Ruukki Group Plc, Financial Statements Review, 26 February 2010 at 3:35 p.m.

RUUKKI GROUP PLC'S FINANCIAL STATEMENTS REVIEW FOR 1 JANUARY – 31 DECEMBER 2009

This Financial Statements Review is prepared in accordance with the IAS 34 standard. The presented information is unaudited. In the text below the corresponding comparable figures from financial year 2008 are presented in brackets, unless otherwise explicitly stated. When comparing financial year 2009 performance to the previous year, it shall be taken into account that the Group expanded its minerals business into South Africa in May 2009 and that at the end of 2009 the Group divested some of its saw-mill units.

HIGHLIGHTS 2009

General

- Despite challenging economic situation EBITDA remained positive
- Cash flow from operations positive
- Processes started to list the Company's share on the London Stock Exchange

Minerals

- The majority in the Mogale Alloys ferroalloys operations acquired
- Management resources strengthened
- Turkish beneficiation plant investment proceeding
- Intended Sylvania Resources acquisition process terminated

Wood Processing

- Refocused strategy: emphasis on house building business, relative importance of sawmills decreasing

DIVIDEND PROPOSAL

The Board of Directors of Ruukki Group Plc proposes to the Annual General Meeting that no dividend would be distributed but that a capital redemption of EUR 0.04 per share would be paid out of the paid-up unrestricted equity fund.

GROUP KEY FIGURES, CONTINUING OPERATIONS

CONTINUING OPERATIONS, EUR million	1-12/2009 31.12.2009	1-12/2008 31.12.2008
Revenue	193.4	158.7
EBITDA	16.4	2.3
% of revenue	8.5%	1.5%
EBIT	-27.9	-46.7
% of revenue	-14.4%	-29.4%
Earnings before taxes	-32.7	-41.5
% of revenue	-16.9%	-26.2%
Profit for the period	-27.7	-41.4
Return on equity, % p.a.	-8.6%	-10.8%

Return on capital employed, % p.a.	-6.7%	-8.1%
Equity ratio, %	52.1%	64.8%
Earnings per share, undiluted, EUR	-0.09	-0.14
Earnings per share, diluted, EUR	-0.09	-0.14
Equity per share, EUR	1.03	1.20
Average number of shares, undiluted, 1,000	250,175	288,749
Average number of shares, diluted, 1,000	295,456	303,891
Number of shares outstanding, end of period, 1,000	261,034	290,034

The figures in the table above represent continuing operations; all the effects of the discontinued operations are excluded.

FINANCIAL HIGHLIGHTS 2009

- Group revenue EUR 193.4 million (EUR 158.7 million)

- Group EBITDA 1-12/2009 totalling EUR 16.4 (2.3) million, Minerals segment EBITDA EUR 10.6 million (11-12/2008: EUR 1.9 million), Wood Processing segment EBITDA EUR 16.7 (14.6) million; there is a total of EUR 5.3 million non-recurring positive impact on the Wood Processing, and Group, EBITDA based on termination of put option arrangement in relation to Junnikkala sawmill

- Group EBITDA 10-12/2009 totalling EUR 15.1 (1.2) million, Minerals segment EBITDA EUR 8.0 million (11-12/2008: EUR 1.9 million), Wood Processing segment EBITDA EUR 11.1 (2.9) million; there is a total of EUR 5.3 million non-recurring positive impact on the Wood Processing, and Group, EBITDA based on termination of put option arrangement in relation to Junnikkala sawmill

- Altogether EUR 19.5 million impairment loss on goodwill of Mogale Alloys was recognised, and EUR 2.1 million reversal of impairment on tangible assets on Lappipaneli was recognised as well

- Group's cash flow from operations equalled EUR 6.3 (-1.0) million, including a payment of EUR 6.5 million in Q2/2009 in relation to Mogale Alloys management incentives to be paid out of a trust during the next five years

- Net cash position EUR 34.0 million on 31 December 2009 (EUR 213.1 million on 31 December 2008), change in net cash position during the financial year to major extent related to acquisitions of treasury shares and acquisition of the majority interest in Mogale Alloys

- Amount of shares outstanding, when netting out the treasury shares held by the Company, as per the shareholder register held by Euroclear Finland Oy: 239,246,105 on 31 December 2009 (241,957,755 on 30 September 2009)

GUIDANCE AND OUTLOOK 2010

In the beginning of 2009, the Board of Directors of Ruukki Group Plc decided to emphasise cash flow generation from all of its operations, and this is still a valid operational principle for 2010. The Group is looking for expansion opportunities and potential acquisition targets within the current main business areas. Ruukki Group evaluates restructuring alternatives in relation to the wood processing assets.

Ruukki Group Plc is preparing for a listing on the London Stock Exchange. In order to follow the international market practices of listed minerals companies, the Board of Directors of Ruukki Group Plc has decided to change the way of presenting the future outlook compared to the past practice of the Company as of the results announcement for the financial year ended 31 December 2009. The Board of Directors also takes the view that the new policy on future guidance better reflects the way in which the board follows the development of the Company's business in the future as the Company has moved into new markets. Hence, EBITDA guidance will no longer be provided, for example.

CEO COMMENTS

Alwyn Smit, CEO of Ruukki Group Plc, commented:

- "Ruukki Group has continued its strategic path by expanding the minerals business by entering South African ferroalloys business. Moreover, we started operating our second DC furnace at Mogale Alloys and the Turkish beneficiation plant investment at TMS is proceeding as planned."

- "Wood Processing segment divested some non-core sawmill assets, since their geographic location and long-term view did not suit the Group's strategy. At the same time we decided to refocus the attention more towards growing the profitable house building business."

- "Despite low rates of capacity utilisation we maintained satisfactory operational profitability at EBITDA level largely because of much better performance in the fourth quarter."

- "During 2009 the Group's cash reserves declined due to both the Mogale Alloys acquisition as well as due to share buy-backs. We still have adequate cash reserves and cash flow generative business."

- "Group's 2009 operating profit (EBIT) was EUR 27.9 million negative, after we recognised depreciation and amortisation charges of EUR -26.8 through income statement, and after we impaired goodwill in relation to Mogale Alloys by EUR -19.5 million."

PRESS AND ANALYSTS BRIEFING

The Company holds a conference call in English on Monday, 1 March 2010 at 2:00 p.m. Finnish time. CEO Alwyn Smit presents the financial statements review. Please register via email to ashleighbh@ruukkigroup.fi to attend the call. Further instructions will be given after registration.

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

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

RUUKKI GROUP PLC: FINANCIAL STATEMENTS REVIEW, 1 JANUARY – 31 DECEMBER 2009

ACQUISITIONS, DIVESTMENTS AND MAJOR OTHER RESTRUCTURINGS CARRIED OUT DURING AND AFTER THE FINANCIAL YEAR 2009

Acquisition of Mogale Alloys

At the end of May, Ruukki Group acquired an effective interest of 84.9% in Mogale Alloys, a company located in South Africa with minerals smelting operations. With the transaction, the Group expanded its minerals business into South Africa and into new products. The acquisition was a cornerstone transaction in the expansion into South Africa, one of the leading areas of minerals production in the world. The Mogale platform provides Ruukki with opportunities to pursue related acquisitions into various minerals and alloys operations, such as chrome and platinum assets. Mogale has a total of 96 MVA smelting capacity with four furnaces; it produces silico manganese, ferrochrome and stainless steel alloy and has currently a total annual capacity of about 110,000 metric tons. The purchase consideration was ZAR 1,850 million (about EUR 160 million) and an additional ZAR 150 million (about EUR 13 million) was agreed to be paid into a management trust. When the transaction was concluded ZAR 1,200 million was paid in cash. The balance of the consideration, ZAR 800 million, is split into two tranches: unconditional ZAR 200 million to be repaid in 2010 and conditional ZAR 600 million tied to environmental licenses and permits.

Intended Sylvania Resources merger

At the end of June, Ruukki Group announced its intension to acquire 100% of the share capital of Sylvania Resources Ltd, an Australian incorporated company producing platinum group metal (PGM) alloys with its main business located in South Africa. The target of the Sylvania transaction was to further expand Ruukki's minerals business in South Africa. In October, however, the merger implementation agreement was terminated. The parties faced serious obstacles during implementation that hampered the planned merger as well as the estimated benefits it was expected to generate. Therefore, the parties decided to terminate the agreement by mutual consent.

