RAUTE

FINANCIAL STATEMENTS | 2015

Contents

(English translation of Financial statements 2015)

Report of the Board of Directors

The Group's net sales for 2015 totaled EUR 127.3 million (MEUR 94.0), up by 35 percent from the previous year. The Group's operating profit more than tripled from the previous year and stood at EUR 8.1 million positive (MEUR +2.6). The Group's financial income and expenses totaled EUR 0.0 million (MEUR +0.2). Profit before taxes was EUR 8.1 million positive (MEUR +2.8). Comprehensive income was EUR 6.8 million positive (MEUR +2.6). Undiluted earnings per share were EUR 1.65 (EUR +0.59) and diluted earnings per share were EUR 1.64 (EUR +0.59). Return on equity was 24.7 percent (9.8%).

In this report, figures in parentheses refer to corresponding figures for the previous years 2014 and 2013.

BUSINESS ENVIRONMENT

Market situation in customer industries

The situation in the global economy and the financial markets during 2015 did not change considerably with respect to Raute or Raute's customer base. Over the last few months of the year the uncertainty linked to global economic development increased, in particular due to weaker-than-usual economic reports from China and political unrest in a number of regions.

Europe's economy has continued to strengthen slightly. Russia's development has remained weak and according to market data, Russian plywood manufacturers have reduced their prices especially on the European markets to compensate for a weakening in domestic demand. China's measures to strengthen its economy have not as yet materialized as increased investments among Raute's customers. The domestic markets of major South American countries were weak. In part due to weaker currencies, Chilean and Brazilian plywood manufacturers have increased their exports to Europe and North America.

Construction activity has remained at a low level in all market areas, including North America, where the economy in general continues its positive growth. Due to the market situation described above, Raute's customers' order books have remained short, which has not made for an attractive environment for implementing investments.

Demand for wood products technology and technology services

Unusually, altogether three major mill-scale capacity-generating projects were begun in Europe in 2015.

In addition to the projects started up during the first half of the year 2015, several large projects are still in the planning and negotiation phase in various market areas but the requirements for making the investment decisions, i.e. trust in the permanence of demand and the availability of funding, did not yet materialize. The market impact of the projects announced during the first half of the year may also defer the implementation of projects currently at the planning phase. The increased uncertainty in the economic and market situation following the summer also slowed down decision-making concerning some investment projects.

Even though the North American economy continued to experience strong growth compared to the rest of the world, the growth of the construction industry has been clearly slower. Among Raute's customers, demand focused on smaller modernization projects and technology services, as well as on individual replacement and efficiency-improving investments.

The political uncertainty resulting from the crisis in Ukraine, the weak economic development resulting from low oil and raw material prices, the weakening of the ruble and the difficulty of securing financing due to the economic sanctions have caused investment decisions to be postponed in the Russian markets. However, many investments are still being prepared actively. The normalization of the market situation in Russia is not expected to happen anytime soon.

In South America, Raute's customers continued to focus on ramping up the capacity of the large plywood mill investments they made a few years ago and finding markets for their new production capacity. No new major investment projects were started up. Replacement investments also remained at a low level.

The weakening of China's economic development slowed down decision-making concerning a number of pending projects. This also impacted the rest of Asia and even the entire world.

Demand for maintenance and spare parts services remained at a good level through the year. This bears testimony to the fact that the utilization rates of Raute's customers' production facilities remained, for the most part, good.

ORDER INTAKE AND ORDER BOOK

Raute serves the wood products industry with a full-service concept based on service that encompasses the entire life cycle of the delivered equipment. Raute's business consists of project deliveries and technology services. Project deliveries encompass projects from individual machine or production line deliveries to deliveries of all the machines and equipment belonging to a mill's production process. Additionally, Raute's full-service concept includes comprehensive technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations, as well as consulting, training and reconditioned machinery.

