RUUKKI | GROUP

ANNUAL REPORT 2010

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INTRODUCING THE NEW RUUKKI

In early 2011, Ruukki will finalise the disposal of its wood segment; housebuilding, sawmill and pallets to complete the transformation from a diversified natural resources business into a focused mining company.

The Rapid Transition from a Conglomerate into a Focused Mining Company

2008	2009	2010	2011
Kermas became largest shareholder in Ruukki Group Entering mining & metals sector through acquisition of Speciality Alloys business in Europe	Acquisition of FerroAlloys processing business in South Africa New management appointed for wood business Turnaround of wood business started	New Board formed Mining and metals focused strategy agreed Listed on the LSE Acquisition of Chromex Mining Wood business turnaround successfully completed	Disposal of wood assets Transformation into pure mining & minerals processing business Restructure of management team to be completed Improvement of current operating assets Feasibility Studies on growth projects (2 DC furnaces & power)

Ruukki is an integrated mining and minerals producer supplying specialist products to the expanding steel and stainless steel industries, leveraging off its technological advantages, to fuel sustainable growth.

The Company exports raw chrome ore directly to China and sells a diverse range of chrome products internationally to the customers operating in the stainless steel and steel sectors, including automotive, aerospace and power plant industries.

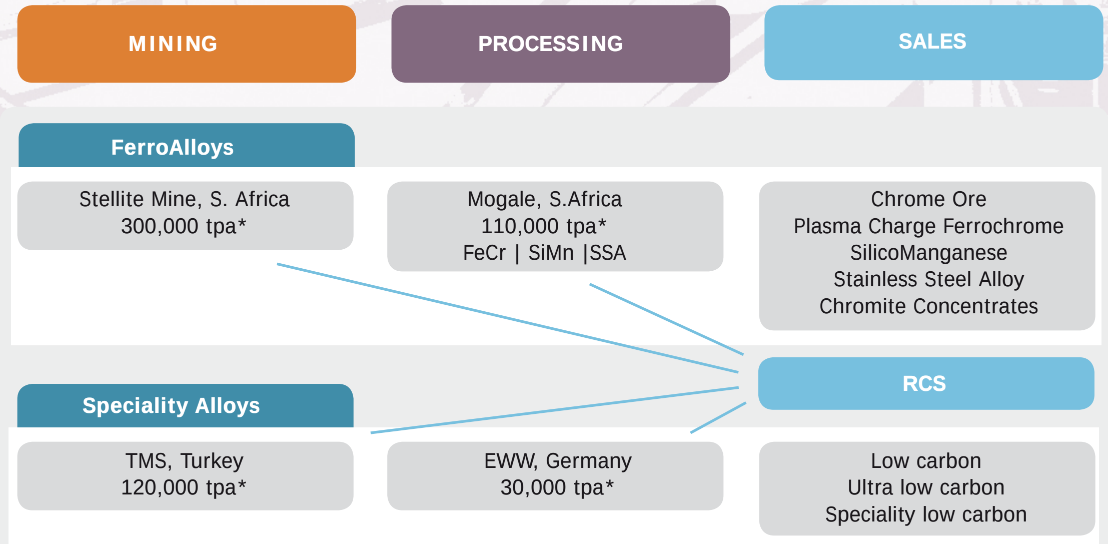
Ruukki is listed on the Helsinki (RUG1V) and London (RKKI) stock exchanges.

5 Year Growth Vision

Ruukki's vision is to become a competitive major player in the chrome industry within the next five years by growing its southern Africa asset base. To achieve this, it has a clearly defined 3 phased growth strategy, which it believes will ultimately deliver this vision:

1. Increase chrome ore production at existing operations and through new mine development
2. Expand processing capabilities through the construction of two new DC furnaces in South Africa
3. Complete full vertical integration by having control over the power supply vital to the South African processing operations

Ruukki has Integrated Mine to Metals Asset Base



* Installed capacity of saleable chrome product

Key figures, continuing operations

Financial figures

(EUR million)	2010	2009
Revenue	123.3	71.0
EBITDA	-9.4	1.2
EBIT	-76.5	-39.3
Profit before taxes	-77.2	-40.6
Net profit	-65.4	-34.8
Return on equity, %	-25.0%	-10.8%
Return on capital employed, %	-19.3%	-8.3%
Equity ratio, %	44.3%	52.0%
Gross capital expenditure	53.8	203.7
Average personnel	677	529

Share information

(EUR)	2010	2009
Earnings per share, basic	-0.27	-0.13
Earnings per share, diluted	-0.27	-0.13
Equity per share	0.85	1.03
Distribution	0.00*	0.04**
Market capitalisation, NASDAQ OMX (EUR million)	422.0	558.6
Number of shares on 31.12. (1,000)	248,207	261,034

* Dividend distribution proposed to the AGM 2011

** Capital redemption AGM 2010

EBIT (Operating profit / loss) = Earnings Before Interest and Taxes

EBITDA = Earnings Before Interests, Taxes, Depreciation and Amortisation

Calculation of EBIT and EBITDA is described in more detail in the consolidated financial statements.

CHAIRPERSON'S LETTER

Dear Shareholder,

We embark on 2011 as a focused mining and minerals producer, having completed the final stages of our transformation from a diversified natural resources company.

A strategic review of the wood businesses, initiated during the second half of 2010, resulted in the decision to divest these assets. The review concluded that the inability to guarantee the raw material supply and vertically integrate the businesses would have a long term impact on the growth and financial performance of the business division and that the Group's financial resources would be better deployed in capitalising on the growth opportunities available in the mining and minerals business.

Negotiations began in late 2010; the sale of the house building and pallet businesses were completed during the first quarter 2011. A Letter of Intent to sell the remaining sawmill business has also been signed and we anticipate finalising this disposal during the first half of 2011.

2010 was a pivotal year in our corporate restructuring as we lay the foundations for our future growth as a mining and minerals producer.

At the leadership level, we appointed a new Board and reorganised the executive management team to better reflect the new strategic direction and structure of the Group. I would like to take this opportunity to welcome my new fellow directors, Chris Pointon, Barry Rourke, Paul Everard, Philip Baum and Danko Koncar who join Markku Kankaala and myself. Our new directors have a wealth of industry experience across the mining and stainless steel sectors which will be invaluable in guiding the Group towards successfully executing its growth strategy.

In the summer we listed our share on the main market of the London Stock Exchange which, along with our Helsinki listing, will over time help to widen Ruukki's shareholder base as well as facilitate the Group's corporate development through broadening access to the capital markets. We believe we have a strong investment story geared around our growth ambitions that, if successfully delivered, should ultimately translate into the Group becoming a major player in the chrome sector.

The major step towards implementing our plans was to secure a significant chrome ore resource to provide the resource base for our expansion, and we have achieved this through our acquisition of AIM-listed Chromex Mining plc during the fourth quarter. Chromex has an operating mine, Stellite, and the Mecklenburg mine development project in South Africa and a smaller, high grade chromite deposit in Zimbabwe. The Stellite mine has 32 million tonnes of chrome ore resources, which is sufficient to provide over 25 years of ore supply to our existing operations as well as the proposed two new DC furnaces. The acquisition also enables us to vertically integrate our FerroAlloys business in South Africa.

We now have the foundations in place to aggressively grow our business: a focused executive management team, a highly experienced Board, an integrated FerroAlloys business and sufficient ore resources to meet our expansion plans.

The next phase of our corporate development will be achieved in three phases; increasing chrome ore production; expanding our processing capabilities through the construction of two new DC furnaces; and becoming completely vertically integrated by having control over the power supply vital to our South African operations.

Our growth plans are ambitious and, whilst we have strengthened our balance sheet with the disposal of the wood business, it will not be sufficient to fully fund the processing expansion and power projects. We are therefore considering a number of funding options including project finance and strategic partnerships.

We are in preliminary discussions with potential strategic partners to co-invest in the two DC furnaces and the power plant. Alongside this, feasibility work has commenced and we look forward to updating shareholders further as we progress our plans.

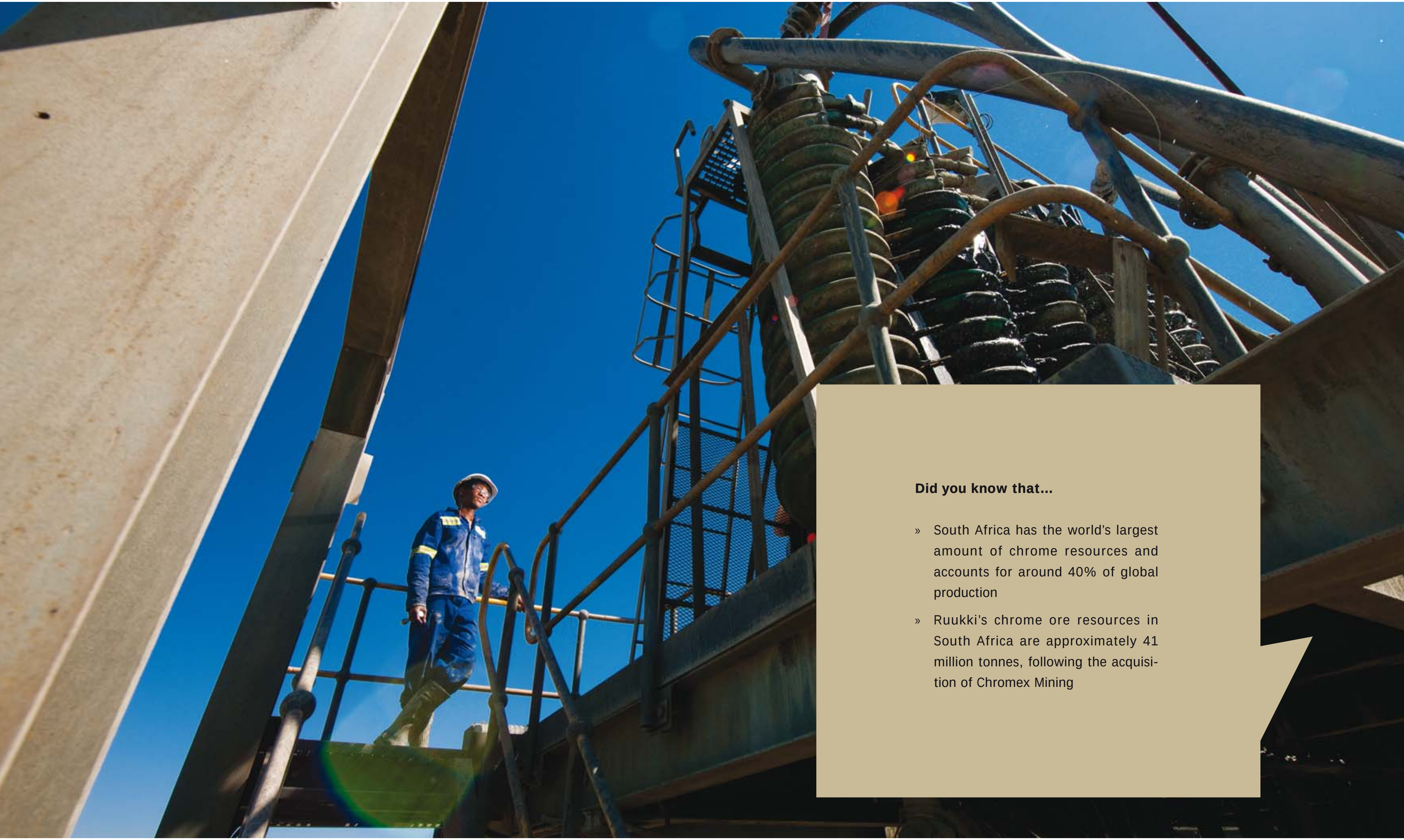
Whilst we are building for the future, we are also very cognisant of the need to improve the operating and safety performance of our current operations. During the year, a safety, health and sustainable development Board committee was appointed and a Group HSE Officer position created. We believe these two additions to the Group's organisational structure will reinforce the Group's commitment to providing a safe working environment for our employees and reinvigorate the current health and safety initiatives at our operations. To underpin this, we have also incorporated health and safety as a component of management's KPIs and remuneration.

Turning to the Group's financial performance, 2010 was challenging. Even though ferrochrome prices improved slightly compared to 2009 this was not enough to compensate for increases in raw material and energy costs. Production volumes were impacted by industrial action in South Africa, the need to reline the furnaces at Mogale and the ramp-up of our new chromite concentrate processing plant in Turkey, which resulted in lower profitability for the Group than expected.

The global demand for chrome products is expected to strengthen in 2011 and industry analysts are predicting higher prices, although short term volatility will remain. We believe we are well placed to respond to this as all our businesses are vertically integrated from mine to market.

Finally, I would like to thank our employees, the executive management team, my fellow Board members for their dedication and hard work, and our shareholders for their support during a busy yet challenging year. I believe we start 2011 with a bright future ahead of us.

Jelena Manojlovic



Did you know that…

- South Africa has the world's largest amount of chrome resources and accounts for around 40% of global production
- Ruukki's chrome ore resources in South Africa are approximately 41 million tonnes, following the acquisition of Chromex Mining

MINERAL RESOURCES AND RESERVES

South African mineral Resources and Reserves

Stellite opencast

Chromite Seam	Tonnes (mt)	Cr2O3	Cr:Fe	Classification
LG6	0.52	40.8	1.5	Inferred
LG6A	0.27	38.8	1.4	Inferred
MG1	0.98	39.8	1.4	Inferred
MG2	1.57	36.9	1.3	Inferred
MG4L	1.83	36.0	1.3	Inferred
MG4U	1.34	36.0	1.3	Inferred
Total	**6.50**	**37.3**	**1.3**	

Stellite underground

Chromite Seam	Tonnes (mt)	Cr2O3	Cr:Fe	Classification
LG6	7.81	40.8	1.5	Inferred
LG6A	3.98	38.8	1.4	Inferred
MG1	3.63	39.8	1.4	Inferred
MG2	3.29	36.9	1.3	Inferred
MG4L	3.85	36.0	1.3	Inferred
MG4U	2.66	36.0	1.3	Inferred
Total	**25.23**	**38.3**	**1.4**	

SAMREC compliant Mineral Resources for the Stellite property have been estimated on the basis of the 46 boreholes drilled on the property which usable data was available.

The following mineral resource tonnage were calculated for the LG6, LG6A, MG1, MG2 and MG4 chromite layers. A depth of 40m below surface was selected as an indicative opencast limit and the tonnage contributions modelled and calculated to provide a guide as to the total opencastable resource available at Stellite.

Mecklenburg underground mineral resource

Chromite Seam	Tonnes (mt)	Cr2O3	Cr:Fe	Classification
LG6	2.43	43.6	1.7	Measured
LG6A	0.81	42.8	1.7	Measured
LG6	1.95	43.9	1.7	Indicated
LG6A	0.67	42.6	1.7	Indicated
LG6	2.37	42.3	1.7	Inferred
LG6A	0.82	41.1	1.7	Inferred
Total	**9.05**	**43.0**		

Mecklenburg underground mineral reserve

Chromite Seam	Tonnes (mt)	Cr2O3	Cr:Fe	Classification
LG6				
LG6A	3.15	26.8	1.7	Proved
LG6				
LG6A	2.53	26.8	1.7	Probable
Total	**5.68**	**26.8**	**1.7**	

The 9.05 Mt LG6 and LG6A Chromite Layer resource is quoted as an in-situ resource with no depletions or reserve modifying factors applied. Due to the historical undestanding of the orebody it is felt that the inferred resource can be mined at a high degree of confidence. Furthermore, as the mining operations expand and add to the geological database, confidence will increase rapidly.

Geological and mining losses, recovery (percentage extracted) and dilution were applied to the Measured and Indicated Mineral Resources in order to estimate a Proved and Probable Mineral Reserve.

The Group will conduct an independent study of its resources and reserves in Turkey in 2011.

BOARD OF DIRECTORS' REPORT

2010 saw Ruukki finalise its transformation from a diversified natural resources company into a focused mining company and lay the foundations to deliver growth in mining.

The decision to sell the wood processing business followed a strategic review, undertaken during the second half of 2010, which concluded that the mining sector offered better long term growth prospects, and in turn a stronger ability to deliver long term shareholder value and that the Group's financial resources would be more effectively deployed in supporting this growth. The process to sell the Wood Business assets was initiated in the fourth quarter 2010 and the transactions were announced during the first quarter 2011.

Laying the Foundations for Growth – Expanding the Group's Chrome Ore Reserves

During 2010, Ruukki continued to lay the foundations for growth in its mining and minerals business. Crucial to the successful execution of the growth strategy is the ownership of substantial chrome ore reserves, which Ruukki was lacking. To this end, in September 2010, Ruukki announced, an all cash offer for the AIM-listed mining company Chromex Mining plc, together with Kermas Ltd via a joint venture company Synergy Africa Ltd. Chromex has been consolidated as a joint venture into the financial reporting of the Group from 31 December 2010 and integration of the Chromex mining assets into the FerroAlloys operations is already underway.

Chromex has a total of 41 million tonnes of chrome resources located in one of the world's premier chromite mining regions, South Africa. It has one operating mine, Stellite, which has a chrome ore resource of 32 million tonnes and two mine development projects; Mecklenburg in South Africa and Waylox in Zimbabwe.

The Chromex acquisition secures Mogale's chrome ore feed, vertically integrates the processing operation with a mining operation, offers the potential to significantly increase ore production and consolidates Ruukki's position in one of the world's premier chrome ore mining regions.

Ruukki's Turkish subsidiary, Türk Maadin Sirketi, acquired a 99% interest in Intermetal Madencilik ve Ticaret in February. Intermetal has six chrome ore exploration and exploitation licenses which have the potential to expand the Group's chrome ore reserves base in Turkey.

Aligning the Corporate Structure to Reflect the New Strategic Direction

At a corporate level, the Group implemented two major initiatives designed to re-orientate the business towards the mining and minerals sector.

The Board was strengthened with the appointment of experienced non-executive directors. In April, the Annual General Meeting re-elected Markku Kankaala, Jelena Manojlovic, Terence McConnachie as non-executive di-

Logical Transaction

Vertical integration	South African operations Securesown ore supply, immediately accessible, new order mining rights Sizeable resource of 41Mt offers operational longevity
Increaces production	Increase in production volumes with addition of Stellite mine Medium term potential to increase production from underground resource
Production capabilities	Provides feed for two planned DC furnaces (total capacity: 280,000 tpa) Additional upside to be potentially realised from Mecklenburg & Waylox
Synergies	In operational expertise, human resources, cost savings and efficiencies
Consolidation	Consolidates Ruukki´s presence in one of the world´s premier chromite mining regions

rectors and elected Philip Baum, Paul Everard, Chris Pointon and Barry Rourke as new members of the Board of Directors. The Board re-appointed Jelena Manojlovic as the Chairperson. In August, the Extraordinary General Meeting also elected Danko Koncar and Alwyn Smit to the Board of Directors and Terence McConnachie resigned for personal reasons. Alwyn Smit subsequently resigned from the Board in October when he resigned as CEO.

During the year, Alwyn Smit and Ilona Halla resigned as Group CEO and CFO respectively. Since then, Danko Koncar has been the Group's Acting Managing Director and Thomas Hoyer the CFO.

The Group successfully listed on the main market of the London Stock Exchange in July under the symbol "RKKI". This will broaden the Group's access to capital markets and widen the shareholder base. Investec Bank was appointed as the Company's broker in July and in January 2011, RBC Capital Markets was also appointed as joint corporate broker.

PERFORMANCE OF THE MINING AND MINERALS BUSINESS

2010 was a stronger year for the chrome sector than 2009, as the global financial crisis eased slightly. This was reflected in Ruukki's production, which saw an increase across all operating units.

The overall performance of the Minerals Business in 2010 was impacted by sharp increases in raw material prices, the Transnet habour industrial action in South Africa and a labour dispute at the Mogale plant, the strengthening of South African rand against US dollar and, to a certain extent, a planned stock build up of finished goods in anticipation of more favourable market conditions and product pricing in 2011. Costs were also incurred for the feasibility studies for the construction of two new furnaces and a power plant in South Africa. The Group also decided to make a EUR 40.1 (2009: 19.1) million impairment on the goodwill of Mogale Alloys. Although revenues increased to EUR 123 million, EBIT did not improve year on year due to the abovementioned factors.

Revenue and profitability (Mogale consolidated from 1 June 2009):

EUR million	FY2010	FY2009
Revenue	123.0	71.0
EBITDA	6.8	10.4
EBITDA margin	5.5%	14.6%
EBIT	-60.2	-30.1
EBIT margin	-49.0%	-42.3%

Quarterly revenue and profitability:

EUR million	2010			
	Q4	Q3	Q2	Q1
Revenue	24.8	29.0	39.3	30.0
EBITDA	-4.3	1.4	7.3	2.5
EBITDA margin	-17.5%	4.7%	18.6%	8.3%
EBIT	-51.5	-5.7	0.9	-3.8
EBIT margin	-208.0%	-19.7%	2.2%	-12.8%

Production:

Mt	FY2010	FY2009
TMS *	54 917	25 774
EWW	17 994	14 074
Mogale **	65 040	N/A

* Including both chromite concentrate and lumpy ore production
** Mogale Alloys was acquired in May 2009

FerroAlloys (Southern African Minerals Business)

For 2010, the FerroAlloys business consisted solely of Mogale Alloys, which sourced its chrome ore supply through short term contracts. Following the acquisition of Chromex, the Stellite Mine will become chrome ore supplier to Mogale, thereby further integrating the FerroAlloys business. Excess lumpy ore mined at Stellite will be exported directly to China.

Mogale produced 65,040 metric tonnes of various ferroalloys products for the full year 2010. Production was impacted by the planned reline of the two DC plasma furnaces during the year and an industrial dispute, which was primarily due to wage negotiations and has since been resolved.

Although revenues increased slightly, reduced production volumes, due to plant modifications and industrial dispute, the impairment of Mogale Alloys goodwill, the strong South African Rand, and the cost of the feasibility studies being expensed, led to a deterioration in EBITDA.

In September Ruukki announced that the Company had received notification that certain vendors of Mogale Alloys Limited had commenced legal actions in South Africa against the Company relating to the payment of the remaining ZAR 600 million (EUR 67.7 million), which represents 30% of the full purchase price for Mogale, along with a claim for interest of ZAR 88.2 million (EUR 10.0 million). Ruukki strongly refutes this legal action as it does not believe all the conditions, as set out in the acquisition contract, have been fulfilled and is vigorously defending the action. However, Ruukki has already recorded the majority of the claimed amount as a liability in its consolidated statement of financial position so the result of the court case will not have any significant negative effect on the financial status of the Company in any event.

Speciality Alloys (Southern European Minerals Business)

The Speciality Alloys business consists of the Turkish mining and beneficiation operations, TMS which supplies chrome ore concentrates to EWW, the German processing plant as well as RCS, the Group's sales and marketing arm in Malta. Excess chrome ore mined at TMS is exported directly to China.

Production at TMS more than doubled for the year, compared to 2009, whilst production volumes also grew at EWW. At TMS, a new chromite concentrate processing plant for processing low grade ores was built and commissioned during the year. Although this impacted on the full year performance of TMS, the plant was fully operational at the end of the year and performing according to management's expectations.

2010 revenues increased, year on year, however the decrease in the EBITDA margin for 2010, compared to 2009, was mainly due to a sharp increase in the price of strategic raw materials which was not totally compensated for by the equi-valent price increase in finished goods.

Key financial performance indicators

Southern European minerals business:

EUR million	FY2010	FY2009
Revenue		
Business area's products	70.7	44.1
Mogale products	47.2	13.2
Total revenue	117.9	57.3
EBITDA	9.8	10.0
EBITDA margin	8.3%	17.4%
EBIT	-8.0	-6.9
EBIT margin	-6.8%	-12.0%

Southern African minerals business:

EUR million	FY2010	7 months ended 31.12.2009
Revenue	52.6	28.2
EBITDA	-2.7	0.4
EBITDA margin	-5.2%	1.6%
EBIT	-52.0	-23.1
EBIT margin	-98.9%	-82.1%

DISCONTINUED OPERATIONS: WOOD PROCESSING BUSINESS

As a result of a strategic review undertaken during the second half of 2010, which concluded that the Group's financial resources would be better deployed in realising the Minerals Business long term growth opportunities and a process to sell the Wood Processing Business assets was initiated.

In January 2011 Ruukki signed agreement to sell the Finnish house building business, Pohjolan Design-Talo Oy, and the transaction was finalised in March. In January Ruukki also signed a letter of intent to sell its 51 percent holding in the sawmill company Junnikkala Oy to Junnikkala Oy's minority shareholders. Ruukki anticipates that the signing of the definitive agreements will take place during the first half of 2011. In March 2011 Ruukki signed an agreement to sell the shares of its Finnish pallet business, Oplax Oy. The transaction is expected to be completed by the end of March 2011.

As a result, the Wood Processing Business is classified as a discontinued operation and the related balance sheet items as assets and liabilities held for sale in the financial statements 2010. On the Group's income statement, the Wood Processing businesses have been presented as a discontinued operation.

Revenue and operating profit for 2010 were higher than the equivalent period in 2009. This was due to the strong performance by the house building business which resulted in growing revenues and profits compared to 2009.

Revenue and profitability of the discontinued operations

EUR million	FY2010	FY2009
Revenue	125.4	122.3
EBITDA	20.1	18.0
EBITDA margin	16.0%	14.7%
EBIT	15.9	14.5
EBIT margin	12.6%	11.9%

Quarterly revenue and profitability:

EUR million	2010			
	Q4	Q3	Q2	Q1
Revenue	41.4	28.6	30.9	24.4
EBITDA	7.1	4.7	5.2	3.1
EBITDA margin	17.1%	16.6%	16.9%	12.6%
EBIT	6.1	3.9	4.2	1.7
EBIT margin	14.8%	13.6%	13.4%	6.8%

The House Building Business

The number of houses delivered to customers increased considerably during 2010 and amounted to 359, compared to 238 in 2009.

The Sawmill Business

At Junnikkala Oy, performance in 2010 improved compared to the 2009 financial year. Sales volumes increased in all product groups, with deliveries to domestic house factories showing especially strong growth. The revenue and profit of the business is positive compared to 2009, when taking into account the asset disposals described above. The sawmill business EBIT for 2010 financial year includes EUR 0.6 million impairment on disposed assets.

The Pallet business

The pallet business performed well during the 2010 financial year in terms of volumes and margins. The number of pallets delivered to customers during the 2010 financial year totalled 1,026,907 compared to 1,002,793 for the equivalent period in 2009.

Key financial performance indicators

House building business:

EUR million	FY2010	FY2009
Revenue	56.2	31.8
EBITDA	12.4	7.2
EBITDA margin	22.1%	22.6%
EBIT	12.1	6.8
EBIT margin	21.5%	21.5%

Pallet business:

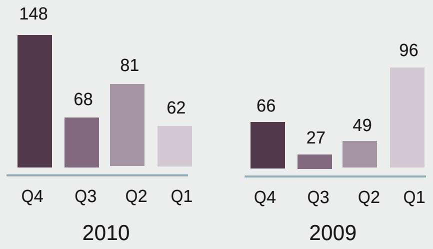
EUR million	FY2010	FY2009
Revenue	11.2	9.4
EBITDA	2.4	1.5
EBITDA margin	21.3%	16.0%
EBIT	1.2	0.5
EBIT margin	10.8%	5.5%

Sawmill business:

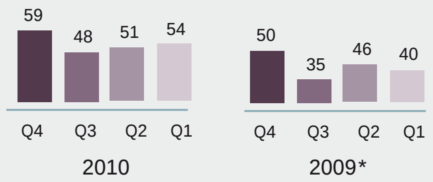
EUR million	FY2010	FY2009*
Revenue	59.7	82.6
EBITDA	5.3	9.3
EBITDA margin	8.9%	11.2%
EBIT	2.6	7.2
EBIT margin	4.4%	8.7%

* The financial indicators for 2009 include also Lappipaneli and Tervolan Saha ja Höyläämö Group which were disposed in late 2009. The sawmill business's EBITDA for 2009, excluding a non-recurring Junnikkala put option related gain, was EUR 4.0 million, which corresponds to about 4.8% of revenue. The sawmill business EBIT was EUR 0.2 million negative (-0.2% of revenue) for 2009 financial year when both the Junnikkala put option termination and Lappipaneli related reversal of impairment are excluded.

Wooden ready-to-move-in house deliveries
(number of houses):

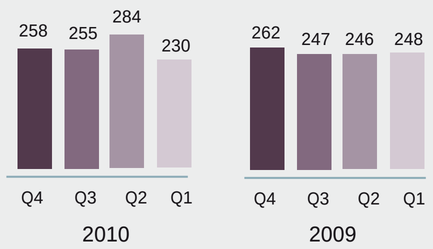


The volume of sawn timber production:
(1 000 m³)



* The effect of the disposal of Lappipaneli Oy and Tervolan Saha ja Höyläämö Group has been eliminated

Delivered pallets per quarter
(number of pallets, thousands)



OTHER OPERATIONS

For 2010 the total negative EBITDA of the other operations was EUR 16.3 million. This was mainly related to the Group's headquarters and the London listing. The Group's parent company recognised a EUR 0.5 million non-cash option expense for the 2010 financial year. In addition, based on the directed free issue of shares to the Board approved by the Annual General Meeting, EUR 1.2 million expenses were recorded. In relation to the London listing, EUR 5.2 million of expenses were recognised for 2010.

Associated companies were consolidated in the Group's financial statements by applying the equity method. The income from core associates for 2010 was positive for a net amount of about EUR 0.2 million and from non-core associates EUR 0.0 million, thus the income from associated companies had only a minor effect on the results. In 2010 Ruukki sold its stakes in Arc Technology Oy, Stellatum Oy and Widian Oy.

OUTLOOK

The Board's decision to focus solely on the mining, smelting and metals processing business and to dispose the wood assets has had a significant impact on the Group's structure. The Group's area of business will now be dedicated to the mining and minerals sector and therefore the Group's financial performance will be more dependent on the general market conditions of this sector, especially in chrome.

2011 will be the year where Ruukki refocuses its operations according to its growth strategy, further develops its exist-ing mining, smelting and minerals processing assets and evaluates potential acquisition targets.

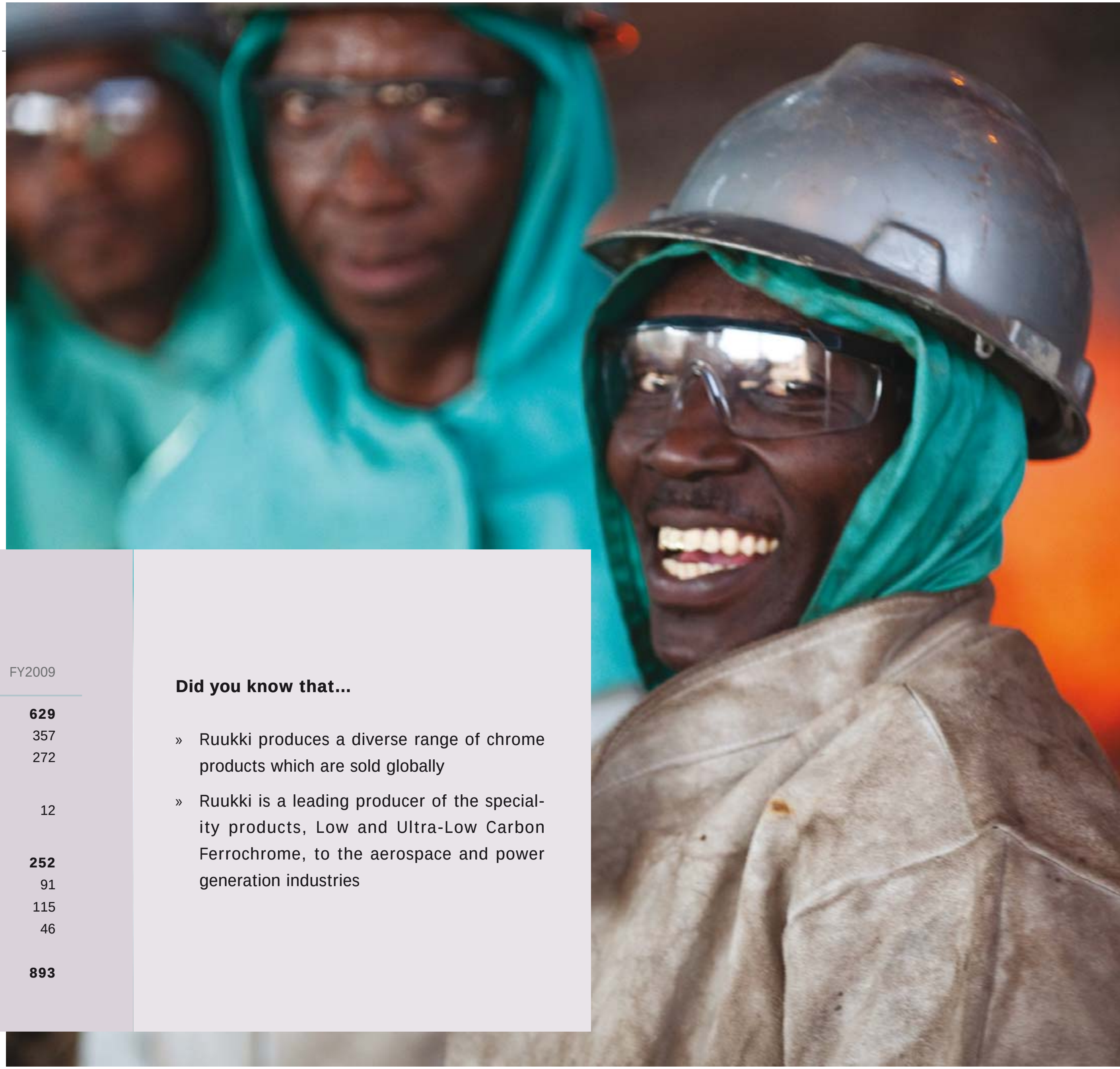
There is general uncertainty as to how demand during 2011 will develop. However, Ruukki expects global demand for the Company's ferroalloys products to be higher in 2011 compared to that of 2010, which is expected to result in higher prices and improved financial performance.

Fluctuations of exchange rates between Euro, South-African rand, Turkish lira and US dollar can significantly impact the Company's financial performance.

PERSONNEL

At the end of 2010, Ruukki's number of employees, including discontinued operations, totalled 1030 (2009: 893). Of these, 713 worked abroad (69.2%) and 317 (30.8%) worked in Finland. This compares to 70.9% of the total employees working abroad and 29.1% in Finland for the Finnish Group companies at the end of 2009. The average headcount during 2010 was 965 (2009: 824).

The Group's personnel expenses for 2010 were EUR 36,826,623.05 (2009: 28,229,894.28). There were altogether EUR 1,688,100.24 (2009: 990,755.92) expenses recognised in the profit and loss account based on option and other share-based payments as depicted by the IFRS 2 standard.