Disposal of Lappipaneli Oy's sawmill assets

Lappipaneli Oy concluded in the fourth quarter of 2009 the sale of its sawmilling assets to Pölkky Oy, Pölkky Metsä Kmo Oy and Kitkawood Oy. Inventories were sold in October 2008 and the transfer of fixed assets is expected to happen at the end of the first quarter of 2010. This corporate activity aims at changing the focus of the Wood Processing business, to enable better growth and profitability, and to benefit from the synergies between the various units in an improved way. The consideration for Lappipaneli's gross assets totaled EUR 14.6 million. The consideration is to be paid in installments, to a major extent during the fourth quarter of 2009 and the first quarter of 2010.

Divestment of the shares in Tervolan Saha ja Höyläämö Oy

As part of refocusing the Group's Wood Processing business, Ruukki Group's subsidiary, Ruukki Yhtiöt Oy, entered on 20 November 2009 into an agreement to sell its 91.42% 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 minority shareholders was dissolved. The consideration for the shares totaled approximately EUR 4.1 million, and it was paid in cash in December. TSH also distributed a dividend of about EUR 3.7 million to Ruukki Yhtiöt Oy.

Russian investments

In 2006 – 2008 the Group carried out significant preparations for Russian pulp mill and sawmill projects in the Kostroma region. The target was to invest over EUR 1 billion into an integrated pulp mill, sawmill and harvesting operations. Due to changed circumstances the Group was not able to implement its business plan, and based on that as well as on the considerable losses incurred, the Russian projects were discontinued by the decision made by the Board at the end of February 2009.

Acquisition of land areas for house building business

The Group is looking into opportunities to broaden its house building model portfolio and the geographical sales organisation in order to achieve growth. It has also bought some land asset in Q4/2009 in Kirkkonummi. This and any other additional land assets to be potentially bought later are planned to be developed into housing projects to be sold over the forthcoming years.

Acquisition of Intermetal

In February 2010, Ruukki Group's Turkish subsidiary, Türk Maadin Sirketi A.S., acquired 99.00% of the shares in Intermetal Madencilik ve Ticaret A.S. ("Intermetal"). The rationale of the transaction was to expand the Group's chrome ore reserves base in Turkey. Intermetal has six chrome ore exploration and exploitation licenses with a total land area of about 7,000 hectares. There is no external quantification of the total minerals reserve of Intermetal's license areas. The purchase consideration of Intermetal's shares was close to USD 0.5 million (EUR 0.3 million) and was paid in cash.

OTHER KEY DEVELOPMENTS DURING AND AFTER THE FINANCIAL YEAR 2009

Intended listing on London Stock Exchange

As published on 21 December, Ruukki Group Plc's Board has started preparations to list the Company's shares on the Main Market of the London Stock Exchange during the first half of 2010.

Changes in management

In June, Ruukki Board member Jelena Manojlovic was elected as the Chairperson of the Board. The previous Chairman, Alwyn Smit, continued as the Chief Executive Officer as well as a Board member. Ruukki Group Plc's Deputy CEO Antti Kivimaa, in charge of Group's Wood Processing businesses, resigned from the Company at the end of the third quarter 2009.

Ruukki Group Plc's Board decided that from 21 January, the Audit Committee will comprise three members. Thomas Hoyer and Markku Kankaala were appointed as new members with Jelena Manojlovic continuing on the committee. Thomas Hoyer was elected as chair. As from 6 October 2009, the Audit Committee has consisted of two members, Jelena Manojlovic (chair) and Markku Kankaala, since Thomas Hoyer started as the CEO of the Group's Wood Processing business.

On 7 May 2009, Ruukki Group Plc published that it had started processes in order to demerge its Minerals and Wood Processing businesses during 2010 with an ultimate target to separately list its Wood Processing business on the NASDAQ OMX Helsinki Exchange. As part of this process, the Board of Ruukki Group Plc appointed on 1 October 2009 a new CEO and an operative management team to Ruukki Yhtiöt Oy, the subsidiary which will become the parent company for all the Wood Processing assets of the Group. Thomas Hoyer became CEO of Ruukki Yhtiöt Oy. Dr. Danko Koncar started as CEO of the Minerals Business in early November. Further, Dr. Alistair Ruiters joined the Group as CEO of Ruukki South Africa (Pty) Ltd, taking over responsibility for the Group's South African business.

In January 2010, Ruukki Group Plc's Deputy CEO Jukka Havia, responsible for finance and acquisition, resigned from the Company and will move on to new responsibilities outside Ruukki Group. He continues in his duties until April 15, 2010. In February 2010, Ilona Halla was nominated CFO of Ruukki Group Plc.

Cancellation of treasury shares

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

In January 2010, Ruukki Group Plc's Board decided to cancel 13,052,022 treasury shares held by the Company. The cancellation did not affect the Company's share capital. After the cancellation, the Company holds 8,735,895 of its own 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.

Lappipaneli Oy’s legal proceedings against Sampo Bank Plc

Ruukki Group Plc announced on 7 July that its subsidiary, Lappipaneli Oy, had filed an action for damages at Helsinki District Court against Sampo Bank Plc which belongs to the Danske Bank Group. The matter concerns disagreements related to currency hedging transactions. The district court proceedings are not finished.

Rautaruukki’s dispute against Ruukki Group

On 21 December, Ruukki Group Plc received information from the release of Rautaruukki Corporation that Rautaruukki Corporation has initiated legal proceedings against Ruukki Group Plc. According to Rautaruukki Corporation, it has taken legal action in the Helsinki District Court against Ruukki Group Plc and its subsidiaries owing to increases in the registration of certain company names and business activities. According to Rautaruukki Corporation, it has also initiated legal proceedings in those countries where Rautaruukki Corporation claims to have earlier rights to the Ruukki name.

DEVELOPMENT BY BUSINESS SEGMENT

GENERAL OVERVIEW OF GROUP STRUCTURE AND STRATEGY

Ruukki Group Plc is a Finnish-incorporated parent company of a group of businesses engaged in the processing of minerals at operations based in South Africa and Europe. The facilities and expertise of the Group's minerals processing businesses enables them to produce a diverse range of products, including various grades of ferrochrome and other ferroalloys. Once processed, the end-products are distributed internationally by the Group's minerals sales team to customers operating in the stainless steel, automotive, aerospace and power plant industries.

In addition to its minerals processing businesses, the Group has wood processing subsidiaries located in North-Western Finland in the house building, sawmill and pallet sectors. The Board of Directors of Ruukki Group Plc decided in 2009 to start processes directed at demerging the Wood segment, and separately list those assets on Helsinki stock exchange during 2010. During the fourth quarter of 2009, restructuring development of the Wood Processing segment started with two disposals of sawmill assets. This restructuring process will continue, and Ruukki Group is looking for growth opportunities, in particular in house building sector. Due to these ongoing processes it is most likely that the original aim of listing the wood assets will not take place during 2010.

EBITDA 2009

The actual EBITDA, excluding non-recurring events from the segment results, as well as the guidance published on 21 December 2009, is presented below:

EUR ‘000	Minerals	Wood *	Non-segment and eliminations	Group consolidated*
Actual EBITDA	10.6	11.4	-10.9	11.1
EBITDA guidance, 21 Dec 2009	9.0	7.0	-9.5	6.5

* The effect of Junnikkala put option termination, EUR 5.3 million, not included

During 2009, a total of about EUR 1.9 million of London listing related expenses were recognised. Moreover, a total of EUR 2.1 million expenses were booked based on the intended acquisition of Sylvania Resources.

MINERALS SEGMENT

Revenue and profitability of the Minerals segment (Mogale consolidated from 1 June 2009):

EUR million	1-12/2009 12 months	11-12/2008 2 months
Revenue	71.0	12.3
EBITDA	10.6	1.9
EBITDA margin	14.9%	15.3%
EBIT	-30.3	-1.0
EBIT margin	-42.7%	-8.1%

Minerals segment 2009 EBIT was considerably affected by the EUR 19.5 million impairment of Mogale Alloys goodwill.