The order intake amounted to EUR 145 million (MEUR 112) during 2015. Of the new orders, 67 percent came from Europe (63%), 15 percent from North America (10%),10 percent from Russia (15%), 5 percent from Asia-Pacific (5%) and 3 percent from South America (7%). The strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

The order intake for project deliveries stood at EUR 105 million (MEUR 73) and increased on the previous year by 44 percent. The new orders included altogether three major capacity-generating mill projects to Europe, which entered into force in the first and second quarters.

Order intake in technology services amounted to EUR 40 million (MEUR 39), 5 percent more than in 2014. The order intake in spare parts increased by 15 percent. In modernizations the order intake was down a quarter as modernization projects in Europe and North America were postponed.

At the end of 2015, the order book, EUR 60 million (MEUR 44), was at a good level.

COMPETITIVE POSITION

Raute's competitive position has remained good. Raute's solutions help customers in securing their delivery and service capabilities throughout the life cycle of the production process or its part. In such investments, the supplier's overall expertise and extensive and vast and diverse technology offering play a key role. Raute competitive advantages are significant when customers select their cooperation partners. Raute's strong financial position and long-term dedication to serving selected customer industries also enhance its credibility and improve its competitive position as a company that carries out long-term investment projects.

NET SALES

The Group's net sales (IFRS) totaled EUR 127.3 million (2014: MEUR 94.0; 2013: MEUR 83.3). Net sales grew by 35 percent on 2014. The growth in net sales resulted from a higher initial order book than in the comparison year, a large volume of order intake and the timing of the order book.

Net sales were generated by project deliveries related to the wood products technology business and by technology services.

Net sales for project deliveries totaled EUR 85 million (MEUR 58), up 48 percent from the previous year. Project deliveries accounted for 67 percent (62%) of total net sales. The plywood industry's share of the net sales of project deliveries was 68 percent (75%), while the LVL industry's share was 32 percent (25%).

Altogether six major capacity-generating projects were at the installation and commissioning phase during the year, and they have proceeded according to the timetable set by the customer. The final approval of the order received in July 2012 for the delivery of LVL mill machinery to Germany has been further delayed due to changes made in the production process. The two major orders received from Poland in 2014 progressed to production use and ramping up of production. The three new major orders received in 2015 progressed as planned to the machine and equipment delivery phase and installation phase.

Net sales for technology services totaled EUR 42 million (MEUR 36). Net sales grew 16 percent from the previous year and accounted for 33 percent (38%) of total net sales. The growth took place mainly in modernizations and spare parts.

Of the total net sales in 2015, Europe accounted for 66 percent (52%), North America for 13 percent (14%), Russia for 9 percent (18%), South America for 7 percent (13%), and Asia-Pacific for 5 percent (3%). A major order received in March raised Finland's share of the Group's net sales to 24 percent (6%).

In 2015, the net sales (FAS) of the Parent company Raute Corporation totaled EUR 112.4 million (2014: MEUR 80.9; 2013: MEUR 73.0).

RESULT AND PROFITABILITY

The Group's operating profit (IFRS) for 2015 was EUR 8.1 million positive (2014: MEUR 2.6; 2013: MEUR +1.8) and 6 percent of net sales (2014: 3%; 2013: 2%). The operating profit was burdened by impairments totaling EUR 1.2 million, which were caused by the decision to discontinue a R&D project aimed at generating new business for Raute due to technical problems and changes in the market situation. The impact of credit losses on the operating profit was EUR -0.6 million

The operating profit showed a threefold increase on the previous year mainly as a result of an increase in net sales and the operational development measures implemented.

The Group's financial income and expenses totaled EUR -0.0 million (MEUR +0.2). The Group's profit before tax was EUR 8.1 million positive (MEUR +2.8) and profit for the financial year was EUR 6.7 million positive (MEUR +2.4). Comprehensive income for the Group was EUR 6.8 million positive (MEUR +2.6).

Undiluted earnings per share were EUR 1.65 (EUR 0.59) and diluted earnings per share were EUR 1.64 (EUR 0.59). Return on investment was 28.5 percent (10.9%) and return on equity 24.7 percent (+9.8%).

