
Chairman of the Board  
Ruukki Group Plc  
Telephone +358 50 442 1663 / +41 7960 19094  
[www.ruukkigroup.fi](http://www.ruukkigroup.fi)

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

This Interim Report 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 Interim Report shall prevail.



## INTERIM REPORT 1 JANUARY – 30 JUNE 2008

### KEY EVENTS DURING THE SECOND QUARTER (1 APR – 30 JUN 2008)

#### **Strategy redefinition**

On 19 May the Board of Directors at Ruukki Group Plc, based on board's strategy meeting decided to redefine the Group's strategy by diversifying into new business areas. The Group will expand both in geographic and industry terms, utilising in full the best expertise and contacts available to the Board. The goal is to increase and maximise the return on the Group's significant balance sheet potential, as soon as possible. Ruukki Group will enter into the minerals business and will initially focus on opportunities in the chrome and ferro chrome sectors. With regard to the forestry business, the Board decided to strengthen Ruukki's Finnish operations and to proactively pursue its Russian opportunities.

#### **Preliminary agreement about acquisition into minerals business**

In early June it was announced that Ruukki Group Plc entered into a preliminary agreement with Kermas Limited to acquire Kermas Limited's chrome ore operations in Turkey and related sales operations in Malta. According to the preliminary agreement, the initial purchase price is EUR 200 million and the seller will provide Ruukki Group Plc with an EBITDA performance guarantee for the period of 1 July 2008 - 30 June 2012 at the level of EUR 50 million per year. The enterprise value of the operations to be acquired will be based on the future years' actual realised IFRS-based minimum cumulative EBITDA level of EUR 200 million for four years. In the preliminary agreement, the parties agreed on an earn-out component equalling 50 % of the amount in excess of the EUR 200,000,000 cumulative EBITDA level for the four-year period starting 1 July 2008.

Ruukki Group Plc has decided to initially focus its mineral operations on ferrochrome market. Subject to successful closing of the transaction, it is intended that Kermas Limited will offer all new opportunities in minerals and mining that it is working on now and in the future first to Ruukki Group Plc. The completion of the transaction is conditional upon fulfilment of certain conditions, which include for example satisfactory due diligence reviews of the operations to be acquired, the seller providing the EBITDA guarantee as described above, receipt of relevant governmental and regulatory approvals and approval of the transaction by the shareholders' meeting of Ruukki Group Plc.

As the transaction, if finalised, is to be done with a related party, the Board of Directors of Ruukki Group Plc will obtain a fairness opinion of the purchase price. HSBC Bank plc has been elected as the party to give the fairness opinion. HSBC will also act as the process coordinator to enable effective execution of the due diligence processes currently ongoing.

Ruukki Group has so far not yet in all respects received adequate information to evaluate the transaction target and to have the basis for fairness opinion, and therefore the due diligence processes are still ongoing. Therefore, the Company assumes that the original target of finalising the transaction by the end of August will not be met. Based on current information the Company has, the transaction is estimated to be confirmed in late September at the earliest by an extraordinary general meeting to be separately convened. The final structure of the transaction is subject to further evaluation and depends also on final due diligence findings.



### **Financial forecast for 2008 redefined**

In mid-June it was announced by the Board that Ruukki Group Plc redefines its financial forecast for this year. The financial outlook of the wood processing business area for the current year is more moderate than previously assumed, but on the other hand the pending chrome business transaction can, if finalised, very significantly enhance the profitability of the latter half of 2008. The economically weaker outlook is based on lower than expected output delivery volumes in the furniture business segment, as well as on decline in demand and prices in the sawmill business segment. Moreover, of the expenses related to preparation of Russian sawmill and pulp mill investment more than originally anticipated will be recognised as expenses. In order to improve financial performance Ruukki Group will immediately assess opportunities to reduce operational costs. In the short-term emphasis will be on scaling down the Russian project-specific and group level costs. The Russian investment project will be continued - for the sawmill as planned and for the pulp mill adjusted. In order to improve profitability and operational efficiency Ruukki Group has decided to slightly adjust its sawmilling capacity by having longer production stoppage during the summer than

customarily has been done in the past. Furthermore, Group's own kiln capacity will be increased so that dependence on external parties declines and so that one prerequisite for better profitability can be achieved.

### **Additional chrome opportunity offered**

Kermas Limited has offered Ruukki Group the opportunity to acquire all the shares in MOGALE, which is a South African based smelter operation and can produce annually 150,000 metric tons of various grades of charge chrome. The independent board members of Ruukki Group will assess the MOGALE opportunity, including tendering for needed third-party advisors, and will inform the market accordingly.

### **Care Services segment divested**

At the end of June Ruukki Group entered into an agreement to sell all the shares of Mikeva Oy, the parent company of its Care Services business, to DF-Care Oy that is owned by a fund owned by Intera Equity Partners.

### **Impairment recognised in Russian investment projects**

Based on the strategic decision to adjust the implementation of the Russian pulp project, the Board has, based on indications of impairment, decided during the second quarter to make altogether EUR 1.8 million impairment on assets related to Russian investment projects. Of this impairment about EUR 1.1 million relates to property in Russia and about EUR 0.7 million to pulp project intangibles. The total impairment during 2008 is therefore about EUR 2.5 million.

### **KEY EVENTS AFTER THE SECOND QUARTER (1 JULY OR AFTER)**

#### **Cost savings action implemented**

As part of the targeted cost-saving action, the number of Russian investment projects' staff at the Group headquarters was adjusted down with immediate effect. Moreover, ongoing activity and use of external consultants has been scaled down for the time being. Therefore, the run-rate of costs is expected to go down to major effect even though for short-term there might be non-recurring severance and other scale-down costs. Moreover, there is an analysis ongoing on ways to further decrease the level of fixed costs on a broader basis.

#### **Care Services segment divestment finalised**

The transaction to dispose of the Care Services segment was closed in the beginning of July. The business has been presented in the Group Q2/2008 income statement as a discontinued operation, and its assets and liabilities are shown separately as assets and liabilities classified as held for sale. The net sales gain, to be realised in Q3/2008 and whose final amount will be settled only later during Q3/2008, is estimated to be EUR 12 million. The cash consideration paid in July to Ruukki Group Plc by the buyer was EUR 10.2 million. According to the transaction, Ruukki Group Plc's receivables from the sold subsidiary have been converted into non-interest-bearing vendor notes, whose total nominal amount is about EUR 3.8 million, given to the buyer

to be paid back in arrears over the next three years. Moreover, Ruukki Group Plc has until the end of 2012 a call option to buy up to 5 % of the buyer's shares.

#### **Decisions by Extraordinary General Meeting**

Ruukki Group Plc's Extraordinary General Meeting was held in Espoo on Friday 11 July 2008.

The number of Board members was decided to be five.

Markku Kankaala and Alwyn Smit were re-elected to the Board. Tom Borman, Esa Hukkanen and Jelena Manojlovic were elected as new Board members. After the Extraordinary General Meeting the Board organised itself so that Alwyn Smit was elected as the Chairman of the Board.

The Extraordinary General Meeting resolved the compensation of the Board of Directors as follows: Chairman of the Board EUR 30,000 per month, and EUR 5,000 per month for each member. The position of the Chairman is full-time.

Moreover, RCS Trading Corporation Limited, a shareholder of Ruukki Group Plc, told that it will in the next shareholders' meeting propose that the Chairman of the Board would be granted altogether 2,900,000 option rights with a strike price of EUR 2.30 per share.

#### **Changes in the group management**

As published on 22 July, Ruukki Group Plc's Chief Executive Officer and Managing Director Matti Vikkula and the company agreed to terminate the service agreement of Mr. Vikkula effective as of 31 July 2008. The Board of Directors is currently reviewing how the group management structure will be organised.