Quarterly revenue and profitability of the Minerals segment as of 1 November 2008:

EUR million	10-12/2009 3 months	7-9/2009 3 months	4-6/2009 3 months	1-3/2009 3 months	11-12/2008 2 months
Revenue	27.3	19.2	11.7	12.8	12.3
EBITDA	8.0	1.3	0.6	0.7	1.9
EBITDA margin	29.2%	7.0 %	4.9 %	5.4 %	15.3%
EBIT	-17.8	-4.8	-4.2	-3.6	-1.0
EBIT margin	-65.1%	-24.9 %	-35.7 %	-28.1 %	-8.1%

During 2009, the Minerals business segment's sales and production volumes substantially declined from 2008 levels, especially in the Southern Europe's specialty grade ferrochrome business; however, operating profitability, as measured by EBITDA, remained quite good even though the 2009 was challenging in the key markets where the Group operates. The German toll manufacturing smelter was shut down in Q1/2009, Q3/2009 and Q4/2009 for few months to adjust production volumes to meet customer demands. The Turkish underground mining operations were also halted for the latter half of 2009. The fourth quarter was good in volumes and profitability as well, driven partially by the reversal of earlier destocking by the stainless steel industry customers. Group's product mix was continuously adjusted in 2009 to optimise demand and profitability, with the specialty grade ultralow carbon ferrochrome products gaining more ground towards the end of the year.

During the fourth quarter, the segment management was strengthened when Dr. Danko Koncar joined as the segment CEO, and Dr. Alistair Ruiters as CEO of Ruukki South Africa.

The key operating subsidiaries of the segment were:

- RCS Ltd (100%), Malta;
- Türk Maadin Sirketi A.S. (98.7%), Turkey; and
- Mogale Alloys (Pty) Ltd (84.9%), South Africa.

Moreover, Elektrowerk Weisweiler GmbH in Germany, having special grade ferrochrome smelting operations, is consolidated based on SIC-12 into the Group even though the ownership interest of Ruukki Group is zero.

Southern European minerals business

The specialty grade ferrochrome production of the Group's European operations has been adjusted to meet demand; as a result, sales and production volumes were lower than previous year. The product mix changed significantly during 2009, both to secure the profitability and operational cash flow as well as to meet customer demands.

In May, an investment project was started in Turkey to build a new chromite beneficiation plant, which is expected to be finalised in April 2010. The plant should reduce production costs as on-ground tailings dumps can be utilised instead of mining the ore underground.

Key financial performance indicators for the Southern European minerals business:

EUR million	1-12/2009 12 months	11-12/2008 2 months
Revenue	57.3	12.3
EBITDA	10.1	1.9
EBITDA margin	17.7%	15.3%
EBIT	-6.7	-1.0
EBIT margin	-11.8%	-8.1%

Revenue above includes from Q3/2009 onwards also the sales of the Mogale products, which the Group have post-Mogale acquisition channelled through Group's Maltese distribution centre. As there is only a percentage commission on those sales, it affects the relative profitability of the Southern European minerals operations presented above. German toll manufacturer EWW is consolidated into the numbers, and has had a negative contribution of EUR 2.7 million to the EBITDA presented above.

Production volume for 1-12/2009, at the German toll manufacturing site EWW, totalled 14,074 metric tons of special grade ferrochrome (for 11-12/2008 2,408 tons). In 2009, the Turkish subsidiary of the Group produced altogether 17,224 (11-12/2008: 3 563) tons of chrome ore concentrate for intra-group use, and in addition, lumpy chrome ore for external customers 8,742 (11-12/2008: 0) tons. The Turkish subsidiary has on the balance sheet on 31 December 2009 EUR 1.4 (0.7) million activated expenses related to exploration and drilling activities.

South African minerals business

After the Mogale Alloys (Pty) Ltd acquisition at the end of May 2009, as part of the integration process, Mogale products have been sold via RCS Ltd from Q4/2009, the Group's own trading arm. This action saves costs and gives more versatile products mix for the customers. Effective from July, ESKOM's about 40% increase in electricity prices had a negative impact on profitability. The new 12 MVA DC furnace production was started in August, which both tied resources in the third quarter for that ramp-up and negatively affected the operations for other furnaces.

Since Ruukki announced in October that the intended Sylvania Resources merger implementation was terminated, the plan to become a vertically integrated chrome and PGM (platinum group metals) producer will not be realised in its original form. Based on the merger preparations, a total of EUR 2.1 million expenses were recognised in Ruukki Group's consolidated income statement for 1-12/2009.

During the latter half of 2009, a feasibility study was finalised for an additional DC furnace. Although preparations continue, there are no resolutions yet as to whether the investment will be made. There are also some ongoing investigations to find feasible ore resources, potentially via acquisition, for Mogale's smelting operations. Moreover, there are also a number of ongoing environmental development projects at Mogale.

Exchange rate changes have a major impact on the profitability in EUR terms and directly on the deferred purchase consideration of ZAR 800 million.

Key financial performance indicators for the South African minerals business:

EUR million	6-12/2009 7 months
Revenue	28.2
EBITDA	0.4
EBITDA margin	1.6%
EBIT	-23.6
EBIT margin	-83.6%

The ZAR 150 million purchase consideration related trust payment, to incentivise Mogale management, has been recognised as personnel expense in the Group accounts by accruing that evenly over a 5-year term.

Production volume for 6-12/2009 at Mogale Alloys totalled 48,071 metric ton of various ferroalloys.

WOOD PROCESSING BUSINESS

Revenue and profitability of the Wood Processing segment:

EUR million	1-12/2009	1-12/2008	10-12/2009	10-12/2008
Revenue	122.3	144.9	32.9	36.4
EBITDA	16.7	14.6	11.1	2.9
EBITDA margin	13.6%	10.1%	33.7%	8.1%
EBIT	13.4	-13.6	11.9	-7.7
EBIT margin	10.9%	-9.4%	36.1%	-21.0%

Due to the sale of Lappipaneli Oy's assets at the end of the year, a EUR 2.1 million impairment recognised in 2008 on tangible assets was reversed in December 2009 which positively contributed to 2009 EBIT.

Moreover, at the end of 2009 Group's subsidiary decided to terminate the put options granted in relation to Junnikkala transaction, which led to a EUR 5.3 non-recurring gain positively affecting both the EBITDA and EBIT. Ruukki Group still has the 51.02% stake in Junnikkala Oy, but from end of December 2009 onwards the Group accounts for the 48.98% minority share, which was not done earlier. Ruukki Group still has the call options, which vest after 2010 financial year, but does not have the obligations it had earlier with the granted put options.

Quarterly revenue and profitability of the Wood Processing segment for 2009:

EUR million	2009			
	10-12	7-9	4-6	1-3
Revenue	32.9	25.9	31.9	31.7
EBITDA	11.1	1.1	1.1	3.4
EBITDA margin	33.7%	4.1%	3.6%	10.7%
EBIT	11.9	-0.4	-0.2	2.1
EBIT margin	36.1%	-1.4%	-0.7%	6.6%

For 10-12/2009 Junnikkala put option related one-off gain was EUR 5.3 million, and it is included in the numbers above.

During 2009, sales volumes in general fell substantially from those of 2008. In the sawmilling sector, sales prices also declined for the first half of the year, which was somewhat offset by the lower input prices. The low level of capacity utilisation affected profitability negatively, since fixed costs could be adjusted down only to a minor extent. In the house building business area, the low level of new sales in 2008 and early 2009 meant that 2009 deliveries, and thereby revenue, was clearly lower than in 2008.

At the end of 2009, it was resolved that more emphasis in the wood processing segment will be put on house building. As a result of this refocusing, some of Group's sawmill units were divested at the end of 2009.

The key subsidiaries of the segment were:
- Pohjolan Design-Talo Oy (100%), house building;
- Junnikkala Oy (51%), sawmills; and
- Oplax Oy (100%), pallets.