The operating profit (FAS) of the Parent company Raute Corporation was EUR 8.3 million positive (2014: MEUR 1.0; 2013: MEUR 2.0). The operating profit accounted for 7 percent (2014: 1%; 2013: 3%) of net sales. The profit for the financial year (FAS) was EUR 7.7 million positive (MEUR 0.9 positive). The Parent company's result was burdened by EUR 0.7 million in impairment for a financing loan to the Chinese subsidiary and improved by a reversal of impairment for a financing loan in the amount of EUR 1.5 million from the Canadian subsidiary.

CASH FLOW AND BALANCE SHEET

The Group's financial position remained good throughout the year. At the end of the financial year, the Group's cash and cash equivalents exceeded interest-bearing liabilities by EUR 5.0 million (MEUR 1.7). At the end of the financial year gearing was -17 percent (2014: -7%; 2013: -28%) and the equity ratio was 59 percent (2014: 56%; 2013: 57%).

The Group's cash and cash equivalents amounted to EUR 6.5 million (MEUR 4.4) at the end of 2015. The change in cash and cash equivalents in the financial year was EUR 2.1 million positive (MEUR 8.1 negative). Operating cash flow was EUR 7.5 million positive (MEUR 1.9 negative). Cash flow from investment activities totaled EUR 2.3 million negative (MEUR 1.1 negative). Cash flow from financing activities was EUR 3.1 million negative (MEUR 5.2 negative). Cash flow from financing activities includes EUR 2.4 million (MEUR 2.0) in dividend payment and repayment of equity from the non-restricted equity reserve, EUR 1.2 million in debt repayments and payments totaling EUR 0.6 million (MEUR 0.0) for series A shares subscribed for using stock options.

The Group's balance sheet total at the end of 2015 stood at EUR 61.8 million (2014: MEUR 52.6 ; 2013: MEUR 48.8).

The interest-bearing liabilities EUR 1.5 million (MEUR 2.8) at the end of 2015 were current interest-bearing liabilities (MEUR 1.5).

The Parent company Raute Corporation has a EUR 10 million commercial paper program, which allows the company to issue commercial papers maturing in less than one year.

The Parent company Raute Corporation is prepared for future working capital needs and has concluded long-term credit facility agreements with three Nordic banks totaling EUR 23.0 million. The main covenants for the credit facility are an equity ratio of >30% and gearing of <100%. Of the credit facility, EUR 20.0 million remained unused at the end of the financial year.

At the end of the financial year, the equity ratio (FAS) of the Parent company Raute Corporation was 52 percent (2014: 54%; 2013: 56%).

LOANS TO RELATED PARTIES AND OTHER LIABILITIES

Other liabilities are presented in the notes to the financial statements.

RESEARCH AND DEVELOPMENT

Raute is a leading technology supplier for the plywood and LVL industries and focuses strongly on the development of increasingly efficient, productive and environmentally friendly manufacturing technology and supporting measurement and machine vision applications. Opportunities provided by digitalization are also an essential part of R&D activities.

In 2015, the Group's research and development costs totaled EUR 3.1 million (2014: MEUR 1.8; 2013: MEUR 2.5) and 2.4 percent of net sales (2014: 1.9%;2013: 3.0%).

In 2015, the extensive program aimed at developing automation, measurement systems and machine vision to produce new, more advanced applications for process optimization in the plywood and LVL industries was continued. The new green veneer composing concept, which improves customers' veneer yield, was successfully tested in production. The Dragon product family, targeted at China's emerging plywood manufacturing markets, was expanded with an eight-foot peeling line and a veneer dryer. The implementation of IoT-based remote services was continued and expanded together with customers.

At the end of 2015, Raute decided to discontinue a development project aimed at broadening and increasing its business due to technical problems and changes in the market situation. The project accounted for EUR 1.2 million of the impairments. Impairments relating to other ongoing development projects amounted to EUR 0.2 million.

Balance sheet risk associated with new technology and first deliveries declined to EUR 0.5 million (MEUR 2.8) in 2015.