The number of personnel by segment:

	FY2010	FY2009
Minerals segment	**712**	**629**
Southern Europe: Speciality Alloys	396	357
Southern Africa: FerroAlloys	316	272
Group Management and other operations	10	12
Discontinued operations	**308**	**252**
House building	154	91
Sawmill	111	115
Pallet	43	46
Total personnel	**1 030**	**893**

Did you know that...

- Ruukki produces a diverse range of chrome products which are sold globally
- Ruukki is a leading producer of the speciality products, Low and Ultra-Low Carbon Ferrochrome, to the aerospace and power generation industries

SAFETY, HEALTH AND SUSTAINABILITY

Whilst Ruukki is committed to operating in a safe, healthy and sustainable way at all of its operations, the 2010 safety performance of the Minerals Business was unsatisfactory, for example the Lost Injury Time Frequency Rate at Mogale was 9.1 for the year. The Board, executive and operational management teams are aware of the urgent need to address and improve unsafe practices at the operations. This is a key operational objective during 2011 and management's incentive plans included safety as a key performance indicator.

During the year a Board Safety, Health and Sustainability Committee was established to oversee the implementation of Ruukki's safety, health and sustainability initiatives and to ensure best practice is being adopted where possible. The Committee meets regularly during the year, including onsite at the operations. In 2010, the onsite meeting was held in South Africa, after a visit to Mogale. The Company is also working on recruitment of Group Health and Safety Officer in order to better meet the requirements of health and safety initiatives and to ensure best practises are been implemented throughout the organisation.

In the second half of 2010, the Group commissioned a comprehensive, independent environmental study to look into legacy environmental issues facing Mogale. The study is still ongoing and the report is expected to be finalised and presented to the Board Safety, Health and Sustainability Committee during 2011, along with key recommendations.

Ruukki believes that taking sustainable development into consideration at all of its operations benefits its business, employees, shareholders and other stakeholders. Ruukki aims to organise its operations in a sustainable way and preserve the environment by minimising the environmental impact of its operations and continuously improving its processes and facilities. Ruukki also has programmes in place to address its impact on the environment, including those relating to water, air quality, waste biodiversity and land management. These include the initiatives in place to improve the environmental issues, principally, contaminated soil issues, lack of certain permits and licences, effective storm water systems, waste management, associated pollution control systems and a proper groundwater monitoring system.

Ruukki's objective is to operate under a zero harm policy. The objective of this policy is to eliminate all harm to individuals, the environment and the production process. Ruukki's businesses follow applicable safety regulations under laws and regulations and relevant guidance from manufacturers in relation to the operation of machinery. Ruukki's minerals processing and mining operations have baseline risk assessments, occupational hygiene monitoring and medical surveillance programmes in place which are aligned with relevant legislation as well as best practice.

Ruukki aims to provide a safe and healthy workplace for everyone working in the mines and production facilities. Employees receive comprehensive operational health and safety training on an ongoing basis. Ruukki is working constantly to improve processes and practices to prevent injuries and accidents and this will receive greater focus in 2011 as the Group seeks to improve on its 2010 performance.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks relevant to the Group and their implications are discussed below. Financial risks and financial risk management are presented in more detail in the notes to the consolidated financial statements in the section 'Commitments and financial risks'.

Ruukki's Board of Directors decides on the goals and organisation of risk management. The purpose of risk management is to identify the threats and opportunities affecting strategy implementation and to help achieve the targets set in the strategy by ensuring that risks are proportional to the risk-bearing capacity. Ruukki's key risks are reviewed and assessed by the Board on a regular basis. The risk management principles are discussed further in the Corporate Governance Statement.

Ruukki has defined its main risk categories in its risk management policy. The risk categories are strategic, operational, financial and hazard risks. The risk management policy also discusses how these risks can be avoided or their effect mitigated.

Strategic risks

Ruukki's strategy is highly focused on growth. As a part of this strategy Ruukki is planning to build two new DC furnaces and a power plant in South-Africa and is currently conducting the relevant feasibility studies. There is a risk that Ruukki is not able to find a proper site for the DC furnaces or to the power plant. There is also a risk that Ruukki is not able to obtain the necessary licences to build and operate them. The planned projects require secure external financing. Ruukki is actively searching the financing alternatives either through financial institutions or through a strategic partnership. However, there is no certainty that Ruukki will be able to gather the required financing. If all or some of these risks materialise it would hinder the implementation of the growth strategy.

In its current operations, a significant strategic risk faced by Ruukki is the volatility of the market. The global market for Ruukki's products may not progress or develop as forecasted, especially in the steel and stainless steel markets. The Minerals Business is cyclical in nature and a drop in demand for the Minerals Business products, or in particular the reduction in demand for specialist steel in end products for the automotive, aerospace and other industries might have an adverse effect on the Group's revenues and profits. Ruukki has developed strong integration of its customer interface and product mix and is able to respond dynamically to vary both volume and product mix.

Acquisitions have formed an integral part of Ruukki's operational development and Ruukki expects to continue a strategy of identifying and, subject to market conditions, acquiring and investing in businesses at the appropriate time with a view to expanding its operating businesses. There can be no assurance that the Group will continue to identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or its investment; or acquire businesses on satisfactory terms; or that any business acquired will prove to be profitable.

Acquisitions and investments involve a number of risks that include: possible adverse effects on Ruukki's operating results; diversion of the management's attention; failure to retain key personnel; risks associated with unanticipated events or liabilities; difficulties in the assimilation of the acquired operations, technologies, systems, services and products; and risks arising from the change of control provisions in contracts of any acquired company.

Ruukki's minerals processing operations in Germany and southern Africa are intensive users of energy, primarily electricity. Fuel and energy prices globally have been characterised by volatility coupled with general cost inflation in excess of broader measures of inflation. In South Africa, in particular, the electricity supply, price and availability are essentially controlled by one entity, namely Eskom. Increased electricity prices and/or reduced or unreliable electricity supply may prevent Ruukki from carrying out its current operations or from expanding its business operations as it so desires. Ruukki currently has contracted supply in excess of its needs and is examining ways in which it can protect itself from energy price risks.

Ruukki has significant operations in southern Africa and therefore changes in minerals processing, investment policies or shifts in political attitude in South Africa may materially adversely affect Ruukki's business, financial condition, operating or financial results. Operations may be affected to varying degrees by government regulations with respect to matters including, but not limited to: restrictions on productions; price controls; export controls; currency remittance; income taxes; expropriation of property; foreign investment; maintenance of claims; environmental legislation; land use; land claims of local people and water use. Ruukki seeks to maintain good relationship with the authorities and has strong partnerships with its BEE partners.

Operational risks

Ruukki's plans involve the expansion of certain existing businesses and may also wish to expand and develop any new businesses it acquires. There can be no assurance that Ruukki will be able to effectively manage the expansion of its operations or that Ruukki's current personnel, systems, procedures and controls will be adequate to support Ruukki's operations. However, steps are being taken to strengthen its management capabilities in advance of major growth.

Ruukki is dependent on the technical and management expertise of a small number of key personnel. The loss of key personnel may have an adverse effect on Ruukki's ability to operate certain facilities, duly produce and process information and its ability to carry out the Group's intended strategy, which in turn may affect the result of its operations. Ruukki's future success will depend on its ability to attract and retain suitably skilled and qualified personnel at the relevant locations (some of which are remote), which is not guaranteed. To avoid this risk, Ruukki seeks to be a desired employer and regularly reviews its remuneration and retention policies as well as succession plans, based on Remuneration Committee's guidelines.

Due to the nature of the business, Ruukki's has a large potential exposure to environmental risks. The Group regularly assesses environmental risks, implements revisions and applies for the necessary permits if the business environment or regulations change. Environmental risks relate first to direct potential harm to the environment, and second to potential post-production rehabilitation or landscaping obligations. During 2010, Mogale Alloys conducted studies on existing environmental liabilities and future investments to implement an environmental managment plan. As a result of the studies, the environmental provision was increased by EUR 2.3 million to EUR 10.8 million. The preliminary results also indicate that the future environmental investments may be higher than the previously estimated ZAR 226 million. The Group is continuing the studies in 2011 to specifically outline the future liabilities.

Financial risks

As noted above, Ruukki's principle financial risk is its ability to find sufficient financing to secure future growth plans. Ruukki's financial risks also include liquidity, exchange rate, interest rate, credit and commodity price risk. These risks are briefly outlined below and are described in more detail in the notes to the consolidated financial statements.

Liquidity risks involve whether Ruukki has enough liquidity to serve and finance its operations and pay back loans. If the liquidity risks materialised, it would cause overdue interest expenses and may result in cooperation with goods and service suppliers more difficult. Consequently, the pricing and other terms for input goods, services and financing could be affected.

Ruukki operates internationally and has diversified its operations out of Finland over the last few years to Turkey, Malta and southern Africa for example. Therefore, the Group has foreign exchange rate risks to an increasing extent. The risks arise both directly from the outstanding commercial cash flows and currency positions, as well as indirectly from the changes in competitiveness between various competitors. Moreover, a significant portion of Ruukki's acquisition-related liabilities are dominated by foreign currency.

Ruukki is also exposed to interest rate risks when Group companies take loans or make other financing agreements, deposits and investments related to liquidity management. In addition, the changes in interest rates can influence the profitability of investments or alter the fair value of the Group's assets.

Credit risks are realised when the counterparties in commercial, financial or other agreements cannot take care of their obligations and thus cause financial damage to the Group. The Minerals Business' key customers are major international steel and stainless steel companies, or some specialty agents selling to the steel sector, where there are typically long business relationships. Since the customers represent one sector of industry, major changes in that industry's profitability could also increase the credit risk.

Ruukki is exposed to price risks on various output and input products, materials and commodities. Also, securing the availability of raw materials without any major discontinuity is essential to the industrial processes. The price risks on input materials and commodities are managed by pricing policies so that changes in input materials and commodities could be moved into sales prices. This, however, is not always possible and there could be delays due to contractual or competitive reasons. The Group's units that have industrial production operations are exposed to the availability, quality and price fluctuations in raw materials and commodities. To diminish these risks, the Group's business units try to enter into long-term agreements with known counterparties. However, this is not always possible due to the tradition and practice of the business.

Hazard risks

In the mining and minerals processing businesses there is always a risk of severe mining or smelting accidents. Should such an event occur, it would affect both the employees and Ruukki as a company. The Safety, Health and Sustainable Development Committee focuses on the management and prevention of these types of risks as well as ensuring continuous training and development of health and safety guidelines and processes.

The nature of mining and mineral extraction activities involve a high degree of risk which include: adverse mining conditions, fire, flooding, rock bursts, unusual weather conditions, seismic events, other natural phenomena and other conditions resulting from drilling, blasting and the removal and processing of material associated with underground and/or opencast mining. Therefore, Ruukki pays significant attention to safety matters and employs qualified professionals and regularly audits its operations.

Mineral and metal processing plants are especially vulnerable to interruptions such as power cuts, particularly where these events cause a stoppage, which necessitates a shutdown in operations. Stoppages in smelting, even for only a few hours, can cause the contents of furnaces to solidify, resulting in a plant closure for a significant period and expensive repairs. To mitigate this risk Ruukki employs experienced operating managers and has standard operating procedures in place for most foreseeable circumstances.

LITIGATION

Rautaruukki Plc, another listed Finnish company, has initiated legal proceedings against Ruukki Group Plc concerning claims to the Ruukki name. This legal process is still ongoing, and hence its outcome or timing is not yet known. Rautaruukki has claimed for: (i) fixed EUR 5.0 million for damages; and (ii) EUR 12.1 million based on royalties Rautaruukki has calculated based on Ruukki Group's 2004 – 2008 actual revenue; and (iii) reasonable legal fees. On 31 December 2010, Ruukki had not recognised any liability relating to these claims on its statement of financial position.

Certain vendors of Mogale Alloys Ltd have commenced legal actions in South Africa against Ruukki relating to the payment of the remaining ZAR 600 million (EUR 67.7 million), which represents 30% of the full purchase price for Mogale, along with an interest claim for ZAR 88.2 million (EUR 10.0 million). Ruukki strongly refutes this legal action and is vigorously defending the action. Ruukki has already recorded the majority of the claimed amount as a liability in its consolidated statement of financial position. The result of the court case is not expected to have any significant negative effect on the financial position of the Company in any event.

Ruukki's joint venture company Chromex Mining plc has received notice from Samancor Chrome Limited (Samancor) that Samancor has applied to the High Court in South Africa to dispute the decision by the Department of Mineral Resources of the Republic of South Africa (DME) to reject Samancor's application on Portions 2 and 5 of the Mecklenburg farm and to set aside the New Order Mining Right granted to Chromex in July 2008. The date of the court hearing has not yet been set. Ruukki is confident of its position regarding the Mecklenburg farm and its right, as awarded by the DME in accordance with South African law, to develop the property.

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

The Board of Directors of Ruukki proposes to the Annual General Meeting that no dividend would be distributed.

INFORMATION PRESENTED BY REFERENCE

The Group's key financial figures, related party disclosures, information of share capital and option rights are presented in the notes to the consolidated financial statements. The share ownership of the parent company's Board members and the Acting Managing Director is presented in the notes to the parent company's financial statements.

The Corporate Governance Statement has been presented as a separate report.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

EUR '000	Note	1.1.-31.12.2010 Continuing operations	1.1.-31.12.2010 Discontinued operations	1.1.-31.12.2010 Total	1.1.-31.12.2009 Continuing operations	1.1.-31.12.2009 Discontinued operations	1.1.-31.12.2009 Total
Revenue	G1	**123 347**	**125 107**	**248 454**	**71 048**	**122 312**	**193 359**
Other operating income	G2	1 248	606	1 854	509	7 078	7 587
Materials and supplies		-81 591	-85 801	-167 392	-43 097	-89 652	-132 749
Employee benefits expense	G3	-23 234	-13 593	-36 827	-15 803	-12 427	-28 230
Depreciation and amortisation	G4	-27 023	-3 629	-30 652	-21 446	-5 513	-26 960
Other operating expenses	G5	-29 535	-6 310	-35 846	-11 486	-9 125	-20 611
Impairment, net	G4	-40 097	-629	-40 726	-19 079	2 059	-17 020
Items related to associates (core)	G11	390	0	390	6	0	6
Operating profit / loss		**-76 496**	**15 751**	**-60 744**	**-39 348**	**14 731**	**-24 617**
Finance income	G6	2 050	165	2 214	5 559	312	5 871
Finance cost	G6	-2 635	-1 459	-4 094	-6 572	-2 734	-9 306
Items related to associates (non-core)	G11	-99	0	-99	-284	0	-284
Profit / loss before taxes		**-77 180**	**14 456**	**-62 724**	**-40 645**	**12 309**	**-28 336**
Income taxes	G7	11 800	-201	11 599	5 853	-244	5 609
Profit / loss for the period		**-65 381**	**14 256**	**-51 125**	**-34 792**	**12 065**	**-22 727**
Profit attributable to:							
Owners of the parent		-65 365	12 755	-52 611	-31 530	11 787	-19 744
Non-controlling interests		-16	1 501	1 486	-3 262	279	-2 983
		-65 381	14 256	-51 125	-34 792	12 066	-22 727
Earnings per share (counted from profit attributable to owners of the parent):	G8						
basic (EUR)		-0.27	0.05	-0.22	-0.13	0.05	-0.08
diluted (EUR)		-0.27	0.05	-0.22	-0.13	0.05	-0.08

Statement of comprehensive income

EUR '000	1.1.-31.12. 2010	1.1.-31.12. 2009
Profit / loss for the period	**-51 125**	**-22 727**
Other comprehensive income		
Exchange differences on translation of foreign operations	19 412	9 534
Income tax relating to other comprehensive income	-9 815	-3 518
Other comprehensive income, net of tax	**9 597**	**6 016**
Total comprehensive income for the year	**-41 528**	**-16 711**
Profit attributable to:		
Owners of the parent	-44 854	-14 038
Non-controlling interests	3 327	-2 673
	-41 528	-16 711

STATEMENT OF FINANCIAL POSITION

EUR '000	Note	31.12.2010	31.12.2009
ASSETS			
Non-current assets			
Property, plant and equipment	G9	87 468	80 655
Goodwill	G10	129 120	172 850
Other intangible assets	G10	94 154	103 063
Investments in associates	G11	284	507
Other financial assets	G12	994	1 113
Receivables	G12	38 949	26 130
Deferred tax assets	G13	4 079	2 264
		355 050	**386 583**
Current assets			
Inventories	G14	45 160	55 951
Trade and other receivables	G15	26 853	49 283
Held-to-maturity investments	G12	0	2 500
Other financial assets	G12	0	314
Cash and cash equivalents	G16	8 598	55 852
		80 611	**163 900**
Assets held for sale		110 809	12 714
Cash and cash equivalents held for sale		10 561	0
Assets held for sale total	G18	**121 369**	**12 714**
Total assets		**557 030**	**563 198**

EUR '000	Note	31.12.2010	31.12.2009
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent	G19		
Share capital		23 642	23 642
Share premium reserve		25 740	25 740
Revaluation reserve		2 193	2 193
Paid-up unrestricted equity reserve		250 849	260 357
Translation reserve		13 921	6 165
Retained earnings		-104 772	-49 953
		211 574	**268 144**
Non-controlling interests		24 781	17 878
Total equity		**236 355**	**286 022**
Non-current liabilities			
Deferred tax liabilities	G13	55 823	43 949
Interest-bearing debt	G21	102 244	75 506
Other non-current debt	G22	40 472	37 261
Provisions	G23	18 017	12 602
		216 556	**169 318**
Current liabilities			
Trade and other payables	G22	33 373	32 295
Deferred income	G22	0	13 480
Provisions	G23	598	1 690
Tax liabilities	G22	3 941	15 104
Interest-bearing debt	G21	4 577	39 008
		42 489	**101 577**
Liabilities classified as held for sale	G18	**61 630**	**6 280**
Total liabilities		**320 675**	**277 175**
Total equity and liabilities		**557 030**	**563 198**

STATEMENT OF CASH FLOWS

EUR '000	1.1.-31.12.2010	1.1.-31.12.2009
Operating activities		
Net profit	-51 125	-22 727
Adjustments to net profit:		
Non-cash items		
Depreciation and impairment	71 378	43 980
Finance income and cost	1 880	4 330
Income from associates	-290	-111
Income taxes	-11 599	-5 609
Share-based payments	1 688	991
Proceeds from non-current assets	-58	-1 564
Working capital changes:		
Change in trade receivables and other receivables	8 792	-17 643
Change in inventories	-18 355	-3 832
Change in trade payables and other debt	15 498	4 757
Change in provisions	205	1 274
Interests paid	-1 992	-2 145
Interests received	1 660	1 623
Income taxes paid	-7 120	-3 138
Net cash from operating activities	**10 563**	**185**
Investing activities		
Acquisitions of subsidiaries, net of cash acquired	-21 855	-102 452
Payments for earn-out liabilities	-65	-438
Acquisitions of associated companies	0	-63
Acquisition of joint ventures, net of cash acquired	-20 372	0
Capital expenditure on non-current assets	-15 210	-10 772
Other investments, net	-9	-40
Disposals of subsidiaries, net of cash sold	1 500	5 602
Disposals of associated companies	140	718
Sale of business	11 840	0
Net cash used in investing activities	**-44 030**	**-107 443**

EUR '000	1.1.-31.12.2010	1.1.-31.12.2009
Financing activities		
Proceeds from exercise of share options	72	0
Share buy-back	-10	-57 714
Capital redemption	-9 570	-10 055
Dividends paid to non-controlling interests	-471	-479
Proceeds from borrowings	27 731	9 417
Repayments of borrowings	-12 272	-14 237
Deposits	2 500	184 230
Interest received on investments	9	1 233
Repayments of loan receivables and loans given, net	-11 188	5 590
Repayments of finance leases	-499	-279
Net cash used in financing activities	**-3 697**	**117 706**
Change in cash and cash equivalents	**-37 165**	**10 449**
Cash at beginning of period	55 852	45 413
Exchange rate differences	471	-10
Cash at end of period	8 598	55 852
Cash held for sale at end of period	10 561	0
Change in the statement of financial position	**-37 165**	**10 449**

In relation to the care services business discontinued in 2008, there is a EUR 1.5 (0.8) million deferred sales price inflow within the investing activities cash flow.

STATEMENT OF CHANGES IN EQUITY

A .... Share capital
B .... Share premium reserve
C .... Fair value and revaluation reserves
D .... Paid-up unrestricted equity reserve
E .... Translation reserve
F .... Retained earnings
G .... Equity attributable to owners of the parent, total
H .... Non-controlling interests
I .... Total equity

	Attributable to owners of the parent								
EUR '000	A	B	C	D	E	F	G	H	I
Equity at 1.1.2009	**23 642**	**25 740**	**2 193**	**328 025**	**-434**	**-30 224**	**348 943**	**7 768**	**356 710**
Profit for the period 1-12/2009						-19 744	-19 744	-2 984	-22 728
Other comprehensive income					6 599	-893	5 706	311	6 016
Total comprehensive income					6 599	-20 637	-14 038	-2 673	-16 711
Dividend distribution							0	-479	-479
Share-based payments						908	908		908
Acquisition of own shares				-57 614			-57 614		-57 614
Capital redemption				-10 055			-10 055		-10 055
Acquisitions and disposals of subsidiaries							0	13 263	13 263
Equity at 31.12.2009	**23 642**	**25 740**	**2 193**	**260 357**	**6 165**	**-49 953**	**268 144**	**17 878**	**286 022**
Profit for the period 1-12/2010						-52 611	-52 611	1 486	-51 125
Other comprehensive income					7 756		7 756	1 841	9 597
Total comprehensive income					7 756	-52 611	-44 854	3 327	-41 528
Dividend distribution							0	-357	-357
Share-based payments						1 688	1 688		1 688
Exercise of share options				72			72		72
Acquisition of own shares				-10			-10		-10
Capital redemption				-9 570			-9 570		-9 570
Acquisitions and disposals of subsidiaries						-3 916	-3 916	3 933	17
Other changes in equity						20	20		20
Equity at 31.12.2010	**23 642**	**25 740**	**2 193**	**250 849**	**13 921**	**-104 772**	**211 574**	**24 781**	**236 355**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY INFORMATION

Ruukki Group is a natural resources company with mining and minerals business in southern Europe and southern Africa. The Group produces ferrochrome and other metal alloys that are used as raw material in the steel industry. The Group's parent company is Ruukki Group Plc (business ID: 0618181-8). The parent company is domiciled in Espoo, and its registered address is Keilasatama 5, 02150 Espoo. Copies of the consolidated financial statements are available at Ruukki Group Plc's head office at Keilasatama 5, 02150 Espoo, Finland (from 15 April 2011 Kasarmikatu 36, 00130 Helsinki, Finland) or at the Company's website: www.ruukkigroup.fi.

Ruukki Group Plc is quoted on the NASDAQ OMX Helsinki Oy (trading code: RUG1V) in the industrials group, in the mid-cap category and on the main market of the London Stock Exchange (RKKI).

ACCOUNTING PRINCIPLES

Basis of preparation

These consolidated financial statements of Ruukki Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in conformity with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on 31 December 2010. In the Finnish Accounting Act and the regulations issued on the basis thereof, International Financial Reporting Standards refer to the standards and their interpretations that have been approved for application within the EU in accordance with the procedure prescribed in the EU regulation (EC) 1606/2002. Notes to the consolidated financial statements also meet the requirements set forth in the Finnish accounting and company legislation.

The consolidated financial statements have been prepared on historical cost basis, unless otherwise explicitly stated. All the figures in the consolidated financial statements are given in EUR thousands.

Ruukki Group Plc's Board of Directors resolved on 29 March 2011 that these financial statements are to be published. According to the Finnish Companies Act, shareholders have the right to approve or disapprove of the financial statements or to change them after financial statements have been published when they attend the Annual General Meeting.

Principles of consolidation

Subsidiaries

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

Acquired subsidiaries are consolidated from the time when the Group gained control, and divested subsidiaries until the time when control ceased. All intra-group transactions, receivables, debts, and unrealised profits, as well as internal distribution of profits are eliminated when the consolidated financial statements are prepared. The distribution of profits between parent company owners and non-controlling owners is shown on the income statement, and the non-controlling interest of equity is shown as a separate item in the statement of financial position under shareholders' equity. Ruukki Group Plc has consolidated Elektrowerk Weisweiler GmbH to its financial statements since 1 November 2008 based on potential voting rights arising from a call option.

The Group holds 51% of shares of Synergy Africa Ltd. However, the shareholders of Synergy Africa Ltd have entered into joint venture agreement with joint control over the company. Therefore, the company or its subsidiaries are not consolidated into the Group as subsidiaries but as joint ventures.

Joint Ventures

Joint venture entities are entities in which each venturer has an interest and there is a contractual arrangement establishing joint control over the economic activity of the entity. Ruukki Group recognises its interests in joint ventures using the proportionate method of consolidation, whereby the Group's share of each of the assets, liabilities, income and expenses of the joint venture are combined with the similar items in its consolidated financial statements. In the consolidated financial statements transactions between the Group and the joint venture are eliminated in proportion of the Group's interest. Proportionate consolidation is applied until the date on which the Group ceases to have joint control over the joint venture.

At the end of financial year 2010, the Group had joint control over one jointly controlled entity, Synergy Africa Ltd, which has been, with its subsidiaries, accounted for in the manner outlined above.

Associates

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

Translation of foreign currency items

Figures indicating the profit/loss and financial position of Group entities are measured in the currency of each entity's main operating environment ('functional currency'). Figures in the consolidated financial statements are presented in EUR, the functional and presentation currency of the Group's parent company, Ruukki Group Plc.

Transactions in foreign currencies have been recorded at the functional currency using the exchange rate on the date of the transaction or mid reference rates of central banks. Monetary items denominated in foreign currencies have been translated into the functional currency using the exchange rates for the balance sheet date. Exchange rate gains and losses are included in the revenue, operational costs or financial items, corresponding to their respective origin. Hedge accounting has not been applied.

In the Group accounts, foreign subsidiaries' income statement and statement of cash flows are converted into EUR by using average exchange rates for the period, and the statement of financial position is converted by using the period-end exchange rate. The translation differences caused by this are recognised in other comprehensive income. Translation differences arising from the elimination of the acquisition cost and post-acquisition equity changes are also recognised in other comprehensive income. If and when the foreign subsidiary would be partially or fully divested, these accrued translation differences will be taken into account in adjusting the sales gain or sales loss.

Goodwill, other assets and liabilities arising from acquisitions of subsidiaries are recognised in the Group accounts using the functional currency of each acquired subsidiary. The balances in that functional currency have then been translated into EUR using the exchange rates prevailing at the end of the reporting period.

Operating profit

IAS 1 Presentation of financial statements does not define the concept of operating profit. Ruukki Group has defined it as follows: Operating profit is the net amount derived by adding to revenue other operating income, less purchase costs adjusted with the change in inventories of finished goods and work in progress, and expenses from work performed by the enterprise and capitalised, less costs from employee benefits, depreciation and impairment losses, and other expenses. Shares of associated companies' profit or loss are included in the operating profit to the extent to which they relate to the Group's core businesses. All other items of the income statement are excluded from operating profit. Exchange differences arising from operational transactions with third parties are included in operating profit; otherwise they are recorded under financial items.

Revenue recognition

Goods sold and services provided

Income from the sale of goods is recognised once the substantial risks and benefits associated with ownership have been transferred to the buyer. The transfer of risks depends on, among others, terms of delivery (Incoterms 2000). In Minerals Business, the most often used term is FCA, under which the revenue is recognised when the goods are assigned to the buyer's carrier. F- and C-terms are also commonly used in the sawmill business. Under these terms, revenue is recognised when the goods are assigned to the buyer's carrier. As typical in the business, preliminary invoices are issued for the Group's mineral concentrates at the time of delivery. Final invoices are issued when quantity, mineral content and pricing have been defined for the delivery lot.

In the house building business, revenue is recognised when the house is delivered to the customer. The Group also provides services relating to the house building business. Revenue from services is recognised after the service has been provided. The services do not have a material effect on the Group's revenue.

Construction contracts

Ruukki Group's house building business area has had some projects that fell under the definition applied in the IAS 11 standard Construction Contracts. Revenue and expense from construction contracts is recognised by reference to the stage of completion of a contract. During the financial year 2010, there have been no such projects.

Employee benefits

Pension liabilities

Pension arrangements in Ruukki Group are classified as defined contribution plans or defined benefit plans. Payments for defined contribution plans are recognised as expenses for the relevant period. The present value of obligation for the defined benefit plans have been estimated applying the Projected Unit Credit Method and recognised as a non-current liability on the statement of financial position.

Share-based payments

Option rights are measured at fair value at the time they were granted and recorded as expenses on a straight-line basis during the vesting period. The expenses at the time the options were granted are determined according to the Group's estimate of the number of options expected to vest at the end of the vesting period. Fair value is determined on the basis of the Black & Scholes option pricing model. The effects of non-market-based terms and conditions are not included in the fair value of the option; instead, they are taken into account in the estimated number of options expected to vest at the end of the vesting period. The Group updates the estimated final number of options on each balance sheet date. Changes in the estimates are recorded in the income statement. When the option rights are exercised, the cash payments received from the subscriptions adjusted with potential transaction costs are recorded under share capital and paid-up unrestricted equity reserve.

The Group has directed a free issue of shares to the members of the Board of Directors as approved by the Annual General Meeting on 21 April 2010. The compensation plan is settled in shares and is accordingly recognised as share-based payment in the Group's financial statements. The fair value of the granted shares is determined based on the market price of the Ruukki Group share at the grant date. The total fair value is therefore the amount of granted shares multiplied with the share market price at grant date. The cost is recognised as expense in personnel costs over the vesting periods and credited to equity (retained earnings).

The initial number of shares (maximum 950,000 shares) will have a graded three year vesting schedule, 1/3 of the shares will vest annually at each Annual General Meeting subsequent to the AGM 2010. The additional shares (maximum 700,000 shares) will vest immediately if the Directors continue in their duty after the second and third ordinary general meeting following the approval of the initial issue (being the AGM 2010). The shares are subject to a three year lock-up period. The Company is entitled to redeem the shares free of charge, in part or in full, should the Director's term on the Board of Directors end before the third ordinary general meeting following the approval of this issue. Based on historical information, the Company has estimated that 20% of the total maximum amount of shares granted will be forfeited during the vesting period. This estimate is revised until the final outcome is known. Finally, the cumulative cost of the scheme will equal the amount of vested shares multiplied with the grant date fair value of the share.

During the 2009 financial year, the Group granted the Wood Processing Business CEO shares for free as a signing bonus and part of the incentive package. The valuation of the transaction was based on the employment contract where a fixed EUR value was agreed. The amount of issued shares was determined using the previous month end share price.

Other benefits

In conjunction with the Mogale Alloys acquisition, Ruukki Group has agreed to pay altogether ZAR 150 million into a management trust, which is not consolidated into the Group. In relation to this trust payment, Ruukki Group treats the ZAR 150 million payments in its Group accounts as an expense, evenly split over a five-year term in 2009-2013.

Impairment

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

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

Goodwill is tested for impairment annually at year end; for the 2010 financial year, testing took place on 31 December 2010. Impairment testing and the methods used are discussed in more detail elsewhere in 'Notes to the consolidated financial statements'.

Financial income and expense

Interest income and expense is recognised using the effective yield method, and dividends are recognised when the right to dividends is established. Unrealised changes in value of items measured at fair value are recognised in the profit or loss. These items relate to currency forward contracts and interest rate swaps. Exchange rate gains or losses that arise from intercompany loans that are considered as part of the net investment in the foreign entity are included, net of any deferred tax effects, in the translation reserve within equity. These exchange differences are recognised in other comprehensive income while accrued exchange differences are presented in the translation reserves in the equity.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset forming part of the cost of that asset, are capitalised if it is likely that they will provide future economic benefit and can be measured in a reliable manner. Other borrowing costs are recognised as an expense in the period in which they are incurred. Arrangement fees linked to loan commitments are entered as transaction costs.

Income taxes

Tax expenses on the income statement consist of the tax based on taxable income for the year and deferred taxes. Taxes based on taxable income for the year are calculated using the applicable tax rates. Taxes are adjusted with any taxes arising from previous years. Taxes arising from items recognised directly in the equity are presented as income tax relating to other comprehensive income.

Deferred taxes have been calculated for all temporary differences between the carrying amount and taxable amount. No deferred taxes have been recorded for goodwill impairment. Deferred taxes have been calculated using the tax rates prescribed by the balance sheet date. Deferred tax assets arising from taxable losses carried forward have been recognised up to the amount for which there is likely to be taxable income in the future, and against which the temporary difference can be used.

Tangible assets

Tangible assets have been measured at historical cost less accumulated depreciation and impairment losses. If a tangible asset item consists of several parts with different useful lives, a components approach is applied. In this case, expenses from material component replacements are capitalised. Heavy production machinery contains components with different useful lives, and thus a component approach is applied. Material component replacements and overhauls are capitalised. The repair and maintenance of lighter machinery and other intangible items are recognised as expense when occurred. Interest expenses are activated as part of the tangible asset's value if and when the Group acquires or constructs assets that satisfy the required terms and conditions.

Assets are depreciated over their useful lives using the straight-line method, except for the mineral resources and ore reserves which are depreciated based on estimated or reported consumption. Land areas are not depreciated. The estimated useful lives of assets are as follows:

Buildings	15–25 years
Machinery and equipment	3–15 years
Other tangible assets	5–10 years
Mineral resources and ore reserves	consumption

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

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

Measurement of mineral resources and ore reserves

Mineral resources and ore reserves acquired in business combinations are recognised as separate assets. In the recognition and measurement of mineral resources and ore reserves the Group utilises available third party reports of the quantities, mineral content, estimated production costs and exploitation potential of the resource. The probability of the ore reserve is also an essential factor. In the mining and minerals business, the probability is commonly described by classifying a mineral resource into categories such as ‘proven’, ‘probable’, ‘inferred’ and ‘hypothetical’. There are also generally accepted standards for the classification of mineral resources in the business, such as the standards of the South African Code for Reporting of Exploration Results ‘SAMREC’. The measurement of ore reserves is based on current market prices, estimated production costs and quantities. On the Group’s statement of financial position mineral resources and ore reserves are presented as tangible assets. Rehabilitation liabilities related to mines are included in their cost of acquisition and corresponding provision is recognised on the statement of financial position.

Exploration and evaluation assets are measured at cost and they are transferred to mine development assets when the utilisation of the mine begins. Currently there are no exploration and evaluation assets included in the value of the mines and mineral assets.

Intangible assets

Goodwill and intangible assets identified at acquisitions

Goodwill represents the portion of acquisition cost that exceeds the Group’s share of the fair value at the time of acquisition of the net assets of a company acquired after 1 January 2004. Goodwill arising from previous business combinations represents the carrying amount under the previous accounting standards, which has been used as the deemed cost. The classification or accounting process for these acquisitions has not been adjusted in preparation of the Group’s opening IFRS statement of financial position on 1 January 2004. Instead of regular amortisation, goodwill is tested annually for potential impairment. For this purpose, goodwill has been allocated to cash-generating units or, in the case of an associated company, is included in the acquisition cost of the associate in question. Goodwill is measured at original acquisition cost less impairment losses. Changes in purchase considerations, for example due to earn-out arrangements, relating to acquisitions carried out before 2010 are recognised against goodwill in accordance with the earlier IFRS 3.