House building business

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

2009				2008			
10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
66	27	49	96	77	81	79	105

Due to very low sales at the end of 2008, the house building business delivery volumes were low for Q3/2009; however, volumes increased somewhat in Q4/2009. Although volumes have recently been low, due to lower economies of scale and the effect of fixed costs, operating profit margins have come down yet the business remains profitable. As the general sentiment and consumer confidence seems to be recovering, new sales have improved compared to the situation in 2008.

The Group is looking into opportunities to broaden its model portfolio and the geographical sales organisation in order to achieve growth. It has also started to buy land - in Q4/2009, the business area acquired land in Kirkkonummi, which is planned to be developed over the forthcoming years; other land areas are also sought for purchase. During the first half of 2009 the business area delivered a total of 31 cottages, which was the first experience of expanding into the recreational housing sector.

At the end of 2009 the Group had an order backlog of 285 (31 Dec 2008: 185) houses with a total value of EUR 40.1 (25.0) million excluding VAT.

Key financial performance indicators for the house building business:

EUR million	1-12/2009	1-12/2008
Revenue	31.8	50.4
EBITDA	7.2	10.4
EBITDA margin	22.6%	20.6%
EBIT	6.8	10.1
EBIT margin	21.5%	20.0%

Sawmill business

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

2009				2008			
10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
75	86	91	79	89	55	98	71

During the second half of 2009, the Group’s sawmill units were able to generate better earnings than during the first half, even though the profitability is still not adequate. In the sawmill business, the availability of logs has remained tight thus limiting, to some extent, the output volumes and levelling off log purchase price decline. In general, the market demand was weak for the review period, but there was some pick-up in demand and prices to the end of the year, partially due to decreased industry supply. As the pulp mill production in the vicinity of the Group’s sawmills has been decreasing, chip sales prices have been negatively impacted. The key customer segment of the sawmill business, the house building and construction industry, has lately shown sign of recovery - a trend that has positively contributed to the financial performance.

In December 2009, Ruukki Yhtiöt Oy, the parent company of the Group’s sawmill subsidiaries, terminated on its side the put option arrangement in relation to the Junnikkala Oy acquisition carried out in January 2008. Based on this action, Ruukki Group still has a call option but is not obliged to buy the 48.98 % minority stake.

During Q4/2009, the Group disposed of Tervolan Saha ja Höyläämö Oy; further, it sold the working capital related assets of Lappipaneli Oy (the fixed assets will be sold at the end of March 2010), which reduced the total annual output capacity of the sawmill segment from about 500,000 m3 to about 300,000 m3 from the beginning of 2010.

Key financial performance indicators for the sawmill business:

EUR million	1-12/2009	1-12/2008
Revenue	82.7	87.1
EBITDA	8.0	2.4
EBITDA margin	9.6%	2.8%
EBIT	6.0	-21.7
EBIT margin	7.3%	-24.9%

Sawmill businesses EBITDA excluding non-recurring Junnikkala put option related gain was EUR 2.7 million for 1-12/2009, which corresponds to about 3.2% of revenue. Sawmill business EBIT was EUR 1.4 million negative (-1.6% of revenue) when both Junnikkala put option termination and Lappipaneli related reversal of impairment would be excluded.

Pallet business

The pallet business was generally steady during 2009, even though one of its key customer segments, the paper industry, has been suffering from the general economic decline and periodical shutdowns. The operative profitability has remained quite stable.

Key financial performance indicators for the pallet business:

EUR million	1-12/2009	1-12/2008
Revenue	9.4	9.2
EBITDA	1.5	1.7
EBITDA margin	16.1%	19.0%
EBIT	0.5	-2.1
EBIT margin	5.6%	-22.4%

OTHER OPERATIONS

Associated companies were consolidated in the Group financial statements by applying the equity method. The income from associates for 1-12/2009 was positive for a net amount of about EUR 0.2 million, but EUR 0.9 million impairment on the shares of associates was recognised in 2009. In November Ruukki Group sold its stake in Cybersoft Oy in cash realising a sales gain of EUR 0.5 million.

For the fourth quarter of 2009, i.e. from October to December, the Group's other operations, not included in the two separately reported segments, generated a negative EBITDA of EUR 3.1 million, of which negative 0.7 million was related to Russian investment projects and the rest to major extent to the Group's headquarters operations.

For the financial year 2009 the total negative EBITDA of the other operations was EUR 9.9 million, of which negative 4.1 million was related to Russian projects, to main extent that loss being derived from the sales loss on terminating Russian subsidiaries. The Group's parent company recognised EUR 1.0 million option expenses for the financial year 2009. In relation to London listing preparations EUR 1.9 million expenses were recognised in 2009

The Group's liquidity, when taking into account cash and cash equivalents as well as short-term held-to-maturity deposits, totalled EUR 58.0 (30 Sep 2009: EUR 62.0; 31 Dec 2008: 231.9) million at the end of the financial year 2009. The Group deposits its liquidity into short-term deposits with a number of financial institutions to diversify risk and to have operational flexibility. To main extent the cash is in EUR and deposited at Finnish banks, but the Group's subsidiaries also have liquidity in e.g. USD, ZAR and GBP. At the end of 2009 about two thirds of Group's cash and cash equivalents are deposited in EUR at Finnish commercial banks with an Aa2 (Moody's) credit rating. The rest of cash is diversified into a number of banks in various countries where the Group operates.

GROUP PERSONNEL

At the end of the financial year, Ruukki Group's number of employees was 893 (2008: 721), and accordingly for the parent company 9 (8). The average headcount was 824 (913) during the financial year. The Group's personnel expenses for 2009 were EUR 28,332,321.83 (37,358,377.38). There were altogether EUR 990,755.92 (878,213.96) expenses recognised in the profit and loss account based on option and other share-based payments as depicted by the IFRS 2 standard.

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

	31.12.2009	31.12.2008
Minerals Business	629	404
Wood Processing Business	253	301
Others	2	8
Group Management	9	8
Total personnel	893	721

Of the employees, on 31 December 2009 altogether 633 worked abroad (70.9%), and 260 (29.1%) in Finnish entities. At the end of previous year, altogether 56.6% of the total employees worked abroad and 43.4% in Finland for the Finnish Group companies.

FUTURE OUTLOOK

Global economic recovery remains fragile, but the Company expects demand for Ruukki Group's products to be better in 2010 than in the previous year in the Company's major markets. The economic environment is still in a fragile state and any growth in the markets the Company serves is expected to be modest. In general, production volumes have been increasing, but visibility entering into 2010 is low.

Ruukki Group's minerals units have been recovering after the recent downturn and the Company sees increased demand, which is expected to result in higher volumes and better prices for the Company's products in 2010. The main risk factor for the Company's profitability is input prices, mainly the development of the price of raw materials and electricity. The Company's production units have a flexible operational model and therefore the Company believes that it can quickly adapt to changes in volumes or alternatively, by adjusting the product mix, and take advantage of price differences between various types of metals. Despite recent positive signals, the current state of the minerals sector is filled with high uncertainty, and therefore the visibility on future financial performance remains very low.

Ruukki Group's wood processing units have been enjoying improved market conditions and demand has been increasing. However, the construction industry, which is the end market for a majority of Ruukki Group´s wood processing products, has been suffering significantly in 2009. Client activity is still at historically low levels in the industry and visibility remains weak. The Company's house building unit has increased its sales volume in 2009 and this trend is expected to continue also in 2010. The Company's sawmill unit has recovered, but the sawmill sector is generally in a challenging state and the Company believes that any increase on the supply side would risk the recovery of the whole sawmill market. The Company's pallet business has been relatively stable through the downturn, but also in this sector the Company is highly dependent on changes in the general economic climate. The major risk for Ruukki's wood processing units lies in production and raw material costs, where after two years of decreasing prices in the industry there is now pressure for increases.

KEY RISKS AND UNCERTAINTIES

In addition to and alongside with the risks published earlier during the year, there are the following key risks and uncertainties in the prevailing market situation based on current group structure.

By the acquisition of the chrome ore and ferrochrome businesses at the end of October 2008 and by the expansion into South African minerals sector via Mogale Alloys acquisition in May 2009, the Group on the one hand has somewhat diversified its industry risks, and hence is less vulnerable to the wood processing industry, but on the other hand it has more exposures to minerals sector commodity price risks. The number of geographical locations has increased, and therefore dependence on any one location's or country's situation is mitigated, but the Group is now also exposed to South Africa related risks. As a consequence of the recent acquisitions more intangible assets and less cash is recognised on the Group balance sheet at the end of 2009 as compared to 2008.