INVESTMENTS

The Group's investments in 2015 totaled EUR 2.5 million (2014: MEUR 1.7; 2013: MEUR 3.2). The investments essentially consisted of replacement investments related to fixed assets. The biggest single investment was the NC boring machine purchased for the Nastola production unit, the acquisition cost of which is partly scheduled for 2016. The Group's investments include EUR 0.2 million in capitalized development costs (2014: MEUR 0.3; 2013: MEUR 0.6).

During the financial year, the research and development costs (FAS) of the Parent company Raute Corporation were EUR 3.1 million, representing 2.8 percent of net sales (2014: MEUR 1.7/2.3% of net sales; 2013: MEUR 2.7/3.7% of net sales). Investments totaled EUR 2.2 million (2014: MEUR 1.1; 2013: MEUR 1.7).

DEVELOPMENT OF OPERATIONS

In 2015, the strategic development projects focused on ensuring delivery capability and quality. New operating methods and tools have been used to simultaneously implement three major delivery projects.

PERSONNEL

The Group's headcount at the end of 2015 was 646 (587). Finnish Group companies accounted for 68 percent (67%) of employees, Chinese companies for 16 percent (18%), North American companies for 12 percent (11%), and other sales and maintenance companies for 4 percent (4%).

Converted to full-time employees ("effective headcount"), the average number of employees during the financial year was 614 (2014: 530; 2013: 515). Salaries and remunerations paid by the Group totaled EUR 28.1 million (2014: MEUR 24.1; 2013: MEUR 22.7).

The Group continued to develop the competence of its personnel and increase their commitment to the company. 2 percent (2%) of the payroll was invested in personnel training. In 2015 the focus in personnel development was, on the basis of competence surveys, on the removal of identified bottlenecks in competence and induction of new employees.

Converted to full-time employees, the average number of personnel employed by the Parent company Raute Corporation in 2015 was 417 (2014: 370; 2013: 375). Salaries and remunerations paid by the Parent company totaled EUR 20.8 million (2014: MEUR 18.2; 2013: MEUR 17.6).

REMUNERATION

The Group has remuneration systems in place that cover the entire personnel.

Stock option incentive plan 2010

The Annual General Meeting held on March 31, 2010 resolved to issue a maximum of 240,000 stock options. On December 31, 2015, the Group's key employees held a total of 94,625 stock options granted under the incentive plan.

Share-based incentive plan 2014–2018

The Group has a valid long-term share-based incentive plan based on performance for the years 2014–2018. The plan includes three separate share plans commencing in 2014, 2015 and 2016. Each plan will span three years. Any share-based reward accrued through the incentive plan shall be paid as series A shares. The value of the reward is based on the development of share price. A total amount of the share-based reward, equaling EUR 377 thousand (EUR 49 thousand), has been recognized as expense for the incentive plan in 2015. No shares were issued under the plan in 2015.

SOCIETY AND THE ENVIRONMENT

The environment is one of the values that guide Raute's operations. Raute strives to systematically develop the environmental soundness of its products and services and to reduce the environmental impacts of its operations. The Group abides by the principles of good corporate citizenship, taking into consideration nature and its protection, and how society as a whole operates, while respecting local cultures.

Raute's operations mainly affect the environment indirectly when the company's technology is used in the production processes of the plywood and LVL industry. Raute's technology enables customers to substantially reduce the environmental load caused by their operations through, for example, more efficient use of wood raw materials, additives and energy.

The Group's own operations do not involve considerable environmental risks that might have a direct impact on the Group's business operations or financial position. The Nastola main production unit manages environmental matters in compliance with a certified environmental system. The operations and ethical principles of the partner and subcontractor network are also subjected to systematic inspection.

Raute aims to continuously reduce energy consumption, decrease the volume of waste, and develop the working environment.

RISKS AND RISK MANAGEMENT

The Group's identified key risk areas relate to the nature of the business, the business environment, financing, and damage or loss. The fluctuations in demand resulting from economic cycles and delivery and technology risks have been identified as the Group's most significant business risks.