Referring to the stock exchange release on 4 August 2008, Tom Borman resigned from the Board, which thereafter until the next shareholders' meeting has four members.

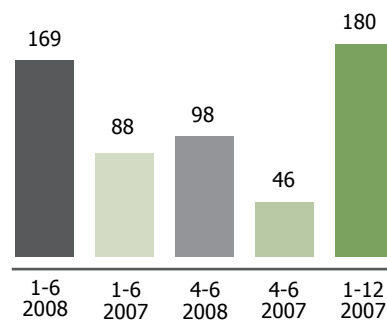
## DEVELOPMENT BY BUSINESS SEGMENT



### 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.

**The volume in cubic meters of  
sawn wood production, 1,000 m<sup>3</sup>**





In the Sawmill Business segment sawn timber market prices have considerably declined compared to the end of 2007, which as combined with high capital requirements of the business, and the level of depreciations thereby, has in its part contributed to the clear deterioration of relative profitability compared to previous financial year. Since the global economic slowdown has had a major effect on the demand for sawn timber, and the market supply has not yet been adjusted, the resulted oversupply has depressed market prices. The stumpage prices of raw material and related transportation costs have not decreased to the extent that sales prices have trended down.

During the first quarter the majority in Junnikkala group was acquired, which has considerably increased segment's revenue from February onwards. The segment has set a target to utilise more than previously opportunities for intra-group synergies in purchases, sales and other operations. Post-merger integration of Junnikkala group was continued during the second quarter and the investment program aimed to increase productivity within Junnikkala was launched according to the plan resulting in temporary closedowns of production.

At the end of June 2008 the Sawmill Business segment employed a total of 208 employees (30 Jun 2007: 109).

#### Revenue and operating profit (EBIT) of the Sawmill Business segment:

EUR million	1-6/2008	1-6/2007	4-6/2008	4-6/2007	1-12/2007
Revenue	50.3	29.2	28.1	16.6	59.4
EBIT	-0.6	4.2	-0.7	2.4	6.4
EBIT margin, % of revenue	-1.1 %	14.3 %	-2.4 %	14.4 %	10.8 %

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

EUR million	4-6/2008 (3 months)	1-3/2008 (3 months)	10-12/2007 (3 months)	7-9/2007 (3 months)	4-6/2007 (3 months)	1-3/2007 (3 months)	1-12/2007 (12 months)
Revenue	28.1	22.2	14.4	15.8	16.6	12.6	59.4

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

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

EUR million	4-6/2008 (3 months)	1-3/2008 (3 months)	10-12/2007 (3 months)	7-9/2007 (3 months)	4-6/2007 (3 months)	1-3/2007 (3 months)	1-12/2007 (12 months)
EBIT excluding one-off items	-0.7	0.1	0.4	1.8	2.4	1.4	6.0
EBIT, one-off items *	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Total EBIT	-0.7	0.1	0.4	1.8	2.4	1.8	6.4

\* the realised insurance compensation, totalling EUR 0.4 million, that was received in Q1/2007 has been presented as a one-off item above

## FURNITURE BUSINESS

The Furniture Business segment manufactures wooden, ready-to-assemble furniture operating mainly as a contract manufacturer for large global furniture chains.

The operating profitability of the second quarter 2008 excluding one-off items has been negative due to production inefficiencies. Furniture Business

segment is currently reviewing various ways to enhance the efficiency and profitability of its operations, which may impact the future role of its current production facilities and their output. The liquidity of the subgroup has remained fair. There were totally 339 employees employed by the segment at the end of June (30 Jun 2007: 329).

### Revenue and operating profit (EBIT) of the Furniture Business segment:

EUR million	1-6/2008	1-6/2007	4-6/2008	4-6/2007	1-12/2007
Revenue	42.5	24.5	21.5	19.5	68.7
EBIT	1.2	-1.4	-0.4	-0.2	2.6
EBIT margin, % of revenue	2.7 %	-5.9 %	-1.8 %	-1.2 %	3.8 %

### Quarterly and annual revenue for the Furniture Business segment as from 1 Jan 2007 (as subsidiary from 1 Mar 2007):

EUR million	4-6/2008 (3 months)	1-3/2008 (3 months)	10-12/2007 (3 months)	7-9/2007 (3 months)	4-6/2007 (3 months)	1-3/2007 (3 months)	1-12/2007 (12 months)
Revenue	21.5	21.1	25.7	19.2	19.5	5.0	68.7

### Quarterly and annual EBIT for the Furniture Business segment as from 1 Jan 2007 (as subsidiary from 1 Mar 2007):

EUR million	4-6/2008 (3 months)	1-3/2008 (3 months)	10-12/2007 (3 months)	7-9/2007 (3 months)	4-6/2007 (3 months)	1-3/2007 (3 months)	1-12/2007 (12 months)
EBIT excluding one-off items	-0.5	0.7	0.8	-1.0	-0.2	-1.2	-1.6
EBIT, one-off items *	0.9	0.9	2.3	2.0	0.0	0.0	4.3
Total EBIT	-0.4	1.6	3.1	1.0	-0.2	-1.2	2.6

\* One-off items fully relate to the June 2007 fire at the Lestijärvi mill: the figure in the table above is the net of insurance compensation and impairment on destroyed assets.

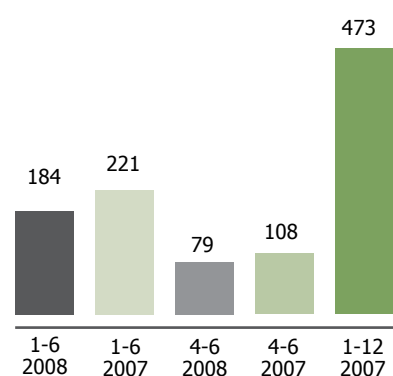
## HOUSE BUILDING

The House Building business segment 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 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 second quarter revenue was about 24 % lower than during Q1/2008 or Q2/2007. There were totally 116 employees employed by the segment at the end of June 2008 (30 Jun 2007: 151).

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



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

EUR million	1-6/2008	1-6/2007	4-6/2008	4-6/2007	1-12/2007
Revenue	24.8	28.1	10.7	14.0	62.4
EBIT	4.9	5.6	2.1	3.0	13.3
EBIT margin, % of revenue	19.6 %	19.8 %	19.5 %	21.4 %	21.4 %



## INVESTMENT PROJECTS

The preparations of the Russian investment projects are continued. The target of Ruukki Group has been establishing a modern integrated industrial facility operating in mechanical wood processing and pulp business. Based on the decision by the Board in March 2008 to cancel the preparations and implementation of Kostroma investment projects, the search for a new location thereafter and the Board's decision in June to continue with the saw mill project as planned and with the pulp mill project adjusted, the Group is currently reviewing its technical, financial and partnership options on how, where and when to implement the projects. The Group has started litigation processes against the Kostroma region's administration. There are major uncertainties as to the results, timetables, expenses, technical and financial concepts and other details that can to

substantial extent affect how the Group's Russian strategy will be carried out.

Ruukki Group has purchased sawmill machinery and equipment and related design works, originally designated for the Kostroma sawmill. This machinery and equipment is currently being temporarily warehoused in Finland. The total irrevocable commitments on the delivery and assembly of the equipment are close to EUR 26 million, of which about half has already been paid. The machinery purchases and design work for the Russian sawmill, excluding administrative and other survey expenses, have generated a total of about EUR 12 million fixed assets under construction into the consolidated balance sheet at the end of the review period.