Changes in the Group's business and legal structure have increased the absolute and relative importance of foreign operations and also foreign exchange rate risks, both directly and indirectly. Ruukki Group is dependent on the competence of the key employees in the acquired businesses. Based on studies and surveys carried out so far, the Group has no knowledge of any environmental risks or changes in environmental requirements that relate to its businesses in excess of what is disclosed in the financial statements. However, the Group might face some additional environmental liabilities or there might be changes in regulations that can lead to additional costs or investment needs.

Even though the general uncertainty in the global economy has somewhat alleviated compared to the year-end 2008, in the commodity and end-customer markets, such as the stainless steel industry, that are most important to the Group there is still considerable uncertainty in relation to future demand. Ruukki Group currently has a quite strong cash position, but if the availability or terms of external financing would be inadequate for longer term it can have a major adverse impact on the implementation of the Group's strategy, on its future growth and on the implementation of mergers or acquisitions. Moreover, the uncertainty in the capital markets could limit the opportunities for the Group to pursue capital expenditure projects within the current businesses, or could adversely affect the profitability or return on capital of those projects.

The short-term success of Group's Minerals businesses is to a large extent dependant on the global demand for stainless steel on which ferrochrome is one key raw material. During the latter half of 2009 there was a pick-up in demand and a trend of sales price increases, but there is general uncertainty as to how the 2010 demand will develop. The Group's Minerals business segment's management expects the demand for Group's ferroalloys products in general be higher in 2010 compared to that of 2009, but the Group has decided to curtail the production of the specialty grade ferrochrome during the first quarter, and later if needed, to manage the cash flow and inventories.

The changes in exchange rate, if adverse, can have a major negative impact on Group's profitability, in particular in relation to changes in USD/ZAR. Changes in ZAR exchange rate also affect the EUR value of the deferred purchase consideration of Mogale Alloys.

The Group is expecting to finalise its Turkish beneficiation plant investment by the second quarter of 2010, and is expecting the utilisation of the on-ground tailings resources to significantly reduce production costs of chrome ore concentrate. If there would be any material delays, unexpected costs or other operational friction in the implementation process there is risk that the financial performance would be worse than expected.

Since the Minerals segment operations, in particular in the smelting processes, require of a considerable amount of electricity and power, the availability and price of electricity can have a significant effect on the segment profitability. In particular in South Africa, there is a substantial risk of an increase in the unit price of electricity.

For the Wood Processing segment, the success of the house building business is one key driver of segment cash flows and profitability. Therefore, the development of the Finnish house building sector in general impacts the financial performance. Currently the Finnish single-family house market in general is rebounding from the couple of years of declining volumes, but there is still uncertainty as to the length and depth of the recovery. As the Group has at the end of 2009 taken some initiatives to diversify the house building business also into larger area development projects, which typically ties in cash more than the earlier basic business model of the Group would have required.

In the sawmill business, major short-term risks and uncertainties relate to customer demand and the development of market prices. Capacity utilisation rate was in 2009 at a low level, and if that would not change, it can continue to have an adverse effect on profitability since losing benefits from economies of scale typically increase average production costs per unit. If there are any public sector changes to taxes, laws, required safety measures or any other similar issues, these can increase the costs of the Group's wood processing businesses. Also, the changes in foreign exchange rates can have major impact on the Group's sawmill business's performance, as sawn timber products are commodities produced and traded on global markets with only very minor differentiation between competitors.

Since the Group has made and might still carry out mergers and acquisitions there are a number of implementation and integration related risks. Also as the Group has during the last two years quickly acquired and established operations in a number of foreign jurisdictions, there might be some administrative or tax related issues that might require further attention later or have some implications not known currently. There is also uncertainty whether the Group will exercise its call or put options in certain of the acquisitions, in particular in relation to minerals segment. Consequently, the income statement, balance sheet or cash flow statement could change and might not correctly reflect the actual situation in retrospect. There is also uncertainty what the total purchase consideration is for some of the Group's acquisitions, both related to options' exercise prices and also related to earn-out purchase components, as they can only be verified when the total purchase considerations are finally settled, which to some extent takes place only after a few years time.

The Group is also considering some alternative options how organically grow its minerals business, both at the raw material sourcing and further processing phases, which can expose the Group to major project risks.

MOST SIGNIFICANT RELATED PARTY TRANSACTIONS DURING OR AFTER FINANCIAL YEAR 2009

During or after 2009, the following significant related party transactions were carried out or agreed upon or it has outstanding receivable or payable balances.

Ruukki Group Plc had on 31 December 2009 an interest-bearing, long-term receivable, with no collateral backing, from the Company's ex-CEO for an outstanding amount of close to EUR 0.9 (1.4) million, including capital and accrued interest. The Group's sawmill subsidiary had a total of EUR 0.5 million interest-bearing liabilities outstanding to its related parties. Minerals sector company had on 31 December 2009 a EUR 10.1 million interest-bearing receivable (2008: EUR 15.3 million) from a related party.

Kermas Limited, a company being a related party to the Group, did during October commit itself to grant Ruukki South Africa (Pty) Limited, a subsidiary of Ruukki Group, a pledge in relation to the environmental liabilities of Mogale Alloys (Pty) Limited. This pledge will be given in Ruukki Group Plc shares, so that Kermas Limited pledges shares for an amount corresponding to five percent of Ruukki Group Plc shares outstanding. However, this has not yet been implemented.

The earn-out consideration provision related to the acquisition of Group's Southern European minerals business, the transaction of which was carried out with a related party, was revised to a total of about EUR 30.0 million (31 Dec 2008: EUR 50.8 million). The change in the provision was based on revised forecasts of future years expected profitability of the acquired assets. The earn-out will be paid in Ruukki Group shares.

In February 2010 the Group acquired 99% stake in Intermetal from a related party for a EUR 0.3 million cash consideration.

KEY CHANGES IN PLEDGES AND CONTINGENT LIABILITIES DURING OR AFTER FOURTH QUARTER OF 2009

Junnikkala Oy, a subsidiary of the Group's sawmill business has financing covenants, and due to the weak financial performance of the subsidiary in 2009, it has not been able to pay back its loans in 2010 in accordance with the original payback schedule. As a consequence, it might be that the shareholders might have to inject some cash into the subsidiary. During financial year 2009 Ruukki Group Plc's loans breached its covenants due to subsidiary's financial performance which led Ruukki Group to pay an additional one-off repayment of loan to the bank for a total of EUR 0.9 million, after which the loan covenants have not breached.

As the Group decided to sell its sawmill subsidiary Lappipaneli's assets, Ruukki Group Plc's guarantees, given to third parties, will be freed in the short future. Ruukki Group Plc has had a EUR 2.5 million deposit pledged for Lappipaneli's log purchases. Moreover, on 31 December 2009 Ruukki Group Plc had about EUR 0.7 million guarantees for Lappipaneli's equipment financing liabilities.

In relation to Mogale Alloys acquisition, Ruukki Group's view is that all the licences and permits, as agreed in the acquisition agreement, have not yet been received, and hence Ruukki's opinion is that the ZAR 600 million conditional deferred purchase consideration is not interest-bearing. Once all the licences and permits are received, which is reviewed furnace by furnace, the ZAR 600 million liability, split in four furnace-specific tranches, becomes payable.

At the end of the financial year 2009 Ruukki Group revised its Mogale Alloys purchase price allocation in relation to environmental liabilities, which was based on post-transaction analysis as to what, past or future action, those liabilities relate to. As a consequence of this, the environmental rehabilitation provision was decreased by about EUR 10.8 million to about EUR 7.1 million. It is possible that Mogale Alloys will invest more into environmental processes due to future action or changes in legislation.

The Group's subsidiary filed a legal claim against Sampo Bank for damages for approximately EUR 6.0 million in addition to claims for interests and costs related to the matter. Ruukki Group has recognised all of those losses and expenses in its 2008 and 2009 income statement.