Risks in the near term continue to be driven by the uncertainty relating to the global economic situation and the development of the financial markets, as well as by international political instability. The most significant risks for Raute in the near term are related to major mill-scale projects, which are in the implementation phase, in accordance with the schedule determined in contract terms, and the development of the order intake.

The Group has no ongoing legal proceedings or other disputes in progress that might materially affect the continuity of business operations, nor is the Board of Directors aware of any other legal risks related to the Group's operations that might have such an effect.

Business risks

Impact of economic cycles on business operations

Raute's business operations are characterized by the sensitivity of investment demand to fluctuations in the global economy and the financing markets, and the cyclical nature of project business. The impact of changes in demand on the Group's result is reduced by increasing the share of technology services, increasing operations in market areas with a small current market share, creating products for completely new customer groups and developing the partner network.

Deliveries and technology

The bulk of Raute's business operations consists of project deliveries, which expose the company to risks caused by customer-specific solutions related to each customer's end product, production methods or raw materials. At the quotation and negotiation phase, the company has to take risks relating to the promised performance figures and make estimates of implementation costs.

Raute invests heavily in product development. The developmental phase for new technologies involves the risk that the project will not lead to a technologically or commercially acceptable solution. The functionality and capacity of new solutions produced as a result of development work cannot be fully verified until the solutions can be tested under production conditions in conjunction with the customer deliveries. The balance sheet risk related to new technology and first deliveries amounted to EUR 0.5 million (MEUR 2.8) at the end of 2015.

Contract, product liability, implementation, cost and capacity risks are managed using project management procedures that comply with the company's ISO-certified quality system. Technology risks are reduced by the conditions of delivery contracts and by restricting the number of simultaneous first deliveries.

Emerging markets
Raute's objective is to increase its local business for example in China and Russia, where, besides opportunities, companies face risks typical for emerging markets.

Information security
Information security risks are managed according to a defined information security policy.

Human resources
Competence retention and development and ensuring the sufficiency of human resources are particularly important in cyclical business. Continuity is ensured by monitoring the development of the age structure, implementing systematic human resources management and investing in well-being at work.

Financing risks
The most significant financing risks in the Group's international business operations are default risks and currency risks related to counterparties. The Group is also exposed to liquidity, refinancing, interest rate and price risks.

The default risk relating to customers' solvency is managed through payment terms and by covering the unpaid sum with bank guarantees, letters of credit or other suitable securities. The Group's liquid assets are mainly held in banks in the Nordic countries. The credit losses recognized during the financial year amounted to EUR 0.6 million (MEUR 0.0), most of which related to a single client.

The Group's main currency is the euro. The most significant currency risks result from the following currencies: Chinese yuan (CNY), Russian ruble (RUB), Canadian dollar (CAD) and US dollar (USD). The main hedging instruments used are foreign currency forward contracts. Currency clauses are included in quotations to hedge against currency risks during the quotation period. Depending on the case, currency risks related to preliminary sales contracts are hedged with currency option contracts.

The Group has made preparations for fluctuating working capital requirements and possible disturbances in the availability of money through long-term credit facility agreements with three Nordic banks.

The financing risks, as well as the risk management objectives and procedures, are described in more detail in note 2 to the financial statements.

Risks of damage or loss
Raute's most significant single risks concerning material damage and business interruption loss are a fire, a serious machine breakdown and information system breakdown or malfunction at the Nastola main unit, where the production, planning, financial, and ERP systems serving the Group's key technologies are centrally located.

Other risks of damage or loss include occupational safety risks, which are managed by means of active risk-prevention measures, such as continuous personnel training and investigation of all near-miss situations. Occupational safety and ergonomics are under continuous development.

Raute's production operations do not involve significant environmental risks. The main unit in Nastola has an ISO-certified environmental management program, whose principles are also adhered to in other units.

The Group hedges against risks of damage or loss by assessing its facilities and processes in terms of risk management and by maintaining emergency plans.

Global and local insurance programs are checked regularly as part of overall risk management. The objective is to use insurance policies to sufficiently hedge against all risks that are reasonable to handle through insurance due to economical or other reasons.