Goodwill, arising from acquisitions after 1/2004, is initially measured at cost being the excess of the cost of the acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company at the date of acquisition. Intangible assets typically recognised include mining rights, customer relationships, trademarks, brands and technology.

Research and development costs

Research costs are always recognised as expenses. Mine development costs are capitalised as part of mining assets and depreciated on a unit of production basis. The development costs, which primarily relate to the development of existing products, are expensed as incurred. The development of new products is recognised as an intangible asset when the Group can demonstrate the technical and commercial feasibility of the product, and the intention to complete the development project successfully.

Exploration and evaluation expenses of mineral resources

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral reserves and resources when new potential ore reserves are sought by exploratory drilling, for example. Exploration and evaluation expenditure is carried forward as an asset if the Group expects that such costs are expected to be recouped in full through the successful development of the area of interest; or alternatively by its sale; or exploration and evaluation activities in the area of interest have not yet reached a stage which permits the reasonable assessment of the existence of economically recoverable reserves and active and significant operations in relation to the area are either continuing or planned for the future. Exploration and evaluation expenditure includes material and other direct costs incurred, for instance, by exploratory drilling and surveys as well as use of subcontractors. Overheads are included in the exploration and evaluation asset to the degree to which they can be associated with finding and evaluating a specific mineral resource. Exploration and evaluation assets are measured at cost and they are transferred to mine development assets when the utilisation of the mine begins. After this the asset is depreciated using the unit of production method.

Exploration and evaluation assets are assessed for impairment if and when facts and circumstances suggest that the carrying amount exceeds its recoverable amount. Especially, the impairment tests are carried out if the period for which the Group has right to explore the specific area expires or will expire in the near future and future exploration and evaluation activities are not planned for the area. Exploration and evaluation assets acquired in conjunction with business combinations are accounted for at fair value in accordance with the principles of IFRS 3.

Other intangible assets

Other intangible assets are initially recognised on the statement of financial position at cost when the costs can be reliably determined and it is probable that the expected financial benefits of those assets will be reaped by the Group. Other intangible assets mainly relate to IT software utilised as support to the Group's business operations.

Amortisation periods are as follows:

Computer software	3–5 years
Other intangible rights	3–5 years (e.g. customer relationships)
Trademarks	5 or 10 years

Lease agreements (the Group as the lessee)

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

Inventories

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

Financial assets and liabilities

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; available-for-sale financial assets; or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits; money market instruments; trade and other receivables; loan and other receivables; quoted and unquoted financial instruments; and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments. Derivatives, including separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income. The losses arising from impairment are recognised as finance costs.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss is recognised in other comprehensive income; or determined to be impaired, at which time the cumulative loss is recognised as finance costs and removed from the available-for-sale assets.

Derecognition

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

» the rights to receive cash flows from the asset have expired; or

» the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Financial liabilities

Presentation principles

Liabilities are classified as current and non-current, and include both interest-bearing and interest-free liabilities. Interest-bearing liabilities include liabilities that either include a contractual interest component, or are discounted to reflect the fair value of the liability. Discounted non-current liabilities include acquisition-related deferred conditional and unconditional liabilities. Conditional liabilities have an earn-out component that needs to be met to make the liability unconditional and fix the amount of the future payment. Certain acquisition-related conditional purchase considerations are payable in the Company's shares, and are presented as interest-free liabilities.

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss; loans and borrowings; or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include trade and other payables; bank overdrafts; loans and borrowings; financial guarantee contracts; and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised on the income statement.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised on the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised on the income statement.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include: using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

When necessary, the Group utilises derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks. At the end of December 2010, the Group had no outstanding currency or interest rate derivative contracts in place. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives are recognised on the income statement.

Derivative contracts and hedge accounting

Derivative contracts are measured at fair value through profit or loss. The Group does not apply hedge accounting.

Treasury shares

Own equity instruments, which are reacquired (treasury shares), are recognised at cost and deducted from the paid-up unrestricted equity reserve. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in the equity attributable to owners of the parent.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented on the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation and decommissioning liability

The provision for rehabilitation and decommissioning costs has arisen on operating manufacturing sites and minerals' processing facilities. These costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the rehabilitation and decommissioning liability. The unwinding of the discount is expensed as incurred and recognised as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs of or in the discount rate applied to the rehabilitation obligation are added or deducted from the profit or loss or, respectively, decommissioning obligation adjusted to the carrying value of the asset dismantled. The unwinding of the discount is added to the finance cost of the period.

Non-current assets held for sale and discontinued operations

The standard IFRS 5 requires that an entity must classify a non-current asset or a disposal group as assets held for sale if the amount equivalent to its carrying amount is accumulated primarily from the sale of the item rather than from its continued use. In this case, the asset or disposal group must be available for immediate sale in its present condition under general and standard terms for the sale for such assets, and the sale must be highly probable.
After the end of the 2010 financial year, the Group disposed of its house building business subsidiary Pohjolan Design-Talo Oy and signed a letter of intent to sell its 51% holding in its sawmill business Junnikkala, which were included in the Wood Processing segment. Consequently, the Ruukki Board has decided to classify the above mentioned businesses and also the pallet business as assets held for sale in the 2010 financial statements. The tangible assets related to these companies have been presented on the Group's statement of financial position as assets held for sale. Also, the liabilities related to those assets are shown on a separate line as liabilities held for sale. On the Group's income statement, Wood Processing Business has been presented as a discontinued operation. Further, the sawmill equipment purchased for the discontinued Russian projects has been classified as assets held for sale on the Group's statement of financial position. On the previous financial year's statement of financial position, the assets and liabilities classified as held for sale relate to the disposal of LP Kunnanharju Oy's sawmill business carried out in early 2010.

Accounting policies requiring management discretion and key uncertainty factors for estimates

Preparation of the financial statements requires the management to make estimates, assumptions and forecasts regarding the future. Future developments may deviate significantly from the assumptions made if changes occur in the business environment and/or business operations. In addition, the management is required to use its discretion in the application of the financial statements' preparation principles. The nature of Ruukki Group's operations essentially involves business acquisitions and other arrangements, which often requires the management's discretion in the application of accounting policies.

The scope of the financial statements

The consolidated financial statements include the parent company Ruukki Group Plc, its subsidiaries, joint ventures and associated companies. Subsidiaries refer to companies in which the Group has control. The Group gains control of a company when it holds more than half of the voting rights or otherwise exercises control. The assessment of whether control is exercised requires management discretion. Using its discretion, the Group's management has decided that Elektrowerk Weisweiler GmbH is accounted for as a subsidiary in the consolidated financial statements even if the Group has no ownership in the company. The Group has, based on comprehensive assessment, interpreted that it has had control over Elektrowerk Weisweiler GmbH, as defined in IAS 27, starting from October 2008.

The Group holds 51% of shares of Synergy Africa Ltd. However, the shareholders of Synergy Africa Ltd have entered into a joint venture agreement with joint control over the company. Therefore, the Group's management has assessed, using its discretion, that the company or its subsidiaries are not consolidated into the Group as subsidiaries but as joint ventures.

Allocation of the cost of a business combination

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

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

The Group has made a significant number of business acquisitions in the past few years. Some of these acquisitions have involved contingent considerations, either subject to a specified future event to occur, or calculated and paid on the basis of the future operative profitability of the acquired company (earn-out arrangements). The discounted estimated contingent considerations have been included in the Company's other liabilities at the time of the acquisition. The estimates presented in the financial statements may differ from the actual earn-out liability if the realised profit or loss of the acquired company differs from the estimated profit. Furthermore, the estimated earn-out items may differ from the subsequent actual sale prices as a result of the discounting of future liabilities.

The earn-out liabilities are reviewed at each balance sheet date and adjusted if the estimate has changed.

Impairment testing

Goodwill is tested annually for impairment, and assessments of whether there are indications of any other asset impairment are made at each balance sheet date, and more often if needed. The recoverable amounts of cash-flow-generating units have been determined by means of calculations based on value in use. Preparation of these calculations requires the use of estimates to predict future developments. The forecasts used in the testing are based on the budgets and projections of the operative units, which strive to identify any expansion investments and rearrangements. Carving out the expansion investments from replacement investments and the elimination of their impact from the projected figures require the use of discretion. To prepare the estimates, efforts have been made to collect background information from the operative business area management as well as from different sources describing general market activity. The risk associated with the estimates is taken into account in the discount rate used. The definition of components of discount rates applied in impairment testing requires discretion, such as estimating the asset or business related risk premiums and average capital structure for each business segment.

Tangible and intangible assets

Ruukki Group management is required to use its discretion when determining the useful lives of various tangible and intangible assets, which affects the amount of depreciation and thereby the carrying amount of the assets concerned. Especially the capitalising of mine development assets and exploration and evaluation expenditure requires the use of discretion. Similarly, the management is required to use its discretion in determining the useful lives of intangible assets identified in accordance with IFRS 3, and in determining the amortisation period. This affects the financial result for the period through depreciation and change in deferred taxes.

Measurement of mineral resources and ore reserves

In the Group's mining operations, estimates have to be applied in recognising mineral resources as assets. In the recognition and measurement of mineral resources and ore reserves, the Group utilises available third party analyses of the quantities, mineral content, estimated production costs and exploitation potential of the resource. Also, the probability of the ore reserve is an essential factor. In the mining and minerals business, the probability is commonly described by classifying a mineral resource into categories such as 'proven', 'probable', 'inferred' and 'hypothetical'. The measurement of ore reserves is based on current market prices, estimated production costs and on the probability classification of the mineral resource and quantities. Therefore, the Group's management has to use its discretion in applying recognition and measurement principles of mineral resources.

Rehabilitation provisions

The Group assesses the rehabilitation liabilities associated with its mines and production facilities annually. The amount of provision reflects the Group's management's best estimate of the rehabilitation costs. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to rehabilitate the area and remove or cover the contaminated soil from the site, the expected timing of those costs and whether the obligations stem from past activity. These uncertainties may cause the actual costs to differ from the provision which has been made.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for estimated consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Employee benefits and share-based payments

The assumptions made in determining pension liabilities and recognising share-based payments have been described in notes G3 and G20. Changes in the assumptions may affect the recognised amounts significantly and their final impact on the profit.

Application of new or amended IFRS standards

The Group applies new or amended IFRS standards and interpretations related to its business activities from their effective date after they have been endorsed for application within the EU. In these financial statements the Group has applied the following new or amended standards and interpretations to a relevant extent.

Amended standards

- IFRS 2 Share-based payments. The standard has been amended and regulations added regarding cash-settled share-based payment transactions between group companies. The standard has been entered into force and shall be applied from the commencement of the first financial year starting after 31 December 2009. The amended standard has not yet had any implications on the Group's financial statements.
- IFRS 3 Business Combinations. The revised standard has been endorsed for application from financial years starting after 1 July 2009. The application of the revised standard has impacted the treatment of transaction costs incurred in conjunction with business combinations so that the transaction costs are expensed and no longer capitalised as a part of the cost of acquisition. In addition the revised standard has impacted the measurement of non-controlling interests in conjunction with business combination. Moreover, the revised standard may, in the future, impact on the treatment of acquisitions carried out in stages and the treatment of changes in conditional considerations, if such acquisitions will be carried out.
- IAS 27 Consolidated and separate financial statements standard was changed and became effective for the financial years starting after 1 July 2009. The standard change has an effect on the accounting treatment of non-controlling interests when share of ownership changes. If the parent company retains control, the change in subsidiary ownership interest is recognised in the Group equity. These kinds of transactions with non-controlling owners do not generate goodwill nor income or expenses through profit or loss. If the control in a subsidiary is lost, the remaining interest in the subsidiary will be carried at fair value through profit or loss. The similar accounting treatment also applies for interests in joint ventures and associates. Moreover, according to the revised standard, the accumulated loss of a subsidiary is also attributed for the non-controlling owners, even if the loss would exceed the interest of non-controlling owners.
- Amended standard IAS 39 became effective for the financial years starting after 1 July 2009. The amendment relating to embedded derivatives on reclassifications of financial assets did not have any implications on the Group's financial statements for 2010.
- IAS 24 Related party disclosures. The definition of related party has been amended and has changed the reporting requirements of government controlled entities. The revised standard shall be applied retrospectively from the commencement of the first financial year starting after 31 December 2010. Early adoption is allowed. The revised standard may have an effect on the Group's related party disclosures.
- IAS 32 Financial instruments: presentation. The classification of rights issues has been changed especially concerning rights issues in foreign currencies. The amended standard shall be applied in financial years starting after 1 February 2010. The amendment may have an effect on the Group's financial statements.
- In addition, the standard IFRS 1 First-time Adoption of International Financial Reporting Standards has been amended. This has not had any effect on the Group's financial statements.

New IFRIC interpretations

As far as the new IFRIC interpretations are concerned, the following changes have been effected:

- IFRIC 17 Distributions of Non-Cash Assets to Owners was changed and became effective for the financial years starting after 1 July 2009. The interpretation has not yet impacted the Group's financial statements.
- IFRIC 14 Prepayments of a Minimum Funding Requirement. The interpretation has been amended and it has not had any material effect on the accounting treatment of the Group's defined benefit pension plans. The interpretation shall be applied from the commencement of the first financial year starting after 31 December 2009.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments has been endorsed to be applied from the commencement of the first financial year starting after 30 June 2010. The interpretation may have implications on the Group's future financial statements if the Group's liabilities will be converted into equity.

FINANCIAL INDICATORS

Financial Indicators

		2010		2009		2008
		Group	Continuing operations	Group	Continuing operations	Group
Revenue	EUR '000	248 454	123 347	193 359	71 048	247 361
EBITDA	EUR '000	10 633	-9 376	19 363	1 178	17 348
% of revenue		4.3%	-7.6%	10.0%	1.7%	7.0%
Operating profit / loss (EBIT)	EUR '000	-60 744	-76 496	-24 617	-39 348	-37 853
% of revenue		-24.4%	-62.0%	-12.7%	-55.4%	-15.3%
Profit / loss before taxes	EUR '000	-62 724	-77 180	-28 336	-40 645	-45 891
% of revenue		-25.2%	-62.6%	-14.7%	-57.2%	-18.6%
Return on equity	%	-19.6%	-25.0%	-7.1%	-10.8%	-8.5%
Return on capital employed	%	-15.2%	-19.3%	-5.0%	-8.3%	-5.8%
Equity ratio	%	44.3%	44.3%	52.0%	52.0%	64.8%
Gross capital expenditure	EUR '000	55 172	53 756	215 700	203 711	241 243
% of revenue		22.2%	43.6%	111.6%	286.7%	97.5%
Personnel, average		965	677	824	529	916

Formulas for calculation of indicators

Financial indicators

Return on equity	Profit for the period / Total equity (average for the period) * 100
Return on capital employed	Profit before taxes + financing expenses / (total assets - interest-free liabilities) average * 100
Equity ratio	Total equity / balance sheet - prepayments received * 100
Gross capital expenditure	Gross capital expenditure consists of the additions in the acquisition cost of non-current tangible and intangible assets as well as additions resulting from acquisitions.
EBITDA	Operating profit + depreciations + amortisations + impairment losses
Operating profit	Operating profit is the net of revenue plus other operating income, plus gain on finished goods inventory change, minus employee benefits expense, minus depreciation, amortisation and impairment and minus other operating expense. Foreign exchange gains or losses are included in operating profit when generated from ordinary activities. Exchange gains or losses related to financing activities are recognised as financial income or expense.

Share-related key indicators

Earnings per share, basic	Profit attributable to owners of the parent company / Average number of shares during the period
Earnings per share, diluted	Profit attributable to owners of the parent company / Average number of shares during the period, diluted
Equity per share	Equity attributable to owners of the parent / Average number of shares during the period
Dividend per share	Dividends / Number of shares at the end of the period. In the attached table of share related key indicators, the dividend and capital redemptions are presented in that year's column on which results the pay-out are based; hence the actual payment takes place during next year.
Price to earnings	Share price at the end of the period / Earnings per share
Average share price	Total value of shares traded in currency / Number of shares traded during the period
Market capitalisation	Number of shares * Share price at the end of the period

Share-related key indicators

		2010		2009		2008
		Group	Continuing operations	Group	Continuing operations	Group
Earnings per share, basic	EUR	-0.22	-0.27	-0.08	-0.13	-0.11
Earnings per share, diluted	EUR	-0.22	-0.27	-0.08	-0.13	-0.11
Equity per share	EUR	0.85	0.85	1.03	1.03	1.20
Distribution *	EUR '000	0		9 570		10 055
Dividend per share *	EUR	0.00		0.04		0.04
Price to earnings	EUR	-7.7		-27.1		-10.6
Average number of shares	1 000	239 363		250 175		290 034
Average number of shares, diluted	1 000	267 629		295 456		303 891
Number of shares at the end of the period	1 000	248 207		261 034		290 034
Share price information (NASDAQ OMX Helsinki)						
Average share price	EUR	1.59		1.67		2.03
Lowest share price	EUR	1.00		1.04		1.02
Highest share price	EUR	2.30		2.68		2.99
Market capitalisation	EUR '000	421 952		558 613		333 539
Share turnover	EUR '000	33 414		547 018		884 635
Share turnover	%	8.5%		125.7%		149.9%
**Share price information (London Stock Exchange) ** **						
Average share price	EUR	1.64		-		-
	GBP	1.39		-		-
Lowest share price	EUR	1.60		-		-
	GBP	1.36		-		-
Highest share price	EUR	2.10		-		-
	GPB	1.78		-		-
Market capitalisation	EUR '000	416 682		-		-
	GBP '000	358 659		-		-
Share turnover	EUR '000	1 168		-		-
Share turnover	GBP '000	990		-		-
Share turnover	%	0.3%		-		-

* In 2009 and 2010 the Company distributed a capital redemption of EUR 0.04 per share out of the paid-up unrestricted equity reserve and no dividend was distributed; in 2011 the Company's Board has proposed to the AGM that no dividend would be distributed

** Ruukki's share has been listed in London Stock Exchange as of 26 July 2010, thus share information in LSE is available only from that day onwards

OPERATING SEGMENT INFORMATION

In 2010, the Group has had two reportable segments which are organised based on their products and services. The segments are managed and reviewed separately by the Group's CEO and Board as well as the segment managements. The operating segments are:

» Minerals segment comprising mining, benefication, processing and smelting of ores, speciality alloys and ferroalloys. The production plants are located in Europe and southern Africa; and
» Wood Processing segment which specialises in the mechanical production of wood-based products including sawmilling products, prefabricated houses and loading pallets.

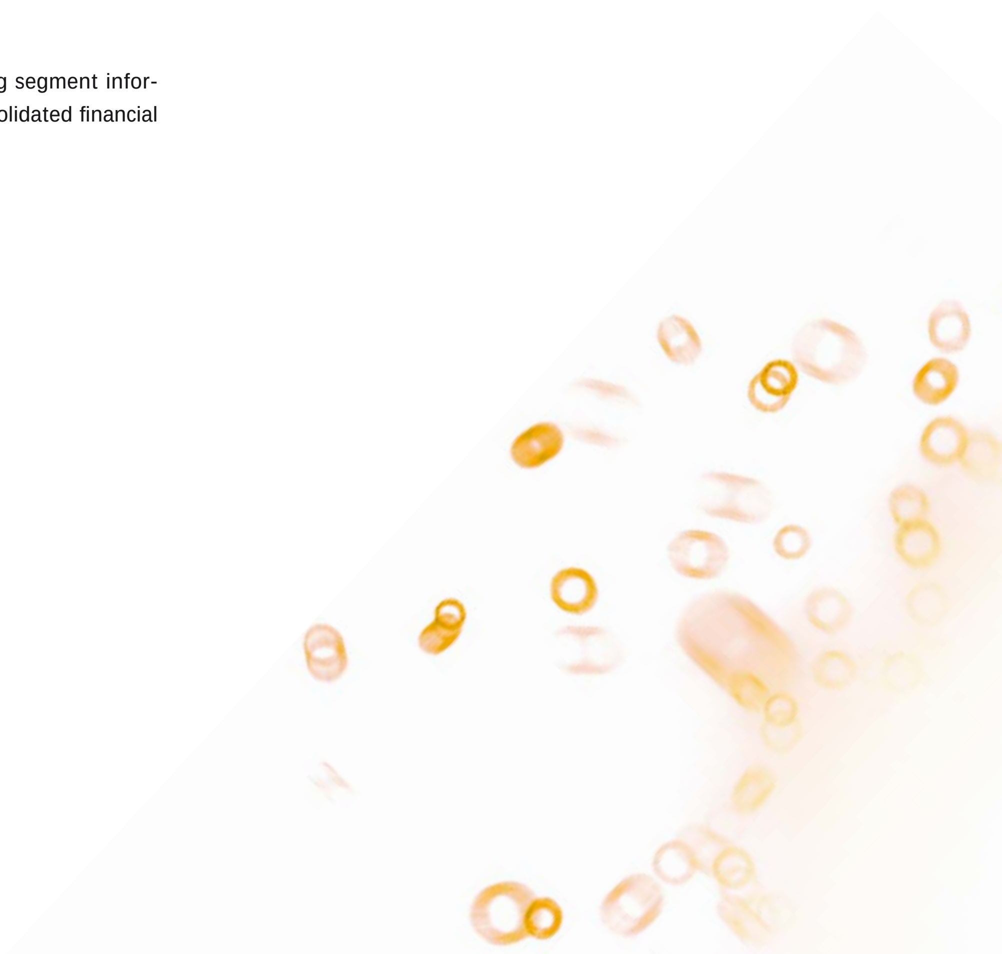
A process to sell the Wood Processing Business assets was iniated during the second half of 2010 and the Wood Processing Business is therefore categorised as a discontinued operation in the financial statements 2010.

The management reviews the operating results of its separate business segments for the purpose of making decisions on resource allocation and performance assessment. Segment performance is measured based on earnings before interest, taxes, depreciation and amortisation (EBITDA) as included in the internal management reports and defined consistently with the consolidated EBITDA. Moreover, the Company's Board of Directors has for the last few years emphasised the ability of the businesses to generate positive cash flow from operations.

In its operations, Ruukki targets to utilise operational and financial synergies between the various units and to become a vertically integrated mining and minerals producer. Hence, there are inter-company transactions between the Minerals segments' units. Inter-company transactions are carried out on an arm's length basis. Practically, there have not been any transactions between the two operating segments; however, the Group's parent company has provided funding and administrative services for the segments.

Other business units are classified under the 'All Other Operations' section.

The accounting policies used in operating segment information are the same as those in the consolidated financial statements.



Operating segment information 2010

Year ended 31.12.2010	Continuing operations			Discontinued operations		
EUR '000	Minerals	All other operations	Segments total	Wood Processing	Eliminations and unallocated items	Consolidated Group
External revenue						
Services	50	0	50	3 150	0	3 200
Goods sold	122 972	324	123 297	121 957	0	245 254
Total external revenue	123 023	324	123 347	125 107	0	248 454
Inter-segment revenue	0	16 192	16 192	268	-16 460 [1]	0
Total revenue	**123 023**	**16 516**	**139 539**	**125 374**	**-16 460**	**248 454**
Items related to associates (core)	390	0	390	0	0	390
Segment EBITDA	**6 823**	**-16 306**	**-9 483**	**20 111**	**5**	**10 633**
Depreciation and amortisation	-26 960	-64	-27 023	-3 629	0	-30 652
Impairment	-40 097	0	-40 097	-629	0	-40 726
Segment operating profit / loss	**-60 233**	**-16 370**	**-76 603**	**15 853**	**5**	**-60 744**
Finance income						2 214
Finance cost						-4 094
Items related to associates (non-core)						-99
Income taxes						11 599
Profit / loss for the period						**-51 125**
Segment's assets [2]	**415 806**	**364 747**	**780 554**	**125 728**	**-349 251**	**557 030**
Segment's liabilities [2]	**473 795**	**57 272**	**531 068**	**80 766**	**-291 159**	**320 675**
Other disclosures						
Gross capital expenditure [3]	53 708	48	53 756	1 416	0	55 172
Investments in associates	65	219	284	0	0	284
Provisions	18 365	0	18 365	463	0	18 828

1. Inter-company items are eliminated on consolidation.
2. The assets and liabilities of the segments represent items that these segments use in their activities or that can be reasonably allocated to them.
3. Investments consist of increases in tangible and intangible assets whose life is longer than one financial year.

Operating segment information 2009

Year ended 31.12.2009	Continuing operations			Discontinued operations		
EUR '000	Minerals	All other operations	Segments total	Wood Processing	Eliminations and unallocated items	Consolidated Group
External revenue						
Services	0	1	1	1 461	0	1 461
Goods sold	71 035	12	71 047	120 851	0	191 898
Total external revenue	71 035	13	71 048	122 312	0	193 359
Inter-segment revenue	0	247	247	9	-255 [1]	0
Total revenue	**71 035**	**259**	**71 294**	**122 320**	**-255**	**193 359**
Items related to associates (core)	6	0	6	0	0	6
Segment EBITDA	**10 380**	**-9 009**	**1 372**	**17 991**	**0**	**19 363**
Depreciation and amortisation	-21 367	-79	-21 446	-5 513	0	-26 960
Impairment, net	-19 079	0	-19 079	2 059	0	-17 020
Segment operating profit / loss	**-30 066**	**-9 088**	**-39 154**	**14 537**	**0**	**-24 617**
Finance income						5 871
Finance cost						-9 306
Items related to associates (non-core)						-284
Income taxes						5 609
Profit / loss for the period						**-22 727**
Segment's assets [2]	**390 005**	**375 426**	**765 432**	**114 989**	**-317 223**	**563 198**
Segment's liabilities [2]	**404 944**	**43 967**	**448 912**	**72 229**	**-243 966**	**277 175**
Other disclosures						
Gross capital expenditure [3]	202 754	957	203 711	11 989	0	215 700
Investments in associates	27	481	507	0	0	507
Provisions	14 164	0	14 164	128	0	14 292

1. Inter-company items are eliminated on consolidation.
2. The assets and liabilities of the segments represent items that these segments use in their activities or that can be reasonably allocated to them.
3. Investments consist of increases in tangible and intangible assets whose life is longer than one financial year.

Geographic information

Revenues from external customers

EUR '000	2010	2009
Finland	103 690	83 719
EU countries	87 441	60 785
Africa	14 152	24 003
United States	10 089	5 012
China	12 541	1 060
Other countries	20 541	18 780
Total revenue	**248 454**	**193 359**

The above revenue figures are based on the location of the customers.

Revenue from one customer amounted to EUR 26,737,000 (EUR 12,231,000), arising from sales by the Minerals segment.

Non-current assets

EUR '000	2010	2009
Finland	8 780	72 515
EU countries	107 997	101 193
Africa	186 723	175 306
Other countries	7 527	8 062
Total	**311 027**	**357 077**
Assets held for sale	**63 186**	**12 713**

The above assets are based on the location of the assets. Non-current assets consist of property, plant and equipment, intangible assets and investments in associates.

BUSINESS COMBINATIONS

FINANCIAL YEAR 2010

Group companies

Intermetal

In February, Ruukki's Turkish subsidiary, Türk Maadin Sirketi A.Ş., acquired 99% of the shares in Intermetal Madencilik ve Ticaret A.Ş. The purchase consideration paid in cash was USD 0.5 million (EUR 0.3 million). The rationale of the transaction was to expand the Group's chrome ore reserves potential in Turkey. Hence, to the extent that the purchase consideration exceeded the value of the target company's net assets on its statement of financial position, the residual was recognised on the consolidated statement of financial position as mining rights. Intermetal has six chrome ore exploration and exploitation licences with a total land area of about 5,000 hectares. There is no external quantification of the total minerals reserve of Intermetal's licence areas.

Between February and December 2010, Intermetal's revenue was EUR 1.5 million, EBITDA EUR 29,600 and profit EUR 20,500.

If the acquisition had taken place with a corresponding holding already on 1 January 2010, this would have changed Ruukki's consolidated figures for the review period 1 January - 31 December 2010 as follows:

Consolidated revenue	No change
Consolidated EBIT	EUR -21,700 (-0.0%)
Consolidated profit	EUR -22,100 (-0.0%)

(figures compared with the 2010 continuing operations figures)

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

EUR '000	Fair value of acquired assets	Book value before acquisition
Intangible assets		
Mining rights	86	0
Exploration and evaluation assets	202	202
Property, plant and equipment		
Machinery and equipment	119	119
Other non-current receivables	1	1
Trade and other receivables	87	87
Cash and cash equivalents	18	18
Total assets	**514**	**428**
Deferred tax liability	17	0
Current liabilities		
Provisions	6	6
Interest-bearing liabilities	22	22
Trade and other payables	128	128
Total liabilities	**173**	**155**
Net assets	**341**	**272**
Acquisition cost	338	
Ruukki's share of net assets (99%)	338	
Goodwill	**0**	
Net cash outflow on the acquisition:		
Consideration paid in cash	-338	
Acquired cash and cash equivalents	18	
Net cash flow effect	**-320**	

Chromex

During the fourth quarter, the Group acquired Chromex Mining plc, a UK company with mining operations and prospecting rights in South Africa and Zimbabwe. The acquisition was carried out by the Group's joint venture company Synergy Africa Ltd, which is 51% consolidated into the Group's financial statements applying proportional consolidation. The purchase consideration paid in cash at the closing was GBP 17.7 million (EUR 20.5 million). The acquisition continued Ruukki's objective of becoming a vertically integrated mining and minerals producer and provides a springboard for Ruukki's growth ambitions in the chrome sector.

If the acquisition had taken place with a corresponding holding already on 1 January 2010, this would have changed Ruukki's consolidated figures for the review period 1 January - 31 December 2010 as follows:

Consolidated revenue	EUR +2.7 million (+2.2%)
Consolidated EBIT	EUR -3.4 million (-4.4%)
Consolidated profit	EUR -2.3 million (-3.5%)

(figures compared with the 2010 continuing operations figures)

The preliminary purchase price allocation of the acquisition is presented beside. Chromex has more than 40 million tonnes of chrome resources and reserves in South Africa. Therefore the majority of the acquisition cost has been allocated on mineral resources. Valuation of the resources is based on cash flow models prepared based on certain assumptions, such as the quantities, chrome content, sales prices and mining and processing costs. The purchase price allocation has been presented as a preliminary calculation as the valuation of the mineral resources may change due to changes in the cash flow assumptions if more detailed information will be obtained. The figures on the table represent the 51% share of the assets and liabilities of Chromex which is consolidated into Ruukki Group's financial statements.

EUR '000	Fair value of acquired assets	Fair value adjustments	Book value before acquisition
Non-current assets			
Property, plant and equipment			
Machinery and equipment	3 856	411	3 445
Mineral resources	29 451	29 451	0
Other tangible assets	19	0	19
Intangible assets	1 200	714	486
Deferred tax asset	939	0	939
	35 464	30 575	4 889
Current assets			
Order book	3	3	0
Inventories	954	40	914
Trade and other receivables	329	0	329
Cash and cash equivalents	242	0	242
	1 528	43	1 485
Total assets	**36 992**	**30 618**	**6 375**
Non-current liabilities			
Loans and borrowings	2 137	0	2 137
Provisions	1 993	0	1 993
Deferred tax liability	8 528	8 528	0
	12 658	8 528	4 130
Current liabilities	2 222	0	2 222
Total liabilities	**14 880**	**8 528**	**6 352**
Net assets	**22 111**	**22 090**	**23**
Acquisition cost	22 111		
Ruukki's share of net assets	22 111		
Goodwill	**0**		
Net cash outflow on the acquisition: *			
Consideration paid in cash	-20 525		
Acquired cash and cash equivalents	242		
Net cash flow effect	**-20 283**		

* Cash flow effect has been calculated on the exchange rate at the date of acquisition.

Discontinued operations

As a result of a strategic review undertaken during the second half of 2010, the conclusion was that Ruukki should focus its future activities on the Minerals Business and a process to sell the Wood Processing Business assets was initiated. As a result, the Wood Processing Business is categorised as a discontinued operation and the related balance sheet items as assets and liabilities held for sale in the financial statements 2010.

> Ruukki focuses its future activities on the Mining and Minerals Business.

LP Kunnanharju Oy (former Lappipaneli Oy)

LP Kunnanharju concluded in April the transfer of its fixed assets to Pölkky Oy, Pölkky Metsä Kmo Oy and Kitkawood Oy. Inventories were sold already in October 2009. The consideration, EUR 14.4 million, was partly paid during the fourth quarter of 2009 and the remaining during 2010.

Pohjolan Design-Talo Oy

Ruukki completed the sale of its Finnish house building business, Pohjolan Design-Talo subgroup, to funds managed by CapMan in March 2011. The consideration paid in cash at the closing was EUR 75.4 million. The final price will be confirmed according to the statement of financial position as of the closing date. The subgroup consists of Pohjolan Design-Talo Oy, Nivaelement Oy, RG Design-Talotekniikka Oy, DTG Rakennus Oy, Kirkkonummen Kiinteistökehitys Oy, Storms Villa Oy and Storms Gård Oy.

Junnikkala Oy

Ruukki signed a letter of intent to sell its 51% holding in Junnikkala Oy to Junnikkala Oy's minority shareholders for a total consideration of EUR 6 million in January 2011. The signing of the definitive agreements is subject to a number of conditions, including the availability of financing and certain corporate approvals including those required for a related party transaction. Ruukki anticipates that the signing of the definitive agreements will take place during the first half of 2011.

Oplax Oy

Ruukki signed an agreement to sell the shares of its Finnish pallet business, Oplax Oy, to a group of investors for a total consideration of approximately EUR 9 million in March 2011. The consideration will be paid in cash and with a vendor note of EUR 1.5 million. Subject to certain conditions precedent being fulfilled, including acquisition financing being available to the buyer, the transaction is expected to be completed by the end of March 2011.

Tervolan Saha ja Höyläämö Oy

As part of refocusing the Wood Processing Business, Ruukki's subsidiary, Ruukki Yhtiöt Oy, entered on 20 November 2009 into an agreement to sell its 91.4% stake in Tervolan Saha ja Höyläämö Oy ("TSH").The effective date for the transfer of the shares was 31 December 2009. In conjunction with the deal, the call option agreement with TSH's minority shareholders was dissolved. The consideration for the shares totalled EUR 4.1 million, and was paid in cash. TSH subgroup has been categorised as a discontinued operation in the comparative information of the 2010 financial statements.

Associates

Ruukki disposed of its holdings in Arc Technology Oy, Stellatum Oy and Widian Oy during the financial year 2010. The effect of the disposals on the financial statements was not material.