Rautaruukki Oyj initiated legal proceedings against Ruukki Group Plc and some of its subsidiaries at the end of 2009 claiming that Ruukki Group Plc is some jurisdiction in infringing its rights to Ruukki name. No liability has been recognised on Ruukki Group's balance sheet in relation to this event, but Rautaruukki has in its court filings claimed for EUR 5.0 million for damages, EUR 12.0 million as royalty fee based compensation and an undisclosed sum for its legal fees.

RUUKKI | GROUP

FINANCIAL TABLES

FINANCIAL DEVELOPMENT BY SEGMENT, CONTINUING OPERATIONS, EUR THOUSAND

1.1.-31.12.2009 EUR '000	Wood Processing	Minerals	Non-segments	Adjustments and eliminations	Group
Revenue					
From external customers	122 324	71 035	1	0	193 359
From other segments	63	0	321	-384	0
Segment's revenue	122 387	71 035	322	-384	193 359
Profit					
Segment's EBITDA	16 678	10 563	-9 941	-928	16 372
Segment's EBIT	13 380	-30 349	-9 998	-928	-27 895
Segment's profit	3 692	-32 620	5 521	-4 250	-27 657

1.1.-31.12.2008 EUR '000	Wood Processing	Minerals	Non-segments	Adjustments and eliminations	Group
Revenue					
From external customers	144 066	12 308	2 308	-16	158 665
From other segments	840	0	381	-1 221	0
Segment's revenue	144 906	12 308	2 689	-1 237	158 665
Profit					
Segment's EBITDA	14 567	1 880	-13 176	-930	2 342
Segment's EBIT	-13 634	-999	-31 121	-930	-46 684
Segment's profit	-21 487	-49	-12 021	-7 810	-41 367

ASSETS BY SEGMENT, EUR THOUSAND

ASSETS EUR '000	Wood Processing	Minerals	Non-segments	Adjustments and eliminations	Group
31 December 2009	**83 759**	**393 804**	**363 556**	**-273 987**	**567 132**
31 December 2008	85 676	57 943	453 102	-33 446	563 275

GOODWILL BY SEGMENT, EUR THOUSAND

EUR '000	31.12.2009	%	31.12.2008	%	Change
Continuing Operations					
Wood Processing	25 523	14.7%	25 418	29.1%	105
Minerals Business	148 135	85.3%	61 830	70.9%	86 305
Total Continuing Operations	**173 658**	**100.0%**	**87 248**	**100.0%**	**86 410**

In 2009, the absolute value of goodwill has doubled as compared to the previous year-end. Moreover, goodwill's share of assets and relation to equity has increased. The main reason behind the change is the acquisition of Mogale Alloys in May 2009. On the other hand, the future profit-based earn-out liability estimate, related to the minerals acquisition carried out in 2008, has been changed on 31 December 2009, which has decreased goodwill.

CONSOLIDATED INCOME STATEMENT, SUMMARY, CONTINUING OPERATIONS, EUR THOUSAND

EUR '000	**1.1.-31.12.2009** 12 months	**1.1.-31.12.2008** 12 months	**1.10.-31.12.2009** 3 months	**1.10.-31.12.2008** 3 months
Continuing operations				
Revenue	**193 359**	**158 665**	**60 178**	**48 465**
Other operating income	8 059	1 273	7 328	-78
Operating expenses	-184 297	-157 766	-51 600	-47 327
Depreciation and amortisation	-26 781	-10 839	-7 488	-5 050
Share of profit of associates	-750	171	-833	144
Impairment	-17 486	-38 187	-17 486	-15 925
Operating profit	**-27 895**	**-46 684**	**-9 902**	**-19 770**
Financial income and expense	-4 826	5 143	-6 299	-3 713
Profit before tax	**-32 721**	**-41 541**	**-16 201**	**-23 483**
Income tax	5 064	174	2 254	2 489
Profit for the period from continuing operations	**-27 657**	**-41 367**	**-13 947**	**-20 994**
Discontinued operations				
Profit for the period from discontinued operations	**0**	**8 680**	**0**	**5 660**
Profit for the period	**-27 657**	**-32 687**	**-13 947**	**-15 333**
Profit attributable to				
Owners of the parent	-23 491	-31 386	-13 542	-13 935
Non-controlling interests	-4 166	-1 301	-405	-1 399
Total	-27 657	-32 687	-13 947	-15 333

Earnings per share (counted from profit attributable to owners of the parent):

basic (EUR), continuing operations	-0.09	-0.14
diluted (EUR), continuing operations	-0.09	-0.14
basic (EUR), discontinued operations	-	0.03
diluted (EUR), discontinued operations	-	0.03

STATEMENT OF COMPREHENSIVE INCOME, EUR THOUSAND

Other comprehensive income	**1.1.-31.12.2009**	**1.1.-31.12.2008**	**1.10.-31.12.2009**	**1.10.-31.12.2008**
Exchange differences on translating foreign operations	11 174	1 026	4 598	1 126
Income tax relating to other comprehensive income	-3 699	-379	-1 354	-377
Other comprehensive income, net of tax	**7 475**	**646**	**3 245**	**749**
Total comprehensive	**-20 182**	**-32 041**	**-10 702**	**-14 584**

income for the year				
Total comprehensive income attributable to:				
Owners of the parent	-17 491	-30 739	-11 774	-13 186
Non-controlling interests	-2 690	-1 301	1 072	-1 399

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY, EUR THOUSAND

EUR '000	**31.12.2009**	**31.12.2008**
ASSETS		
Non-current assets		
Investments and intangible assets		
Goodwill	173 658	87 248
Investments in associates	3 648	1 770
Other intangible assets	103 063	72 137
Investments and intangible assets total	280 369	161 155
Property, plant and equipment	81 614	69 633
Other non-current assets	29 357	23 366
Non-current assets total	**391 340**	**254 154**
Current assets		
Inventories	55 374	40 419
Receivables	49 283	36 672
Held-to-maturity investments	2 500	186 485
Other investments	314	133
Cash and cash equivalents	55 852	45 413
Current assets total	**163 323**	**309 121**
Assets held for sale	**12 470**	**0**
Total assets	**567 132**	**563 275**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	23 642	23 642
Share premium reserve	25 740	25 740
Revaluation reserve	2 193	2 193
Paid-up unrestricted equity reserve	260 357	328 025
Translation reserves	6 165	-434
Retained earnings	-49 077	-30 224
Equity attributable to owners of the parent	**269 020**	**348 943**
Non-controlling interests	**19 635**	**7 768**
Total equity	**288 655**	**356 710**
Liabilities		
Non-current liabilities	168 367	140 925
Current liabilities		
Advances received	13 480	13 215
Other current liabilities	90 351	52 425
Current liabilities total	103 831	65 640
Liabilities classified as held for sale	**6 280**	**0**

Total liabilities	**278 477**	**206 565**
Total equity and liabilities	**567 132**	**563 275**

At the end of 2009 the Group had a total of EUR 14.2 million (31 Dec 2008: EUR 5.3 million) provisions on its balance. To main extent these provisions are recognised to reflect the environmental or rehabilitation liabilities or potential liabilities of the Group's minerals operations.