Organizing risk management
Raute's risk management policy is approved by the Board of Directors. The Board is responsible for organizing internal control and risk management, and for monitoring their efficiency.

The Executive Team defines the Group's general risk management principles and operating policies, and defines the boundaries of the organization's powers. The President and CEO and the CFO regularly report significant risks to the Board.

The Group's President and CEO controls the implementation of the risk management principles in the entire Group, while the Presidents of the Group companies are responsible for risk management in their respective companies. The members of the Group's Executive Board are responsible for their own areas of responsibility across company boundaries.

Raute has no separate internal auditing organization. The Controller function oversees the annual internal control plan, develops internal control and risk management procedures together with the operative leadership, and monitors compliance with risk management principles, operational policies and powers.

GROUP STRUCTURE
Raute Corporation's wholly-owned Chinese subsidiary Raute (Shanghai) Trading Co., Ltd. has been discontinued. Operations in China have been consolidated in another of Raute's wholly-owned subsidiaries Raute (Shanghai) Machinery Co., Ltd.

SHAREHOLDERS
The number of shareholders totaled 1,991 at the beginning of the year and 2,623 at the end of the financial year. Series K shares were held by 50 private individuals (50) at the end of the financial year. Nominee-registered shares accounted for 3.3 percent (3.1%) of shares. The company did not receive any flagging notifications in 2015.

On December 31, 2015, the Board of Directors and the Group's President and CEO held altogether 228,479 company shares, totaling 5.6 percent (5.7%) of the company shares and 11.2 percent (11.2%) of the votes. The figures include the holdings of their own, minor children and control entities.

The distribution of ownership by sector and by size as well as the largest shareholders are presented in the financial statements under "Shares and shareholders".

AUDITORS
At Raute Corporation's Annual General Meeting on March 24, 2015, the authorized public accounting company PricewaterhouseCoopers was chosen as auditor with Authorized Public Accountant Janne Rajalahti as the principal auditor.

CORPORATE GOVERNANCE
In 2015, Raute Corporation has complied with the Finnish Corporate Governance Code 2010 for listed companies issued by the Securities Market Association on June 15, 2010.

CORPORATE GOVERNANCE STATEMENT
Raute Corporation's Board of Directors has reviewed Raute Corporation's Corporate Governance Statement for 2015 according to chapter 7, section 7 of the Finnish Securities Markets Act and recommendation 54 of the Finnish Corporate Governance Code 2010 for listed companies issued by the Securities Market Association on June 15, 2010. The statement has been drawn up separately from the Report of the Board of Directors.

BOARD OF DIRECTORS AND PRESIDENT AND CEO
The Annual General Meeting elects the Chairman and Vice-Chairman for the Board of Directors, and 3–5 Board members.

At Raute Corporation's Annual General Meeting on March 24, 2015, Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio Vice-Chairman and Mr. Joni Bask, Mr. Risto Hautamäki, Ms. Päivi Leiwo and Mr. Pekka Suominen as Board members.

The Board of Directors appoints the President and CEO and confirms the terms of his or her employment, including fringe benefits.

Mr. Tapani Kiiski, Licentiate in Technology, continued as Raute Corporation's President and CEO. He was appointed as Raute Corporation's President and CEO on March 16, 2004. As agreed in the executive contract, the term of notice is six months, and the severance pay equals twelve months' salary.

Raute Corporation's Articles of Association do not grant any unusual authorizations to the Board of Directors, or to the President and CEO.

Any decisions on changes to the Articles of Association or an increase in share capital are made in compliance with the regulations of the effective Companies Act.

EXECUTIVE BOARD
Raute Group's Executive Board and the members' areas of responsibility:
- Tapani Kiiski, President and CEO, Chairman – Sales
- Arja Hakala, Group Vice President, Finance, CFO – Finance and administration
- Marko Hjelt, Group Vice President, Human Resources – Human resources and competence development
- Mika Hyysti, Group Vice President, Technology – Technology, products and R&D
- Timo Kangas, Group Vice President, Customer Care and Technology Services – Customer relationships and marketing, market area EMEA, and as of April 1, 2015 technology services
- Petri Strengell, Group Vice President, Supply Chain – Sourcing and production

and until April 1, 2015 Petri Lakka, Group Vice President, Technology Services.