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

EUR million	4-6/2008 (3 months)	1-3/2008 (3 months)	10-12/2007 (3 months)	7-9/2007 (3 months)	4-6/2007 (3 months)	1-3/2007 (3 months)	1-12/2007 (12 months)
EBIT excluding one-off items	-3.0	-1.8	-0.8	-0.3	-1.5	-0.9	-3.5
EBIT, one-off items *	-1.8	-0.7	0.0	0.0	0.0	0.0	0.0
Total EBIT	-4.8	-2.5	-0.8	-0.3	-1.5	-0.9	-3.5

\* the one-off items above consist of EUR 2.5 million impairment on previously capitalised expenses due to the decision to cancel the implementation of Kostroma investment projects and due to the decision to adjust the pulp project implementation compared to the original plan.

## OTHER OPERATIONS

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

Associated companies have been consolidated in the consolidated financial statements by applying the equity method. The income from associates was

about EUR 0.2 million in the Group income statement for the first half of 2008.

The Group's parent company generated most of the expenses presented in the Other Operations category. That includes also non-cash option expenses.

## OUTLOOK FOR THE FUTURE



Ruukki Group's Board of Directors has redefined the Group strategy during the second quarter of 2008. The Group is aiming at expanding its operations by entering into minerals business in order to optimise the return on capital employed. This expansion shall, if realised, significantly change group's business and geographical focus as well as impact risks. The existing wood-processing related industrial operations in Finland will be strengthened to manage and optimise their operations. The Russian investment projects, being planned and implemented during the past two years will be continued – the saw mill project according to the original plan, and the pulp mill project adjusted.

Group's consolidated revenue from continuing operations for the full fiscal year 2008 is expected to be close to EUR 250 million. Group's earnings

before interest and taxes (EBIT) from continuing operations is expected to be slightly negative when excluding any new acquisitions. This guidance is based on forecasts made by the Group's and subsidiaries' management, market prognosis in various industries and the Group order book at the end of second quarter.

Economic growth has been stalling globally because of ramifications from e.g. higher energy prices and financial turmoil. In the Finnish market the recent statistics on consumer confidence and business confidence also show signs of economic weakness. Therefore, general indicators of business development are not favourable from the macroeconomic perspective especially for the cyclical wood-processing industries.

## **FUTURE OUTLOOK FOR EACH SEGMENT'S MARKET**

### **Market development in sawmill sector**

In case the production volume in house building market declines in the future it is expected to have negative effect on the deliveries of sawn wood and further processed products into construction and roof truss industry customers both in Finland and in export markets.

The recent taxation changes on wood sales as introduced by Finnish government can have positive effect on the availability and price of logs, but the prices for e.g. transportation still create costs pressures.

It seems to be that the total forest industry capacity in Finland will decrease further as reflected in the comments by the major forest industry companies.

Side products, particularly chips, sales affect the profitability of sawmill sector, which can be negatively affected by further close-downs in Finnish pulp capacity.

Raw material prices do not seem to be going down at the same rate as the sales prices; consequently, the relative profitability in the sector is for the time being expected to be below 2007 level.

The oversupply in the global sawn timber market is expected to continue in the short term even though both in Finland and in Europe saw mill capacity is expected to be reduced by the largest competitors during the second half of 2008.

### **Market development in furniture sector**

In general the demand for furniture and interior design on a larger scale has been significantly growing, but macroeconomic growth slowdown, hikes in inflation and potential changes in interior design trends can make the short-term development more difficult, and hence the relative competitiveness various furniture products can be affected.

For the short-term, the general sector outlook remains fairly stable, but there are challenges in ensuring sector production and logistical efficiency in the future.

### **Market development in house building sector**

The delivery volumes in the Finnish detached family house sector is expected to decline from the second half 2008 onwards, the indications from granted building permits numbers are alarming to the sector short-term future in case there is no major adjustment in the industry capacity.

Competition in the house building sector, especially in the ready-to-move-in market, is predicted to increase due to high capacity level in the sector, which can affect both the level of marketing expenses and the average unit sales prices. Moreover, the recent trend seems to be move into lower price niche and vacancy apartments where supply potential into the market has been increased quite rapidly.

The future development of inflation, interest rates and consumer confidence, which according to Finnish statistics has recently dipped fast, can further lower the volume of new sales, even though regional differences can be substantial.

### **RISKS RELATED TO OPERATIONS, CHANGES DURING AND AFTER THE REVIEW PERIOD**

In case the Russian saw mill investment does not proceed according to the plan, in respect to timing, concept or other factors, it might create potential write-downs of existing assets. There might also be added pressure on the availability and terms of external financing, if the Group pursues its Russian forest industry strategy according to the original plan in conjunction with the new initiatives on minerals business currently under review.

Due to scale-downs in corporate headquarters and project staff, the Group does have more dependency on its key personnel, especially taken into account the possible expansion geographically and into new business area of minerals operations.

The situation on global sawn timber market has deteriorated rapidly, and the trend is still basically down, which might threaten the sustainability of profitable sawmilling operations in case certain adjustments are not carried out. Moreover, if the input and output markets remain as challenging as in today's environment, that might create indication for impairment of assets. The cash flow and needed external financing for the ongoing Sawmill Business segment's development can be unsatisfactory in terms and conditions, as well as inadequate in volume to enable the implementation of long-term growth strategy of the Group's Sawmill Business.

The existing dependency on one single customer in the Furniture Business segment can prove to be challenging, taking into account possible ramifications of global economic uncertainties. The production efficiency of the Furniture Business operations has to be increased, and if there are problems or delays in achieving that, severe financial or operational risks might be realised.

The House Building business's operating environment has worsened faster than anticipated, and there is a major risk of annual sales volume dropping significantly in 2009 vs. that of 2008. The availability of skillful work force, currently one of the limiting factors, will probably be better going

forward but the implications on cost factors remain somewhat uncertain.

If euro remains strong or appreciates towards major export countries' currencies in the future, that could deteriorate the euro-denominated profitability of Ruukki Group.

In case the Group enters in the planned chrome ore and ferro chrome businesses, there are significant transaction and integration risks involved. Moreover, due to change in group structure, to new business area and to new geographical exposures, Group's total risk position can hence be significantly changed.

In addition to the above mentioned issues and aspects, the risk factors presented in the Q1/2008 interim report affect or can affect Group's risk position.

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

During the review period 1-6/2008, Group's interest-bearing debt has increased by a total of about EUR 16.6 million. The interest-bearing debt balance at 30 June 2008 totalled EUR 56.5 million of which EUR 17.1 million was short-term debt and EUR 39.5 million long-term debt. On 30 June 2008, the Group companies had given company pledges as collateral for loans and other liabilities totalling approximately EUR 17.0 million (EUR 13.3 million on 31 Dec 2007). The total amount of property pledges is approximately EUR 17.5 million (EUR 11.1 million on 31 Dec 2007). Moreover, group companies have pledged machinery as collateral for machinery and equipment purchases; these machinery pledges totalled about EUR 5.6 million at the end of the review period. The Group's parent company has given a total of EUR 6.3 million in direct-liability guarantees for the financing of group companies (EUR 5.0 million on 31 Dec 2007). The amount of debt and guarantees given has increased to major extent due to the acquisition of Junnikkala subgroup.

The total commitments at the end of the review pe-



riod related to rental agreements made by the Group have increased on a comparable basis by about EUR 4,5 million compared to 31 December 2007, when excluding the discontinued Care Services business segment.

On 30 June 2008, the net worth of forward exchange rate agreements' nominal value totalled about EUR 9.1 million (EUR 0.9 million on 31 Dec 2007), and the related unrealised exchange rate gain was about EUR 0.2 million (on 31 Dec 2007: EUR 0.0 million).