Other corporate activity

At the beginning of 2010, certain initiatives have been taken targeted to dissolve some non-active Finnish subsidiaries.

FINANCIAL YEAR 2009

Group companies

Mogale Alloys (Pty) Ltd

At the end of May, Ruukki acquired an effective stake of 84.9% in South African ferroalloys producer Mogale Alloys. The acquired business has been consolidated into Ruukki Group since the beginning of June 2009. The total nominal purchase consideration, at the exchange rate prevailing at the date of the payment (EUR/ZAR rate of 11.58), totalled EUR 162.5 million for the 84.9% share in Mogale.

Based on the timing and contingencies of the various payments in relation to purchase consideration as well as to management compensation, cash outflow liabilities can be split into the following categories:

(i) ZAR 1,200 million (EUR 103.7 million) paid in cash at the closing date, of which ZAR 1,125 million was paid to the vendors and ZAR 75 million allocated to a trust set up for Mogale's management. In addition, ZAR 24 million was paid as interest compensation;

(ii) ZAR 200 million (EUR 17.3 million) in cash as unconditional deferred payment on the first anniversary of the closing date, i.e. in May 2010; and

(iii) ZAR 600 million (EUR 51.8 million) in cash as conditional deferred payment via a five-year vendor loan arrangement, which includes ZAR 75 million to be allocated to Mogale's management trust. This tranche is payable only if and from the date when Mogale receives environmental permits and licences for its four furnaces, with the ZAR 600 million split into four furnace-specific tranches.

Ruukki's subsidiary, Ruukki South Africa (Proprietary) Ltd, acquired the following shares in the Mogale transaction:

a) directly 17.7% of shares in Mogale Alloys;
b) through 100% owned subsidiaries; and
c) through a 49% owned associated company.

directly	17.70%
via PGR 17	34.60%
via Dezzo 184	27.70%
via PGR Manganese	4.90%
total effective stake	84.90%

The remaining 15.1% is effectively held by Mogale Alloys Trust and PGR Manganese (Pty) Ltd's major shareholders, both of which are controlled or owned by black entrepreneurs or Mogale's employees. Hence, in the transaction, South African Black Economic Empowerment legislation was taken into account. Since Ruukki South Africa ceded 40% of the shares and rights, thereby, of Mogale, PGR 17 and Dezzo it acquired as collateral for the unpaid portion of the purchase consideration, at inception the effective unpledged ownership interest of Ruukki totalled 52.90%.

If the acquisition had taken place with a corresponding holding already on 1 January 2009, this would have changed Ruukki's consolidated figures for the review period 1 January - 31 December 2009 as follows:

Consolidated revenue	EUR +10.5 million (+5.5%)
Consolidated EBIT*	EUR -4.4 million (-17.9%)
Consolidated profit*	EUR -3.8 million (-16.6%)

(figures compared with the 2009 accounting period figures reported by the Group)

* When (i) taking into account the depreciation and deferred taxes related to purchase price allocations, and (ii) assuming 31 May 2009 fair values to be valid for the earlier periods as well; and iii) taking into account ZAR 150 million management incentive schemes' accruals based portion for 1-5/2009.

Mogale Alloys (Pty) Ltd

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

	EUR '000			ZAR '000
	Fair value of acquired assets	Fair value adjustments	Book value before acquisition	Fair value of acquired assets
Non-current assets				
Property, plant and equipment	21 959	8 299	13 660	254 185
Intangible assets				
Technology	31 964	31 964	0	370 000
Clientele	12 699	12 699	0	147 000
Financial assets	321	0	321	3 711
	66 943	52 962	13 981	774 896
Current assets				
Inventories	9 528	0	9 528	110 288
Trade and other receivables	6 153	0	6 153	71 222
Tax receivables	314	0	314	3 634
Cash and cash equivalents	4 244	0	4 244	49 127
	20 238	0	20 238	234 270
Total assets	**87 181**	**52 962**	**34 219**	**1 009 166**
Non-current liabilities				
Loans	0	0	0	4
Finance lease obligation	658	0	658	7 613
Deferred tax liability	17 247	14 829	2 418	199 646
	17 905	14 829	3 076	207 264
Current liablities				
Trade and other payables	4 600	0	4 600	53 247
Provisions	7 048	-2 057	9 106	81 590
Income taxes	1 672	0	1 672	19 353
	13 320	-2 057	15 378	154 189
Total liabilities	**31 226**	**12 772**	**18 454**	**361 454**
Net assets	**55 955**	**40 190**	**15 766**	**647 712**

	EUR '000	ZAR '000
Acquisition cost		
Purchase consideration, paid	98 265	1 137 461
Purchase consideration, unpaid	61 556	712 539
Interest	2 084	24 119
Stamp duty	400	4 625
Transaction costs	1 673	19 365
Acquisition cost	**163 976**	**1 898 109**
Acquisition cost	163 976	1 898 109
Ruukki's direct share of net assets	44 838	519 023
Ruukki's indirect share of net assets	2 718	31 462
Goodwill	**116 420**	**1 347 625**
Net cash outflow on the acquisition:		
Cash consideration for the acquisition	-99 272	-1 149 119
Management remuneration	-6 479	-75 000
Ruukki's share of acquired cash	4 244	49 127
Net cash flow effect	**-101 507**	**-1 174 993**

On 31 December 2009, Mogale had ZAR 78.0 million worth of active unused banking, guarantee and loan facilities from a financial institution, corresponding to EUR 7.3 million at the exchange rate prevailing at the end of the financial year (EUR/ZAR rate of 10.67).

The goodwill recognised as a consequence of the transaction is based on the following factors:

» the utilisation of Ruukki's internal resources and sales channels for the sales and logistics operations thereby saving expenses, and therefore a EUR 24.4 million of the goodwill recognised in conjunction with Mogale acquisition has been reallocated to Southern European minerals business, i.e. to another cash-generating unit which reaps those benefits, based on the present value of the expected synergy gains;

» a broader portfolio of alloys providing the Group with new and better opportunities to change its production and redirect resources to optimise profit margins;

» the knowledge of management and employees of the acquired company generating cost savings and higher returns, thus one key component of the deal has been to structure a five-year incentive package for key management and employees;

» providing access to the infrastructure, including but not limited to the supply of electricity; and

» a platform for future expansion, which decreases the lead time to expand the current business or to adjust the business model in accordance with market conditions.

In the tables, and when calculating the total purchase consideration and converting the statement of financial position of the acquired business, the exchange rate at the time of the transaction has been used. The exchange rate used at the end of December to convert the statement of financial position differs from this; hence, the translation differences have been recognised in the Group equity.

In addition to transaction value, ZAR 150 million has been allocated to the Mogale management incentives scheme rather than to purchase consideration, and that is expensed over a five-year term.

At the end of 2009, Ruukki's Board of Directors resolved, based on IAS 36 impairment testing results, that an impairment of goodwill of ZAR 208 million (EUR 19.1 million) was recognised in relation to the Mogale Alloys transaction. During Q4 2010, an impairment of goodwill of ZAR 389 million (EUR 40.1 million) was recognised.

Associates

As part of refocusing the Group's core business and strategy, Ruukki sold its 37.5% stake in Cybersoft Oy to Headpower Oy in an all-cash transaction. The effective date for the transfer of the shares was 1 November 2009. The consideration of the shares totalled EUR 0.9 million and the transaction generated a sales gain of EUR 0.5 million. In addition, there are potential earn-out elements related to the transaction which have not been taken into account in the consolidated financial statements.

Other corporate activity

Pyyn Liikehuoneisto Oy, a subsidiary of Junnikkala Oy operating in the Wood Processing business, was merged into its parent company in January 2009.

During December 2009, Ruukki Yhtiöt Oy terminated the put options it had written in relation to the Junnikkala acquisition, after which it only has the call option left in accordance with the original transaction agreements. This led to a EUR 5.3 non-recurring income positively affecting both the EBITDA and EBIT.

PSL Räinä Oy, a fully owned subsidiary of Oplax Oy, was merged into its parent company in November.

The house building business company Pohjolan Design-Talo Oy acquired some land areas in December, which are controlled by Kirkkonummen Kiinteistösijoitus Oy, of which the Group owns 100%. This transaction, however, was not a business combination as defined in IFRS 3, but rather is treated under IAS 2 as purchase of inventories.

IMPAIRMENT TESTING

GENERAL PRINCIPLES OF IMPAIRMENT TESTING

Ruukki Group has carried out impairment testing on goodwill and other assets as of 31 December 2010. The following cash generating units were defined for the impairment testing:

Cash generating units belonging to Minerals Business:

- Southern European minerals processing business (RCS, Türk Maadin Sirketi and Elektrowerk Weisweiler) with a vertically integrated mining-beneficiation-smelting-sales operation in the specialty grade ferrochrome business;
- South African minerals processing business (Ruukki South Africa and Mogale Alloys) which has ferroalloys smelting operations with four furnaces; and
- Southern African mining business (Chromex) which has a mine and mining rights in South Africa and Zimbabwe.

Cash generating units belonging to Wood Processing Business (discontinued operations):

- House building business (Pohjolan Design-Talo and subsidiaries) producing and selling wooden ready-to-move-in houses in the Finnish market mainly for private families;
- Sawmill business (Junnikkala), which has sawmills in Kalajoki and Oulainen, producing sawn timber and further processed products from pine and spruce with annual capacity of 300,000 m^3 with sales in domestic and export markets; and
- Pallet business (Oplax) producing and selling wooden loading pallets and related logistics services.

The Group assesses at each balance sheet date whether there is any indication that assets may be impaired. If any such indication exists, the recoverable amount of these assets is estimated. Moreover, the recoverable amount of any goodwill and unfinished investment projects will be estimated annually, irrespective of whether there is an indication of impairment. Of the abovementioned cash generating units, Southern African mining and the sawmill and pallet businesses did not have any goodwill on their statement of financial position at the end of the financial year 2010, nor any indication of impairment, and they were not tested. Also at the end of 2010, there were no indications of impairment of any other assets, such as shares in associated companies.

Changes in goodwill during 2010

During the financial year 2010, the total goodwill of the Group decreased by EUR 44 million to a total of EUR 129 million compared to the end of the financial year 2009.

Related to certain acquisitions there are earn-out liabilities or deferred liabilities, which are conditional upon future years' results of the target entity. The amounts of earn-outs are revised when the actual target company results are finalised, or in case there is reason to believe that the original assumptions and forecasts used for the determination of these earn-outs have changed. Changes made in earn-outs have affected the amount of goodwill during 2010 due to the change in future profit estimates for the Southern European Minerals Processing business.

The methodology applied in impairment testing

The impairment test for the house building business was carried out by comparing its fair value less cost to sell with its carrying amount. The fair value of the cash generating unit was defined by the disposal price at which it was sold after the testing date. There was no need to recognise any impairment losses as a result of the test.

For other cash generating units, the impairment test was carried out by calculating their value in use. Value in use has been calculated by discounting estimated future net cash flows that have been based on the conditions and assumptions prevailing at the time of the testing. Future cash flows have been projected for a five-year period, after which a growth rate equalling projected long-term inflation has been applied. For the terminal year after the five-year estimation period, the essential assumptions (e.g. revenue, variable costs and fixed costs) have been based at the estimation period's previous year's figures.

The weighted average cost of capital (WACC) has been calculated separately for each cash generating unit and testable asset, taking into account each business's typical capital structures, investors' average required rate of return for similar investments and company size and operational location related factors, as well as the prevailing risk-free interest rates and required margins for debt financing. The Group has used publicly available information to get market information on the peer group companies' capital structure, risk premium and other factors. The market interest rates reflect the rates applicable on 31 December 2010.

The changes in goodwill during 2010 are described below:

EUR '000	Minerals, Southern Europe	Minerals, South Africa	Wood, House building	Group Total
Goodwill 1.1.2010	**64 914**	**82 413**	**25 523**	**172 850**
Changes in earn-out liabilities	5 837		1	5 838
Impairment		-40 097		-40 097
Exchange rate movement	-383	17 952		17 569
Other changes	-1 516			-1 516
Reclassification to assets held for sale			-25 525	-25 525
Goodwill 31.12.2010	**68 852**	**60 269**	**0**	**129 120**

The changes in goodwill during 2009 are presented below:

EUR '000	Minerals, Southern Europe	Minerals, South Africa	Wood, House building	Group Total
Goodwill 1.1.2009	**61 830**	**0**	**25 418**	**87 248**
Acquisitions		116 420		116 420
Reallocation between CGUs	24 390	-24 390		0
Changes in earn-out liabilities	-21 638		105	-21 533
Impairment		-19 079		-19 079
Exchange rate movement		9 462		9 462
Other changes	333		0	333
Goodwill 31.12.2009	**64 914**	**82 413**	**25 523**	**172 850**

Goodwill as a ratio of the Group's equity has been the following on 31 December 2010 and 31 December 2009:

EUR´000	31.12.2010	31.12.2009
Goodwill	129 120	172 850
Equity	236 355	286 022
Goodwill/Equity, %	55%	60%

The information used in the 31 December 2010 impairment testing is based on business units' management future forecasts, on general third-party industry expert or analyst reports where available, and to the extent possible on the current business and asset base excluding any non-committed expansion plans. Forecasted sales volumes and profitability are based on the management's view on future development while also taking past performance into account. Price forecasts are based on independent market forecasts. The management's approach in preparing cash flow forecast has not changed significantly compared with the previous impairment testing.

These pre-tax discount rates applied in 2010 impairment testing were the following:

Cash Generating Unit	Pre-tax discount rate 2010	(2009)
Southern European minerals	13.9%	(16.1%)
South African minerals	20.5%	(22.6%)

The key reasons for the changes in the discount rates compared to 2009 are the following:

- changes in market interest rate (decrease)
- changes in the risk premiums applied (decrease)

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

Recoverable amount divided by the carrying amount	Conclusion
< 100%	Impairment
101-120%	Slightly above
121-150%	Clearly above
> 150%	Significantly above

The carrying amount in the adjacent table is equal to the sum of:
+ goodwill
+ intangible and tangible assets (including purchase price allocation entries)
+ net working capital (if positive)
– provisions
– deferred tax liabilities (in relation to purchase price allocation entries)

The main reason for the impairment losses recognised in the South African minerals business is the change in the global ferrochrome and stainless steel alloy price forecasts. The forecasted long term price trends are still affected by the financial crisis which begun in the late 2008 and the recovery of the global economy will take longer than expected earlier. This impacts also the demand and the prices of ferrochrome. Also a sharp increase in certain raw material prices affected the test result.

Results of the impairment testing done at 31 December 2010

The results of the impairment testing were the following:

Cash generating unit	Goodwill, EUR '000 pre-testing	Goodwill, EUR '000 post-testing	Carrying amount EUR '000 pre-testing	Conclusion
Southern European minerals business	68 852	68 852	147 854	Clearly above
South African minerals business	104 147	60 269	181 839	Impairment

Key background and assumptions used in the cash flow forecasts of the impairment testing process are summarised in the table below:

Cash generating unit	Sales volume	Sales prices	Costs
Southern European minerals busines	FeCr: 23,000-26,400 t/a lumpy Cr ore: 42,000 t/a	Assuming 47% LC FeCr and 53% ULC FeCr product mix, and based on external experts (CRU International and Heinz Pariser) price forecasts average	Raw material costs changes moving in line with sales price changes to main extent. Other costs growing at inflation rate.
South African minerals business	metal alloys total: ca. 100,000 t/a	Based on external experts (CRU International and Heinz Pariser) metal alloys price forecasts average	Raw material costs changes moving in line with sales price changes to main extent. Other costs growing at inflation rate.

Sensitivity analysis of the impairment testing

The Group has analysed the sensitivity of the impairment testing results by estimating how the essential assumptions should change in order for the recoverable value to be equal to the corresponding carrying amount.

The results of this sensitivity analysis as of 31 December 2010 are given below:

Segment	Change in pre-tax discount rate (% units, compared to the level used in testing)	Change in free cash flow (%, on average for each year, compared to the used estimated values)	Change in segment's average EBITDA margin (% units)
Southern European minerals business	4.8 %-units	-21.8%	-4.4 % units

COMMITMENTS AND RISKS

COMMITMENTS AND CONTINGENT LIABILITIES

Mortgages and guarantees pledged as security

On 31 December 2010, the Group companies had given business mortgages as collateral for loans and other liabilities totalling EUR 14.0 (17.5) million. Of the parent company's EUR 4.2 million business mortgages, EUR 1.7 (1.7) million had been pledged as security with external financial institutions on 31 December 2010. Equipment and real estate mortgages amounted to EUR 21.5 (23.4) million. The Group's parent company has given a total of EUR 1.0 (4.0) million in direct-liability absolute guarantees for the financing of Group companies. Moreover, the Group companies had given cash deposits totalling EUR 2.1 (2.5) million as a security for their commitments. Machinery financing typically involves the acquired machinery to be pledged as a guarantee with the debt repayment. At the end of the financial year, EUR 8.8 (0.0) million of the Group's trade receivables were pledged as collateral for a credit facility. With the mortgages and guarantees given to the Company's third parties, the Group companies have received loans that, in turn, have been used either for financing acquisition, capital expenditures or working capital needs.

In relation to deferred payments for acquisition of Mogale Alloys (Pty) Ltd, 40% of the total number of Mogale shares owned by the Group is pledged as collateral in favour of the Mogale vendors. On 31 December 2010 the loan amounted to ZAR 600 million (EUR 68 million).

A fully owned subsidiary of the Group's joint venture company has given option rights as a guarantee for its current interest-free liability. In the event of a default, the creditor is, based on the option right, entitled to subscribe new shares issued by the company. In this event, the joint venture company's ownership in its subsidiary would be diluted. The number of shares to be issued depends on the loan capital. The dilution effect would have decreased the ownership to 92% of the share capital. On 31 December 2010, the loan amounted to EUR 3.7 million, of which EUR 1.9 million has been consolidated into the Group's statement of financial position.

Covenants included in the Group's financing agreements

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

The Group's subsidiary Junnikkala Oy, which is a part of the Group's discontinued operations, has a number of debt agreements where there are financial covenants tied to e.g. the profitability and capital structure of Junnikkala. During the financial year 2010, certain covenants were breached; however, the situation was corrected by shareholders' loans so that at the end of 2010 the covenants were not in breach.

Investment commitments

The Group had no investment commitments or liabilities at the end of the year. At the end of the previous financial year the commitments totalled EUR 3.1 million.

There are EUR 1.8 million worth of machinery and equipment delivery commitments related to the sawmill intended originally to be located in Kostroma, Russia, and also an estimated EUR 4.1 million assembly commitments if the sawmill would be later taken into production use. However, since the Group has classified the equipment as assets held for sale, it does not expect these commitments to materialise.

Earn-out and deferred liabilities related to acquisitions

Earn-out and deferred liabilities related to acquisitions carried out by the Group have been capitalised on the Group's financial statements, and presented in the consolidated statement of financial position as short-term or long-term debt based on the contractual obligations as to the date of payment. The earn-out liabilities on the statement of financial position as of 31 December 2010 are dependant upon future financial periods' results, so the exact amount to be paid as earn-outs will only be finalised in the future and based on the results of the acquired entities; hence the amounts recognised on the statement of financial position at year-end are based on estimates. There are also some deferred purchase considerations where the nominal sum is fixed; however, the payments' time and terms can vary. The liabilities, recognised in discounted values to relevant extent, will be paid partially in cash and, to a major extent, in Ruukki Group Plc shares.

Related to the acquisition of RCS Ltd and Türk Maadin Sirketi A.S, Ruukki Group Plc has issued 73,170,731 option rights to the seller, Kermas Ltd, based on the Extraordinary General Meeting's resolution on 28 October 2008. These options can be exercised only on condition that the companies acquired generate positive net results, and are based on EUR 2.30 per share exercise price with a dividend adjustment mechanism. The Group has estimated, based on actual results for the financial years 2009 and 2010 and forecasts for 2011-2013, that 25,624,330 (22,774,441) shares will be given as earn-out payment to the vendor.

The following table presents the earn-out liabilities related to the Minerals business acquisition in October 2008 (RCS Ltd, Türk Maadin Sirketi A.S. and Elektrowerk Weisweiler GmbH) and based on future profits. The sums in brackets represent the carrying amounts as of 31 December 2009.

Company	Estimated earn-out and call option related liability, EUR million	Estimated time of payment	Other
RCS Ltd and Türk Maadin Sirketi A.S.	35.0 (29.2), of which short-term portion 6.5	2011, 2012, 2013 and 2014	Earn-out to be paid in Ruukki Group Plc shares
Elektrowerk Weisweiler GmbH	9.1 (8.8)	2014	Based on assumption that Ruukki Group Plc would buy Elektrowerk Weisweiler shares in cash by exercising its redeem options
Total	44.1 (38.0)		

The fair value of these shares has been determined to be EUR 1.28 per share based on the market price of the share on 28 October 2008, the date of the Company's Extraordinary General Meeting confirming the acquisition.

The total earn-out to be realised in the future can deviate from the amount estimated should the net results in 2011 – 2013 of the acquired companies deviate from the estimated results; or Ruukki Group Plc's dividend distribution is not equal to the amount estimated. Since the maximum amount of the earn-out is capped at the total amount of option rights issued, Ruukki Group Plc's total earn-out liability cannot exceed 73,170,731 shares. If the combined net profit of RCS Ltd and Türk Maadin Sirketi A.S. is negative during 2009 – 2013 (considered on annual basis separately for each year) , then the seller is obliged to pay back Ruukki Group Plc 50% of the losses in cash as a refund of the purchase consideration.

There is no resolution as to the exercise of option rights related to Elektrowerk Weisweiler GmbH. Moreover, the exercise price of the option rights on that company is not fixed in advance; however, the exercise price will be based on the fair value of Elektrowerk Weisweiler GmbH. The liability recognised on consolidated statement of financial position is based on the 'Stuttgarter Verfahren' valuation method. When recognising the liability on the consolidated statement of financial position on 31 December 2010, Ruukki Group Plc has assumed that option rights would be exercised in 2014.

At the end of May 2009, Ruukki South Africa (Pty) Ltd acquired an 84.9% stake in Mogale Alloys (Pty) Ltd. The purchase consideration is denominated in ZAR. According to the acquisition agreement, ZAR 600 million of the acquisition cost is conditional upon licences and permits being received for each of Mogale's furnaces separately. The consideration will be paid in cash in monthly equal instalments by April 2014. In preparation of the financial statements the Group has interpreted that the conditions have not been met for any of the furnaces and Group does not expect them to be fulfilled during 2011. Therefore the conditional deferred consideration has been fully presented as a long term liability on Group's statement of financial position.

Rental agreements

Liabilities associated with rental and operating lease agreements totalled some EUR 4.9 (5.3) million. Typically, the rental agreements maturity varies between three to eight years, and normally there is a possibility to continue these agreements after the end of original maturity date. For these contacts, their price indexing, renewing and other terms differ contract by contract. As guarantees for these rental agreements, the Group companies have made cash deposits of approximately EUR 0.1 (0.1) million at year-end.

Environmental and rehabilitation liabilities

As the Group has mining and minerals processing operations, there are certain known and potential environmental and rehabilitation liabilities in relation to which the Group has recognised provisions on its statement of financial position amounting to EUR 16.6 (11.3) million. The liabilities have increased in consequense of additional environmental studies conducted during the financial year and due to a business combination.

Collaterals given by Ruukki Group Plc

Collaterals for the Company's own behalf

EUR '000	31.12.2010	31.12.2009
Corporate mortgage	1 682	1 682
Pledged subsidiary shares	7 936	7 936

Guarantees for Group companies

EUR '000	31.12.2010	31.12.2009
Pledges for subsidiaries' liabilities	0	2 500

	credit limit in use / loan 31.12.2010	maximum liability 31.12.2010	maximum liability 31.12.2009
Guarantees given to financial institutions for group companies' financing limits:			
Guarantees for equipment financing	0	0	1 840
Guarantees given to financial institutions for group companies' loans:			
Loans	1 025	1 025	2 200
	1 025	**1 025**	**4 040**

Ruukki Group Plc's rental and leasing liabilities were on 31 December 2010 some EUR 0.2 (0.4) million, of which EUR 0.1 (0.3) million will mature in less than one year and the rest in 1-5 years.

Contingent liabilities

During 2010, Mogale Alloys conducted studies on existing environmental liabilities and future investments to implement an environmental management plan. As a result of the studies, Mogale's environmental provision in accordance with IAS 37 was increased by EUR 2.3 million from EUR 8.5 million to EUR 10.8 million. The preliminary results also indicate that the future environmental investments may be higher than the previously indicated ZAR 226 million. The Group is continuing the studies in 2011 to specify the future liabilities.

The Group has recognised a ZAR 600 million (EUR 68 million) conditional liability on the acquisition of Mogale Alloys on its statement of financial position. The consideration is conditional upon obtaining certain permits and licences; the vendors of Mogale Alloys have informed the Group that they consider that the permits and licences have been obtained. Ruukki Group's management's view is that the conditions have not been satisfied. However, if all the conditions have been satisfied after all, the deferred consideration will no longer be conditional and furthermore will be interest-bearing. The Group has not recognised the interest liability.

FINANCIAL RISKS AND RISK MANAGEMENT

The Board of Directors of Ruukki Group Plc has outlined the key risks of the Group in the Board of Directors' Report. In the following section, the financial and commodity risks are presented in more detail with the related sensitivity analyses. The tables and analyses of this section have been prepared without taking into account assets and liabilities classified as held for sale.

Summary on financial assets and loan arrangements

Financial assets 31 December 2010

In addition to the operative result and the cash flow generated from it the following factors described below have most significantly affected the change in the amount of the Group's financial assets at the closing date 2010 year-on-year:

Actions that have decreased financial assets

» Capital expenditure on property, plant and equipment

» Ruukki Group Plc's capital redemption in May 2010

» Payment of deferred purchase consideration for Mogale Alloys in May 2010

» Listing on the London Stock Exchange in July 2010

» Acquisition of Chromex Mining plc in December 2010

On 31 December 2010, the cash and cash equivalents were invested mainly to interest-bearing EUR and USD denominated bank accounts. The Group companies have given pledged deposits for EUR 2.0 (2.5) million when excluding the pledges for rented premises. Other financial assets comprise interest-bearing loan and other receivables.

Interest-bearing debt 31 December 2010

» Floating rate loans from financial institutions totalling EUR 3.6 (37.1) million. Fixed rate loans altogether EUR 3.3 (1.1) million.

» The interest rates of the loans are tied to the market rates of different countries. The weighted average interest rate on 31 December 2010 was, based on market interest rates at that date, about 8.3% (2.9%). The average interest rate margin for floating rate notes was 0.7% (2.3%) p.a. The loans will, to a major extent, mature in 2011.

» The interest rates of other interest-bearing liabilities are tied to South African prime and LIBOR, for example, and their margins vary between 0-2% units.

Capital Management

The Group's capital management objective is to secure the ability to continue as a going concern and to optimise the cost of capital in order to enhance value to shareholders. As part of this objective, the Group seeks to maintain access to loan and capital markets at all times. The Board of Directors reviews the capital structure of the Group on a regular basis.

Capital structure and debt capacity are taken into account when deciding on new investments. Practical tools to manage capital include the application of dividend policy, capital redemption, share buybacks and share issues. Debt capital is managed considering the requirement to secure liquidity. The Group's internal capital structure is reviewed on a regular basis with an aim to optimise the structure by applying internal dividends and equity adjustments, for example. The Group's long term target for capital structure is to keep the equity ratio in the region of about 50%. At the balance sheet date 31 December 2010, the Group's equity ratio stood at 44.3% (52.0%).

Management of financial risks

In its normal operations, the Group is exposed to various financial risks. The main financial risks are liquidity risk, foreign exchange rate risk, interest rate risk, credit risk and commodity price risk. The objective of the Group's risk management is to identify and, to a selected extent, mitigate the adverse effects of the changes in the financial markets on the Group's results. The general risk management principles are accepted by Ruukki Group Plc's Board of Directors and monitored by its Audit Committee. The management of the business segments and of the subsidiaries are responsible for the implementation of risk management policies and procedures. The Group management monitors risk positions and risk management procedures on a regular basis, and supervises that the Group's policies and risk management principles are followed in its day-to-day operations. Risks and risk management are regularly reported to the Audit Committee.

The Group's significant financial instruments comprise bank loans and overdrafts, finance leases, other long-term liabilities, cash and short-term deposits and money market investments. The main purpose of these financial instruments is to finance the Group's acquisitions and ongoing operations. The Group also has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

(i) Liquidity risk

The Group regularly assesses and monitors the investment and working capital needs and financing so that the Group has enough liquidity to serve and finance its operations and pay back loans. The availability and flexibility of financing are targeted to be guaranteed by using multiple financial institutions in the financing and financial instruments, and to agree on financial limit arrangements. Cash flow forecasts on both incoming and outgoing cash flows are utilised in liquidity risk management.

The Group's cash reserves were reduced during 2010 mainly due to the following: the acquisition carried out at the end of the year; capital expenditure on property, plant and equipment; loan repayments and capital redemption, which was distributed to the shareholders. The Group's short-term liquidity has weakened compared to the end of the previous financial year. However, after the end of the financial year, the liquidity has improved, among other things, in consequence of a subsidiary disposal carried out after the reporting period. At the end of 2010, the Group's unused credit facilities amounted to EUR 42.9 (7.3) million.

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

(ii) Foreign exchange rate risk

The Group operates internationally and has diversified its operations out of Finland into, e.g. Turkey, Malta and South Africa during last few years. The Group thus has foreign exchange rate risks to an increasing extent. The risks arise both directly from the outstanding commercial cash flows and currency positions, as well as indirectly from the changes in competitiveness between various competitors. Moreover, a significant portion of its acquisition-related liabilities are denominated in foreign currency. The foreign exchange differences arising from inter-company loans designated as net investments in foreign subsidiaries has been recognised in the translation difference in the equity.

Principally, the Group companies do not hedge the open foreign currency positions by using currency derivatives. To the extent possible, the Group targets to match its cash inflows and outflows as well as receivables and liabilities in terms of the currency these items are denominated. Hence the Group is exposed to currency-derived risks that affect its financial results, financial position and cash flows. At the end of 2010, the Group had no foreign currency derivatives, to hedge its commercial foreign currency denominated cash flows.

The single most significant change in 2010 in the Group's

The maturity distribution of the Group debt was the following at the end of the financial year:

31.12.2010

EUR '000	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Secured bank loans	6 984	-7 105	-7 095	-2	-4	-3	0
Unsecured bank loans	0	0	0	0	0	0	0
Finance lease liabilities	145	-145	-114	-10	-19	-2	0
Trade and other payables	166 022	-166 786	-35 771	-24 536	-73 308	-33 171	0
Bank overdraft	537	-537	-537	0	0	0	0
Total	**173 688**	**-174 572**	**-43 517**	**-24 548**	**-73 332**	**-33 176**	**0**

The Group has assumed that instalments for the deferred conditional purchase consideration for Mogale Alloys commence in the beginning of the year 2012 at earliest. Therefore the cash flows related to the liability are presented in the above table almost fully on the column 1-2 years.

31.12.2009

EUR '000	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Secured bank loans	23 678	-26 480	-3 458	-4 011	-6 819	-10 686	-1 507
Unsecured bank loans	2 934	-2 934	0	-2 934	0	0	0
Finance lease liabilities	783	-933	-280	-257	-253	-143	0
Trade and other payables	133 620	-148 635	-36 903	-16 532	-47 061	-48 136	-3
Bank overdraft	3 817	-3 880	-232	-3 647	0	0	0
Total	**164 831**	**-182 862**	**-40 872**	**-27 381**	**-54 133**	**-58 965**	**-1 510**

currency exposure relates to the acquisition of Chromex Mining in December; in consequence, the importance of the ZAR and USD increased further. The debt financing obtained for the acquisition is USD denominated. The changes in the USD/ZAR and EUR/ZAR exchange rates have a major impact on South African mining and minerals businesses' profitability in EUR. The cash inflows of the business are denominated in USD, whereas significant portion of the costs are denominated in ZAR.

In the Southern European minerals business, USD, EUR and GBP are used in the operations; however, inflows and outflows in those currencies are quite closely matched.

The decreased relative importance of the sawmill business has reduced the foreign exchange risk relating to SEK.

The following tables present the currency composition of receivables and debt, and changes thereby vis-à-vis the previous year-end. In December 2010, the major open foreign exchange rate risk was against the ZAR, and in particular the deferred payments in relation to Mogale Alloys.

31.12.2010

EUR '000					
EUR exchange rate	1	1,3362	0,86075	2,0694	8,8625
	EUR	USD	GBP	TRY	ZAR
Cash and cash equivalents (EUR)	6 340	998	192	20	1 048
Trade receivables (EUR)	2 095	10 994	120	44	111
Loans and other receivables (EUR)	21 097	11 246	1 997	603	15 038
Trade payables (EUR)	-4 159	-2 250	-630	-841	-9 311
Other liabilities (EUR)	-53 393	-25 752	-1 600	-728	-71 082
Currency exposure, net (EUR)	-28 021	-4 764	79	-902	-64 195
Currency exposure, net in currency ('000)	-28 021	-6 365	68	-1 868	-568 932

31.12.2009

EUR '000						
EUR exchange rate	1	1,4406	0,8881	2,1547	10,666	10,252
	EUR	USD	GBP	TRY	ZAR	SEK
Cash and cash equivalents (EUR)	50 060	3 325	188	199	2 078	2
Trade receivables (EUR)	15 218	5 806	474	16	4 150	0
Loans and other receivables (EUR)	49 660	1 182	0	61	1 661	0
Trade payables (EUR)	-9 978	-1 429	-743	-872	-6 052	-168
Other liabilities (EUR)	-118 542	-5	0	-473	-74 319	-74
Forward contracts (EUR)	0	-278	0	0	0	0
Currency exposure, net (EUR)	-13 581	8 601	-81	-1 070	-72 482	-240
Currency exposure, net in currency ('000)	-13 581	12 391	-72	-2 306	-773 097	-2 455

Sensitivity analysis of currency denominated net receivables

All figures in thousands	USD	GBP	TRY	ZAR
Group statement of financial position on 31.12.2010				
cash in currency	1 334	166	41	9 284
receivables in currency	29 717	1 822	1 340	134 265
payables in currency	-37 416	-1 920	-3 248	-712 480
net assets in currency ('000)	-6 365	68	-1 868	-568 932

Sensitivity analysis compared with the actual conversion rates

change in currency value vs. euro

		Exchange rate			
20%	strengthening	1.07	0.69	1.66	7.09
15%	strengthening	1.14	0.73	1.76	7.53
10%	strengthening	1.20	0.77	1.86	7.98
5%	strengthening	1.27	0.82	1.97	8.42
0%	no change	1.34	0.86	2.07	8.86
-5%	weakening	1.40	0.90	2.17	9.31
-10%	weakening	1.47	0.95	2.28	9.75
-15%	weakening	1.54	0.99	2.38	10.19
-20%	weakening	1.60	1.03	2.48	10.64

the effect of the change in currency rates compared with the actual rates

		EUR '000 change, ceteris paribus			
20%	strengthening	-1 191	20	-226	-16 049
15%	strengthening	-841	14	-159	-11 329
10%	strengthening	-529	9	-100	-7 133
5%	strengthening	-251	4	-47	-3 379
0%	no change	0	0	0	0
-5%	weakening	227	-4	43	3 057
-10%	weakening	433	-7	82	5 836
-15%	weakening	621	-10	118	8 373
-20%	weakening	794	-13	150	10 699

The effect on the 31 December 2010 currency denominated net assets by changes in foreign exchange rates vis-à-vis the rates used in the Group consolidation is presented below. Due to the high market volatility rates, the range of change was kept at +/- 20% (also applied in 2009).