SHARES
During 2015, a total of 96,480 new series A shares (10.470 shares) were subscribed for under the 2010 series A, B and C stock option rights.

The number of Raute Corporations shares at the end of 2015 totaled 4,111,708 (4,015,228), of which 991,161 (991,161) were series K shares (ordinary share, 20 votes/share) and 3,120,547 (3,024,067) series A shares (1 vote/share). The shares have a nominal value of two euros. Series K and A shares confer equal rights to dividends and company assets.

Series K shares can be converted to series A shares under the terms set out in section 3 of the Articles of Association. If an ordinary share is transferred to a new owner who has not previously held series K shares, the new owner must notify the Board of Directors of this in writing and without delay. In this kind of situation other holders of series K shares have the right to redeem the series K share under the terms specified in Article 4 of the Articles of Association.

Raute Corporation's series A shares are listed on Nasdaq Helsinki Ltd. The trading code is RUTAV. During 2015, 1,094,902 shares were traded (593,682) worth altogether EUR 13.1 million (MEUR 4.6). The number of shares traded represents 36 percent (20%) of all listed series A shares. The average price of a series A share was EUR 11.95 (EUR 7.69). The highest closing price of the year was EUR 14.25 and the lowest EUR 7.17.

The company's market capitalization at the end of 2015 totaled EUR 58.1 million (MEUR 29.3), with series K shares valued at the closing price of series A shares, EUR 14.12 (EUR 7.30), on December 31, 2015.

Raute Corporation has signed a market making agreement with Nordea Bank Finland Plc in compliance with the Liquidity Providing (LP) requirements issued by Nasdaq Helsinki Ltd.

RAUTE CORPORATION'S 2010 A, 2010 B AND 2010 C STOCK OPTIONS

Raute Corporation's 2010 stock options have been listed on NASDAQ OMX Helsinki Ltd since April 27, 2015 under the trading codes RUTAVEW110, RUTAVEW210 and RUTAVEW310. The closing prices at the end of 2015 were EUR 8.00 for series A stock options, EUR 5.70 for series B stock options and EUR 6.45 for series C stock options.

In 2015, altogether 54,175 series A shares have been subscribed for with Raute's series A 2010 stock options, 21,600 with series B stock options and 20,705 with series C stock options.

At the end of 2015, altogether 15,355 series A stock options, 58,400 series B stock options and 54,295 series C stock options had not been exercised. The subscription prices at the end of 2015 were EUR 5.44 for series A stock options, EUR 7.93 for series B stock options and EUR 6.80 for series C stock options. The subscription period ends for series A stock options on March 31, 2016, for series B stock options on March 31, 2017 and for series C stock options on March 31, 2018.

DISTRIBUTION OF PROFIT FOR THE 2014 FINANCIAL YEAR

The Annual General Meeting held on March 24, 2015 decided to pay a dividend of EUR 0.40 per share for the financial year 2014. The dividends amounted to a total of EUR 1.6 million, of which series A shares accounted for EUR 1,209,626.80 and series K shares for EUR 396,464.40. The dividend payment date was April 2, 2015.

The Annual General Meeting on March 24, 2015 resolved, on the basis of the balance sheet adopted in respect of the financial year that ended on 31 December 2014, on the repayment of assets from the invested non-restricted equity reserve in the amount of EUR 0.20 per share, i.e. a total of EUR 803,045.60 and the remainder, EUR 4,536,581.73, to be retained in equity. The date of repayment of equity was April 2, 2015.

AUTHORIZATION OF REPURCHASE AND DISPOSAL OF OWN SHARES

The Annual General Meeting held on March 24, 2015 authorized the company's Board of Directors to decide on the repurchase of Raute Corporation series A shares with assets from the company's non-restricted equity and to decide on a directed issue of a maximum of 400,000 shares. The Board of Directors did not exercise the authorization in 2015.