The irrevocable commitments and liabilities, not paid at the end of review period, related to Ruukki Group's Russian sawmill project and investments of domestic sawmills total about EUR 17 million, of which approximately EUR 13 million relates to the Russian project. These liabilities arise due to the machinery and equipment of the sawmill planned to be constructed in Russia and due to expanding domestic sawmills' kiln capacity and efficiency. The

previously mentioned domestic capital expenditures are expected to be realised fully within the financial year 2008. After the end of the review period, the group company Oplax Oy has made an investment commitment of EUR 2.2 million.

Based on the debt financing of the Furniture Business segment, and the agreements with financial institutions, the financial performance of the Furniture Business segment, as recognised according to Finnish generally accepted accounting principles, has been slightly below the targets set by financing covenants. Therefore, at the end of June, the Furniture Business segment is technically in breach of a covenant, which might lead to negative consequences such as to additional financing costs or partial refinancing, but is not estimated to cause any major change in the financing position of the segment.



### **MOST SIGNIFICANT RELATED PARTY TRANSACTIONS**

Personnel expenses, excluding the related social expenses, for Ruukki Group Plc's Board of Directors and top management, including incentive schemes' option expenses and other expenses, totalled about EUR 1.2 million for the period 1-6/2008 (during 1-6/2007 correspondingly approximately EUR 0.3 million). After the review period, it was agreed in July 2008 that CEO Matti Vikkula will leave the company at the end of July. It is estimated that based on this arrangement one-off personnel expenses, excluding social costs, of EUR about 0.8 million will be realised during Q3/2008.

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

The Group's parent company has loan and other receivables from persons belonging to Group management, from entities controlled by those persons, totalling approximately EUR 1.5 million, of which the major part is related to the loan given for the Group's ex-CEO based on his incentive scheme. During the review period Group's parent company made EUR 10.0 million short-term deposit where the counterparty was a company controlled by a related party. The capital and accrued interest on the deposit have fully been repaid during the review period.

The House Building business segment has in June 2008 made an agreement with a related party to build and deliver to that party altogether 31 vacation apartments, whose value excluding value added tax is about EUR 3.5 million. Ruukki Group Plc has during the second quarter, related to the planned sawmill project in Russia, agreed to utilise warehousing services provided by ILP-Group Ltd Oy, an entity minority-owned by Ruukki Group Plc, for the temporary storage of sawmill equipment. The total





value of that warehousing arrangement depends on the time how long the equipment shall be stored, not known as of now, but for the financial year 2008 the total costs are estimated to be about EUR 0.2 million. Ruukki Group's Russian subsidiary has during Q3/2008 entered into a rental agreement with a related party, the total value of which for the whole rental period is close to EUR 0.2 million.

As published on 5 June 2008, Ruukki Group has made a preliminary agreement to acquire chrome ore and ferro chrome business from Kermas Limited, which is a related party since it is parent company to RCS Trading Corp Ltd, which is major shareholder in Ruukki Group. According to the preliminary agreement the initial purchase price would be EUR 200 million. The transaction, if finalised, represents expansion into a new business segment and new geographical areas.

#### PENDING LEGAL AND ADMINISTRATIVE PROCESSES

The claims by Ruukki Group Plc towards Rautaruukki Plc on the use of Ruukki name have been dismissed by the Helsinki Court of Appeal in October 2007 and by the Market Court in February 2008.

In various group companies there are unfinished administrative processes related to taxation; e.g. partially the group companies have so far only been given preliminary tax inspection reports. The final result of these tax audits, which might be settled only after long time period and possibly via legal processes, can have adverse effect on Group's financial position if these processes cause expenses, additional taxes or other detrimental ramifications.

Due to the premature cancellation of the Kostroma investment projects the Group has started legal processes against Kostroma region's administration during the second quarter of 2008.





## FINANCIAL TABLES

### FINANCIAL DEVELOPMENT BY SEGMENT, SUMMARY

#### REVENUE

EUR million	1-6/2008	1-6/2007	4-6/2008	4-6/2007	1-12/2007
Sawmill Business	50.3	29.2	28.1	16.6	59.4
Furniture Business	42.5	24.5	21.5	19.5	68.7
House Building	24.8	28.1	10.7	14.0	62.4
Investment Projects	0.0	0.0	0.0	0.0	0.0
Other Operations	2.6	4.1	1.7	2.2	8.7
Eliminations and unallocated items	-2.0	-0.9	-1.5	-0.3	-2.1
Continuing operations total	118.4	85.0	60.4	52.1	197.1
Discontinued operations	10.2	8.0	5.2	4.1	16.8
Group Total	128.6	93.0	65.6	56.2	213.9

#### EBIT

EUR million	1-6/2008	1-6/2007	4-6/2008	4-6/2007	1-12/2007
Sawmill Business	-0.6	4.2	-0.7	2.4	6.4
Furniture Business	1.2	-1.4	-0.4	-0.2	2.6
House Building	4.9	5.6	2.1	3.0	13.3
Investment Projects	-7.3	-2.4	-4.8	-1.5	-3.5
Other Operations	-2.2	-1.1	-1.3	-0.9	-3.9
Eliminations and unallocated items	0.0	0.3	0.1	0.3	0.5
Continuing operations total	-4.1	5.1	-5.0	3.1	15.4
Discontinued operations	0.5	0.3	0.0	0.1	0.3
Group Total	-3.5	5.4	-5.0	3.3	15.7

**EBIT MARGIN**

%	1-6/2008	1-6/2007	4-6/2008	4-6/2007	1-12/2007
Sawmill Business	-1.1 %	14.3 %	-2.4 %	14.4 %	10.8 %
Furniture Business	2.4 %	-5.9 %	-1.8 %	-1.2 %	3.8 %
House Building	19.6 %	19.8 %	19.5 %	21.4 %	21.4 %
Continuing operations total	-3.4 %	6.0 %	-8.3 %	6.0 %	7.8 %
Discontinued operations	5.0 %	4.1 %	-0.1 %	3.4 %	1.6 %
Group Total	-2.8 %	5.8 %	-7.6 %	5.8 %	7.3 %

**GOODWILL BY SEGMENT**

EUR million	30 Jun 2008	%	30 Jun 2007	%	31 Dec 2007	%
Sawmill Business	16.0	37 %	6.4	18 %	6.6	19 %
Furniture Business	1.7	4 %	1.7	5 %	1.7	5 %
House Building	19.5	46 %	19.5	56 %	19.5	56 %
Investment Projects	0,0	0 %	0.0	0 %	0.0	0 %
Other Operations	0.0	0 %	1.5	4 %	1.4	4 %
Discontinued operations	5.7	13 %	5.7	16 %	5.7	16 %
Group Total	42.9	100 %	34.8	100 %	34.9	100 %

## CONSOLIDATED INCOME STATEMENT SUMMARY

EUR '000	1 Jan - 30 Jun 2008 6 months	1 Jan - 30 Jun 2007 6 months	1 Apr - 30 Jun 2008 3 months	1 Apr - 30 Jun 2007 3 months	1 Jan - 31 Dec 2007 12 months
<b>Continuing operations</b>					
<b>Revenue</b>	<b>118,369</b>	<b>85,009</b>	<b>60,440</b>	<b>52,074</b>	<b>197,093</b>
Other operating income	2,667	1,789	960	1,294	6,841
Operating expenses	-117,200	-76,789	-61,647	-47,225	-179,743
Depreciation and amortisation	-5,454	-3,143	-2,883	-1,947	-7,134
Share of profit of associates	207	-657	27	79	-623
Impairment	-2,646	-1,149	-1,905	-1,149	-1,034
<b>Operating profit</b>	<b>-4,057</b>	<b>5,060</b>	<b>-5,008</b>	<b>3,127</b>	<b>15,400</b>
Financial income and expense	5,765	-454	3,111	-388	3,715
<b>Profit before tax</b>	<b>1,708</b>	<b>4,606</b>	<b>-1,896</b>	<b>2,739</b>	<b>19,115</b>
Income tax	-1,501	-2,612	-87	-1,425	-5,381
<b>Net profit from continuing operations</b>	<b>207</b>	<b>1,994</b>	<b>-1,983</b>	<b>1,315</b>	<b>13,734</b>
<b>Discontinued operations</b>					
Net profit from discontinued operations	325	107	-72	43	-54
<b>Net profit</b>	<b>532</b>	<b>2,101</b>	<b>-2,055</b>	<b>1,358</b>	<b>13,680</b>
Profit attributable to equity shareholders	228	1,574	-2,212	1,070	12,651
minority interests	303	527	158	288	1,030
Total	532	2,101	-2,055	1,358	13,680