The Group management's view is that the currency distribution at the end of the financial year does not necessarily describe the real direct or indirect foreign exchange rate risk, since the year-end situation does not fully reflect the average situation during the ended or coming financial years. Furthermore, should the Group's geographical focus change during the coming years, the foreign exchange rate risks can change. Generally, the Group's foreign exchange rate risks have remained stable during 2010 over 2009 and are also expected to be important in the future. At the end of 2010, the strengthening of the USD and ZAR would have the most adverse effect on the Group's results and financial position.

Sensitivity analysis of currency denominated net receivables

All figures in thousands	USD	GBP	TRY	ZAR	SEK
Group statement of financial position on 31.12.2009					
cash in currency	4 789	167	428	22 169	25
receivables in currency	10 067	421	165	61 979	0
derivatives in currency	-400	0	0	0	0
payables in currency	-2 065	-660	-2 899	-857 245	-2 480
net assets in currency (‘000)	12 391	-72	-2 306	-773 097	-2 455

Sensitivity analysis compared with the actual conversion rates

change in currency value vs. euro

		Exchange rate				
20%	strengthening	1.15	0.71	1.72	8.53	8.20
15%	strengthening	1.22	0.75	1.83	9.07	8.71
10%	strengthening	1.30	0.80	1.94	9.60	9.23
5%	strengthening	1.37	0.84	2.05	10.13	9.74
0%	no change	1.44	0.89	2.15	10.67	10.25
-5%	weakening	1.51	0.93	2.26	11.20	10.76
-10%	weakening	1.58	0.98	2.37	11.73	11.28
-15%	weakening	1.66	1.02	2.48	12.27	11.79
-20%	weakening	1.73	1.07	2.59	12.80	12.30

the effect of the change in currency rates compared with the actual rates

		EUR ‘000 change, ceteris paribus				
20%	strengthening	2 150	-20	-268	-18 121	-60
15%	strengthening	1 518	-14	-189	-12 791	-42
10%	strengthening	956	-9	-119	-8 054	-27
5%	strengthening	453	-4	-56	-3 815	-13
0%	no change	0	0	0	0	0
-5%	weakening	-410	4	51	3 452	11
-10%	weakening	-782	7	97	6 589	22
-15%	weakening	-1 122	11	140	9 454	31
-20%	weakening	-1 434	14	178	12 080	40

(iii) Interest rate risk

The Group is exposed to interest rate risk when the Group companies take loans or make other financing agreements or deposits and investments related to liquidity management. In addition, the changes in interest rates can influence the profitability of investments or the changes can alter the fair values of the Group's assets.

To manage interest rate risks, the Group has used both fixed and floating rate debt instruments and derivative instruments when needed, such as interest rate swaps. At the end of 2010, the Group's interest-bearing debt was mainly based on floating interest rates; and there were no interest rate swaps in place. The Group aims to match the loan maturities with the businesses' needs and to have the maturities spread over various periods so that the Group's interest rate risks are somewhat diversified. Floating rate financing is mainly tied to the market rates of different countries (Euro area, United Kingdom, South Africa), the changes of which will then influence the Group's total financing cost and cash flows.

The short-term interest-bearing receivables of the Group are mainly loan receivables and receivables on asset disposals of varying lengths. The Group's revenue and operative cash flows are mainly independent of the changes in market interest rates.

The split of interest-bearing debt and receivables, also classified into fixed rate and floating rate instruments, was the following on 31 December 2010 and 31 December 2009:

EUR '000	31.12.2010	31.12.2009
Fixed rate instruments		
Financial assets (including mutual funds)	14 379	12 500
Financial liabilities	-12 171	-9 889
Fixed rate instruments, net	**2 208**	**2 611**
Variable rate instruments		
Financial assets (including mutual funds)	16 702	7 959
Financial liabilities	-94 650	-104 626
Variable rate instruments, net	**-77 948**	**-96 667**
Interest bearing net debt	**-75 740**	**-94 056**

The following table presents the rough effect on the Group's income statement by changes in market interest rates should the deposits' and loans' interest rates change. The changes in interest rates have been taken into account in the floating rate items. The following sensitivity analysis is illustrative in nature and primarily takes into account the forthcoming twelve-month period, if the periods' asset and liability structure would be equal to that of 31 December 2010 and if there would be no changes in exchange rates. Therefore, the analysis is primarily applicable to assessing the variation in the 2010 financial year's interest income and expenses.

Sensitivity analysis

Effect of changes in interest rate on interest expense and income

Group statement of financial position 31.12.2010

Main assumptions:

- interest rates for deposits and loans change simultaneously as market rates change, ie. both are based on market rates, however the interest rate of fixed rate deposits and loans remains remains unchanged,
- the amount of loans and deposits remains unchanged the whole year (compared with the balance sheet 31 Dec 2010)
- the interest rates of deposits and loans in differrent currencies change simultaneously as market rates change, and the changes are parallel, i.e exactly similar in all maturities, so there is no change in yield curve shape
- all group companies and the amounts of their deposits and loans on 31 Dec 2010 are constant and they are taken into account for full financial year of 12 months
- the change of interest rate for cash and liquidity deposits is taken into account

average change in average interest rate for 2011 compared with the interest rates on 31.12.2010 percentage points, % p.a.	change EUR '000 interest income full year	change EUR '000 interest expense full year	change EUR '000 net effect in profit or loss full year
-2.00%	-334	1 893	1 559
-1.50%	-251	1 420	1 169
-1.00%	-167	946	779
-0.50%	-84	473	390
0.00%	0	0	0
0.50%	84	-473	-390
1.00%	167	-946	-779
1.50%	251	-1 420	-1 169
2.00%	334	-1 893	-1 559

Group statement of financial position 31.12.2009

Main assumptions:

- interest rates for deposits and loans change simultaneously as market rates change, ie. both are based on market rates, however the interest rate of fixed rate deposits and loans remains remains unchanged,
- the amount of loans and deposits remains unchanged the whole year (compared with the balance sheet 31 Dec 2009)
- the interest rates of deposits and loans in differrent currencies change simultaneously as market rates change, and the changes are parallel, i.e exactly similar in all maturities, so there is no change in yield curve shape
- all group companies and the amounts of their deposits and loans on 31 Dec 2009 are constant and they are taken into account for full financial year of 12 months
- the change of interest rate for cash and liquidity deposits is taken into account

average change in average interest rate for 2010 compared with the interest rates on 31 Dec 2009 percentage points, % p.a.	change EUR '000 interest income full year	change EUR '000 interest expense full year	change EUR '000 net effect in profit or loss full year
-2.00%	-159	2 093	1 933
-1.50%	-119	1 569	1 450
-1.00%	-80	1 046	967
-0.50%	-40	523	483
0.00%	0	0	0
0.50%	40	-523	-483
1.00%	80	-1 046	-967
1.50%	119	-1 569	-1 450
2.00%	159	-2 093	-1 933

(iv) Credit risk

The maximum credit risk is equal to the carrying value of the receivables as of 31 December, and is split in the following way:

Category	31.12.2010 EUR million	31.12.2009 EUR million
Interest-bearing		
Cash and cash equivalents	8.6	55.9
Held-to-maturity investments, short-term	0.0	2.5
Receivables from related parties	21.2	10.1
Other interest-bearing receivables	9.8	6.7
Interest-bearing, total	**39.7**	**75.1**
Interest-free		
Trade receivables	13.7	25.7
Current prepayments and accrued income	18.0	10.9
Other short-term receivables	0.5	11.5
Long-term receivables	1.1	11.9
Interest-free, total	**33.3**	**60.3**
Total	**72.9**	**135.2**

Of the interest-bearing receivables as of 31 December 2010, some EUR 2.7 million, relating to the asset disposal of LP Kunnanharju Oy, have been put on an escrow account of a government authority due to claims from Sampo Bank. The claims, related to legal proceedings with LP Kunnanharju Oy and Sampo Bank, were settled after the end of the financial year and the escrow account has now been dissolved.

Credit risk can be realised when the counterparties in commercial, financial or other agreements cannot take care of their obligations and thus cause financial damage to the Group. The Group's operational policies define the creditworthiness requirements for customers and for counterparties in financial and derivative transactions, as well as the principles followed when investing liquidity. Related to the major sales agreements, the counterparty's credit rating is checked. Although the Group has not faced any major losses due to this reason to date, depending on the market development in the future it could happen.
The Minerals segment's key customers are major international stainless steel companies, or some specialty agents selling to the steel sector, with which there are typically long business histories. Since the customers represent one sector of industry, major changes in that industry's profitability could increase the credit risk; on the other hand, the payment terms of the Minerals business are typically quite short.

The Board of Directors of Ruukki Group Plc has determined a cash management policy for the Group's parent company, according to which the excess cash reserves are deposited for a short-term only and with sound financial institutions with which the Group has had business relations. These reserves are diversified into a number of counterparties so that a single entity can have a maximum of 40% share of total deposits. The credit rating of all significant counterparties is analysed from time to time.

During the financial year, credit losses booked through the profit and loss were not significant.

(v) Commodity risks

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

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

The Group's units that have industrial production operations are exposed to the availability, quality and price fluctuations in raw materials and commodities. To diminish these risks, the Group's business units try to enter into long-term agreements with known counterparties; however, this is always not possible due to the tradition and practice of the business. For the most part, as it is not possible or economically feasible to hedge commodity price risks in the Group's business sectors with derivative contracts, the Group did not have any commodity derivative contracts in place as of 31 December 2010.

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

Sensitivity analysis, Southern European minerals business

Financial Year 2010

Effect of changes in ferrochrome sales prices, EUR '000

Main assumptions:

- Sales price is equal to the December 2010 average
  - Ferrochrome 0.05% C, North America $/lb Cr
  - Average price 2.425 USD/lb Cr
- Average chrome content of 70% assumed
- EUR/USD rate on 31 Dec 2010 fixed at 1.3362, Bank of Finland
- Full capacity is assumed to be 30,000 tn / year

	Change in Sales price		Change in Operating Profit	Change in Group's Equity
	2.91	20%	16 804	15 964
	2.79	15%	12 603	11 973
	2.67	10%	8 402	7 982
	2.55	5%	4 201	3 991
USD/lb Cr	2.43	0%	0	0
	2.30	-5%	-4 201	-3 991
	2.18	-10%	-8 402	-7 982
	2.06	-15%	-12 603	-11 973
	1.94	-20%	-16 804	-15 964

Financial Year 2009

Effect of changes in ferrochrome sales prices, EUR '000

Main assumptions:

- Sales price is equal to the 8 January 2010 average price
  - Ferrochrome 0.10% C, European destinations $/lb Cr
  - Average price 1.825 USD/lb Cr
- Average chrome content of 70% assumed
- EUR/USD rate on 31 Dec 2009 fixed at 1.4406, Bank of Finland
- Full capacity is assumed to be 30,000 tn / year

	Change in Sales price		Change in Operating Profit	Change in Group's Equity
	2.19	20%	11 730	11 144
	2.10	15%	8 798	8 358
	2.01	10%	5 865	5 572
	1.92	5%	2 933	2 786
USD/lb Cr	1.83	0%	0	0
	1.73	-5%	-2 933	-2 786
	1.64	-10%	-5 865	-5 572
	1.55	-15%	-8 798	-8 358
	1.46	-20%	-11 730	-11 144

Sensitivity analysis, South African minerals business

Financial Year 2010

Effect of changes in ferrochrome sales prices, EUR '000

Main assumptions:
- Charge chrome production 100,000 tn/a
- Sales price is equal to the December 2010 market price
  - Charge chrome, basis 52% Cr
  - Quarterly price 1.3 USD/lb Cr
- Average chrome content of 50% assumed
- EUR/USD rate on 31 Dec 2010 fixed at 1.3362 (Bank of Finland)
- Full capacity is assumed to be 100,000 tn/a with maintenance break

	Change in Sales price		Change in Operating Profit	Change in Group's Equity
	1.56	20%	21 449	15 443
	1.50	15%	16 087	11 582
	1.43	10%	10 724	7 722
	1.37	5%	5 362	3 861
USD/lb Cr	1.30	0%	0	0
	1.24	-5%	-5 362	-3 861
	1.17	-10%	-10 724	-7 722
	1.11	-15%	-16 087	-11 582
	1.04	-20%	-21 449	-15 443

Financial Year 2009

Effect of changes in ferrochrome sales prices, EUR '000

Main assumptions:
- Charge chrome production 100,000 tn/a
- Sales price is equal to the 8 January 2010 average price
  - Ferro-chrome 6-8% C basis 60% Cr, max 1,5% Si
  - Average price was 0.95 USD/lb Cr
- Average chrome content of 50% assumed
- EUR/USD rate on 31 Dec 2009 fixed at 1.4406 (Bank of Finland)
- Full capacity is assumed to be 100,000 tn/a with maintenance break

	Change in Sales price		Change in Operating Profit	Change in Group's Equity
	1.14	20%	14 538	10 468
	1.09	15%	10 904	7 851
	1.05	10%	7 269	5 234
	1.00	5%	3 635	2 617
USD/lb Cr	0.95	0%	0	0
	0.90	-5%	-3 635	-2 617
	0.86	-10%	-7 269	-5 234
	0.81	-15%	-10 904	-7 851
	0.76	-20%	-14 538	-10 468

The South African ferroalloys smelting business of Mogale Alloys can change its product mix quite rapidly and flexibly. Therefore, only rough estimates on its sensitivity to commodity price changes can be given. In general, the full production capacity is about 100,000 metric t/a of various metal alloys. Assuming that all of the Mogale capacity would be used to charge chrome production only, which is only a simplification, and using the year-end 2010 sales price indications for charge chrome, the above table can be used as a rough proxy of the sales price sensitivities. It should also be taken into account that both changes in exchange rate, both the USD and ZAR, and changes in electricity prices can substantially affect the profitability in addition to changes in market prices.

RELATED PARTY DISCLOSURES

Group structure on 31 December 2010

Subsidiaries

Name	Country of incorporation	Group's ownership and share of votes (%)	Ruukki Group Plc's direct ownership and share of votes (%)
Minerals Business			
Southern Europe			
Elektrowerk Weisweiler GmbH	Germany	0.00 *	0.00
RCS Ltd	Malta	100.00	0.00
Ruukki Holdings Ltd	Malta	100.00	99.99
Synergy Africa Ltd	Malta	100.00	0.00
Türk Maadin Sirketi A.Ş.	Turkey	98.74	98.74
Intermetal Madencilik ve Ticaret A.Ş.	Turkey	99.00	0.00
Metal ve Maden ic ve Dis Pazarlama Tic Ltd, Sti	Turkey	97.76	0.00
TH Ören Madencilik TAO	Turkey	73.08	0.00
South Africa			
Ruukki South Africa (Pty) Ltd	South Africa	100.00	0.00
Mogale Alloys (Pty) Ltd	South Africa	84.90	0.00
Dezzo Trading 184 (Pty) Ltd	South Africa	100.00	0.00
PGR17 Investments (Pty) Ltd	South Africa	100.00	0.00
PGR3 Investments (Pty) Ltd	South Africa	63.00	0.00

* EWW is consolidated into the Group based on potential voting rights as described in the accounting principles of the consolidated financial statements.

Name	Country of incorporation	Group's ownership and share of votes (%)	Ruukki Group Plc's direct ownership and share of votes (%)
Discontinued operations (Wood Processing Business)			
Pohjolan Design-Talo Oy	Finland	100.00	100.00
DTG Rakennus Oy	Finland	100.00	0.00
Nivaelement Oy	Finland	100.00	0.00
RG Design-Talotekniikka Oy	Finland	70.10	0.00
Kirkkonummen Kiinteistökehitys Oy	Finland	100.00	0.00
Storms Villa Oy	Finland	100.00	0.00
Storms Gård Oy	Finland	100.00	0.00
Junnikkala Oy	Finland	51.02	0.00
LP Kunnanharju Oy (former Lappipaneli Oy)	Finland	100.00	0.00
Oplax Oy	Finland	100.00	100.00
Other group companies			
Alumni Oy	Finland	100.00	100.00
Balansor Oy	Finland	99.99	99.99
Hirviset Group Oy	Finland	100.00	100.00
Rekylator Oy	Finland	100.00	100.00
Ruukki Harvest Oy	Finland	100.00	0.00
Ruukki Invest Oy	Finland	100.00	0.00
Ruukki Saw Mill Oy	Finland	100.00	0.00
Ruukki Suisse SA	Switzerland	100.00	100.00
Ruukki Wood Oy	Finland	100.00	0.00
Ruukki Yhtiöt Oy	Finland	100.00	100.00
Utawood Oy	Finland	96.70	0.00

Joint ventures

Name	Country of incorporation	Group's ownership and share of votes (%)	Ruukki Group Plc's direct ownership and share of votes (%)
Minerals Business			
Synergy Africa Ltd	United Kingdom	51.00	0.00
Chromex Mining plc	United Kingdom	51.00	0.00
Chromex Africa Ltd	Guernsey	51.00	0.00
Chromex Mining Company (Pty) Ltd	South Africa	37.74	0.00
Ilitha Mining (Pty) Ltd	South Africa	41.05	0.00
Mkhombi Stellite (Pty) Ltd	South Africa	44.24	0.00
Waylox Mining (Pvt) Ltd	Zimbabwe	51.00	0.00

Associated companies

Name	Country of incorporation	Group's ownership and share of votes (%)	Ruukki Group Plc's direct ownership and share of votes (%)
Minerals Business			
PGR Manganese (Pty) Ltd *	South Africa	49.00	0.00
Special Super Alloys SSA Inc.	United States	20.00	0.00
Other associates (excl. passive companies)			
Incap Furniture Oy **	Finland	24.06	12.45
ILP-Group Ltd Oy	Finland	33.44	33.44
Valtimo Components Oyj ***	Finland	24.90	24.90

* A holding company that was founded in relation to Mogale acquisition and which owns 10% of Mogale shares.
** In a corporate restructuring process
*** In a corporate restructuring process. Ruukki's ownership can increase to 39.23% if the shares sold earlier, held as pledge, are not paid in cash to Ruukki.

The Group's subsidiary Mogale Alloys owns a 30 percent interest in Nuco Chrome Bophuthatswana (Pty) Ltd, but there are certain outstanding legal disputes around the ownership. Moreover, the Group's subsidiary PGR3 has a 30 percent interest in Leswikeng UG2 Minerals (Pty) Ltd.

Related party transactions

Ruukki Group Plc defines the related party consisting of:

- companies, entities or persons having common control or considerable voting power in Ruukki Group
- subsidiaries
- joint ventures
- associates
- Ruukki Group Plc's and the above mentioned entities' top management

The main terms of the employment agreement signed with Danko Koncar, Acting Managing Director, valid at 31 December 2010, are the following:

- a fixed monthly gross salary of EUR 25,000;
- the bonus salary is based on targets set by the Board in advance and annually capped at 24 months' gross salary;
- no share-based incentives;
- no extra pensions or pension age benefits; and
- six months notice period and the notice period pay.

Related party transactions with persons belonging to the Group's Board and management

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

EUR '000		2010		2009	
		Salaries	Fees	Salaries	Fees
Baum Philip	Board member 21.4.2010 onwards		57		
Everard Paul	Board member 21.4.2010 onwards		56		
Havia Jukka	Deputy CEO 12.9.2008 - 15.4.2010	96		243	
Hoyer Thomas	Board member 7.10.2008 - 21.4.2010	342	18	150	60
Hukkanen Esa	Board member 11.7.2008 -7.5.2009 *			32	20
Kankaala Markku	Board member 30.6.2003 onwards		62		60
Kivimaa Antti	CEO's deputy 1.9.2007 - 12.9.2008;			123	
	Deputy CEO 12.9.2008- 30.9.2009 **				
Koncar Danko	Board member 31.3.2008 - 11.7.2008 and 11.8.2010 onwards	75			
	Acting Managing Director 14.10.2010 onwards				
Manojlovic Jelena	Board member 11.7.2008 onwards,				
	Chairperson 17.6.2009 onwards		93		75
McConnachie Terence	Board member 7.10.2008 - 31.8.2010		41		60
Pointon Chris	Board member 21.4.2010 onwards		58		
Rourke Barry	Board member 21.4.2010 onwards		59		
Smit Alwyn	Board member 31.3.2008 - 17.6.2009 and 11.8.2010 - 14.10.2010	1 095		458	75
	Chairman 11.7.2008 - 17.6.2009				
	Group CEO 12.9.2008 - 14.10.2010				
Total		**1 608**	**444**	**1 005**	**350**

As some of the Board members have also had executive management roles, both the Board fees and the salaries in relation to the executive role have been presented above. Of the aforementioned items, accruals based and unpaid salaries and fees totalled EUR 645,000 (265,000) on 31 December 2010, which was mainly related to bonus accruals and termination benefits.

In addition to the sums presented above, Thomas Hoyer was granted Ruukki Group Plc shares in October 2009 with a total value of EUR 100,000. This has been recognised as a personnel expense in the 2009 income statement.

Management remuneration

Management remuneration includes Ruukki Group Plc's Board members and management executive committee.

EUR '000	2010	2009
Short-term employee benefits	3 398	1 355
Pensions (TyeL)	497	237
Termination benefits	637	0
Share-based payments	1 688	991
Total	**6 220**	**2 583**

For the Group companies' Managing Directors (excluding Ruukki Group Plc's management executive committee members) and Board members a total of EUR 1,420,000 (1,600,000) has been paid as salaries and Board membership fees and EUR 0,0 (7,600) as additional pension insurance payments.

Earn-out structures

Future earn-out structures, based on the future profitability of target companies, have been typical for certain of the Group's acquisitions. These earn-out liabilities have been settled by cash or by Ruukki Group Plc's treasury shares. All future related conditional earn-out payments have been estimated, and the estimated amounts have been recognised on the consolidated statement of financial position as liabilities.

Certain of the Company's Board members and subsidiaries' management team members, or their related parties, are and/or have been either directly or through entities controlled by them counterparties in acquisitions where there are earn-out structures to be settled either in cash or in Ruukki Group Plc's shares. The unsettled earn-out liabilities with related parties amounting to EUR 35.0 million, as estimated and recognised on 31 December 2010 (estimate on 31 December 2009 was EUR 29.1 million) will be settled in Ruukki Group Plc's shares.

Paid / accrued earn-outs

On the period which results the earn-outs are based on

EUR '000	2009	2010	2011	2012	2013
Danko Koncar (Kermas Limited), acting MD of Ruukki Group Plc	5 170	1 337	3 401	11 607	13 473
Segment management and their related parties, total	65				
Other Ruukki Group employees and their related parties, total	181				
Total	**5 415**	**1 337**	**3 401**	**11 607**	**13 473**

Earn-out and deferred purchase consideration payments to related parties

Ruukki South Africa paid a deferred and unconditional purchase consideration of EUR 13.7 million to the Mogale vendors being related parties. In 2009, Ruukki South Africa paid EUR 0.7 million as deferred and conditional purchase consideration to the parties. The parties, however, have different opinions as to whether all the conditions have been met or not, so no additional payments have been made after the aforementioned payment.

Ruukki Group Plc paid EUR 0.1 (0.2) million as earn-out payments to Pohjolan Design-Talo Oy's ex-CEO and EUR 0.9 (0.9) million as fixed deferred purchase consideration.

In 2009, Ruukki Yhtiöt Oy paid EUR 0.2 million as earn-out payments to the sellers of Tervolan Saha ja Höyläämö Oy.

Capital redemption and dividend payout to related parties

Ruukki Group Plc paid EUR 6.1 (4.5) million capital redemption to related parties, based on the resolution by the Annual General Meeting held on 21 April 2010. Furthermore, the Group's subsidiaries have paid EUR 0.4 (0.5) million dividends to minority shareholders being related parties of the companies.

Loans to and from related parties

On 27 May 2010, Ruukki agreed a new USD 55 million standby facility with Kermas Ltd, a major shareholder of Ruukki Group Plc, for working capital purposes. An amendment agreement was entered into on 30 June 2010, under which Kermas agreed to provide security of more than USD 25 million as collateral in respect of its obligations under the facility agreement. A pledge agreement was also entered into on 30 June 2010 between Kermas and the Company. The facility was originally available to be drawn down for a period of two years from the date of the agreement, although this has now been amended to a period ending on 31 December 2011. The pledge agreement is in effect until 31 December 2011. At the end of the financial year 2010, the Group has not drawn down any of the loan.

Related to the Chromex acquisition, Ruukki Holdings has entered into a facility agreement of USD 20.3 million with Kermas, in accordance with the terms and conditions disclosed in the related party circular published on 22 October 2010. At the end of the financial year 2010, Ruukki Holdings has fully drawn down the loan.

Related to the Chromex acquisition, Synergy Africa Ltd, a joint venture company of Ruukki Group and Kermas, has entered into a facility agreement of USD 32.2 million with Kermas, in accordance with the terms and conditions disclosed in the related party circular published on 22 October 2010. At the end of the financial year 2010, Synergy Africa has drawn down USD 29.1 million of the loan.

The Group has a EUR 11.2 million loan receivable from its joint venture company.

Ruukki Group Plc had on 31 December 2010 an interest-bearing, short-term receivable, with no collateral backing, from the Company's ex-CEO of EUR 0.4 (0.9) million. During 2010, EUR 0.4 (0.5) million of the loan was repaid.

Elektrowerk Weisweiler had on 31 December 2010 a EUR 10.0 (10.0) million receivable from the company's parent company Kermas Ltd. There were no accrued interests on the loan on 31 December 2010 (accrued interests on 31 December 2009 totalled EUR 0.1 million).

On 31 December 2010, Junnikkala Oy had EUR 0.1 (0.5) million dividend distribution liability to its minority shareholders.

Consultancy and other fees to entities controlled by related parties

Ruukki Group paid EUR 0.2 million in 2009 as consultancy fees and other expenses to companies controlled by individuals being related parties.

Transactions with associated companies

Relating to the preparations of Ruukki's Russian sawmill project, the Group's subsidiary has temporarily used (since summer 2008) warehousing services provided by Ruukki Group Plc's associate. The subsidiary has paid EUR 0.4 (0.5) million for these services.
During 2009, the Group's sawmills sold sawn timber to an associated company for a total value of EUR 0.3 million.

> ” On 30 September 2010, Ruukki made an announcement to acquire the entire issued and to be issued share capital of Chromex Mining plc.

Other related party transactions

On 30 September 2010, Ruukki made an announcement regarding the recommended cash offer to be made by Synergy Africa Ltd, a company 51% owned by Ruukki Group Plc and 49% owned by Kermas Ltd, to acquire the entire issued and to be issued share capital of Chromex Mining plc. While Kermas holds 28.5% of Ruukki's issued shares, under the Listing Rules, the arrangements between Kermas and Ruukki constitute a related party transaction requiring the approval of Ruukki Shareholders (other than Kermas). An Extraordinary General Meeting held on 17 November approved all the arrangements between the Company, Kermas and Synergy Africa relating to the formation and financing of the acquisition vehicle Synergy Africa and the acquisition and subsequent holding of shares in Chromex Mining plc.

The Group has a EUR 0.3 million trade receivable from its joint venture company.

In February 2010, Türk Maadin Sirketi acquired 99% of the shares in Intermetal from the company's Managing Director for a EUR 0.3 million cash consideration.

The Group's Minerals Business segment has sold its products and rendered services to related parties for a total value of EUR 5.5 million.

Pohjolan Design-Talo Oy signed a contract to sell a house for EUR 0.1 million to a person belonging to related parties.

Other related party transactions in 2009

The Group's Minerals Business subsidiary bought chromite concentrate from a related party for a value of EUR 0.3 million.

The Group's house building subsidiary sold electro-technical work to a controlled corporation of its minority shareholder for a total value of EUR 0.1 million.

The Group's sawmill business subsidiary acquired an office building from a related party for a total value of EUR 0.2 million.

Ruukki Yhtiöt Oy sold its 91.42% stake in Tervolan Saha ja Höyläämö Oy ('TSH') to TSH as part of TSH's directed acquisition of TSH's own shares. The effective date for the transfer of the shares to TSH was 31 December 2009. In conjunction with the deal, the call option agreement with TSH minority shareholders was dissolved. The consideration for the shares totalled EUR 4.1 million and was paid in cash in December. TSH also distributed a EUR 3.7 million dividend to Ruukki Yhtiöt Oy.

During December, Ruukki Yhtiöt Oy terminated the put options it had written in relation to the Junnikkala acquisition, after which it only has the call option left in accordance with the original transaction agreements.

The Group's Minerals Business subsidiary purchased raw materials from Leswikeng UG2 Minerals (Pty) Ltd, for a total value of EUR 0.4 million.

OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G1. Revenue

EUR '000	2010	2009
Continuing operations		
Sale of goods	123 297	71 047
Rendering of services	50	1
	123 347	71 048
Discontinued operations		
Sale of goods	121 957	119 984
Rendering of services	3 150	1 461
Construction contracts	0	867
	125 107	122 312
Total	**248 454**	**193 359**

The services revenue of discontinued operations mainly comes from house building business's HVAC and electrical services sales as well as from services attached to the deliveries of wooden pallets. Construction contracts in 2009 relate to Ruukki's house building business, where there were deliveries of leisure homes; the projects' revenue was recognised based on the stage of completion of those projects.

G2. Other operating income

EUR '000	2010	2009
Gain on disposal of property, plant and equipment	63	217
Gain on disposal of investments	0	840
Government grants	24	3
Insurance compensations	0	2
Rental income	599	460
Other	1 168	6 066
Total	**1 854**	**7 587**

The 2009 other operating income includes a EUR 5.3 million non-recurring item based on the termination of the put option arrangement in relation to Junnikkala Oy sawmill.

G3. Employee benefits

EUR '000	2010	2009
Salaries and wages	-30 241	-22 177
Share-based payments	-1 688	-991
Pensions, defined contribution plans	-1 947	-3 253
Pensions, defined benefit plans	-820	-806
Other employee related costs	-2 131	-1 003
Total	**-36 827**	**-28 230**

Average personnel during the accounting period

	2010	2009
Minerals Business	663	517
Group Management and other operations	14	12
Discontinued operations	288	295
Total	**965**	**824**

Personnel at the end of the accounting period

	2010	2009
Minerals Business	712	629
Group Management and other operations	10	12
Discontinued operations	308	252
Total	**1 030**	**893**

Defined benefit pension plans

The majority of the Group's pension plans are defined contribution plans for which a total expense of EUR 2.8 million has been recognised on the 2010 income statement. In addition, the Group's German subsidiary has defined benefit plans. The obligations relating to the plans have been defined by actuarial calculations. The pension scheme is arranged by recognising a provision on the statement of financial position. The present value of the obligation less fair value of plan assets totalled EUR 10.9 (11.0) million on 31 December 2010. The Group has considered that the value on 31 December also corresponds with the amount of net obligation at the balance sheet date. The Group does not possess the assets of the pension plans.

Retirement benefit obligation

EUR '000	2010	2009
Present value of funded obligation	14 619	13 740
Fair value of plan assets	-3 357	-3 035
	11 262	10 705
Unrecognised actuarial gains/losses	-343	330
Net liability	**10 919**	**11 035**

Movements in defined benefit obligation

EUR '000	2010	2009
Defined benefit obligations at 1.1.	13 740	13 082
Benefits paid by the plan	-601	-573
Current service costs	207	198
Interest expence	772	748
Actuarial (gains) losses	501	285
Closing balance at 31.12.	**14 619**	**13 740**

Movements in the fair value of the plan assets

EUR '000	2010	2009
Fair value of the plan assets at 1.1.	3 035	2 660
Expected return on plan assets	159	140
Benefits paid by the plan	-65	-59
Actuarial gains (losses)	-172	-79
Contributions paid into the plan	400	372
Closing balance at 31.12.	**3 357**	**3 035**

The funded pension plan has been financed through an insurance company and therefore asset specification is not available.

Expense recognised in income statement

EUR '000	2010	2009
Current service cost	-207	-198
Interest cost	-772	-748
Expected return on plan assets	159	140
	-820	-806

Actual return on plan assets totalled EUR -13,000 (61,000) in 2010.

Principal actuarial assumptions

	2010	2009
Discount rate	5.32%	5.75%
Expected retirement age	65	65
Expected return on plan assets	4.5%	5.0%
Expected rate of salary increase	3%	3%
Inflation	2.25%	2.25%

Moreover, mortality expectancy in accordance with the German "Richttafeln 2005 G" has been applied in the valuations. The expected pension increases are in line with German pension legislation. The Group expects to recognise a EUR 0.9 million defined benefit plan expense in the 2011 income statement.

Historical information

EUR '000	2010	2009	2008
Present value of defined benefit obligation	-14 619	-13 740	-13 082
Fair value of plan assets	3 357	3 035	1 966
Deficit in the plan	**-11 262**	**-10 705**	**-11 116**
Experience adjustments arising on plan liabilities	244	-110	
Experience adjustments arising on plan assets	-172	-79	

Provision for retirement pay liability in Turkey

In accordance with existing social legislation in Turkey, the Turkish subsidiary of the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability was based upon the retirement pay ceiling announced by the Government. On 31 December 2010, employee severance indemnity of EUR 0.7 (0.5) million was recognised in the financial statements in accordance with IAS 19.

G4. Depreciation, amortisation and impairment

Depreciation / amortisation by asset category

EUR '000	2010	2009
Intangible assets		
Trademarks	-141	-141
Clientele and technology	-20 007	-17 460
Other intangible assets	-563	-310
Total	**-20 711**	**-17 911**
Property, plant and equipment		
Buildings and constructions	-1 941	-1 621
Machinery and equipment	-6 202	-5 868
Other tangible assets	-1 798	-1 559
Total	**-9 941**	**-9 048**

Impairment by asset category

EUR '000	2010	2009
Machinery and equipment	-629	0
Goodwill	-40 097	-19 079
Total	**-40 726**	**-19 079**

Reversal of impairmet losses by asset category

EUR '000	2010	2009
Machinery and equipment	0	2 059
Total	**0**	**2 059**

During December 2010, EUR 40.1 (19.1) million impairment charge on goodwill of Mogale Alloys was recognised. In addition, EBIT for the financial year 2010 includes EUR 0.6 million impairment on disposed assets.