SUMMARY OF CASH, INTEREST-BEARING RECEIVABLES AND INTEREST-BEARING LIABILITIES, EUR THOUSAND

	31.12.2009	31.12.2008
Cash and cash equivalents	**55 852**	**45 413**
Interest-bearing receivables		
Current	2 578	186 571
Non-current	13 727	17 337
Interest-bearing receivables	**16 305**	**203 909**
Interest-bearing liabilities		
Current	20 204	13 092
Non-current	17 953	23 095
Interest-bearing liabilities	**38 157**	**36 187**
NET TOTAL	**34 000**	**213 135**

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

	Property, plant and equipment	Intangible assets
Acquisition cost 1.1.2009	118 012	185 429
Additions	39 782	175 918
Disposals	-12 660	-2 052
Acquisition cost 31.12.2009	145 133	359 295
Acquisition cost 1.1.2008	49 351	45 871
Additions	80 428	148 706
Disposals	-11 767	-9 148
Acquisition cost 31.12.2008	118 012	185 429

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY, EUR THOUSAND

EUR '000	**1.1.-31.12.2009**	**1.1.-31.12.2008**
Net profit	-27 657	-32 687
Adjustments to net profit	46 687	26 736
Payment to trust fund to provide for future remuneration in relation to acquisition	-6 479	0
Changes in working capital	-12 551	4 999
Net cash from operating activities	**6 335**	**-952**
Acquisition of subsidiaries and associates	-103 960	-89 162
Payment of earn-out liabilities and exercises of call options related to acquisitions	-438	-403

Disposal of subsidiaries and associates	5 377	11 111
Capital expenditures and other investing activities	-9 221	-39 879
Net cash used in investing activities	**-108 242**	**-118 334**
Acquisition of own shares	-57 614	-12 273
Dividends and capital redemption paid	-10 534	-12 433
Deposits	184 123	-52 770
Other investments	0	173 056
Interest received, other than operations related	1 117	14 741
Proceeds from borrowings	9 912	16 731
Repayment of borrowings, and other financing activities	-14 287	-10 839
Net cash used in financing activities	**112 717**	**116 214**
Net increase in cash and cash equivalents	**10 810**	**-3 071**

In the cash flow statement above, cash flow from operations includes about EUR 6.5 million payment made in May in relation to Mogale Alloys acquisition into a trust fund, from which the Mogale key personnel will receive incentives over the next five years.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, EUR THOUSAND

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

EUR '000	A	B	C	D	E	F	G	H	I
Equity 1 January 2008	**23 642**	**25 740**	**969**	**340 690**	**-1 080**	**19 694**	**409 655**	**1 995**	**411 650**
Total comprehensive income					646	-31 386	-30 739	-1 301	-32 041
Dividend distribution						-12 033	-12 033	-986	-13 019
Share-based payments						878	878		878
Acquisition of own shares				-12 665			-12 665		-12 665
Acquisitions and disposals of subsidiaries			1 224			-7 378	-6 154	8 060	1 906
Equity 31 December 2008	**23 642**	**25 740**	**2 193**	**328 025**	**-434**	**-30 224**	**348 943**	**7 768**	**356 710**
Total comprehensive income					6 599	-24 090	-17 491	-2 690	-20 182
Dividend distribution								-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 and other changes in equity						4 329	4 329	15 036	19 366

Equity 31 December 2009	**23 642**	**25 740**	**2 193**	**260 357**	**6 165**	**-49 077**	**269 020**	**19 635**	**288 655**

OTHER KEY INDICATORS, CONTINUING OPERATIONS, EUR MILLION

	1-12/2009 31.12.2009	**1-12/2008 31.12.2008**
Gross capital expenditure	213.9	235.4
% of revenue	110.6%	148.4%
Personnel, average	824	418
Personnel, at the end of the period	893	721
Lowest share price, EUR	1.04	1.02
Highest share price, EUR	2.68	2.99
Average trade-weighted share price, EUR	1.67	2.03
Market capitalisation, EUR million	558.6	333.5
Share turnover, EUR million	547.0	884.6
Share turnover, %	125.7%	149.9%

ACQUISITIONS AND DIVESTMENTS

Mogale Alloys acquisition

In 2009, Ruukki Group acquired an 84.9% majority interest in Mogale Alloys (Pty) Ltd. A preliminary purchase price allocation was presented in conjunction with the Q2/2009 interim report. The purchase price allocation was subsequently changed in relation to environmental liabilities. Moreover, the Company received a revised acquisition date balance sheet of PGR3 and updated the amount of transaction expenses. Hence a revised purchase price allocation is presented below. The numbers are presented in EUR, based on the exchange rate of EUR/ZAR of about 11.57 prevailing at the time when the transaction was finalised, i.e. at the end of May 2009.

Ruukki Group owns Mogale both directly and via intermediate holding companies, and the accounting of the total holding is effectively split into two portions: (i) 80.0% majority stake, and (ii) 4.9% minority stake via an associated company. The target companies' balance sheets as well as the assets and liabilities that were recognised in the preliminary purchase price allocation process, all at the date of the conclusion of the deal, are presented below. The presented numbers do to some extent include transactions between those parties, and hence cannot be simply added up.

	Net Assets of Acquired entities				**Adjustments**
EUR '000	Mogale (80 %)	PGR 17 (100 %)	Dezzo (100 %)	PGR3 (63 %)	FV adjustments
Assets					
Non-current assets					
Property, plant and equipment	13 655	5			8 299
Intangible assets					
- technology					31 964
- clientele					12 699
Financial assets	259	2 201	628	61	
Non-current assets total	**13 914**	**2 206**	**628**	**61**	**52 962**
Current assets					
Inventories	9 528				
Trade and other receivables	5 990	156		7	
Tax receivables	314				
Cash and cash equivalents	3 709	522	2	11	

Current assets total	**19 540**	**679**	**2**	**18**	
Total assets	**33 455**	**2 884**	**630**	**79**	**52 962**
Liabilities					
Non-current liabilities					
Loans			2		
Finance lease obligations	658				
Deferred tax liability	3 817				14 829
Non-current liabilities total	**4 475**		**2**		**14 829**
Current liabilities					
Trade and other payables	4 595		2	3	
Provisions	9 106				- 2 057
Income taxes		260		12	
Current liabilities total	**13 701**	**260**	**2**	**15**	**-2 057**
Total liabilities	**18 176**	**260**	**4**	**15**	**12 772**
Net assets	**15 279**	**2 625**	**625**	**64**	**40 190**

Goodwill calculation	
Ruukki's share of acquired net assets	44 838
Ruukki's minority share of net assets	2 718
Acquisition cost	163 976
Goodwill	**116 420**

Cash flow effect	
Cash consideration for the acquisition	-99 272
Management remuneration	-6 479
Ruukki's share of acquired cash	3 498
Net cash flow effect	**-102 252**

If the Mogale Alloys would have be en acquired in the beginning of 2009, an additional five months of financial information would have been consolidated into Ruukki Group, and therefore based on average EUR/ZAR exchange rate for 1-5/2009 an additional EUR 10.5 million of revenue would been added to Group income statement, and it would had a negative impact on Group EBITDA by about EUR 1.5 million.

Lappipaneli, disposal of assets

The transaction to dispose of the assets of Lappipaneli Oy, a sawmill subsidiary of the Group, was concluded in the beginning of November 2009. The current assets were sold in 2009, but the fixed assets transition was postponed, as opposed to the original deal structure, to March 2010. The total gross consideration for the sold assets was EUR 14.6 million. On the 31 December 2009 Group balance sheets the sold assets and related liabilities are reclassified into assets held for sale and liabilities held for sale. Based on the disposal, approximately EUR 2.1 million reversals of earlier impairments recognised in 2009 was realised in Q4/2009. Lappipaneli Oy will continue to be part of Ruukki Group post transaction, and its claim raised against Sampo Bank Plc is still in the process and unsettled.

Tervolan Saha ja Höyläämö disposal

Tervolan Saha ja Höyläämö was disposed on 31 December 2009. The total cash consideration was EUR 4.1 million, and furthermore, an additional dividend on EUR 3.7 million was distributed to Ruukki Group. The transaction didn’t have an affect on 2009 results.

Junnikkala put option termination

In December 2009, the Group terminated part of the option arrangement in relation to Junnikkala Oy acquisition in January 2008: Ruukki Group still has the call option to buy additional 48.98 % of the shares, but it does not any more have the obligation to buy the shares via written put options, since those were terminated by the Group. This triggered a EUR 5.3 million gain on Group balance sheet, as previously the Group had consolidated Junnikkala based on 100 % potential ownership, but a EUR 10.2 million liability was cancelled, and EUR 5.0 million minority share recognised. As the Group already in 2008 had written down goodwill and other purchase price allocation related items, the difference was recognised in the Group income statement.

Intermetal acquisition

A 99% stake in Intermetal, a Turkish company, was acquired in the beginning of February 2010. Intermetal has chrome ore mining licences in Turkey and has both exploration projects ongoing and has also sold extracted chrome ore to international customers, with 2008 revenue being about USD 7.2 million.