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

EUR	1 Jan - 30 Jun 2008 6 months	1 Jan - 30 Jun 2007 6 months	1 Jan - 31 Dec 2007 12 months
basic, continuing operations	0.00	0.01	0.06
diluted, continuing operations	0.00	0.01	0.06
basic, discontinued operations	0.00	0.00	0.00
diluted, discontinued operations	0.00	0.00	0.00

The effective income tax rate recognised in Group income statement during 1-6/2008 is above the average statutory rate due to write-down of assets and the losses of the Russian subsidiaries, of which no tax assets have been recognised due to low probability of their utilisation. Furthermore, altogether EUR 0.2 million of income taxes related to previous fiscal years have been recognised.

## CONSOLIDATED BALANCE SHEET SUMMARY

EUR '000	30 Jun 2008	30 Jun 2007	31 Dec 2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments and intangible assets			
Goodwill	37,193	34,829	33,422
Investments in associates	1,846	1,671	1,702
Other intangible assets	7,160	6,689	5,807
Investments and intangible assets total	46,198	43,190	40,931
Property, plant and equipment	73,567	34,633	37,516
Other non-current assets	3,069	825	3,209
<b>Non-current assets total</b>	<b>122,834</b>	<b>78,647</b>	<b>81,656</b>
<b>Current assets</b>			
Inventories	35,054	31,243	29,635
Receivables	40,261	26,457	29,955
Held-to-maturity investments	170,750	0	131,212
Other investments	1,283	7,518	176,112
Cash and cash equivalents	146,720	307,892	48,527
<b>Current assets total</b>	<b>394,068</b>	<b>373,111</b>	<b>415,440</b>
<b>Assets classified as held for sale</b>	<b>11,395</b>	<b>0</b>	<b>2,893</b>
<b>Total assets</b>	<b>528,297</b>	<b>451,758</b>	<b>499,990</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	23,642	23,642	23,642
Share premium reserve	25,740	25,740	25,740
Revaluation reserve	969	757	969
Fair value reserve	0	17	0
Paid-up unrestricted equity reserve	340,690	295,104	340,690
Retained earnings	6,267	7,200	18,614
<b>Shareholders' equity</b>	<b>397,308</b>	<b>352,460</b>	<b>409,655</b>
<b>Minority interest</b>	<b>8,832</b>	<b>2,302</b>	<b>1,995</b>
<b>Total equity</b>	<b>406,140</b>	<b>354,762</b>	<b>411,650</b>
<b>Liabilities</b>			
Non-current liabilities	58,540	34,634	29,188
Current liabilities			
Prepayments	13,663	18,625	16,481
Other current liabilities	44,207	43,737	42,086
Current liabilities total	57,870	62,362	58,566
<b>Liabilities classified as held for sale</b>	<b>5,748</b>	<b>0</b>	<b>585</b>
<b>Total liabilities</b>	<b>122,157</b>	<b>96,996</b>	<b>88,340</b>
<b>Total equity and liabilities</b>	<b>528,297</b>	<b>451,758</b>	<b>499,990</b>

### SUMMARY OF CASH, INTEREST-BEARING RECEIVABLES AND INTEREST-BEARING LIABILITIES IN THE CONSOLIDATED BALANCE SHEET

EUR '000	30 Jun 2008	30 Jun 2007	31 Dec 2007
<b>Cash and cash equivalents</b>	<b>147,579</b>	<b>307,892</b>	<b>48,527</b>
<b>Interest-bearing receivables</b>			
Current	170,902	7,305	131,462
Non-current	1,725	333	1,986
<b>Interest-bearing receivables, total</b>	<b>172,627</b>	<b>7,638</b>	<b>133,448</b>
<b>Interest-bearing liabilities</b>			
Current	17,073	16,190	15,991
Non-current	39,472	25,594	23,958
<b>Interest-bearing liabilities, total</b>	<b>56,546</b>	<b>41,784</b>	<b>39,949</b>

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

EUR '000	Property, plant and equipment	Intangible assets
Acquisition cost 1 Jan 2008	49,351	44,411
Additions	44,285	4,145
Disposals	-610	-119
Acquisition cost 30 Jun 2008	93,026	48,437
Acquisition cost 1 Jan 2007	23,412	37,847
Additions	21,965	7,269
Disposals	0	0
Acquisition cost 30 Jun 2007	45,376	45,116

## CONSOLIDATED CASH FLOW STATEMENT SUMMARY

EUR '000	1 Jan-30 Jun 2008	1 Jan-30 Jun 2007	1 Jan-31 Dec 2007
Cash flows from operating activities			
Net profit attributable to shareholders	229	1,574	12,651
Adjustments to net profit	1,748	6,048	7,161
Changes in working capital	-7,987	-6,249	-14,029
<b>Net cash from operating activities</b>	<b>-6,010</b>	<b>1,373</b>	<b>5,783</b>
Cash flows from investing activities			
Acquisition of subsidiaries and associates	-7,702	-5,543	-6,487
Payment of earn-out liabilities and exercises of call options related to acquisitions	-114	-7,167	-8,358
Disposal of subsidiaries and associates	2,689	2,361	7,068
Capital expenditures and other investing activities	-17,380	-2,651	-6,337
<b>Net cash used in investing activities</b>	<b>-22,507</b>	<b>-13,000</b>	<b>-14,114</b>
Cash flows from financing activities			
Share issues	0	293,967	337,609
Dividends paid	-12,699	-5,154	-5,493
Deposits	-36,833	0	-133,851
Other investments	173,056	0	-173,360
Interest received, other than operations related	3,273	0	3,940
Proceeds from borrowings	8,713	7,064	10,630
Repayment of borrowings, and other financing activities	-7,932	-1,142	-7,386
<b>Net cash from financing activities</b>	<b>127,578</b>	<b>294,734</b>	<b>32,089</b>
<b>Net increase in cash and cash equivalents</b>	<b>99,061</b>	<b>283,107</b>	<b>23,758</b>