Due to the sale of Lappipaneli Oy's assets at the end of 2009, a EUR 2.1 million impairment loss recognised in 2008 on tangible assets was reversed in December 2009. In addition, below EBIT in the 2009 income statement there is additional impairment on the shares of associates (in 2009 EUR 0.9 million) and write-downs of financial assets in relation to the Russian projects (in 2009 EUR 1.5 million).

G5. Other operating expenses

EUR '000	2010	2009
Loss on disposal of property, plant and equipment	-5	0
Rental costs	-2 349	-1 416
External services	-16 442	-1 786
Other	-17 049	-17 409
Total	**-35 846**	**-20 611**

The increase in external services related expenses is mainly due to the London listing process, based on which EUR 5.2 million expenses were recorded in the 2010 income statement. In addition, Ruukki has used external consultants related to, e.g. mergers and acquisitions carried out during the financial year.

G6. Finance income and expense

Finance income

EUR '000	2010	2009
Dividend income from others	6	4
Interest income on held-to-maturity investments	3	1 123
Interest income on loans and trade receivables	786	1 419
Net foreign exchange gains	1 367	1 959
Other finance income	53	1 366
Total	**2 214**	**5 871**

Finance expense

EUR '000	2010	2009
Interest expense on financial liabilities measured at amortised cost	-1 637	-1 930
Impairment losses on receivables relating to discontinued operations in Russia	0	-1 483
Net foreign exchange losses	-1 463	-4 707
Unwinding of discount, provisions	-564	-462
Other finance expenses	-431	-724
Total	**-4 094**	**-9 306**
Net finance income / expense	**-1 880**	**-3 435**

G7. Income taxes

EUR '000	2010	2009
Income tax for the period	-3 037	-703
Income tax for previous years	4 407	-1 764
Deferred taxes	10 229	8 076
Total	**11 599**	**5 609**

EUR '000	2010	2009
Profit before taxes	**-62 724**	**-28 336**
Income tax calculated at income tax rate	**16 308**	**7 367**
Tax exempt income	2 862	206
Difference between domestic and foreign tax rates	1 306	577
Income tax for previous years	4 407	5 722
Income from associates	101	29
Impairment losses	-10 589	-4 425
Tax losses not recognised as deferred tax assets	-3 645	-3 278
Non-tax deductible expenses	-1 345	-589
Previously unrecognised tax losses now recognised	2 194	0
Total adjustments	**-4 709**	**-1 758**
Income tax recognised	**11 599**	**5 609**

Taxes for previous years include tax refunds and reversals of tax accruals made during previous financial years. Deferred taxes are positive mainly due to diminished deferred tax liabilities. The Group companies had on 31 December 2010 unused tax losses totalling EUR 4.3 (3.5) million of which the Group has not recognised deferred tax assets.

G8. Earnings per share

	2010			2009		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the parent company (EUR '000)	-65 365	12 755	-52 611	-31 530	11 787	-19 744
Weighted average number of shares, basic (1 000)	239 363	239 363	239 363	250 175	250 175	250 175
Basic earnings per share (EUR) total	**-0.27**	**0.05**	**-0.22**	**-0.13**	**0.05**	**-0.08**

	2010			2009		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the parent company (EUR '000)	-65 365	12 755	-52 611	-31 530	11 787	-19 744
Weighted average number of shares, basic (1 000)	239 363	239 363	239 363	250 175	250 175	250 175
Effect of share options on issue (1 000)	28 266	28 266	28 266	45 281	45 281	45 281
Weighted average number of shares, diluted (1 000)	267 629	267 629	267 629	295 456	295 456	295 456

Basic earnings per share is calculated by dividing profit attributable to the owners of the parent company by weighted average number of shares during the financial year.

When calculating the diluted earnings per share, all convertible securities with potential dilution effect are assumed to be converted in shares. Share options have a dilution effect if the exercise price is lower than share price. The diluted number of shares is the number of shares that will be issued free of charge when share options are exercised since with the funds received from exercising options, the Company is not able to issue the same number of shares at fair value. The fair value of shares is based on average share price of the period.

In the financial years 2010 and 2009, the basic earnings per share of the Group total and continuing operations was negative, thus the diluted earnings per share is not presented even though it would be better than the basic (undiluted) earnings per share. The calculation method is, however, described above.

G9. Property, plant and equipment

EUR '000	Land and water property	Buildings and constructions	Machinery and equipment	Minerals assets	Other tangible assets	Total
Balance at 1.1.2010	1 217	18 816	95 217	9 641	2 650	127 541
Additions	191	1 876	15 781		315	18 163
Business combinations			4 330	29 451	24	33 805
Disposals		-14	-4 006		-24	-4 044
Reclass between items			186	10	102	298
Transfer to assets held for sale	-852	-10 377	-37 480		-904	-49 614
Effect of movements in exhange rates	0	257	5 771	397	141	6 566
Balance at 31.12.2010	**556**	**10 558**	**79 799**	**39 499**	**2 303**	**132 715**
Accumulated depreciation and impairment 1.1.2010	0	-4 905	-39 800	-1 406	-774	-46 885
Depreciation		-1 941	-6 202	-1 301	-497	-9 941
Business combinations			-355		-6	-361
Disposals			169		19	189
Transfer to assets held for sale		1 806	10 356		226	12 388
Effect of movements in exhange rates		35	-585	-12	-75	-637
Accumulated depreciation and impairment at 31.12.2010	**0**	**-5 005**	**-36 417**	**-2 719**	**-1 106**	**-45 247**
Carrying amount at 1.1.2010	**1 217**	**13 911**	**55 417**	**8 235**	**1 876**	**80 655**
Carrying amount at 31.12.2010	**556**	**5 553**	**43 383**	**36 780**	**1 197**	**87 468**
Balance at 1.1.2009	1 841	23 627	79 753	9 667	3 124	118 012
Additions	3	1 343	11 063		475	12 883
Business combinations		1 819	20 891		221	22 931
Disposals of subsidiaries	-100	-3 933	-3 024		-100	-7 156
Disposals		-451	-4 491		-174	-5 116
Transfer to assets held for sale	-527	-3 510	-10 486		-931	-15 454
Effect of movements in exhange rates	0	-79	1 512	-26	35	1 442
Balance at 31.12.2009	**1 217**	**18 816**	**95 217**	**9 641**	**2 650**	**127 541**
Accumulated depreciation and impairment 1.1.2009	0	-5 847	-41 630	-201	-700	-48 379
Depreciation		-1 621	-5 868	-1 180	-380	-9 048
Impairment			2 059			2 059
Disposals of subsidiaries		2 061	2 949		55	5 065
Disposals			117		0	117
Transfer to assets held for sale		426	2 605		256	3 287
Effect of movements in exhange rates		76	-32	-25	-4	14
Accumulated depreciation and impairment at 31.12.2009	**0**	**-4 905**	**-39 800**	**-1 406**	**-774**	**-46 885**
Carrying amount at 1.1.2009	**1 841**	**17 779**	**38 123**	**9 466**	**2 424**	**69 633**
Carrying amount at 31.12.2009	**1 217**	**13 911**	**55 417**	**8 235**	**1 876**	**80 655**

Machinery and equipment include the prepayments paid for them.

In property, plant and equipment, assets purchased through finance leases are as follows:

Equipment under finance lease

EUR '000	Machinery and equipment	Buildings	Total
31.12.2010			
Balance	78	0	78
Accumulated depreciation	-78	0	-78
Carrying amount	**0**	**0**	**0**
31.12.2009			
Balance	427	0	427
Accumulated depreciation	-131	0	-131
Carrying amount	**296**	**0**	**296**

G10. Intangible assets

EUR '000	Goodwill	Intangible assets identified acc. to IFRS3	Other intangible assets	Exploration and evaluation assets	Total
Balance at 1.1.2010	206 280	128 308	2 623	335	337 547
Additions			71	782	852
Business combinations	1		994	547	1 542
Changes in earn-out liabilities	5 837				5 837
Transfers between items	-1 516	-423	1 699		-240
Transfer to assets held for sale	-25 525		-994		-26 519
Effect of movements in exchange rates	25 329	9 864	22	-13	35 201
Balance at 31.12.2010	**210 406**	**137 749**	**4 414**	**1 652**	**354 221**
Accumulated amortisation and impairment at 1.1.2010	-33 430	-26 907	-1 297	0	-61 633
Amortisation		-20 148	-387	-177	-20 711
Impairment	-40 097				-40 097
Business combinations			-53		-53
Transfer to assets held for sale			426		426
Effect of movements in exchange rates	-7 759	-1 128	2	6	-8 878
Accumulated amortisation and impairment at 31.12.2010	**-81 285**	**-48 182**	**-1 308**	**-170**	**-130 946**
Carrying amount at 1.1.2010	**172 850**	**101 401**	**1 327**	**335**	**275 914**
Carrying amount at 31.12.2010	**129 120**	**89 567**	**3 106**	**1 481**	**223 275**
Balance at 1.1.2009	101 807	81 101	2 520	0	185 429
Additions	307		286	334	928
Business combinations	116 526	44 663	64		161 253
Disposals of subsidiaries	-684	-1 222	-146		-2 052
Changes in earn-out liabilities	-21 638				-21 638
Transfer to assets held for sale			-101		-101
Effect of movements in exchange rates	9 963	3 766	-1	1	13 729
Balance at 31.12.2009	**206 280**	**128 308**	**2 623**	**335**	**337 547**
Accumulated amortisation and impairment at 1.1.2009	-14 560	-10 500	-985	0	-26 044
Amortisation		-17 601	-310		-17 911
Impairment	-19 079				-19 079
Disposals of subsidiaries	684	1 222			1 907
Effect of movements in exchange rates	-475	-28	-2		-505
Accumulated amortisation and impairment at 31.12.2009	**-33 430**	**-26 907**	**-1 297**	**0**	**-61 633**
Carrying amount at 1.1.2009	**87 248**	**70 601**	**1 536**	**0**	**159 385**
Carrying amount at 31.12.2009	**172 850**	**101 401**	**1 327**	**335**	**275 914**

G11. Investments in associates

EUR '000	Domicile	Balance sheet value	Ownership (%)	Balance sheet date	Assets	Liabilities	Revenue	Profit / loss
2010								
Core associates								
Specialty Super Alloys SSA Inc	United States	65	20.0	31.12.2010	574	188	1 208	172
PGR Manganese (Pty) Ltd *	South Africa	0	49.0		holding company			
		65						
Non-core associates								
ILP-Group Ltd Oy	Finland	219	33.4					
Incap Furniture Oy **	Finland	0	24.1					
Loopm Oy	Finland	0	28.4					
Rivest Oy	Finland	0	40.0					
Sportslink Group Oy	Finland	0	25.0					
Valtimo Components Oyj **	Finland	0	24.9					
		219						

EUR '000	Domicile	Balance sheet value	Ownership (%)	Balance sheet date	Assets	Liabilities	Revenue	Profit / loss
2009								
Core associates								
Specialty Super Alloys SSA Inc	United States	27	20.0	31.12.2009	288	159	157	-180
PGR Manganese (Pty) Ltd *	South Africa	0	49.0		holding company			
		27						
Non-core associates								
Arc Technology Oy	Finland	105	37.4					
ILP-Group Ltd Oy	Finland	225	33.4					
Incap Furniture Oy **	Finland	0	24.1					
Loopm Oy	Finland	0	28.4					
Rivest Oy	Finland	0	40.0					
Stellatum Oy	Finland	145	34.0					
Sportslink Group Oy	Finland	0	25.0					
Valtimo Components Oyj **	Finland	0	24.9					
Widian Oy	Finland	6	39.6					
		481						

* A company founded in relation to Mogale acquisition that owns Mogale shares.
** Incap Furniture Oy and Valtimo Components Oyj are in a corporate restructuring process.

The income statement related items of associated companies of Minerals segment ('core-associates') are presented above EBIT. The Group decided in conjunction with the 2009 financial statements, to change the way it presents the share of associated profits, sales gains and losses related to associates, and impairment on associates' shares and receivables, to the extent they relate to associated companies owned by the Group's parent company ('non-core associates') and not belonging to business segments. Hence, from 2009 onwards these non-core items are presented in finance items below EBIT, when previously they have been presented above EBIT. The rationale behind the change in presenting these items is that these associated companies are not material and that they are classified as non-core assets.

Movements in 2010

EUR '000	
1.1.2010	**507**
Disposals	
Arc Technology Oy	-98
Stellatum Oy	-166
Widian Oy	-6
Share of profit	420
Dividends	-412
Exchange rate differences	38
31.12.2010	**284**

During the financial year 2010, Ruukki disposed of its holdings in Arc Technology Oy, Stellatum Oy and Widian Oy.

Movements in 2009

EUR '000	
1.1.2009	**1 770**
Additions	
Specialty Super Alloys SSA Inc	63
Leswikeng UG2 Minerals (Pty) Ltd	67
Disposals	
Cybersoft Oy	-362
Share of profit	111
Dividends	-213
Impairment	-928
31.12.2009	**507**

The impairment losses recognised in 2009 relate to ILP-Group Ltd Oy, and were caused by adverse changes in the company's target markets development and financial situation.

Other investments

Company name	Ownership (%)	
Leswikeng UG2 Minerals (Pty) Ltd	18.9	Considered as an other investment, while the Group's effective stake is 18.90%
Selka-line Oy	19.4	A former subsidiary of the Group that operates in the metal contract furniture and furniture component business
Finnish Wood Research Oy	16.7	A non-profit wood product industry joint research company

Investments in joint ventures

At the end of the financial year 2010, the Group had joint control over one jointly controlled entity, Synergy Africa Ltd, in which the Group has a 51% interest. The acquisition of Chromex Mining plc, a UK company with mining operations and prospecting rights in southern Africa, was carried out by this joint venture company. Chromex has been consolidated as a joint venture company in the financial reporting of the Group starting at 31 December 2010 applying proportional consolidation.

Ruukki's share of the assets and liabilities of the Chromex Group at the balance sheet date 31.12.2010 is presented below.

EUR '000	2010	2009
Non-current assets		
Other intangible assets	1 200	0
Property, plant and equipment	33 325	0
Other non-current assets	939	0
Non-current assets total	**35 464**	**0**
Current assets		
Inventories	957	0
Trade and other receivables	2 256	0
Cash and cash equivalents	242	0
Current assets total	**3 455**	**0**
Total assets	**38 919**	**0**
Non-current liabilities		
Interest-bearing liabilities	22 752	0
Deferred tax liability	8 619	0
Provisions	1 993	0
Non-current liabilities total	**33 363**	**0**
Current liabilities		
Trade payables	7 007	0
Other current liabilities	7	0
Current liabilities total	**7 014**	**0**
Total liabilities	**40 378**	**0**

G12. Financial assets and liabilities

31.12.2010

EUR '000	Assets available-for-sale	Assets held-to-maturity	Loans and other receivables	Assets at fair value through profit or loss	Liabilities measuted at amortised cost	Carrying amounts by balance sheet items
Non-current financial assets						
Non-current interest-bearing receivables		554	28 312			28 865
Trade and other receivables			764			764
Other financial assets	440					440
Current financial assets						
Current interest-bearing receivables			2 200			2 200
Trade and other receivables *			13 933			13 933
Cash and cash equivalents			8 598			8 598
Carrying amount of financial assets	**440**	**554**	**53 807**			**54 800**
Fair value of financial assets	**440**	**554**	**53 807**			**54 800**
Non-current financial liabilities						
Non-current interest-bearing liabilities					102 244	102 244
Other non-current liabilities					29 553	29 553
Current financial liabilities						
Current interest-bearing liabilities					4 577	4 577
Trade and other payables **					26 080	26 080
Carrying amount of financial liabilities					**162 454**	**162 454**
Fair value of financial liabilities					**162 454**	**162 454**

* Non-financial assets and liabilities are not included in the figure.

31.12.2009

EUR '000	Assets available-for-sale	Assets held-to-maturity	Loans and other receivables	Assets at fair value through profit or loss	Liabilities measuted at amortised cost	Carrying amounts by balance sheet items
Non-current financial assets						
Non-current interest-bearing receivables		669	14 525			15 194
Trade and other receivables			585			585
Other financial assets	444					444
Current financial assets						
Current interest-bearing receivables		2 500	2 765			5 265
Trade and other receivables *			25 965			25 965
Other financial assets				314		314
Cash and cash equivalents			55 852			55 852
Carrying amount of financial assets	**444**	**3 169**	**99 693**	**314**		**103 619**
Fair value of financial assets	**444**	**3 169**	**99 693**	**314**		**103 619**
Non-current financial liabilities						
Non-current interest-bearing liabilities					75 506	75 506
Other non-current liabilities					26 226	26 226
Current financial liabilities						
Current interest-bearing liabilities					39 008	39 008
Trade and other payables *					23 757	23 757
Carrying amount of financial liabilities					**164 497**	**164 497**
Fair value of financial liabilities					**164 497**	**164 497**

* Non-financial assets and liabilities are not included in the figure.

Fair value hierarchy

31.12.2010

EUR '000	Carrying amounts at the end of the reporting period: Level 1	Level 2	Level 3
Financial assets at fair value			
Derivatives			
Other financial assets			
Total			
Available-for-sale financial assets			
Other financial assets			440
Financial liabilities at fair value			
Derivatives			
Total			

EUR '000	Level 3
Level 3 reconciliation	
Acquisition cost at 1.1.2010	**743**
Disposals	0
Transfer to assets held for sale	-61
Reclass between items	0
Effect of movements in exchange rates	57
Acquisition cost at 31.12.2010	**739**
Accumulated impairment losses at 1.1.2010	-299
Accumulated impairment losses at 31.12.2010	-299
Carrying amount at 31.12.2010	**440**

31.12.2009

EUR '000	Carrying amounts at the end of the reporting period: Level 1	Level 2	Level 3
Financial assets at fair value			
Derivatives			
Other financial assets		314	
Total		**314**	
Available-for-sale financial assets			
Other financial assets			444
Financial liabilities at fair value			
Derivatives			
Total			

EUR '000	Level 3
Level 3 reconciliation	
Acquisition cost at 1.1.2009	**423**
Additions	320
Disposals	0
Acquisition cost at 31.12.2009	**743**
Accumulated impairment losses at 1.1.2009	-299
Accumulated impairment losses at 31.12.2009	-299
Carrying amount at 31.12.2009	**444**

Available for sale financial assets consist of non-listed equities that have been revalued at cost because their fair value cannot be estimated reliably. In 2009, financial assets at fair value through profit or loss include CO_2 emission rights, whose fair value has been determined based on the Nordpool closing price for emission rights.

Non-current receivables

EUR '000	2010	2009
Trade receivables	4 379	9
Loan receivables	21 222	10 954
Receivables on disposals of subsidiaries	2 669	3 685
Other receivables	10 679	11 481
Total	**38 949**	**26 130**

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

G13. Deferred tax assets and liabilities

Movements in deferred taxes in 2010

EUR '000	31.12.2009	Exchange rate differences	Recognised in P&L or deferred taxes from fair value adjustments	Recognised in equity	Business combinations and divestments	31.12.2010
Deferred tax assets:						
Unrealised expenses	932	54	1 186	20	939	3 131
Depreciation not deducted in taxation	0					0
Pension liabilities	1 072		-27			1 045
From translation difference	0					0
Group eliminations	259		-143			116
Transfer to assets held for sale	0				-214	-214
Total	**2 263**	**54**	**1 016**	**20**	**726**	**4 079**
Deferred tax liabilities:						
Assets at fair value in acquisitions	37 280	1 541	-7 463	0	10 286	41 645
Translation difference	3 325			9 815		13 140
Accumulated difference between actual and tax deductible depreciation	689		-131		-558	0
Financial assets at fair value	82		10		-92	0
Other items	2 573	5	-1 629		90	1 039
Total	**43 949**	**1 546**	**-9 213**	**9 815**	**9 726**	**55 823**

Movements in deferred taxes in 2009

EUR '000	31.12.2008	Exchange rate differences	Recognised in P&L or deferred taxes from fair value adjustments	Recognised in equity	Business combinations and divestment of subsidiaries	31.12.2009
Deferred tax assets:						
Unrealised expenses	1 437	-10	-495			932
Depreciation not deducted in taxation	150		46		-196	0
Pension liabilities	1 088		-16			1 072
From translation difference	0					0
Group eliminations	139		120			259
Other items	0					0
Total	**2 815**	**-10**	**-346**	**0**	**-196**	**2 264**
Deferred tax liabilities:						
Assets at fair value in acquisitions	28 753	748	-7 050	0	14 829	37 280
Translation difference				3 325		3 325
Accumulated difference between actual and tax deductible depreciation	1 678		-860		-129	689
Financial assets and investments at fair value	65		17			82
Other items	484	200	-529		2 418	2 573
Total	**30 979**	**948**	**-8 422**	**3 325**	**17 118**	**43 949**

G14. Inventories

EUR '000	2010	2009
Goods and supplies	11 871	17 280
Unfinished products	504	9 760
Finished products	32 777	28 777
Prepayments	9	134
Total	**45 160**	**55 951**

G15. Trade receivables and other current receivables

EUR '000	2010	2009
Trade receivables	13 706	25 664
Loan receivables	0	21
Interest-bearing receivables	2 200	2 765
Prepaid expenses and accrued income	8 051	10 926
Income tax receivables	2 457	0
Other receivables	439	9 907
Total	**26 853**	**49 283**

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

The aging of trade receivables at the balance sheet date

EUR '000	2010	2009
Not past due	9 080	9 524
Past due 0-30 days	439	1 648
Past due 31-60 days	1 618	9 041
Past due 61-90 days	1 679	4 616
Past due more than 90 days	890	834
Impairment	0	0
Trade receivables total	**13 706**	**25 664**

G16. Cash and cash equivalents

EUR '000	2010	2009
Cash and bank balances	8 332	55 852
Pledged deposits:	2 081	80

Cash and cash equivalents in the cash flow statement

EUR '000	2010	2009
Cash and bank balances	8 332	55 852
Short-term money market investments	266	0
Cash and cash equivalents held for sale	10 561	0
Total	**19 159**	**55 852**

G17. Derivative agreements

Forward contracts, contract values

EUR '000	2010	2009
Foreign exchange option contracts	0	278
Interest rate swaps	0	950

Forward contracts, fair value

EUR '000	2010	2009
Foreign exchange option contracts	0	-1
Interest rate swaps	0	-14

G18. Assets and liabilities classified as held for sale

After the end of the financial year 2010, Ruukki disposed of its house building business subsidiary Pohjolan Design-Talo Oy. In addition, Ruukki signed a letter of intent to sell its 51% holding in its sawmill business subsidiary Junnikkala Oy and signed an agreement to sell the shares of its pallet business, Oplax Oy, which were included in the Wood Processing segment. Consequently, Ruukki's Board decided to classify the above mentioned businesses as assets held for sale in the 2010 financial statements. The tangible assets related to these companies are presented in the Group's statement of financial position as assets held for sale. Also the liabilities related to those assets are shown on a separate line as liabilities held for sale. Further, the sawmill equipment purchased for the discontinued Russian projects has been classified as asset held for sale on the Group's statement of financial position.

On the balance sheet date 2009, the Group presented the assets and related liabilities related to Lappipaneli's asset sales, to the extent that the assets are transferred after year-end 2009, on the Group's statement of financial position as assets and liabilities classified as held for sale.

Assets and liabilities held for sale

EUR '000	2010	2009
Non-current assets classified as held for sale		
Goodwill	25 525	0
Other intangible assets	991	101
Property, plant and equipment	36 670	12 612
Other non-current assets	415	1
Non-current assets classified as held for sale	**63 601**	**12 714**
Current assets classified as held for sale		
Inventories	33 459	0
Trade and other receivables	13 750	0
Cash and cash equivalents	10 561	0
Current assets classified as held for sale	**57 769**	**0**
Assets classified as held for sale	**121 369**	**12 714**
Non-current liabilities associated with assets held for sale		
Deferred tax liability	823	0
Interest-bearing liabilities	12 590	0
Other non-current liabilities	3	0
Non-current liabilities associated with assets held for sale	**13 417**	**0**
Current liabilities associated with assets held for sale		
Interest-bearing liabilities	9 860	6 280
Provisions	213	0
Other current liabilities	38 140	0
Current liabilities associated with assets held for sale	**48 214**	**6 280**
Liabilities associated with assets held for sale	**61 630**	**6 280**
Cash flows from discontinued operations		
Cash flow from operating activities	11 249	0
Cash flow from investing activities	10 851	0
Cash flow from financing activities	-14 697	0
Net cash flows	**7 403**	**0**

G19. Share capital

There is no nominal value for the Company's share.

	Number of registered shares	Number of shares on issue	Share capital, EUR '000
31.12.2008	**290 034 022**	**279 349 022**	**23 642**
Acquisitions of treasury shares	0	-40 155 000	23 642
Cancellations of treasury shares	-29 000 000	0	23 642
Treasury shares granted	0	52 083	23 642
31.12.2009	**261 034 022**	**239 246 105**	**23 642**
Acquisitions of treasury shares	0	-5 000	23 642
Cancellations of treasury shares	-13 052 022	0	23 642
Share subscriptions based on option rights	225 000	225 000	23 642
31.12.2010	**248 207 000**	**239 466 105**	**23 642**

The equity reserves are described below:

Share premium reserve

Related to the old Finnish Companies Act, the Company has a share premium reserve in relation to old share issues, where the premium in excess of the par value of the shares subscribed has been recognised in the share premium reserve.

Revaluation reserve

The revaluation reserve comprises fair value allocation to the previously acquired share of Oplax in an acquisition achieved in stages.

Paid-up unrestricted equity reserve

Paid-up unrestricted equity reserve comprises other equity investments and subscription price of shares to the extent that it is not recognised in the share capital based on a specific decision.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations.

Share subscriptions based on option rights

During financial year 2010, altogether 225,000 new shares were subscribed based on Ruukki Group Plc's option program. The subscriptions were made by I/2005 A -series option rights. According to the terms of the option program, the subscription period ended on 30 June 2010 and the subscription price was EUR 0.32 per share. The subscription price of the new shares was registered in the Company's unrestricted equity reserve. The number of the Company's shares after subscription is 248,207,000 shares and the share capital EUR 23,642,049.60.

Treasury shares

Ruukki Group Plc's Board of Directors decided on 19 January 2010 to cancel altogether 13,052,022 own shares held by the Company, which totalled about 5% of the registered number of shares. The registered number of shares was 247,982,000 after the cancellation, which became valid after it was registered at the Trade Register on 2 February 2010.

On 31 December 2010 the Company had altogether 8,740,895 (21,787,917) of its own shares, which was roughly equivalent to 3.52% (8.35%) of all registered shares. The total number of shares outstanding, excluding the treasury shares held by the Company on 31 December 2010 was 239,466,105 (239,246,105).

On 7 March 2011, Ruukki Group Plc announced that 950,000 ordinary shares in the Company were transferred from the shares held in treasury and allotted to certain present and past directors of the Company on 4 March 2011. The transfer takes place pursuant to the resolution related to the remuneration of the Board approved at the Annual General Meeting held on 21 April 2010 and the resolution of the Board of Directors from the board meeting held on 29 May 2010. The Shares have been released at no cost to the individuals. The issued shares are subject to a lock-up commitment in accordance with the resolution of the Annual General Meeting. Following the transfer, the Company holds 7,790,895 ordinary shares in treasury.

The Company's subsidiaries do not hold any of Ruukki Group Plc's shares.

Share Issue Authorisations given to the Board of Directors

The Annual General Meeting held on 21 April 2010 authorised the Board of Directors to decide upon the share issue and upon the issuing of stock options and other special rights that entitle to shares. The authorisation replaced all previous authorisations and it is valid for two years as from the decision of the General Meeting. By virtue of the authorisation, shares could be emitted in one or more tranches totalling a maximum of 100,000,000 new shares or shares owned by the Company. This equates to 40.29% of the Company's registered shares on 31 December 2010.

Directed free issue of shares

The Group has directed a free issue of shares to the members of the Board of Directors as approved by the Annual General Meeting on 21 April 2010. The Board decided on 30 May on a directed free share issue to the Board member Barry Rourke in accordance with the Board's statement presented at the AGM. In respect of its terms, this share issue corresponds to the share issue which the Annual General Meeting of 21 April 2010 decided to allocate to the other members of the Board of Directors.

The maximum number of shares to be given within the scheme is initially 950,000 shares and additionally a maximum of 700,000 shares if the members of the Board of Directors continue in their duty after the second and third ordinary general meeting following the approval of the initial issue. According to the decision by the Annual General Meeting 2010 and by the Board of Directors, the Group will use treasury shares to settle the transactions.

The grant date for both the initial and the additional shares has been determined to be the date of the Annual General Meeting 2010, being 21 April 2010. The initial number of shares (maximum 950,000 shares) will have a graded three year vesting schedule, 1/3 of the shares will vest annually at each Annual General Meeting subsequent to AGM 2010. The additional shares (maximum 700,000 shares) will vest immediately if the Directors continue in their duty after the second and third ordinary general meeting following the approval of the initial issue (being the AGM 2010). The shares are subject to a three year lock-up period. Based on historical information, the Company has estimated that 20% of the total maximum number of shares granted will be forfeited during the vesting period. This estimate is revised until the final outcome is known. Finally, the cumulative cost of the scheme will equal the amount of vested shares multiplied with the grant date fair value of the share.

Other option rights

The Extraordinary General Meeting held on 28 October 2008 decided on issuing a maximum total of 73,170,731 option rights to Kermas Limited, related to additional earn-out purchase consideration of an acquisition. The option rights entitle the recipients to subscribe for a maximum total of 73,170,731 new shares or shares that are in the possession of the Company. The subscription period for the shares occurs annually within 30 business days after the approval of the additional earn-out purchase consideration and matures on 31 December 2014. The share subscription price per share is EUR 2.22 (with dividend and capital redemption adjustment). The whole paid subscription price shall be entered in the paid-up unrestricted equity fund. The number of shares in the Company can be increased by a maximum of 73,170,731 new shares as a result of share subscriptions.

Share Price Development

Ruukki Group Plc's shares are listed on NASDAQ OMX Helsinki (RUG1V) in which the shares of the Company are traded in the mid cap segment in the industrials sector since 1 July 2007. As of 26 July 2010, the Company's shares have been listed on the main market of the London Stock Exchange (RKKI).

During the financial year, the price of Ruukki Group's share in NASDAQ OMX Helsinki varied between EUR 1.00 (1.04) and EUR 2.30 (2.68). A total of 21,042,471 (328,119,128) Ruukki Group shares were traded in the financial year, representing 8.5% (125.7%) of all the shares registered at the end of the financial year. The closing price of the Company's share on 31 December was EUR 1.70 (2.14). The market capitalisation of the Group's entire capital stock 248,207,000 (261,034,022) shares at the closing price on 31 December was EUR 422.0 million (558.6).

During the period 26 July 2010-31 December 2010, the price of Ruukki Group's share varied between GBP 1.36 (EUR 1.60) and GBP 1.78 (EUR 2.10) in the London Stock Exchange. A total of 712,000 Ruukki Group shares were traded, representing 0.3% of all the shares registered at the end of the financial year. The closing price of the

Company's share on 31 December was GBP 1.45 (EUR 1.68). The market capitalisation of the Group's entire capital stock 248,207,000 shares at the closing price on 31 December was GBP 358.7 million (EUR 416.7 million).

Shareholders

On 31 December 2010, the company had a total of 3,749 shareholders (3,874 shareholders on 31 December 2009), of which nine were nominee-registered. The registered number of shares on 31 December 2010 was 248,207,000 (261,034,022).

Ruukki Group Plc's Board members and the Acting Managing Director owned in total 78,868,533 (82,168,811) Ruukki Group Plc shares on 31 December 2010 when including shares and forward contracts owned either directly, through persons closely associated with them or through controlled companies. This corresponds to 31.8% of all outstanding shares that were registered in the Trade Register on 31 December 2010. On 31 December 2009 the total number of registered shares was 261,034,022 and the Board and CEO's ownership corresponded to 31.5% of the total number of registered shares.

Largest shareholders on 31 December 2010

Shareholder	Shares	%
Kermas Limited	70 766 500	28.5
Atkey Limited	51 426 401	20.7
Hanwa Company Limited	30 000 000	12.1
Nordea Pankki Suomi Oyj nominee-registered	25 088 901	10.1
Evli Pankki Oyj nominee-registered	16 077 500	6.5
Hino Resources Co. Ltd	11 947 191	4.8
Kankaala Markku	8 077 533	3.3
Ruukki Group Oyj	7 890 895*	3.2
Moncheur & Cie	7 435 672	3.0
Skandinaviska Enskilda Banken Ab nominee-registered	5 058 644	2.0
Total	**233 769 237**	**94.2**
Other Shareholders	14 437 763	5.8
Total shares registered	**248 207 000**	**100.0**

* In addition 850,000 shares are as depositary interests in the London Stock Exchange

Shareholders by shareholder type on 31 December 2010

	% of share capital
Finnish shareholders	30.86
of which:	
Companies and business enterprises	3.44
Banking and insurance companies	19.93
Non-profit organisations	0.00
Households	7.49
Foreign shareholders	69.14
Shares on common account	0.00
Total	**100.00**
of which nominee-registered	18.69

Shareholders by category

Shares	Number of shareholders	% share of shareholders	Number of shares held	% of shares held
1-100	708	18.89	44 215	0.02
101-1,000	2 139	57.06	1 120 254	0.45
1,001-10,000	814	21.71	2 491 460	1.00
10,001-100,000	68	1.81	1 505 662	0.61
100,001-1,000,000	8	0.21	1 348 156	0.54
1,000,001-10,000,000	6	0.16	36 390 760	14.66
in excess of 10,000,000	6	0.16	205 306 493	87.72
Total	3 749	100.00	248 207 000	100.00
of which nominee-registered	9		46 402 231	18.69
On common account			0	0.00
Total outstanding			248 207 000	100.00

G20. Share-based payments

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

The Company's I/2005 option scheme entitles option holders to subscribe for a maximum of 2,700,000 shares in the Company. The share subscription period is 1 July 2007 through 30 June 2015 for various options denoted with different letters, and the subscription price range is EUR 0.32 – 0.82 (with dividend and capital redemption adjustment). As a result of subscriptions made with the I/2005 options, Ruukki Group Plc's share capital may be increased by a maximum of EUR 459,000.00 and the number of shares by a maximum of 2,700,000 new shares.

The Company's I/2008 option scheme entitles option holder to subscribe for a maximum of 2,900,000 shares in the Company for subscription price EUR 2.22 per share (with dividend and capital redemption adjustment). The share subscription period for 1,450,000 stock options commences on 1 October 2009 and for 1,450,000 stock options on 1 October 2010. The subscription period matures on 31 December 2015. The number of Ruukki Group Plc shares can be increased by a maximum of 2,900,000 shares as a result of the subscriptions made with the I/2008 option rights.

Of the option scheme I/2005, options on A, B, C, D, E and F series have been issued to Ruukki's management totalling 1,175,000 option rights and of the option scheme I/2008 altogether 2,900,000 options. All options that have been granted after 7 November 2002 and that have not been vested prior to 1 January 2005 have been treated according to the principles set forth in IFRS 2 Share-based Payments standard. Share options will be expired if not redeemed as agreed in the terms of options. The main terms of the option arrangements are detailed in the tables beside and next page.