Preliminary purchase price allocation of the Intermetal acquisition has been made on the acquisition, based on December 2009 balance sheet of the target. The following assets and liabilities will be recognised in Q1/2010 relating to the acquisition which also gives information about the contribution of this transaction to the Group balance sheet at the date of the transaction:

1,000 EUR	**Fair value of acquired assets**	**Book value of assets before acquisition**
Intangible assets	7	7
Property, plant and equipment		
Machinery and equipment	119	119
Ore reserves	61	0
Other tangible assets	193	193
Current assets		
Inventories	14	14
Trade and other receivables	87	87
Cash and cash equivalents	27	27
Total assets	**508**	**447**
Deferred tax liability	12	0
Current interest-bearing debt	130	130
Trade and other payables	29	29
Total liabilities	**172**	**159**
Net assets	**336**	**287**
Acquisition cost	336	
Net assets	336	
Goodwill	0	
Cash flow effect:		
Consideration paid in cash	336	
Acquired cash and cash equivalents, Group's share (99%)	-27	
Cash flow effect	**309**	

ACCOUNTING POLICIES

This Financial Statements Review is prepared in accordance with the IAS 34 standard. Ruukki Group Plc applies the same accounting and IFRS principles as in the 2008 financial statements with the exception that the Group has changed the presentation of operational segments in accordance with IFRS 8. Starting from 1 January 2009, the Group has had two reporting segments: Wood Processing business and Minerals business. Moreover, the presentation and terminology of financial statements has changed somewhat due to changes in the IAS 1 standard. Furthermore, the Group applies the revised IFRS3 standard for all future acquisitions, which can considerably affect Group's income statement or balance sheet.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

Comparative financial information presented in this Financial Statements Review for the financial year 2008 include only continuing operations. Operations divested during financial year 2008 are not included and therefore the comparative financial information does not equal the information reported previously.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) are defined to equal the following formula:

EBITDA = EBIT + Depreciations + Amortisations + Impairment losses

Moreover, the share of associated companies' profits is included in both EBITDA and EBIT.

The treasury shares acquired are presented as deduction in the Group's paid-up unrestricted equity reserve.

The figures in the tables have been rounded off to one decimal point, which must be considered when calculating totals. Average exchange rates for the period have been used for income statement conversions, and period-end exchange rates for balance sheet.

Financial ratios and indicators have been calculated with the same principles as applied in the 2008 financial statements.

The Financial Statements Review data are unaudited.

In Espoo, 26 February 2010

RUUKKI GROUP PLC

BOARD OF DIRECTORS

OTHER NOTES TO FINANCIAL STEMENTS REVIEW

SHAREHOLDERS

On 31 December 2009, the Company had a total of 3,874 shareholders, of which 9 were nominee-registered. The registered number of shares on 31 December 2009 was 261,034,022.

Largest shareholders, 31 December 2009:

	Shareholder	Shares	%
1	Kermas Limited	70 766 500	27.1
2	Atkey Limited	50 281 401	19.3
3	Nordea Bank Finland Plc nominee-registered	33 459 371	12.8
4	Hanwa Company Limited	30 000 000	11.5
5	Ruukki Group Plc	21 787 917	8.3
6	Hino Resources Co. Ltd	10 610 405	4.1
7	Djakov Aida nominee-registered	9 952 500	3.8
8	Kankaala Markku	8 525 728	3.3
9	Skandinaviska Enskilda Banken nominee-registered	6 960 503	2.7
10	Hukkanen Esa	5 010 100	1.9
	Total	247 354 425	94.8
	Other Shareholders	13 679 597	5.2
	Total shares registered	261 034 022	100.0

CHANGES IN THE NUMBER OF SHARES AND SHARE CAPITAL DURING OR AFTER 2009

Based on the resolution by the Extraordinary General Meeting on 24 February 2009, the Board has been authorised for an additional buy-back of a maximum of 26,000,000 shares. This authorisation was valid until 24 February 2010. By the end of December 2009 altogether 21,840,000 treasury shares was acquired based on this authorisation. In February 2010 altogether 13,052,022 shares were cancelled, and the registered amount of shares changed to 247,982,000. On 25 February 2010 the Company had altogether 8,740,895 own shares, which was equivalent to about 3.52% of all registered shares.

Based on the authorisation given by the Extraordinary General Meeting of shareholders, Ruukki Group Plc's Board of Directors decided in October to grant 52,083 shares, held by Ruukki Group Plc as treasury shares, to Thomas Hoyer as part of his incentive package as the Managing Director of Ruukki Yhtiöt Oy, the parent company of the Group's Wood Processing assets.

As compared to the information presented on the Group’s 2008 annual report, the potential dilution from option rights have changed via the change in the estimated total amount of options, held by Kermas Limited in relation to earn-out purchase consideration, to be exercised in the future.

COMPANY’S SHARE

Ruukki Group Plc's shares (RUG1V) are listed on NASDAQ OMX Helsinki in which the shares of the Company are traded in the mid cap segment, in the industrials sector.

During the review period, the price of Ruukki Group's share varied between EUR 1.04 (1-12/2008: 1.02) and EUR 2.68 (2.99). A total of 328,119,128 (434,714,427) Ruukki Group shares were traded in the review period, representing 125.7% (149.9%) of all the shares registered at the end of the review period. The closing price of the Company’s share on 31 December was EUR 2.14 (1.15). The market capitalisation of the Group’s entire capital stock 261,034,022 (290,034,022) shares at the closing price on 31 December was EUR 558.6 million (333.5).

FLAGGING NOTIFICATIONS DURING OR AFTER THE REVIEW PERIOD

Ruukki Group Plc has received the following flagging notifications during or after the review period 1 January – 31 December 2009. The notifications can be found in full on the company website at: http://www.ruukkigroup.fi/In_English/News/Flaggings.iw3

- 16 January 2009: RCS Trading Corporation Ltd => below 5%

- 19 January 2009: Kermas Limited => above 25%

- 19 January 2009: Danske Bank A/S Helsingin Sivukonttori => above 5% (later to fall below 5% if derivative agreements exercised)

- 19 January 2009: Nordea Bank Finland Plc => below 15% (in June 2009 to fall below 5% when forward contracts expire)

- 27 January 2009: combined ownership of Kai Mäkelä, Oy Herttakakkonen Ab and Oy Herttaässä Ab => below 5%

- 5 February 2009: based on Ruukki Group's announcement of the Board's decision to cancel treasury shares, Atkey Limited potentially above 10%

- 20 February 2009: Danske Bank A/S Helsingin Sivukonttori => still above 5% (later to fall below 5% if derivative agreements exercised)

- 24 March 2009: Danske Bank A/S Helsingin Sivukonttori => below 5%

- 18 May 2009: Kermas Limited => current ownership above 15%

- 28 May 2009: Bassanio Services Limited and Alwyn Smit => combined potential future ownership below 5%

- 28 May 2009: Atkey Limited and Aida Djakov => combined ownership above 20%

- 9 June 2009: Ruukki Group Plc => treasury shares held by the Company above 5%

- 30 June 2009: based on Ruukki Group's announcement of the Board's decision to acquire 100% of the share capital of Sylvania Resources Limited => Kermas Limited total ownership (shares and derivatives) potentially below 50%, Atkey Limited potentially below 10%, Nordea Bank Finland Plc potentially below 10%, Hanwa Company Limited potentially below 10%, Ruukki Group Plc's treasury shares potentially below 5% and Dresdner Bank AG London Branch, a shareholder of Sylvania Resources Limited, potentially above 5%

- 21 September 2009: Nordea Bank Finland Plc => below 10% (in November 2009 to fall below 5% when forward contracts expire)

- 21 September 2009: Kermas Limited => current ownership above 20%

- 23 October 2009: Kermas Limited => current ownership above 25%

- 9 November 2009: JPMorgan Chase & Co. => ownership of JPMorgan Asset Management (UK) Limited below 5%

- 12 November 2009: Nordea Bank Finland Plc => below 5%

- 13 November 2009: Kermas Limited => current ownership above 30%, Kermas Ltd will apply for an exemption from the obligation to make a mandatory bid and intends to reduce its holdings below the bid obligation threshold (30%)

- 11 December 2009: Kermas Limited => current ownership below 30%

- 14 December 2009: Atkey Limited and Aida Djakov => Atkey Limited above 15%, combined ownership above 25%

- 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