## SUMMARY OF THE CHANGES IN SHAREHOLDERS' EQUITY OF THE GROUP

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

EUR '000	A	B	C	D	E	F	G	H	I
<b>Shareholders' equity 1 Jan 2007</b>	<b>23,018</b>	<b>24,712</b>	<b>0</b>	<b>424</b>	<b>0</b>	<b>9,512</b>	<b>57,665</b>	<b>1,591</b>	<b>59,256</b>
Net profit 1-6/2007						1,574	1,574	711	2,285
Free directed issue 4/2007				1,035			1,035		1,035
Share issue 6/2007				293,645			293,645		293,645
Dividend distribution						-4,079	-4,079		-4,079
Conversions of convertible bonds	624	1,028					1,652		1,652
Equity component of convertible bonds and other changes in equity						194	194		194
Acquisitions and disposals of subsidiaries and other adjustments			774				774		774
<b>Shareholders' equity 30 Jun 2007</b>	<b>23,642</b>	<b>25,740</b>	<b>774</b>	<b>295,104</b>	<b>0</b>	<b>7,200</b>	<b>352,460</b>	<b>2,302</b>	<b>354,762</b>
Dividend distribution								-1,142	-1,142
Share issue 7/2007				45,587			45,587		45,587
Net profit 7-12/2007						11,077	11,077	319	11,395
Translation difference					-1,080		-1,080		-1,080
Acquisitions and disposals of subsidiaries			195			1,000	1,195		1,195
Share-based payments						576	576		576
Net change in minority interests generated by acquisitions and disposals							0	516	516
Equity component of convertible bonds and other changes in equity						-160	-160		-160
<b>Shareholders' equity 31 Dec 2007</b>	<b>23,642</b>	<b>25,740</b>	<b>969</b>	<b>340,690</b>	<b>-1,080</b>	<b>19,694</b>	<b>409,655</b>	<b>1,995</b>	<b>411,650</b>
Dividend distribution						-11,601	-11,601	-986	-12,587
Net profit 1-6/2008						228	228	303	532
Translation difference					-451		-451		-451
Share-based payments						525	525		525
Acquisitions and disposals of subsidiaries						-1,049	-1,049	7,519	6,470
<b>Shareholders' equity 30 Jun 2008</b>	<b>23,642</b>	<b>25,740</b>	<b>969</b>	<b>340,690</b>	<b>-1,531</b>	<b>7,798</b>	<b>397,307</b>	<b>8,832</b>	<b>406,140</b>



## OTHER KEY INDICATORS

	Q2/2008 6 months 30 Jun 2008	Q2/2007 6 months 30 Jun 2007	2007 12 months 31 Dec 2007
Gross capital expenditure, EUR million	57.2	26.1	34.4
% of revenue	48.3 %	28.1 %	16.1 %
Personnel, average	1,029	777	866
Personnel, at the end of the period	1,088	942	958
Lowest share price, EUR	1.59	1.18	1.18
Highest share price, EUR	2.99	2.80	3.59
Average trade-weighted share price, EUR	2.27	1.95	2.40
Market capitalisation, EUR million	681.6	697.2	817.9
Share turnover, EUR million	596.4	248.6	623.2
Share turnover, %	90.5 %	47.3 %	89.7 %

## ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with the IAS 34 standard. Ruukki Group Plc has applied the same accounting and IFRS principles as in 2007 financial statements. The reporting segment structure has been redefined starting from 1 January 2008, to include a separate Investment Projects segment, as explained in Q1/2008 interim report. Moreover, due to the disposal of Care Services segment, IFRS5 has been applied to those discontinued operations. Group's comparable revenue and earnings before interest and taxes have been calculated so that the effect of acquisitions

and divestments has been eliminated in both the review period and previous year's corresponding period. In the segments' financial figures insurance compensation and impairment losses have been presented as non-recurring items, but they have not been excluded when calculating Group's comparable financial figures. The figures in the tables have been rounded off to one decimal point, which must be considered when calculating totals. Financial ratios and indicators have been calculated with the same principles as applied in 2007 financial statements. The Interim Report data are unaudited.

In Espoo, 5 August 2008  
 RUUKKI GROUP PLC  
 BOARD OF DIRECTORS

## NOTES TO INCOME STATEMENT AND BALANCE SHEET AND OTHER DATA

### SHAREHOLDERS

On 31 July 2008, the company had a total of 4,159 shareholders, of which 10 were nominee-registered. The number of shares in issue on 31 July 2008 was 290,034,022.

#### Largest shareholders, 31 July 2008:

Shareholder	Shares	%
Nordea Bank Finland Plc	76,566,562	26.4 %
Nordea Bank Finland Plc nominee-registered	55,117,283	19.0 %
Danske Bank As Helsinki Branch	38,201,000	13.2 %
Hanwa Company Limited	30,000,000	10.3 %
Svenska Handelsbanken Ab nominee-registered	24,608,414	8.5 %
Glitnir Bank Plc	14,359,591	5.0 %
Kankaala Markku	9,698,890	3.3 %
Oy Herttaässä Ab	7,380,199	2.5 %
Hukkanen Esa	5,010,100	1.7 %
Evli Bank Plc	4,486,974	1.5 %
Total	265,429,013	91.5 %
Other Shareholders	24,605,009	8.5 %
<b>Total shares registered</b>	<b>290,034,022</b>	<b>100.0 %</b>

### CHANGES IN THE NUMBER OF SHARES AND SHARE CAPITAL IN 2008

There have been no changes in the number of shares and share capital during 2008.

At 30 June 2008, 31 December 2007 and 30 June 2007 neither Ruukki Group Plc nor any of its subsidiaries held any Ruukki Group shares. Ruukki Group Plc's Board of Directors has authorisation, given by the Annual General Meeting of 31 March 2008, to acquire own shares and to transfer the acquired shares up to 10,000,000 shares. This authorisation is valid until 31 March 2009.

On 30 June 2008, the number of registered Ruukki Group Plc shares totalled 290,034,022.

The maximum dilution effect of the company's I/2005 option program is 2,700,000 shares. On 30 June 2008, of these option rights 675,000 have been granted to the group management, and of these granted options 225,000 entitle their holders to exercise the options. Starting from 1 July 2008 altogether 450,000 of granted options, including the aforementioned 225,000 options, are exercisable.

The maximum dilution effect of the option rights related to the share-based incentive scheme 2007, decided by the Board of Directors in December 2007, is 7,350,000 shares, and moreover according to that scheme the Board can issue new shares to be subscribed by persons belonging to the scheme. So far the Board has not made any decisions on granting these options or shares.

Ruukki Group Plc's Board of Directors has authorisation, given by the Annual General Meeting of 31 March 2008, to issue own shares or special rights to shares up to 50,000,000 shares. This authorisation is valid until 31 March 2009.

### COMPANY'S SHARE

Ruukki Group Plc's share (RUG1V) is listed on the OMX Nordic Exchange Helsinki under Mid Cap segment and in the Industrial Products and Services subgroup.

#### Changes in share price during the review period

During the first half of 2008, the price of Ruukki Group's share varied between EUR 1.59 (1-6/2007: 1.18) and EUR 2.99 (2.80). A total of 262,396,375 (127,786,131) Ruukki Group shares were traded in the review period, representing 90.5 % (47.3%) of all shares registered at the end of the quarter. The closing price of the company's share on 30 June was EUR 2.35 (2.58). The market capitalisation of the Group's entire capital stock 290,034,022 (270,234,022) shares at the closing price on 30 June was EUR 681.6 million (697.2).

## THE PRELIMINARY PURCHASE PRICE ALLOCATION RELATED TO ACQUISITION OF JUNNIKKALA OY

In January 2008 Group's Sawmill Business segment acquired majority in Junnikkala and the group it forms. At the same instance Junnikkala Oy acquired all shares in Pyn Saha ja Höyläämö Oy. In addition, later during the first quarter Junnikkala Oy acquired 25 % stake in its subsidiary Juneropt Oy from third parties with about EUR 0.5 million cash consideration, which increased the segment goodwill by approximately EUR 0.1 million and after which Junnikkala Oy has held all Juneropt Oy shares.

Preliminary purchase price allocation of the Junnikkala acquisition 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:

EUR '000	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
Account receivable	4,953	4,953
Accruals	788	788
Cash and cash equivalents	415	415
<b>Total assets</b>	<b>45,513</b>	<b>39,858</b>
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
<b>Total liabilities</b>	<b>30,167</b>	<b>28,697</b>
<b>Net assets 31 Jan 2008</b>	<b>15,346</b>	<b>11,161</b>
Acquisition cost	24,811	
Net assets	15,346	
<b>Goodwill</b>	<b>9,465</b>	
Cash flow effect:		
Consideration paid in cash	5,740	
Acquired cash and cash equivalents	-415	
<b>Cash flow effect</b>	<b>5,326</b>	

### SPECIFICATION OF NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:

The Care Services business segment has in Q2/2008 interim report been presented as a discontinued operation, separate from the continuing operations.