The Group has directed a free issue of shares to the members of the Board of Directors as approved by the Annual General Meeting on 21 April 2010. The compensation plan is settled in shares and is accordingly recognised as share-based payment on the Group's financial statements. The fair value of the granted shares is determined based on the market price of Ruukki Group share at the grant date which was EUR 1.91 per share. The total fair value is therefore the amount of granted shares multiplied with the share market price at the grant date. The cost is recognised as an expense in personnel costs over the vesting periods and credited to equity (retained earnings).

During the financial year 2010, a total of 225,000 shares were subscribed based on the option scheme I/2005 A-series. According to the terms of the option scheme, the subscription period ended on 30 June 2010 and the subscription price was EUR 0.32 per share. The subscription price was entered in whole in the Company's paid-up unrestricted equity reserve. Share capital remained unchanged. On 20 July 2010, Ruukki Group Plc issued 225,000 new shares pursuant to the share subscriptions made. The new shares were admitted to trading on the Official List of NASDAQ OMX Helsinki Ltd on 21 July 2010 and to trading on the London Stock Exchange on 27 July 2010.

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

	Weighted average exercise price (with dividend and capital redemption adjustment) EUR/share	Number of options
At the beginning of 2009	1.85	3 800 000
Granted new options	0.76	175 000
Exercised options	0.00	0
Forfeited options	0.00	0
At the end of 2009	1.80	3 975 000
Exercisable at the end of 2009	1.69	2 125 000
At the beginning of 2010	1.80	3 975 000
Granted new options	0.82	100 000
Exercised options	0.32	225 000
Forfeited options	0.00	0
At the end of 2010	1.82	3 850 000
Exercisable at the end of 2010	1.90	3 575 000

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

Year of forfeiting	Exercise price (EUR)	Number of shares
2011	0.42	225 000
2012	0.52	225 000
2013	0.62	225 000
2014	0.72	175 000
2015	0.82	100 000
2015	2.22	2 900 000

The exercise price above represents the original contractual exercise price adjusted by dividends and capital redemptions before the AGM 2011.

Share option plan	Share options, granted to CEO in 2008	Share options, granted to CEO in 2008	Share options, granted to employees in 2010	Share options, granted to employees in 2009	Share options, granted to employees in 2008	Share options, granted to employees in 2007	Share options, granted to employees in 2006	Share options, granted to employees in 2005
Nature of the plan	Share options issued	Share options issued	Share options issued	Share options issued	Share options issued	Share options issued	Share options issued	Share options issued
Grant date	28.10.2008	28.10.2008	17.5.2010	6.8.2009	28.10.2008	17.10.2007	14.8.2006	31.12.2005
Number of options	1,450,000	1,450,000	100,000	175,000	225,000	225,000	225,000	225,000
Options series	I/2008	I/2008	F (I/2005)	E (I/2005)	D (I/2005)	C (I/2005)	B (I/2005)	A (I/2005)
Exercise period	1.10.2010-31.12.2015	1.10.2009-31.12.2015	1.7.2012-30.6.2015	1.7.2011-30.6.2014	1.7.2010-30.6.2013	1.7.2009-30.6.2012	1.7.2008 - 30.6.2011	1.7.2007 - 30.6.2010
Dividend adjustment	yes	yes	yes	yes	yes	yes	yes	yes
Exercise price (with dividend and capital redemption adjustment)	2.22	2.22	0.82	0.72	0.62	0.52	0.42	0.32
Share price at grant date	1.26	1.26	1.00	1.75	1.26	2.86	0.69	0.63
Option life	5.3	5.3	3.0	3.0	3.0	3.0	3.0	3.0
Conditions	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date	Employment until the vesting date
Execution	In shares	In shares	In shares	In shares	In shares	In shares	In shares	In shares
Expected volatility	44%	44%	56%	46%	44%	44%	89%	130%
Expected option life at grant date (years)	5 years	5 years	5.1 years	4.9 years	4.7 years	4.7 years	4.9 years	4.5 years
Risk free rate, Euribor 12 months	4.33%	4.33%	3.11%	3.66%	4.33%	4.10%	3.65%	2.79%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	1.40%	2.2%	0.00%
Expected personnel reductions	0	0	0	0	0	0	0	0
Fair value at grant date (EUR)	0.33	0.33	1.06	1.20	0.77	2.17	0.53	0.54
Valuation model	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes

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

G21. Interest-bearing debt

EUR ‘000	2010	2009
Non-current		
Bank loans	3 095	17 249
Subordinated loans	17	17
Finance lease liabilities	0	247
Payables on acquisitions	75 384	57 552
Other interest bearing liabilities	23 748	440
Total	**102 244**	**75 506**
Current		
Bank loans	3 886	9 458
Finance lease liabilities	145	536
Payables on acquisitions	0	25 083
Cheque account with overdraft facility	537	3 817
Other interest bearing liabilities	9	114
Total	**4 577**	**39 008**

The Group's total interest-bearing debt has remained quite stable during the financial year. The current interest-bearing debt has decreased, while a considerable part of current interest-bearing debt has related to discontinued operations. The deferred purchase price liability in relation to the acquisition of Mogale Alloys is classified as non-current debt in the 2010 financial statements. Even though these deferred payment liabilities are not interest-bearing on 31 December 2010 based on the Group's interpretation, those liabilities have been classified into interest-bearing debt, since the liability will become partially or fully interest-bearing at the latest when they become unconditional.

Finance lease liabilities

EUR ‘000	2010	2009
Finance lease liabilities, minimum lease payments		
No later than 1 year	145	577
Later than 1 year and not later than 5 years	0	273
	145	850
Finance lease liabilities, present value of minimum lease payments		
No later than 1 year	144	536
Later than 1 year and not later than 5 years	0	247
	144	783
Future finance charges	**1**	**67**
Total minimum lease payments	**145**	**850**

G22. Trade payables and other interest-free liabilities

EUR ‘000	2010	2009
Non-current		
Purchase price liabilities (paid as shares)	28 481	26 219
Liabilities from defined benefit plans	10 919	11 035
Other liabilities	1 072	8
Total non-current	**40 472**	**37 261**
Current		
Purchase price liabilities	1 586	900
Purchase price liabilities (paid as shares)	6 507	2 933
Trade payables	17 192	19 242
Prepayments	0	13 480
Accrued expenses and deferred income	5 479	7 179
Income tax liability	3 941	15 104
Other liabilities	2 608	2 042
Total current	**37 314**	**60 880**

The main reason for the movement in 2010 in the non-current interest-free liabilities was caused by the change in the estimate of an earn-out liability.

Material items included into accrued expenses are related to personnel expenses, VAT payables and accrued interests. Prepayments in the financial year 2009 are mainly advance payments made by clients of the house building business, which has been classified as a discontinued operation in the 2010 financial statements.

G23. Provisions

EUR ‘000	Environmental and rehabilitation provisions	Other provisions	Total
Balance at 1.1.2010	11 272	3 020	14 292
Additions	1 798	751	2 550
Business combinations	1 993	6	1 998
Releases and reversals	-701	-1 655	-2 355
Unwinding of discount	629	0	629
Exchange differences	1 654	61	1 715
Tranfer to liabilities held for sale	0	-213	-213
Balance at 31.12.2010	**16 645**	**1 970**	**18 615**

EUR ‘000	2010	2009
Long-term provisions	18 017	12 602
Short-term provisions	598	1 690
Total	**18 615**	**14 292**

The long-term provisions in the statement of financial position mainly relate to environment and rehabilitation provisions of the Minerals Business segment. The provision is based on expected liability. Based on studies and surveys carried out during 2010, the Group has increased the environmental provision of a company belonging to Southern African minerals business.

PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

Key events after the financial year 2010

As a result of a strategic review undertaken during the second half of 2010, it was decided that Ruukki should focus its future activities on the Minerals Business and a process to sell the Wood Processing Business assets was initiated.

In March 2011, Ruukki completed the sale of its Finnish house building business, Pohjolan Design-Talo Oy, to funds managed by CapMan. The consideration paid in cash at the closing was EUR 75.4 million. The final price will be confirmed according to the statement of financial position as of the closing date.

In January 2011, Ruukki signed a letter of intent to sell its 51% holding in Junnikkala Oy to Junnikkala Oy's minority shareholders for a total consideration of EUR 6 million. The signing of the definitive agreements is subject to a number of conditions, including the availability of financing and certain corporate approvals including those required for a related party transaction. Ruukki anticipates that the signing of the definitive agreements will take place during the first half of 2011.

In March 2011, Ruukki signed an agreement to sell the shares of its Finnish pallet business, Oplax Oy, to a group of investors for a total consideration of approximately EUR 9 million. The consideration will be paid in cash and with a vendor note of EUR 1.5 million. Subject to certain conditions precedent being fulfilled, including acquisition financing being available to the buyer, the transaction is expected to be completed by the end of March 2011.

INCOME STATEMENT (FAS)

EUR '000	Note	1.1.-31.12.2010	1.1.-31.12.2009
Revenue	P1	**16 352**	**324**
Other operating income	P2	22	787
Materials and services			
Goods, materials and supplies			
Purchases during the period		-15 549	0
Materials and services total		-15 549	0
Personnel expenses			
Salaries and wages		-2 328	-1 774
Social security expenses			
Pension expenses		-175	-161
Other social security expenses		93	-129
Social security expenses total		-82	-290
Personnel expenses total		-2 410	-2 064
Depreciation and amortisation	P3		
Depreciation and amortisation according to plan		-41	-51
Depreciation and amortisation total		-41	-51
Other operating expenses	P4	-11 572	-6 600
Operating profit / loss		**-13 199**	**-7 603**

EUR '000	Note	1.1.-31.12.2010	1.1.-31.12.2009
Financial income and expenses	P5		
Dividends from subsidiaries		0	4 250
Dividends from associates		22	137
Impairment of non-current investments		-26 564	-8 732
Other financial income			
From Group companies		9 434	12 357
From others		187	2 829
Interests and other financial expenses			
To Group companies		-47	0
To others		-225	-223
Financial income and expenses total		-17 192	10 619
Profit / loss before extraordinary items		**-30 392**	**3 016**
Extraordinary items	P6		
Extraordinary expenses		0	-1 835
Extraordinary items total		0	-1 835
Profit / loss before taxes		**-30 392**	**1 181**
Income taxes	P7		
Income taxes		110	-512
Net profit / loss		**-30 282**	**669**

BALANCE SHEET (FAS)

EUR '000	Note	31.12.2010	31.12.2009
ASSETS			
Non-current assets			
Intangible assets	P8		
Intangible rights		90	73
Total intangible assets		90	73
Property, plant and equipment	P8		
Machinery and equipment		9	35
Other tangible assets		2	2
Total property, plant and equipment		12	38
Investments	P9		
Shares in Group companies		42 528	45 926
Shares in associated companies		226	795
Receivables from Group companies		1 663	1 663
Total investments		44 416	48 383
Total non-current assets		**44 518**	**48 494**
Current assets			
Non-current receivables	P10		
Receivables from Group companies		283 710	289 318
Other interest-bearing receivables		0	840
Other interest-free receivables		0	1 398
Total non-current receivables		283 710	291 557
Current receivables	P10		
Trade receivables		7	0
Receivables from Group companies		3 489	2 438
Other interest-bearing receivables		588	1 276
Other interest-free receivables		1 463	1 611
Prepaid expenses and accrued income		623	831
Total current receivables		6 170	6 156
Financial assets			
Other financial assets		0	2 500
Total financial assets		0	2 500
Cash and cash equivalents		1 744	20 644
Total current assets		**291 624**	**320 857**
Total assets		**336 141**	**369 351**

EUR '000	Note	31.12.2010	31.12.2009
EQUITY AND LIABILITIES			
Shareholders' equity	P11		
Share capital		23 642	23 642
Share premium reserve		25 223	25 223
Paid-up unrestricted equity reserve		255 468	264 975
Retained earnings		18 333	17 664
Profit for the period		-30 282	669
Total shareholders' equity		**292 384**	**332 173**
Liabilities	P12		
Non-current liabilities			
Loans from financial institutions		0	545
Liabilities to Group companies		4 000	0
Loans from associated companies		5	5
Earn-out purchase consideration liabilities		28 481	26 219
Total non-current liabilities		**32 486**	**26 769**
Current liabilities			
Loans from financial institutions		545	1 280
Liabilities to Group companies		47	2 795
Accounts payable		2 369	1 007
Accounts payable to Group companies		173	29
Deferred purchase consideration liabilities		0	900
Earn-out purchase consideration liabilities		6 507	2 996
Other liabilities		34	47
Accrued expenses and deferred income		1 596	1 355
Total current liabilities		**11 271**	**10 410**
Total liabilities		**43 758**	**37 178**
Total equity and liabilities		**336 141**	**369 351**

CASH FLOW STATEMENT

EUR '000	1.1.-31.12.2010	1.1.-31.12.2010
Operating activities		
Profit for the period	-30 282	669
Adjustments:		
Depreciation and amortisation	41	51
Capital gains and losses from investments	433	-787
Financial revenue and expense excluding impairment	17 192	-10 619
Group contributions	0	1 835
Income taxes	-110	512
Cash flow before change in working capital	-12 725	-8 339
Change in working capital:		
Change in current trade receivables	-1 297	-462
Change in current trade payables	1 646	531
Operating cash flow before financing items and taxes	-12 377	-8 271
Interests received and other financing items	79	12
Interests paid and other financing items	-71	-8
Income taxes paid	301	-2 013
Cash flow used in operating activities	**-12 068**	**-10 279**
Investing activities		
Capital expenditure on tangible and intangible assets	-43	-32
Proceeds from sale of tangible and intangible assets	28	0
Acquisition of subsidiaries and associates	-4 259	-3 656
Payments for earn-out liabilities	-65	-197
Disposals of subsidiaries, associates and other investments	1 640	1 314
Dividends received	22	4 387
Cash flow used in investing activities	**-2 677**	**1 816**

EUR '000	1.1.-31.12.2010	1.1.-31.12.2010
Financing activities		
Proceeds from exercise of share options	72	0
Acquisition of own shares	-10	-57 714
Repayments of non-current borrowings	-545	-900
Repayments of current borrowings	-735	-1 280
Non-current loans from Group companies	4 000	0
Short-term loans to Group companies	-708	0
Non-current loans to Group companies	-19 229	-112 520
Repayments of non-current loans given to Group companies	15 038	29 694
Repayments of non-current loan receivables	420	540
Redeemed deposits	2 500	156 067
Capital redemption	-9 570	-10 055
Group contributions paid	0	-7 000
Interests received and income from money market investments	4 675	4 901
Interests paid	-65	-395
Cash flow from financing activities	**-4 156**	**1 337**
Change in cash and cash equivalents	**-18 900**	**-7 126**
Cash at the beginning of the period	20 644	27 771
Cash at the end of the period	1 744	20 644
Change in cash and cash equivalents	**-18 900**	**-7 126**

ACCOUNTING PRINCIPLES

Scope of financial statements and accounting principles

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

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

Valuation principles and methods

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

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

The changes in earn-out liabilities, based on either changes in estimated future profits or payments made in 2010, are presented below

EUR million	Fixed considerations	Based on 2010 results	Based on 2011 or later results
31.12.2010	0.0	6.5	28.5
31.12.2009	0.9	3.0	26.2
change	-0.9	3.5	2.3
reason	paid in 2010	actual result 2010 (vs. earlier estimate)	revised profit forecasts

Depreciation methods

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

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

Translations of foreign currency items

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

Comparability of the reported financial year and the previous year

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

The Company has been actively restructuring its business, which may require various ownership and financial arrangements. This may have significant non-recurring or recurring effects on Company's income statement, balance sheet and financial position, which makes comparison of financial statements and estimating future more difficult.

At the end of 2010, the Company revised the estimated amount of its earn-out liabilities based on revised future profit forecasts of the acquired subsidiaries, which has affected the estimated total purchase consideration liability of the 2008 minerals sector acquisition. Based on this, at the end of 2010 the Company had a total of EUR 35.0 million (31.12.2009: EUR 30.1 million) purchase consideration liabilities, including the related stamp duties on its balance sheet, in relation to the acquisition made in 2008. Of these liabilities, EUR 35.0 (29.2) million are to be settled with the Company's shares and EUR 0.0 (0.9) million in cash.

The purchase consideration liabilities have been presented on the balance sheet as per 31 December 2010 in separate line items so that, the short-term liabilities include those items whose payments are estimated to take place during the next financial year (also including the issuance and granting of shares).

From the end of 2008, the Company has acquired a considerable amount of its own shares and later also cancelled these shares, which has affected the paid-up unrestricted equity fund, and decreased Company's cash and also impacted the amount of shares outstanding.

During 2010, the Company recognised significant impairment losses on holdings in Group companies and associates, and on receivables from subsidiaries. In 2009, the Company recognised impairment losses on holdings in associates and in relation to receivables from a subsidiary carrying out the Russian wood processing projects. Impairment is presented in income statement in finance items below operating profit.

Summary of acquisitions and divestments carried out in 2010

Associated companies:

» Disposal of Arc Technology Oy (37.4% ➔ 0%) in August 2010

» Disposal of Stellatum Oy (34.0% ➔ 0%) in August 2010

» Disposal of Widian Oy (39.6% ➔ 0%) in August 2010

NOTES TO INCOME STATEMENT

P1. Revenue

EUR '000	2010	2009
By business line:		
Services	618	318
Other revenue	15 733	6
Total	**16 352**	**324**
By geography:		
Finland	325	280
EU countries	15 806	39
Other countries	220	5
Total	**16 352**	**324**

P2. Other operating income

EUR '000	2010	2009
Gain on disposal of subsidiary shares	0	7
Gain on disposal of associated companies shares	4	780
Gain on disposal of property, plant and equipment	17	0
Other income	1	0
Total	**22**	**787**

P3. Depreciation and amortisation

Depreciation and amortisation according to plan

EUR '000	2010	2009
Intangible rights	-26	-20
Machinery and equipment	-15	-31
Total	**-41**	**-51**

P4. Other operating expenses

EUR '000	2010	2009
Voluntary employee benefits	-92	-23
Premise expenses	-233	-242
Machinery and equipment expenses	-103	-97
Travelling expenses	-383	-313
Representation expenses	-2	-4
Marketing expenses	-48	-63
Administration expenses	-3 807	-1 392
Other operating expenses	-6 905	-4 465
Total	**-11 572**	**-6 600**

P5. Financial income and expense

EUR '000	2010	2009
Dividends from Group companies	0	4 250
Dividends from associated companies	22	137
Gain on disposal of subsidiary shares	0	0
Impairment on investments		
Impairment on holdings in subsidiaries	-5 798	0
Impairment on loans to Group companies	-20 786	-8 337
Impairment on holdings in associates	0	-394
Reversal of impairment from holdings in associates	20	0
Other financial income		
From Group companies	9 434	12 357
From others	187	2 829
Other financial expense		
To Group companies	-47	0
To others	-225	-223
Total	**-17 192**	**10 619**

P6. Extraordinary items

EUR '000	2010	2009
Group contributions, given	0	-1 835
Total	**0**	**-1 835**

P7. Income taxes

EUR '000	2010	2009
Profit for the period	-30 282	669
Adjustments for tax calculation	26 978	3 757
Taxable income	-3 305	4 426
Tax advances paid	-604	-1 946
Tax deferral based on taxable income	604	796
Income tax of the period	**0**	**-1 151**
Taxes of previous years		
Returned taxes from previous year	110	639
Additional taxes from previous years	0	0
Net income taxes	**110**	**-512**
Tax receivable in relation to period's income tax 31.12.	604	796

NOTES TO ASSETS

P8. Property, plant and equipment

Intangible rights

EUR '000	2010	2009
Acquisition cost 1.1.	202	168
Additions	43	34
Acquisition cost 31.12.	245	202
Accumulated depreciation 1.1.	129	109
Depreciation for the period	26	20
Accumulated depreciation 31.12.	155	129
Book value 31.12.	**90**	**73**

Machinery and equipment

EUR '000	2010	2009
Acquisition cost 1.1.	224	224
Disposals	-11	0
Acquisition cost 31.12.	213	224
Accumulated depreciation 1.1.	188	157
Depreciation for the period	15	31
Accumulated depreciation 31.12.	203	188
Book value 31.12.	**9**	**35**

Other tangible assets

EUR '000	2010	2009
Book value 1.1.	2	2
Book value 31.12.	**2**	**2**

P9. Investments

EUR '000	Shares in Group companies	Shares in associ-ated companies	Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.1.2010	50 176	8 928	13 266	169	80	72 620
Additions	2 400					2 400
Disposals		-550				-550
Acquisition cost 31.12.2010	52 576	8 378	13 266	169	80	74 470
Accumulated depreciation and impairment 1.1.2010	-4 250	-8 133	-11 603	-169	-80	-24 236
Impairment	-5 798	-20				-5 818
Accumulated depreciation and impairment 31.12.2010	-10 048	-8 153	-11 603	-169	-80	-30 054
Book value 31.12.2010	**42 528**	**226**	**1 663**	**0**	**0**	**44 416**

Holdings in Group and other companies

Subsidiaries

Name and domicile of the subsidiary	Group ownership 31.12.2010 (%)	Parent company's direct ownership 31.12.2010 (%)	Consolidated into the Group	Financial years ended	Changes in the Group's holding in 2010
Ruukki Yhtiöt Oy, Finland	100.00	100.00	1.7.2003	1.1.-31.12.2010	
Ruukki Wood Oy, Finland	100.00	0.00	1.7.2003	1.1.-31.12.2010	
Ruukki Invest Oy, Finland	100.00	0.00	1.7.2003	1.1.-31.12.2010	
Ruukki Harvest Oy, Finland	100.00	0.00	17.10.2007	1.1.-31.12.2010	
Ruukki Sawmill Oy, Finland	100.00	0.00	17.10.2007	1.1.-31.12.2010	
Utawood Oy, Finland	96.70	0.00	1.7.2003	1.1.-31.12.2010	
LP Kunnanharju Oy, Finland	100.00	0.00	31.12.2003	1.1.-31.12.2010	
Junnikkala Oy, Finland	51.02	0.00	31.1.2008	1.1.-31.12.2010	
Oplax Oy, Finland	100.00	100.00	15.2.2007	1.1.-31.12.2010	
Pohjolan Design-Talo Oy, Finland	100.00	100.00	1.1.2004	1.1.-31.12.2010	
Nivaelement Oy, Finland	100.00	0.00	1.12.2006	1.1.-31.12.2010	
RG Design-Talotekniikka Oy, Finland	70.10	0.00	1.7.2007	1.1.-31.12.2010	
Kirkkonummen Kiinteistökehitys Oy, Finland	100.00	0.00	9.12.2009	1.1.-31.12.2010	
Storms Villa Oy, Finland	100.00	0.00	9.12.2009	1.1.-31.12.2010	
Storms Gård Oy, Finland	100.00	0.00	9.12.2009	1.1.-31.12.2010	
DTG Rakennus Oy, Finland	100.00	0.00	23.8.2010	23.8.-31.12.2010	Established in 2010
Ruukki Holdings Ltd, Malta	100.00	99.99	15.12.2008	1.1.-31.12.2010	
Ruukki South Africa (Pty) Ltd, South Africa	100.00	0.00	19.3.2009	1.1.-31.12.2010	
Dezzo Trading 184 (Pty) Ltd, South Africa	100.00	0.00	25.5.2009	1.10.2009 - 31.12.2010	
PGR 17 Investments (Pty) Ltd, South Africa	100.00	0.00	25.5.2009	1.10.2009 - 31.12.2010	
PGR3 Investments (Pty) Ltd, South Africa	63.00	0.00	25.5.2009	1.10.2009 - 31.12.2010	
Mogale Alloys (Pty) Ltd, South Africa	84.90	0.00	25.5.2009	1.10.2009 - 31.12.2010	
RCS Ltd, Malta	100.00	0.00	31.10.2008	1.1.-31.12.2010	
Synergy Africa Ltd, Malta	100.00	0.00	22.9.2010	22.9.-31.12.2010	Established in 2010
Türk Maadin Sirketi A.Ş, Turkey	98.74	98.74	31.10.2008	1.1.-31.12.2010	
Intermetal Madencilik ve Ticaret A.Ş, Turkey	99.00	0.00	1.2.2010	1.1.-31.12.2010	Ownership 0% → 99.00 %
TH Ören Madencilik TAO, Turkey	73.08	0.00	31.10.2008	1.1.-31.12.2010	
Metal ve Maden ic ve Dis Pazarlama Tic Ltd, Sti, Turkey	97.76	0.00	31.10.2008	1.1.-31.12.2010	
Ruukki Suisse SA, Switzerland	100.00	100.00	30.3.2009	1.1.-31.12.2010	
Balansor Oy, Finland	99.99	99.99	1.11.2003	1.1.-31.12.2010	
Rekylator Oy, Finland	100.00	100.00	1.7.2003	1.1.-31.12.2010	
Hirviset Group Oy, Finland	100.00	100.00	1.5.2006	1.1.-31.12.2010	
Alumni Oy, Finland	100.00	100.00	1.8.2003	1.1.-31.12.2010	

Joint ventures

Name and domicile of the company	Group ownership 31.12.2010 (%)	Parent company's direct ownership 31.12.2010 (%)	Consolidated into the Group	Financial years ended	Changes in the Group's holding in 2010
Synergy Africa Ltd, United Kingdom	51.00	0.00	1.10.2010		Established in 2010
Chromex Mining Plc, United Kingdom	51.00	0.00	31.12.2010	1.10.2009 - 30.9.2010	Ownership 0% → 51.00 %
Chromex Mining Company (Pty) Ltd, South Africa	37.74	0.00	31.12.2010	1.10.2009 - 30.9.2010	Ownership 0% → 37.74 %
Mkhombi Stellite (Pty) Ltd, South Africa	44.24	0.00	31.12.2010	1.10.2009 - 30.9.2010	Ownership 0% → 44.24 %
Chromex Africa Ltd, Guernsey	51.00	0.00	31.12.2010		Established in 2010
Waylox Mining (Pty) Ltd, Zimbabwe	51.00	0.00	31.12.2010	1.1. - 31.12.2010	Ownership 0% → 51.00 %
Ilitha Mining (Pty) Ltd, South Africa	41.05	0.00	31.12.2010	1.10.2009 - 30.9.2010	Ownership 0% → 41.05 %

Associated companies

Name and domicile of the company	Group ownership 31.12.2010 (%)	Parent company's ownership 31.12.2010 (%)	Book value, parent company (EUR '000)
PGR Manganese (Pty) Ltd, South Africa	49.00	0.00	0
Special Super Alloys SSA Inc., United States	20.00	0.00	0
Valtimo Components Oyj, Finland	24.90	24.90	0
ILP-Group Ltd Oy, Finland	33.44	33.44	226
Incap Furniture Oy, Finland	24.06	12.45	0
Rivest Oy, Finland	40.00	40.00	0
LoopM Oy, Finland	28.43	28.43	0
Sportslink Group Oy, Finland	25.00	25.00	0
Total			**226**

P10. Receivables

Receivables from Group companies

EUR '000	2010	2009
Non-current		
Loan and other receivables	268 083	280 676
Interest receivables	15 627	8 642
Total	**283 710**	**289 318**
Current		
Trade receivables	2 722	173
Interest receivables	59	2 265
Prepayments and accrued income	708	0
Total	**3 489**	**2 438**

Other interest-bearing receivables

EUR '000	2010	2009
Non-current		
Loan receivables	0	840
Total	**0**	**840**
Current		
Loan receivables	420	0
Rental deposits	74	74
Tax receivables	28	0
VAT receivable	67	1 202
Total	**588**	**1 276**

NOTES TO EQUITY AND LIABILITIES

Other interest-free receivables

EUR '000	2010	2009
Non-current		
Purchase price receivables from disposal of Group companies	0	1 398
Total	**0**	**1 398**
Current		
Trade receivables	7	0
Receivable from disposal of Group company shares	1 463	1 461
Receivable from disposal of associated company shares	0	150
Total	**1 470**	**1 611**

Prepaid expenses and accrued income

EUR '000	2010	2009
Income tax receivable	604	796
Accrued interest income	12	28
Other prepaid expenses and accrued income	6	7
Total	**623**	**831**

P11. Shareholders' equity

Share capital

EUR '000	2010	2009
Share capital 1.1.	23 642	23 642
Share capital 31.12.	**23 642**	**23 642**

Share premium reserve

EUR '000	2010	2009
Share premium reserve 1.1.	25 223	25 223
Share premium reserve 31.12.	**25 223**	**25 223**

Paid-up unrestricted equity reserve

EUR '000	2010	2009
Paid-up unrestricted equity reserve 1.1.	264 975	332 644
Capital redemption to the shareholders	-9 570	-10 055
Issuance of own shares	0	100
Acquisition of own shares	-10	-57 714
Share subscriptions based on option rights	72	0
Paid-up unrestricted equity reserve 31.12.	**255 468**	**264 975**

Retained earnings

EUR '000	2010	2009
Retained earnings 1.1.	17 664	1 022
Profit for the previous financial year	669	16 642
Retained earnings 31.12.	**18 333**	**17 664**
Profit for the financial year	**-30 282**	**669**
Total shareholders' equity	**292 384**	**332 173**

Distributable funds

EUR '000	2010	2009
Retained earnings 1.1.	18 333	17 664
Profit for the financial year	-30 282	669
Retained earnings 31.12.	**-11 949**	**18 333**
Paid-up unrestricted equity reserve	255 468	264 975
Distributable funds 31.12.	**243 519**	**283 308**

P12. Liabilities

Non-current liabilities

EUR '000	2010	2009
Non-current interest bearing debt		
Loans from Group companies	4 000	0
Loans from financial institutions	0	545
Total	**4 000**	**545**

EUR '000	2010	2009
Loans from associated companies	5	5
Earn-out purchase consideration liabilities	28 481	26 219
Total	**28 486**	**26 224**

Current liabilities

EUR '000	2010	2009
Current interest bearing debt		
Loans from financial institutions	545	1 280
Total	**545**	**1 280**

EUR '000	2010	2009
Accounts payable	2 369	1 007
Payables to Group companies	173	29
Group contribution payable to Group companies	0	1 835
Other debt	34	47
Other debt to Group companies	47	960
Deferred purchase consideration liabilities, Pohjolan Design-Talo acquisition	0	900
Earn-out purchase consideration liabilities, Pohjolan Design-Talo acquisition	0	63
Earn-out purchase consideration liabilities, RCS + TMS acquisition	6 507	2 933
Accrued expenses and deferred income	1 596	1 355
Total	**10 726**	**9 130**

Option rights

The Company's option schemes are presented in the notes to the consolidated financial statements. The Company has two option schemes: I/2005 (maximum 2,700,000 shares) and I/2008 (maximum 2,900,000 shares, all options granted to the Group's previous CEO). Moreover, the Company has granted altogether 73,170,731 share options to Kermas Limited in relation to the acquisition of RCS Ltd and Turk Maadin Sirketi in October 2008; the exercise of these options is tied to the acquired companies profits in 2009 - 2013.

Pledges and contingent liabilities

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

Pension liabilities

The Company's pension liabilities are directly in accordance with the statutory TyEL-system.

Related party loans

The Company has granted the previous CEO and shareholder Matti Vikkula a loan of EUR 1,380,000 as a part of his incentive scheme. The interest is 12 months euribor. The loan period ends on 30 September 2012. Vikkula has the right to retire the loan or repay a part of it before the agreed due date. The loan has no guarantees. On 31 December 2010, the loan balance outstanding totalled EUR 420,000.

Breach of financing covenants

During financial year 2010, the Company's loans did not breach any covenants. In 2009, the Company's loans breached its covenants due to a subsidiary's financial performance. In consequence, the Company made an additional one-off repayment of loan to the bank for a total of EUR 900,000 in December. In addition to the the extra capital repayment, the interest margin increased for the remaining loan capital.

Additional information on the personnel

Personnel, annual average (all employees)

	2010	2009
Employees	8	9

Management remuneration

EUR ´000	2010	2009
Chief Executive Officers	1 323	990
Board members	416	350

From 1 January 2010 to 31 March 2010, the Chief Executive Officer was employed by a subsidiary of the Company. The fixed monthly gross salary was set at EUR 30,000. Moreover, the previous CEO was entitled to an annual bonus if the pre-set criteria are met. The maximum amount of that bonus is equal to 24 months salary. This bonus has been accrued on the Company's 31.12.2010 accounts based on the estimate confirmed by the Board of Directors.

INFORMATION ON SHARES AND SHAREHOLDERS

Changes in the number of shares and share capital during or after 2010

On 1 January 2010, the registered number of Ruukki Group Plc shares was 261,034,022. In February 2010, 13,052,022 treasury shares shares were cancelled and the registered amount of shares changed to 247,982,000.

On 20 July 2010, Ruukki Group Plc issued 225,000 new shares pursuant to the subscriptions made by I/2005 A series option rights. According to the terms of the Option Program, the subscription period ended on 30 June 2010 and the subscription price was EUR 0.32 per share. The subscription price of the new shares was registered in the Company's unrestricted equity reserve. Share capital remained unchanged, totalling EUR 23,642,049.60. The new shares were admitted to trading on the Official List of NASDAQ OMX Helsinki Ltd on 21 July 2010 and to trading on the London Stock Exchange on 27 July 2010, following admission of the other shares to trading on the London Stock Exchange on 26 July 2010. The number of the Company's shares after subscription is 248,207,000 shares. The shares are in a single series, and each share entitles the holder to one vote at the Annual General Meeting.

The new shares issued pursuant to the subscriptions made by option rights have been registered in the trade register and the Company's shareholder register. They entitle the holder to a dividend for the financial year 2010 and to other shareholder rights.

On 31 December 2010, the Company had altogether 8,740,895 own shares, which is equivalent to about 3.52% of all registered shares.

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

Information obligated to a Group company:

The Company is the Group parent company:
Ruukki Group Plc, domicile Espoo
(address: Keilasatama 5, 02150 Espoo,
from 15 April 2011: Kasarmikatu 36, 00130 Helsinki)

OTHER NOTES

Board members' and CEO's ownership

	Shares	Forward contracts	Total shares + share forwards	Options
31.12.2010				
Board + Acting Managing Director total:				
Danko Koncar (Acting Managing Director and member of the Board)	70 766 500	0	70 766 500	73 170 731
Jelena Manojlovic (Chairperson of the Board)	0	0	0	0
Philip Baum	0	0	0	0
Paul Everard	0	0	0	0
Markku Kankaala	8 102 033	0	8 102 033	0
Christopher Pointon	0	0	0	0
Barry Rourke	0	0	0	0
Board + Acting Managing Director total	**78 868 533**	**0**	**78 868 533**	**73 170 731**
All shares outstanding			248 207 000	248 207 000
Proportion of all shares			31.8 %	29.5 %

* These option rights have been issued to Kermas Limited, a controlled corporation of Danko Koncar, related to additional earn-out purchase consideration of the acquisition carried out in October 2008. The option rights have been issued without consideration and they will entitle the recipients to subscribe for a maximum total of 73,170,731 shares in Ruukki Group Plc. These options can be exercised only on condition that the companies acquired generate positive net results for 2009-2013, and are based on EUR 2.30 per share exercise price with dividend adjustment mechanism (on 31.12.2010 EUR 2.22 per share).