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

EUR million	1-6/2008	1-6/2007	4-6/2008	4-6/2007	1-12/2007
Revenue	10.2	8.0	5.2	4.1	16.8
EBIT	0.5	0.3	0.0	0.1	0.3
EBIT margin, % of revenue	5.0 %	4.1 %	-0.1 %	3.4 %	1.6 %

There were totally 366 employees employed by the segment at the end of June 2008 (30 Jun 2007: 289).

#### Income statement

EUR '000	1 Jan-30 Jun 2008 6 months	1 Jan-30 Jun 2007 6 months	1 Jan-31 Dec 2007 12 months
Revenue	10,190	8,000	16,817
Expenses	-9,672	-7,671	-16,543
Operating profit	518	329	274
Financial outcome and expense	-64	-110	-231
Profit before tax	454	219	43
Income tax	-129	-112	-97
Net profit	325	107	-54

#### Balance sheet

EUR '000	30 Jun 2008	30 Jun 2007	31 Dec 2007
<b>Assets</b>			
Investments and intangible assets	6,115	6,467	6,373
Property, plant and equipment	1,978	812	950
Receivables	1,990	1,874	1,841
Cash and cash equivalents	859	821	359
<b>Total assets</b>	<b>10,942</b>	<b>9,973</b>	<b>9,523</b>
<b>Liabilities</b>			
Non-current liabilities	6,190	6,867	5,655
Current liabilities	3,974	2,775	3,395
<b>Total liabilities</b>	<b>10,164</b>	<b>9,642</b>	<b>9,050</b>

#### Cash flow statement

EUR '000	1 Jan-30 Jun 2008 6 months	1 Jan-30 Jun 2007 6 months	1 Jan-31 Dec 2007 12 months
Cash flows from operating activities	633	449	802
Cash flows from investing activities	-724	-511	-1,349
Cash flows from financing activities	590	-526	-471
Net increase in cash and cash equivalents	499	-588	-1,019

## FLAGGING NOTIFICATIONS DURING OR AFTER THE REVIEW PERIOD

Ruukki Group Plc has received the following flagging notifications during or after the review period 1 Jan – 30 Jun 2008:

- » Nordea Bank Finland Plc's ownership in Ruukki Group Plc has exceeded one fourth 1/4. At the time the flagging notification was given, Nordea Bank Finland Plc announced that as the forward contracts expire in January 2008, the ownership of Nordea Bank Finland Plc (business ID 1680235-8) will fall below 1/10 of the share capital and voting rights of Ruukki Group Plc.
- » Moncheur & Cie SA's (registration number 660.0.096.997-7, Geneva) ownership of the share capital and voting rights of Ruukki Group Plc has exceeded one twentieth (1/20) as a result of share transactions concluded on 21 January 2008.
- » Procomex S.A.'s (registration number R.C.Luxembourg B 57.877) ownership will fall below 1/10 of the share capital and voting rights of Ruukki Group Plc based on agreement entered into on 12 February 2008. In case the agreement will be fully implemented the ownership of Procomex S.A. will fall below one tenth after the share transactions are finalised. Furthermore, in consequence of the aforementioned agreement, when fully implemented the combined ownership of Procomex S.A. and Helsingin Mekaanikontalo Oy (business ID number 1076761-9) will fall below 1/5 of the share capital and voting rights of Ruukki Group Plc.
- » Russian JSC VTB Bank's (state registration number 1027739609391) or its affiliate's ownership will exceed 1/10 of the share capital and voting rights of Ruukki Group Plc based on agreements entered into on 12 February 2008. In case the agreements will be fully implemented, the ownership of JSC VTB Bank or its affiliate will exceed one tenth after the share transactions are finalised.
- » RCS Trading Corporation Ltd's (company number 65574B, Nassau, Bahamas) ownership in Ruukki Group Plc has exceeded 1/20 of the share capital and voting rights of Ruukki Group Plc as a result of share transactions carried out on 20 March 2008.
- » Oy Herttakakkonen Ab's (business ID 0761602-7) ownership has fallen below 1/5 of the share capital and voting rights of Ruukki Group Plc based on share transactions carried out on 20 March 2008.
- » Oy Herttakakkonen Ab (business ID 0761602-7) made the following one-sided unilateral agreement on 20 March 2008: (i) Oy Herttakakkonen Ab has authorised Mr. Alwyn Smit or person appointed by him to vote in Ruukki Group Plc's Annual General Meeting on 31 March 2008 with all the shares and voting rights of Oy Herttakakkonen Ab; and (ii) Oy Herttakakkonen Ab has given one-sided commitment to sell by 28 March 2008 altogether 21,000,000 Ruukki Group Plc's shares that it owns to RCS Trading Corp Ltd. Moreover, Oy Herttakakkonen Ab has given one-sided commitment to sell altogether 30,000,000 shares and share forward agreements by 31 May 2008. In case all the abovementioned commitments will be finalized, Oy Herttakakkonen Ab's ownership will fall below 1/20 of the share capital and voting rights of Ruukki Group Plc.
- » Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership has reached over 1/20 of the share capital and voting rights of Ruukki Group Plc based on share transaction carried out on 20 March 2008. In case the derivative agreements entered are exercised, Danske Bank A/S Helsingin Sivukonttori's ownership in Ruukki

Group Plc will fall below 1/20 by the earliest at the value date 19 June 2008.

- » Procomex S.A (registration number R.C. Luxembourg B 57.877) has on 20 March 2008 sold 29,200,000 shares of Ruukki Group Plc. The holdings of Procomex S.A. has decreased under 1/10 of the share capital and voting rights of Ruukki Group Plc on 27 March 2008 as the transaction was settled on the stock exchange. In consequence of the aforementioned transaction, when settled, the combined holdings of Procomex S.A. and Helsingin Mekaanikontalo Oy (business ID number 1076761-9) have decreased under 1/5 of the share capital and voting rights of Ruukki Group Plc.
- » Russian JSC VTB Bank (business ID Code 1027739609391) has on 26 March 2008 purchased 29,200,000 shares of Ruukki Group Plc. JSC VTB Bank's holdings exceed 1/10 of the share capital and voting rights of Ruukki Group Plc on 27 March 2008 as the transaction is settled on the stock exchange.
- » Nordea Bank Finland Plc's (business ID 1680235-8) holdings have not fallen below 3/20 but have fallen below 1/5 of the share capital and voting rights of Ruukki Group Plc as the forward agreements expired in March 2008. When the forward agreements expire in May 2008, Nordea Bank Finland Plc's ownership will fall below 1/10, and accordingly when the forward agreements expire in January 2009, the ownership will fall below 1/20.
- » Evli Bank Plc's (business ID 0533755-0) ownership in Ruukki Group Plc's share capital and voting rights has fallen below 1/20 based on transactions carried out on 20 March 2008.
- » Oy Herttakakonen Ab's (business ID 0761602-7) ownership has fallen below 3/20 of the share capital and voting rights of Ruukki Group Plc based on transactions carried out on 28 March 2008.
- » The ownership of Nordea Bank Finland Plc (business ID 1680235-8) has on April 1 2008 exceeded 1/5 of the share capital and voting rights of Ruukki Group Plc as a consequence of share purchase transactions. Simultaneously Nordea Bank Finland Plc announced that it has entered into forward contracts that will lead to following changes in the ownership: as the May 2008 forward contracts expire, the ownership of Nordea Bank Finland Plc will fall below 1/5, and as the June forward contracts expire, below 1/10 and as the January 2009 forward contracts expire, below 1/20 of the share capital and voting rights of Ruukki Group Plc.
- » RCS Trading Corporation Ltd's (company number 65574B, Nassau, Bahamas) ownership has exceeded 1/10 of the share capital and voting rights of Ruukki Group Plc as a result of share transactions executed on 28 March 2008 and forward contract transactions carried out on 31 March 2008.
- » Nordea Bank Finland Plc's (business ID 1680235-8) holdings in Ruukki Group Plc have fallen below one fifth (1/5) as the May 2008 forward contracts have expired on 20 May 2008. Nordea Bank Finland Plc also announced that as the June 2008 forward contracts expire, the ownership of Nordea Bank Finland Plc will fall below 1/10 and as the January 2009 forward contracts expire, below 1/20 of the share capital and voting rights of Ruukki Group Plc.
- » Danske Bank A/S Helsingin Sivukonttori's (business ID 1078693-2) ownership has reached over 1/10 of the share capital and voting rights of Ruukki Group Plc based on share transaction carried out on 19 May 2008. Furthermore, Danske Bank A/S Helsingin Sivukonttori announced that it has entered into derivative agreements, which according to current information will expire in June 2008 and in September 2008. In case these derivative agreements are exercised, Danske Bank A/S Helsingin Sivukonttori's ownership in Ruukki Group Plc will fall below 1/20 by the earliest at the value date 19 June 2008.
- » Nordea Bank Finland Plc's (1680235-8) and the

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

- » Hanwa Co., Limited's (Tokyo, Japan) ownership has exceeded 1/10 of the share capital and voting rights of Ruukki Group Plc based on share transaction carried out on 20 May 2008.
- » Russian JSC VTB Bank's (business ID Code ZTEMP1964) holdings have fallen below 1/10 and 1/20 of the share capital and voting rights of Ruukki Group Plc based on share sale on 21 May 2008.
- » RCS Trading Corporation Ltd (company number 65574B, Nassau, Bahamas) ownership in Ruukki Group Plc has exceeded 1/4 of the share capital and voting rights as a result of forward contract transactions carried out on 20 May 2008 and 21 May 2008. In addition, RCS Trading Corporation Ltd announced that Danko Koncar, who has a controlling interest in the company, has by himself or by third party decided by Danko Koncar right, given one-sided by Oy Herttakakkonen Ab, to acquire a total of 30,000,000 Ruukki Group Plc's shares from Oy Herttakakkonen Ab. In conjunction with this, Danko Koncar announced that he himself or via companies controlled by him will use this right only partially in a way that the combined ownership interest in Ruukki Group Plc by him or by companies controlled by him will not reach or exceed 30 % of Ruukki Group Plc's share capital and voting rights.
- » Helsingin Mekaanikontalo Oy (business ID number 1076761-9) holdings have fallen below 1/20 of the share capital and voting rights of Ruukki Group Plc based on forward contract sale on 21 May 2008. In addition, the combined holdings of Helsingin Mekaanikontalo Oy and Procomex S.A. (registration number R.C. Luxembourg B 57.877) have fallen below 1/10 of the share capital and voting rights of Ruukki Group Plc.
- » Nordea Bank Finland Plc's (1680235-8) and the Nordea Group's holdings in Ruukki Group Plc have not fallen below 1/5 but are still above 1/5 of the share capital and voting rights of Ruukki Group Plc based on forward contract sale on Friday 30 May and forward contracts having expired. In addition, Nordea Bank Finland Plc has made forward contract agreements regarding Ruukki Group Plc. As the June 2008 forward contracts expire, the ownership of Nordea Bank Finland Plc and Nordea Group will fall below 3/20 and as the January 2009 forward contracts expire, below 1/20 of the share capital and voting rights of Ruukki Group Plc.
- » Oy Herttakakkonen Ab's (business ID 0761602-7) ownership has fallen below 1/10 of the share capital and voting rights of Ruukki Group Plc based on transactions carried out on 5 June 2008. In addition, Oy Herttakakkonen Ab announced that it has continued the one-sided commitment to sell, by 31 August 2008, 20,000,000 Ruukki Group Plc shares or forward contracts that it owns to RCS Trading Corporation Ltd or to a party appointed by this.
- » Ruukki Group Plc and Kermas Limited (registration number 504889) have in June 2008 entered into a preliminary agreement regarding a transaction over chrome operations. Among other things, it has been preliminarily agreed that Ruukki Group Plc will issue and Kermas Limited will subscribe for a convertible loan, with an amount of EUR 92 million. If the convertible loan is issued, Kermas Limited is, after September 1, 2010, entitled to receive in conversion a total of 40.000.000 shares of Ruukki Group Plc. This represents 13.8 percent of the current outstanding shares and votes of Ruukki Group Plc. In the case of complete conversion of the convertible loan the holding of Kermas Limited will exceed 1/10 of all shares and votes of Ruukki Group Plc. Kermas Limited is a parent company in a group of companies including RCS Trading Corp Ltd



(company number 65574B, Nassau, Bahamas). Together with the current holding of RCS Trading Corp Ltd the potential ownership related to the convertible loan of Kermas Limited ("ownership of Kermas Group") will exceed 3/10 of the shares and votes of Ruukki Group Plc.

- » Oy Herttakakkonen Ab's (business ID 0761602-7) ownership has fallen below 1/10 to 7.48 % of the share capital and voting rights of Ruukki Group Plc based on transactions carried out on 5 June 2008. In addition, Oy Herttakakkonen Ab announced that it has continued the one-sided commitment to sell, by 31 August 2008, 20,000,000 Ruukki Group Plc shares or forward contracts that it owns to RCS Trading Corp Ltd or to a party appointed by this.
- » Nordea Bank Finland Plc's (business ID 1680235-8) and the Nordea Group's holdings in Ruukki Group Plc have not fallen below 3/20 but are still above 1/5. Nordea Bank AB (publ) announced that part of its forward contracts have expired on 19 June 2008 and part of the forward contracts have been rolled over to longer maturities. In addition, Nordea Bank Finland Plc has made forward contracts regarding Ruukki Group Plc. As the December 2008 forward contracts expire, the ownership of Nordea Bank Finland Plc and Nordea Group will fall below 1/5 and as the January 2009 forward contracts expire, below 1/20 of the share capital and voting rights of Ruukki Group Plc.
- » Nordea Bank Finland Plc's (business ID 1680235-8) and the Nordea Group's ownership of Ruukki Group Plc's share capital and voting rights has fallen below 1/5 on 30 June 2008 as a result of a share sale. In addition, Nordea Bank Finland Plc has made forward contracts regarding Ruukki Group Plc. As the December 2008 forward contracts expire Nordea's ownership in Ruukki Group Plc will fall below 1/5 and in January fall below 1/20.
- » Nordea Bank Finland Plc's (business ID 1680235-8) and the Nordea Group's holdings in Ruukki Group Plc exceeded one fifth (1/5) as the for-

ward contract agreements expired on 4 July 2008. In addition, Nordea Bank Finland Plc has made forward contract agreements regarding Ruukki Group Plc. As the December 2008 forward contracts expire the ownership of Nordea Bank Finland Plc and Nordea Group will fall below one fifth (1/5) and in January 2009 fall below one twentieth (1/20).

- » Nordea Bank Finland Plc's (business ID 1680235-8) and the Nordea Group's ownership of Ruukki Group Plc's share capital and voting rights has on 15 July exceeded one fourth (1/4) as a result of a share purchase. In addition, Nordea Bank Finland Plc has made forward contract agreements regarding Ruukki Group Plc. As the forward contracts expire on 18 July 2008, the ownership of Nordea Bank Finland Plc and Nordea Group will fall below one fourth (1/4) and in January 2009 fall below one twentieth (1/20).

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