Ruukki Group Plc's Board members and the Acting Managing Director owned in total 78,868,533 (31.12.2009, Board members and CEO: 82,168,811) Ruukki Group Plc shares on 31 December 2010 when including both shares and forward contracts owned either directly, through persons closely associated with them or controlled companies. This corresponds to approximately 31.8% of all outstanding shares that were registered to the Trade Register on 31 December 2010.

On 31 December 2009 the total number of registered shares was 261,034,022 and the Board and CEO's ownership corresponded to 31.5% of the total number of registered shares.

Auditors' fees

EUR '000	2010	2009
Ernst & Young Oy		
Audit	566	88
Other services	373	217
Total	**939**	**305**

In addition to the expenses presented above, for other Ernst & Young country organisations than Ernst & Young Oy, the Company has in 2010 paid altogether EUR 3,341,291.72 for the London listing process started at the end of 2009 and EUR 125,644.76 mergers and acquisitions related expenses.

Board's proposition of dividend payout

The Company's Board of Directors has decided to propose to the Annual General Meeting, which will be later convened separately, that no dividend would be distributed.

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

Espoo, 29 March 2011

Jelena Manojlovic
Chairperson of the Board

Danko Koncar
Member of the Board and Acting Managing Director

Philip Baum
Member of the Board

Paul Everard
Member of the Board

Markku Kankaala
Member of the Board

Christopher Pointon
Member of the Board

Barry Rourke
Member of the Board

THE AUDITORS' NOTE

Our auditors' report has been issued today.

Espoo, 29 March 2011

Tomi Englund
Authorised Public Accountant
Ernst & Young Oy

AUDITOR'S REPORT

Translation

To the Annual General Meeting of Ruukki Group Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Ruukki Group Plc for the financial period 1.1. - 31.12.2010. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

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

Opinion on the company's financial statements and the report of the Board of Directors

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

Espoo, March 29, 2011

Ernst & Young Oy
Authorized Public Accountant Firm
Tomi Englund, Authorized Public Accountant

CORPORATE GOVERNANCE STATEMENT 2010

ADDITIONAL CORPORATE INFORMATION

Additional information can be found at
www.ruukkigroup.fi

Ruukki Group Plc ("Company" or "Ruukki Group") is a Finnish public limited company which shares are listed on NASDAQ OMX Helsinki and the Main Market of the London Stock Exchange. The Corporate Governance at Ruukki Group is based on the laws of Finland, Articles of Association of the parent company Ruukki Group, the Finnish Corporate Governance Code and regulations of the Finnish Financial Supervisory Authority and NASDAQ OMX Helsinki Stock Exchange as well as the London Stock Exchange. Since Ruukki Group has foreign subsidiaries, the local laws and regulations of such subsidiaries are also taken into account, including but not limited to local accounting and tax legislation and exchange controls.

This Corporate Governance Statement has been prepared pursuant to the Finnish Corporate Governance Code 2010 and the guideline of the Securities Market Association dated 1 December 2010. The Corporate Governance Statement is also available on the Company's website at www.ruukkigroup.fi. The Company complies with the Finnish Corporate Governance Code which can be found on the Securities Market Association's website at www.cgfinland.fi. The Corporate Governance Statement is issued separately from the Board of Director's Report for the financial period 1 January - 31 December 2010. The Board of Director's Report is available at www.ruukkigroup.fi.

GOVERNANCE BODIES AND THE GENERAL MEETING OF SHAREHOLDERS

Governance structure

The management and control of the Company is divided between the shareholders, the Board of Directors and the Chief Executive Officer. In addition the Company has audit, nomination, remuneration and safety, health and sustainable development committees which operate under the Board of Directors.

General meeting

The ultimate decision-making body of Ruukki Group is the General Meeting. Normally the General Meeting convenes once a year and it shall be held each year within six months of the end of the financial period. Pursuant to the Articles of Association of the Company, convening notice to a General Meeting of Shareholders, as determined by the Board of Directors, shall be delivered to the shareholders by registered mail to the shareholder's address or by publishing a notice in a national newspaper determined by the Board of Directors no earlier than two months and no later than twenty-one days prior to the meeting. However, the notice shall be delivered at least nine days before the record date of the General Meeting. The notice of a General Meeting and the proposals by the Board will also be published as a stock exchange release.

The notice of the General Meeting and the following information are also available on the Company's website and at the Company's headquarters in Espoo at least three weeks before the meeting: the proposals for resolutions, and the documents to be submitted to the General Meeting such as the financial statements, the annual report and the auditor's report. No later than two weeks after the meeting, the minutes of a General Meeting are posted on the Company's website for the shareholders' review. In addition, the Company publishes the decisions of the General Meeting in a stock exchange release without undue delay.

An Extraordinary General Meeting may be convened if the Board of Directors deems it necessary or if shareholders with at least 10 percent of the shares so demand in writing in order to deal with a given matter, or if this is otherwise required by law.

> The management and control of the Company is divided between the shareholders, the Board of Directors and the Chief Executive Officer.

The most significant items on the Annual General Meeting's agenda include:

» deciding on the number of members on the Board and their remuneration and electing the members;
» electing the auditor or auditors and deciding on their remuneration;
» deciding on the adoption of the financial statements;
» deciding on confirmation of the financial year profit, on dividend distribution or other distribution, such as capital redemption;
» amending the Articles of Association; and
» deciding on a share issue or authorising the Board launch a share issue.

The General Meetings are organised in a manner that permits shareholders to exercise their ownership rights effectively. A shareholder wishing to exercise his/her ownership rights shall register for the General Meeting in a manner stated in the notice of the meeting. All the shareholders who have been registered in the Company's shareholder register (maintained by Euroclear Finland Ltd) on the record date of the meeting have the right to attend a General Meeting should they have given a proper notice to attend the meeting. Holders of nominee registered shares may be registered temporarily to the shareholder register and they are advised to request further instructions from their custodian bank regarding the temporary registration and issuing proxy document.

Resolutions by a General Meeting usually require a simple majority. There are, however, certain resolutions, such as amending the Articles of Association and directed share issue, which require a qualified majority represented by shares and the votes conferred by the shares at the General Meeting.

The majority of the Board members, the CEO and the auditor are present at the General Meetings. In addition, a person who is proposed to be elected as a Board member for the first time will participate to the General Meeting resolving on his or her election.

General Meetings in 2010

The Annual General Meeting was held on 21 April 2010 in Espoo, Finland and Extraordinary General Meetings on 11 August 2010 and 17 November 2010 in Espoo, Finland. Resolutions of the General Meetings can be found at: www.ruukkigroup.fi/In_English/Investors/General_meetings.

BOARD OF DIRECTORS

Tasks and responsibilities

The Company's Board consists of three to nine members elected by the Annual General Meeting, which also confirms the number of members of the Board and decides on their compensation. The mandate of each member of the Board expires at the end of the Annual General Meeting immediately following their election. The Board elects a chairperson from among its members who calls the meetings.

> The Board of Directors decides the strategy and business targets of the Company and its subsidiaries.

The duties of the Board of Directors are those specified in the Companies Act. The Board of Directors sees to the administration of the Company and the appropriate organisation of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the Company accounts and finances. The Board of Directors also decides the strategy and business targets of the Company and its subsidiaries. The Board's operations are based on a written charter and established courses of action.

To fulfil its tasks, the Board:

» decides on the business strategy of the Group;
» oversees the implementation of the strategy;
» decides on the capital structure of the Group;
» makes decisions on significant investments, divestments, credits and collaterals, guarantees and other commitments;
» handles and approves the interim reports, Board of Directors' report, financial statements and future forecasts;
» decides on the organisational structure of the Group;
» appoints the CEO of the parent company and determines the compensation of the CEO and his/her direct reports;
» makes proposals to the General Meeting of shareholders and summons the General Meeting;
» decides on the general directives of the Group.

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

» the Board convenes on pre-confirmed dates with the objective to hold a meeting approximately once a month or more often should that be necessary;
» meetings can also be arranged as conference calls;
» the matters to be dealt with by the Board are presented by the Chairperson, the CEO or another person who has taken part in the preparation of the issues;
» the Board always aims to make unanimous decisions;
» the Board prepares an annual plan for its operation;
» if possible, all the Board members and persons proposed for the Board participate in the Annual General Meeting;
» the Board acts carefully in the interest of the Company and all of its shareholders.

The Board monitors that all the communications and other requirements stipulated by the rules of the relevant stock exchanges and financial supervision authorities are fulfilled. Furthermore, the Board regularly conducts self assessment. The Company has specified targets for the development of its administrative functions and processes, and continues to implement the already initiated development processes.

The Board decides on acquisitions and disposals of subsidiaries and associates. For this reason, a Board member cannot generally be a direct or an indirect owner of a subsidiary or an associated company of Ruukki Group.

BIOGRAPHICAL DETAILS OF THE BOARD MEMBERS

Board members

The Annual General Meeting elected seven members to the Board: Markku Kankaala, Dr Jelena Manojlovic and Terence McConnachie as old members and Philip Baum, Paul Everard, Chris Pointon and Barry Rourke as new members. The Extraordinary General Meeting held on 11 August 2010 further resolved in accordance with the Nomination Committee's proposal that Dr Danko Koncar and Mr Alwyn Smit are elected as new members to the Board of Directors and that there will be nine members in the Board of Directors. Terence McConnachie resigned on 31 August from the Board of Directors and Alwyn Smit resigned on 14 October 2010 from his position as the CEO of the Company as well as from the Board of Directors.

Jelena Manojlovic,

Chairperson, Dependent Non-Executive Director

Ph.D. (Medicine), Clin. D. (Psychology), MA (Psychotherapy), Born 1950

Jelena Manojlovic has been a member of the Board since 11 July 2008, and has acted as Chairperson of the Board since 17 June 2009. She is also a member of the Remuneration and Nomination Committees. She is an established university lecturer and organizational consultant and has 35 years' experience in the human resources field and 20 years' in management positions in a diverse range of organisations, including the UK's National Health Service, universities and other companies. She was previously Human Resources Director of Kermas (a major shareholder in the Company). Manojlovic is independent of the Company but through a controlled entity of her husband Danko Koncar, she is dependent on a major shareholder of the Company.

Philip Baum

Independent Non-Executive Director

B.Com (Accountancy), LL.B (Law), Higher Diploma (Tax Law), Born 1954

Philip Baum was appointed as a member of the Board at the Annual General Meeting on 21 April 2010. He is also the Chairman of the Remuneration Committee and a member of the Nomination and Safety, Health and Sustainable Development Committees. He has had a 32 year career mostly with Anglo American Plc, with extensive international experience in Africa, Europe, North and South America and Australasia in mining, minerals and heavy industry. He retired from Anglo American Plc in 2009 as Chief Executive Officer of its Ferrous Metals Division and a member of its Executive Committee. Currently, he is also chairman of Nord Gold.

Paul Everard

Independent Non-Executive Director

B.A. (Mechanical Sciences), M.A. (Mechanical Sciences), MBA, Born 1940

Paul Everard was appointed as a member of the Board at the Annual General Meeting on 21 April 2010. He is also the Chairman of the Safety, Health and Sustainable Development Committee and a member of the Audit Committee. He has had a career of over 40 years with natural resource companies involved in the extraction and processing of oil, metals and minerals including Shell, Billiton and BHP Billiton. In 1983 he was appointed Executive Director of Billiton responsible for the Aluminium Business. He retired from BHP Billiton as Deputy President Aluminium in 2005.

Markku Kankaala

Independent Non-Executive Director

B.Sc. (Eng.), Born 1963

Markku Kankaala has been a member of the Board since 30 June 2003. He is also a member of the Remuneration Committee and a board member of some of the Group's wood processing subsidiaries. He was also the CEO of the Group from 2003 to 2004 and worked as a Branch Director in Ruukki Group Plc until 31 August 2006. Previously he worked for 10 years as an entrepreneur in the wood products industry and before that in different positions in Ahlstrom and Rautaruukki.

Chris Pointon

Independent Non-Executive Director

BSc (Earth Sciences and Chemistry), PhD (Geology), Born 1948

Chris Pointon was appointed as a member of the Board at the Annual General Meeting on 21 April 2010. He is also Deputy Chairman of the Board, the Chairman of the Nomination Committee and a member of the Audit and Safety, Health and Sustainable Development Committee. He has 40 years of experience in the mining and minerals industry including exploration, development, operations and general management in Asia, Australia, South America, South Africa and Europe. He joined the Royal Dutch/Shell Group in 1970 in its Metals Division, subsequently Gencor, Billiton and BHP Billiton. From 1997 until his retirement in 2006 he was President of BHP Billiton's Stainless Steel Materials Division.

Barry Rourke

Independent Non-Executive Director

FCA, Born 1950

Barry Rourke was appointed as a member of the Board at the Annual General Meeting on 21 April 2010. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee. He was an Audit Partner at PricewaterhouseCoopers for 17 years from 1984 to 2001, where he specialised in the Oil and Gas and Mining sectors. He currently holds a number of non-executive directorships and positions on the audit committees in other listed companies.

Danko Koncar

Dependent Executive Director, Acting Managing Director

Diploma (Engineering), M.Sc. (Engineering), Ph.D. (Engineering), Born 1942

Danko Koncar was appointed as a member of the Board at the Extraordinary General Meeting on 11 August 2010, with special responsibility for development and new business. He has extensive experience in minerals processing and trading, including 20 years in ferrochrome processing with 6 years of experience in application of direct current technology to ferrochrome processing. He has served as Chairman of Samancor Chrome and General Director of RCS Trading (a ferrochrome trader) and is still General Director of Kermas. He has been Acting Managing Director of the Company since October 2010. Koncar is dependent on the Company based on his position as the Acting Managing Director and dependent on a major shareholder of the Company through his controlled entity Kermas Ltd.

BOARD COMMITTEES

The Board establishes its committees and appoints the committee members for a term of office that continues until the end of the following Annual General Meeting.

The attendance record of the Directors during the period is shown in the table below.

	Board	Audit Committee	Nomination Committee	Remuneration Committee	SHSD Committee
P Baum	21		3	6	2
P Everard	24	5			2
T Hoyer	6				
M Kankaala	28	2		6	
D Koncar	12				
J Manojlovic	29	2	5	6	
T McConnachie	19		2		1
C Pointon	23	5	5		1
B Rourke	24	5		5	
A Smit	13				

Audit Committee

The Audit Committee currently has three members: Barry Rourke (committee Chairman), Paul Everard and Chris Pointon.

The Board has defined the committee's duties in accordance with the recommendation of the Finnish Corporate Governance Code. The audit committee surveys the auditors' work. Moreover, the committee follows the Company's financial position and the appropriateness of its financial reporting. The audit committee evaluates internal audit, risk management, and has contact with auditors and evaluates their reports. The committee reports regularly to the Board.

The Audit Committee has in 2010 evaluated and monitored development of internal controls and risk management policies. During 2010, the Group had no permanent internal auditor, although operational management commissioned some internal audit reviews in business units by local specialists as part of their local assurance process. The Board has received its assurance from a number of sources, including the substantial professional due diligence process associated with the London share listing, a Board review of strategy and management processes, a strong South African head office function which has exercised substantial supervision and review over the local operations by frequent operations visits.

All significant Group companies are audited by the Group auditor to ensure a consistent approach and facilitate communication between the auditors and the Audit Committee.

The Committee has focused on improving management information flow to the Board and on agreement and management of the top risks facing the Group. These risks are discussed in the Board of Directors' Report. During 2011, these priorities will continue to form the core of the committee's business, along with the regular scrutiny of the Group's compliance with laws, regulations and best practice. The Group has also begun a process to appoint an internal auditor in South Africa, but will continue to rely on externally sourced internal auditors.

Nomination Committee

The Nomination Committee has three members: Chris Pointon (committee Chairman), Dr Jelena Manojlovic and Philip Baum.

The Nomination Committee leads the process for the appointments to the Board and the executive management, and makes recommendations in this regard to the Board. The nomination committee has overseen the search for a permanent CEO.

Remuneration Committee

The Remuneration Committee currently has four members: Philip Baum (committee Chairman), Markku Kankaala, Barry Rourke and Dr Jelena Manojlovic.

The Remuneration Committee leads the process relating to the remuneration matters of the executive management and the Board, and makes recommendations in this regard to the Board and to the General Meeting in relation to Board's remuneration.

The Remuneration committee has been focused on creating a incentive plan for the management team which would better meet to achieve the Company's long and short term growth and profitability targets, in order to bring to shareholders a plan which would lead to improved return on their investment.

Safety, Health and Sustainable Development Committee

The committee currently has three members: Paul Everard (committee Chairman), Philip Baum and Chris Pointon. The main function of the committee is to oversee and review matters related to safety, health and sustainability in order to advice and guide the Board on the safety, health and sustainability of the Group's operations.

The Safety, Health and Sustainable Development Committee has been working on improving the safety and health related statistics information in the Group. There is also an independently performed environmental study ongoing regarding potential liabilities related to legacy of Mogale Alloys.

Board and Committee meetings

During 2010 the Board had 30 meetings. The Audit Committee met on seven occasions, the Remuneration Committee on six occasions, the Nomination Committee on five occasions and the Health, Safety and Sustainable Development Committee on two occasions.

CHIEF EXECUTIVE OFFICER AND MANAGEMENT EXECUTIVE COMMITTEE

Chief Executive Officer

The Board appoints the Chief Executive Officer (CEO), who shall see to the executive management of the Company in accordance with the instructions issued by the Board. It is the responsibility of the Group CEO to lead and steer the Group and act as the spokesperson for the Group both internally and externally. The CEO manages, develops, guides and supervises the Group's activities. In these duties, the CEO is assisted by the Management Executive Committee and the Group headquarters' personnel. The CEO reports to the Board of Directors and is responsible for preparing presentations and documentation for the Board. The focus of the CEO role lies in major strategic efforts, where his/her involvement and commitment is essential, whether concerning acquisitions, capitalisation, listing or other special projects.

The role of the CEO includes the following general duties:

» providing leadership to the Group, determining its priorities and the ways to operate;

» preparing and developing the Group strategy for the Board's approval;

» implementing the Group strategy and monitoring the development of results, including:

» planning and managing the organisation structure, capital structure, investments, mergers and acquisitions, demergers, credits, guarantees and other substantial commitments for the Board's approval

» organising the Group finance, bookkeeping and internal control matters

» coordinating communications to shareholders, the investment community and the media

» planning nominations of the subsidiaries' Board members in the significant subsidiaries for the Group Board's approval.

As of 14 October 2010, Dr Danko Koncar started as Acting Managing Director. Alwyn Smit worked as CEO from 12 September 2008 to 14 October 2010. Biographical details of the CEO are set forth under "Biographical details of the Board members".

Management Executive Committee

The Group's Management Executive Committee assists the Group CEO in effective discharge of the CEO duties as set out in the Finnish Companies Act and the Company's Articles of Association. The Management Executive Committee is an advisory body which was set up by the Board of Directors in November 2009. The Management Executive Committee has neither authority, based on laws or the Articles of Association, nor any independent decision-making rights. Decisions on matters discussed by the Management Executive Committee are taken by the CEO, a Management Executive Committee member responsible for the matter in question, the Board of Directors of the Company or the board of directors of one of the subsidiaries, as appropriate.

The current members of the Management Executive Committee are as follows:

Dr Danko Koncar Acting Managing Director, Group
Mr Thomas Hoyer CFO, Group and Chief Executive Officer, Wood Processing Businesses
Dr Alistair Ruiters Chief Executive Officer, Ruukki South Africa
Mr Stefano Bonati Chief Executive Officer, RCS
Mr Kalle Lehtonen Head of Finance, Group
Mr Markus Kivimäki Head of Corporate Affairs, Group

REMUNERATION

The Annual General Meeting held on 21 April 2010 resolved the compensation of the Board as follows: Chairperson EUR 7,500, each senior non-executive director EUR 6,500 and each non-executive director EUR 5,000 per month. During the financial year 2010, the Board members received in total of EUR 416,250 (350,000) as Board membership fees. In addition, the Board members received fees for committee meetings a total of EUR 27,400 (0).

In 2010 Alwyn Smit was the Company's CEO from 1 January until 14 October and after his resignation Dr Danko Koncar has worked as Acting Managing Director. Their remuneration in 2010 was as follows:

Alwyn Smit: the total fixed gross remuneration to the CEO was EUR 477,525 (360,000) and bonuses EUR 172,667 (172,500). The IFRS 2 based option expenses in relation to the CEO's option rights totalled EUR 186,844 (637,000) in 2010.

Dr Danko Koncar: total fixed gross remuneration for his duties as the Acting Managing Director EUR 75,000. During 2010 Dr Koncar did not receive any bonuses or share-based compensation.

INTERNAL CONTROL

The principles of internal control are confirmed by the Board. The Group's executive management committee members are in charge of the day-to-day business management and administrative control in their respective responsibility areas.

Main Principles of Risk Management and Internal Control

Ruukki's Board of Directors decides on the goals and organisation of risk management. The purpose of risk management is to identify the threats and opportunities affecting strategy implementation and to help achieve the targets set in the strategy by ensuring that risks are proportional to the risk-bearing capacity.

Ruukki's key risks are reviewed and assessed by the Board on regular basis. The business segments, and the Group's business units within the segments, are primarily responsible for their risk-taking, financial performance and compliance with the principles of internal control and risk management policies. The business units have the right to take risk management decisions within the approved decision-making authorisations. The business units give their assessment on the current risk position and its development to the Group's management monthly.

The Board of Directors is responsible for organising and maintaining adequate and effective internal control performed by the senior and executive management as well as Ruukki's all other personnel, and as assisted by third-party experts when relevant.

The Board of Directors decides on the Group's management system and the corporate and organisational structure required by each business unit with a view to providing solid foundations for effective internal control. Internal control and risk management related to financial reporting at the Group level are performed in a coordinated way by a function independent of the business areas. Each subsidiary's executive management is responsible for the implementation of internal control and risk management to the agreed Group principles and guidelines.

The system of internal control provides reasonable rather than absolute assurance that Ruukki's business objectives will be achieved within the risk tolerance levels defined by the Board.

Internal control refers to aspects involved in management and activities aimed at:

» achieving set targets;
» using resources in an efficient and economical way, and safeguarding assets;
» managing risks sufficiently;
» getting reliable and accurate financial and operational information without undue delays;
» complying with laws and regulations as well as internal policies; and
» securing systems and key operations, as well as ensuring business continuity.

The Structure of Internal Control Systems

The main structural elements of the internal control systems of Ruukki are as follows:

- the policies and principles of risk management and internal control set up by the Board
- the implementation of the policies and principles under the supervision of the Group's management
- the supervision of the efficiency and functionality of the business operations by the Group's management
- the supervision of the quality and compliance of the financial reporting by the Group's finance department
- efficient control environment within all organisational levels and business units including tailored controls for each business process
- internal audits which are conducted when needed

The Internal Control of Financial Reporting Process

Ruukki's financial administration is organised so that each business unit has its own operative financial organisation, and the financial management as well as central expert functions regarding accounting, taxation and financing are centralised in the Group's parent company.

The financial management of the business units is responsible for organising the accounting, money transactions and other daily financial operations of the unit as well as organising the internal reporting. The management of business units controls and supervises the operation of the financial administration organisations of the units, and they report primarily to the CEO of the business segment to which the unit belongs to. In addition, the tasks of the Group's parent company's financial administration consist of among other things monthly consolidation of the Group, preparation of interim reports and consolidated financial statements, financing of the Group and tax planning.

Consolidated financial statements are prepared by using consolidation software. The accounting of the Group's subsidiaries is carried out by accounting systems and the accountants of each Group company enter the accounting information directly into the consolidation system or in some cases send the information in a pre-defined format to the Group's financial administration to be consolidated.

The Group's financial administration is responsible for ensuring the compliance, quality and timeliness of the Group's external and internal financial reporting. The internal control mechanisms are based on policies and guidelines, authorisations, reviews and segregation of key duties. In addition to control mechanisms, training and sharing of knowledge are also significant tools of internal control.

Roles and responsibilities regarding risk management and internal control

Board of Directors

The Board of Directors is ultimately responsible for the administration and the proper organisation of the operations of the Company. The Board approves the internal control, risk management and corporate governance policies. The Board establishes the risk-taking level and risk bearing capacity of the Company and re-evaluates them on a regular basis as part of the strategy and goal setting of the Company. The Board reports to the shareholders of the Company.

Audit Committee

Audit Committee is responsible for the following internal control related duties:

- monitoring the reporting process of the financial statements;
- supervising the financial reporting process;
- monitoring the efficiency of the Company's internal control, internal audit and risk management systems; and
- monitoring the statutory audit of the financial statements and consolidated financial statements.

Group Management

The Group Management is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. The Group Management sets the ground of the internal control environment and is in charge of the risk management process of the Group and its continuous development, allocation of resources to the work, review of risk management policies as well as defining the principles of operation and overall process. The Chief Financial Officer ensures that the Group's accounting and financial reporting practices comply with the law and that the financial matters are handled in a reliable manner. Head of Corporate Affairs ensures that the Group's corporate governance practices comply with the law and that legal matters of the Group are handled appropriately.

EXTERNAL AUDIT

According to the Articles of Association, the Company shall have one ordinary auditor and one deputy auditor. Should an audit firm authorised by the Central Chamber of Commerce be elected as the ordinary auditor, no deputy auditor needs to be elected. The term of office of the auditor ends at the end of the first Annual General Meeting following the election.

Ruukki Group Plc's Annual General Meeting on 21 April 2010 elected Authorised Public Accountant Ernst & Young Oy as auditor, with Authorised Public Accountant Tomi Englund having the principal responsibility. Ernst & Young is also the local auditor of all of the Group companies except for Elektrowerk Weisweiler GmbH.

INSIDER ADMINISTRATION

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

Public insider register

The Company's permanent public insiders comprise the Board members, the Acting Managing Director, the Management Executive Committee as well as the auditors. All permanent public insiders and the statutory information about them, their related parties and the entities controlled by them or in which they exercise influence, have been entered into the Company's public insider register which is published on the Company website.

Ruukki Group imposes a restriction on trading for insiders which forbids trading with the Company's shares for thirty days before the publication of financial reports. Prior to the announcement of annual results the closed period is 60 days or, if shorter, the period from the end of the relevant financial year up to and including the time of the announcement.

Compliance with the insider regulations is monitored by taking samples at certain intervals of trading by insiders in the Company's shares.

Company-specific insider register

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

Project-specific insider list

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

SHAREHOLDINGS OF THE PUBLIC INSIDERS ON 31 DECEMBER 2010

		Shares	Options
Members of the Board			
Manojlovic Jelena	Chairperson	0	0
Baum Philip	Non-executive Director	0	0
Everard Paul	Non-executive Director	0	0
Kankaala Markku	Non-executive Director	8,077,533	0
Koncar Danko	Executive Director, Acting Managing Director	70,776,500	73,170,731
Pointon Christopher	Non-executive Director	0	0
Rourke Barry	Non-executive Director	0	0
Auditors			
Englund Tomi	Auditor	0	0
Other Insiders			
Bonati Stefano	Chief Executive Officer, RCS	0	0
Hoyer Thomas	Chief Financial Officer, Chief Executive Officer, Wood Processing	52,083	0
Kivimäki Markus	Head of Corporate Affairs	0	0
Lehtonen Kalle	Head of Finance	0	0
Ruiters Alistair	Chief Executive Officer, Ruukki South Africa	0	0

FLAGGING NOTICES

Notices issued under Chapter 2, section 10 of the Securities Markets Act in the period from 1 January 2010 to 28 March 2011

Ruukki Group Plc has received the following flagging notifications during or after the financial year 1 January – 31 December 2010. The notifications can be found in full on the Company website at:
www.ruukkigroup.fi/In_English/News/Flaggings.iw3

» 19 January 2010: Ruukki Group Plc → treasury shares held by the Company below 5%

» 20 January 2010: Atkey Limited → based on Ruukki Group's announcement of the Board's decision to cancel altogether 13,052,022 treasury shares held by Ruukki Group Plc, Atkey Limited's ownership will exceed 20% of the registered share capital and voting rights of Ruukki Group Plc after the cancellation has been registered at the Trade Register

REMUNERATION REPORT

Ruukki's Remuneration Committee is a formal Committee of the Board of Directors. The Remuneration Committee is responsible for the process relating to remuneration matters of the executive management and the CEO, and makes recommendations in this regard to the Board and to the General Meeting in relation to Board's remuneration. This includes the policy on the remuneration of senior management, on reviewing the performance of Ruukki's executive management and its business units and on determining, within agreed terms of reference, specific remuneration packages for directors and executive management, including pension rights, any compensation payments and the implementation of executive incentive schemes. The remuneration committee has currently four members: Philip Baum (committee Chairman), Markku Kankaala, Dr Jelena Manojlovic and Barry Rourke.

Remuneration and Other Benefits

The primary objective of the compensation is to attract, retain and motivate the key personnel, as well as to ensure that compensation elements are aligned with shareholder interest by rewarding achievement of both individual targets and corporate goals. The executive compensation is a combination of base salary, annual bonus plan and long-term share based incentives. The base salary of the Chief Executive Officer and the members of the executive management Committee is based on the executive's position, skills and experience and individual performance.

Directors' Service Contracts

The service contract entered into with the Acting Managing Director of the Group is valid until further notice and may be terminated by either party upon six months' notice. The monthly fixed salary is EUR 25,000. According to the service contract, the Acting Managing Director is entitled to a bonus of maximum 24 months' salary. The bonus targets are set by the Board annually. Upon termination the Acting Managing Director is not entitled to any compensation. The Acting Managing Director is not entitled to any additional pension benefits or share-based compensation.

The Board of Directors' compensation consists of monthly fixed fees, fees for Board's committee meetings compensation and long-term share-based incentives. The monthly compensation is as follows: Chairperson of the Board of Directors EUR 7,500, Senior Non-Executive Director EUR 6,500 and other Non-executive Directors EUR 5,000. The Annual General Meeting of Shareholders decides on the remuneration of the members of the Board of Directors.

Detailed Board and CEO remuneration can be found on page 70.

Executive Management Service Contracts

The Board appoints the Chief Executive Officer (CEO), who shall see to the executive management of the Company in accordance with the instructions issued by the Board. The CEO manages, develops, guides and supervises the group activities. In these duties, the CEO is assisted by the Group's executive management and the Group headquarters' personnel. In the following the key features of the employment agreement terms of the executive management are described in brief.

Ruukki operates within a competitive environment and its performance depends on the individual contributions of the executive directors and other employees. Executive remuneration packages are designed to attract, motivate and retain executive directors to manage the Company's operations and to reward them for enhancing shareholder value. The base salary of the Chief Executive Officer and the members of the Executive Management Committee is based on the executive's position, skills and experience and individual performance. To ensure competitive remuneration Ruukki gathers and evaluates information on market-based remuneration levels for comparable companies.

The Group's executive management team members are eligible to receive an annual bonus where the maximum amount range from 0 to 200% of the annual individual base salary. Bonus criteria can be based on Ruukki's financial and operative results as well as on each individual's performance targets. Annual company level criteria as well as individual performance targets for management are decided at the Board of Directors' meeting based on the recommendation of the Remuneration Committee of the Company.

The executives do not have early retirement options in their employment agreements. Principally, the notice period and non-competition period in the employment termination is 6 months, or as agreed.

Other remuneration including selected fringe benefits consist typically insurances, e.g. liability insurance, traveler's insurance as well as some other benefits related to usage of mobile communication and media.

Executive management remuneration

EUR '000	2010	2009
Short-term employee benefits	2 887	974
Post-employment benefits	498	170
Termination benefits	637	0
Share-based payments	504	991
Total	**4 526**	**2 135**

Directors' shareholdings and options on 31 December 2010

		Shares	Options
Manojlovic Jelena	Chairperson	0	0
Baum Philip	Non-executive Director	0	0
Everard Paul	Non-executive Director	0	0
Kankaala Markku	Non-executive Director	8,077,533	0
Koncar Danko	Executive Director, Acting Managing Director	70,776,500	73,170,731
Pointon Christopher	Non-executive Director	0	0
Rourke Barry	Non-executive Director	0	0

SHARE-BASED COMPENSATION

Share options

The Company has option schemes I/2005 and I/2008. In order to increase the level of commitment and motivation of key persons, option rights of option scheme I/2005 are granted to Ruukki Group Plc's CEO and management and other key employees, and furthermore as decided by the Board to the Board members, management or employees of Group subsidiaries, and potentially for persons having other contractual relationships with the Group. Option scheme I/2008 is granted to the Company's previous CEO. Of the option scheme I/2005, options on A, B, C, D, E and F series have been issued to Ruukki Group's management totalling 1,175,000 option rights and of the option scheme I/2008 altogether 2,900,000 options.

The Company's I/2005 option scheme entitles option holders to subscribe for a maximum of 2,700,000 shares in the Company. The share subscription period is 1 July 2007 through 30 June 2015 for various options denoted with different letters, and the subscription price range is EUR 0.32 – 0.82 (with dividend and capital redemption adjustment).

The Company's I/2008 option scheme entitles option holder to subscribe for a maximum of 2,900,000 shares in the Company for subscription price EUR 2.22 per share (with dividend and capital redemption adjustment). The share subscription period for 1,450,000 stock options commences on 1 October 2009 and for 1,450,000 stock options on 1 October 2010. The subscription period matures on 31 December 2015.

Directed free issue of shares

The Group has directed a free issue of shares to the members of the Board of Directors as approved by the Annual General Meeting on 21 April 2010. The Board decided on 30 May on a directed free share issue to the Board member Barry Rourke in accordance with the Board's statement presented at the AGM. In respect of its terms, this share issue corresponds to the share issue which the Annual General Meeting of 21 April 2010 decided to allocate to the other members of the Board of Directors.

The maximum amount of shares to be given within the scheme is initially 950,000 shares and additionally a maximum of 700,000 shares, if the members of the Board of Directors continue in their duty after the second and third ordinary general meeting following the approval of the initial issue. According to the decision by Annual General Meeting 2010 and by the Board of Directors the Group will use treasury shares to settle the transactions.

The grant date for both the initial and the additional shares has been determined to be the date of the Annual General Meeting 2010, being 21 April 2010. The initial amount of shares (maximum of 950,000 shares) will have a graded three year vesting schedule, 1/3 of the shares will vest annually at each Annual General Meeting subsequent to AGM 2010. The additional shares (maximum of 700,000 shares) will vest immediately, if the Directors continue in their duty after the second and third ordinary general meeting following the approval of the initial issue (being the AGM 2010). The shares are subject to a three year lock-up period.

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