The company did not possess company shares at the end of the financial period or hold them as security.

ANNUAL GENERAL MEETING 2016

Raute Corporation's Annual General Meeting will be held on Thursday March 31, 2016 at 6:00 p.m.

BOARD OF DIRECTORS' PROPOSAL CONCERNING PROFIT DISTRIBUTION, DIVIDEND EUR 0.80 PER SHARE

On December 31, 2015, the Parent Company's distributable assets totaled EUR 18,482 thousand, of which EUR 7,725 thousand stand for the profit for the financial year 2015.

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 31, 2016, that a dividend of EUR 0.80 per share be paid to holders of series A shares and series K shares for the financial year 2015, and that the remainder of distributable assets be transferred to equity.

On the date of the profit distribution proposal, the number of shares entitling to a dividend is 4,111,708 shares, which would amount to total dividends of EUR 3,289 thousand. Shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date for dividend distribution, April 4, 2016, are entitled to dividends. The dividend payment date would be April 12, 2016.

No essential changes have taken place in the company's financial position since the end of the financial year. The company has good liquidity, and in the Board of Directors' view, the proposed dividend does not pose a risk to solvency.

OUTLOOK FOR 2016

Raute's business operations are characterized by the sensitivity of investment commodity demand to cyclical fluctuations in the global economy and financial markets.

The development of the global economy and financial markets is facing major uncertainty and the market situation for Raute's customer industries is expected to remain unpredictable.

However, improvement investments in the plywood industry to ensure quality and cost competitiveness and to maintain market shares are expected to be at a reasonable level in 2016. Several large projects encompassing single production lines and new mills' entire production lines that are in the planning and negotiation phase are also pending. The sdemand for technology services is expected to continue strong.

Thanks to its strong financial and market position and the development measures carried out, Raute is well positioned to respond to demand.

Based on the existing order book and the prevalent market situation, Raute's net sales and operating profit for 2016 are expected to remain at the same level as in 2015. New orders will likely focus on the second half of the year.

Consolidated statement of comprehensive income

EUR 1,000 Note		**1.1.-31.12.2015**	1.1.-31.12.2014
4, 5, 14	**NET SALES**	**127,278**	94,021
	Change in inventories of finished goods and work in progress	**-313**	1,672
6	**Other operating income**	**393**	72
7	Materials and services	-67,992	-51,775
8	Employee benefits expense	-34,310	-29,304
11	Depreciation and amortization	-2,125	-2,018
	Impairments	-1,370	-
12	Other operating expenses	-13,441	-10,062
	Total operating expenses	**-119,238**	-93,160
	OPERATING PROFIT	**8,120**	2,605
13, 14	Financial income	342	605
13, 14	Financial expenses	-343	-400
	PROFIT BEFORE TAX	**8,118**	2,810
15	Income taxes	-1,435	-449
	PROFIT FOR THE FINANCIAL YEAR	**6,684**	2,361
	Other comprehensive income items:		
	Items that will not be reclassified to profit or loss		
31	Remeasurement of defined benefit obligations	2	2
	Items that may be subsequently reclassified to profit or loss		
14, 24	Exchange differences on translating foreign operations	88	201
24	Cash flow hedging	8	-
	Other comprehensive income items for the financial year, net of tax	**98**	203
	COMPREHENSIVE PROFIT FOR THE FINANCIAL YEAR	**6,782**	2,564
	Profit for the financial year attributable to		
	Equity holders of the Parent company	**6,684**	2,361
	Comprehensive profit for the financial year attributable to		
	Equity holders of the Parent company	**6,782**	2,564
	Earnings per share for profit attributable to Equity holders of the Parent company, EUR		
16	Undiluted earnings per share	**1,65**	0,59
16	Diluted earnings per share	**1,64**	0,59
	Shares, 1 000 pcs		
	Adjusted average number of shares	**4,051**	4,010
	Adjusted average number of shares diluted	**4,079**	4,011

Consolidated balance sheet

EUR 1,000		31.12.2015	31.12.2014
Note			
	ASSETS		
	Non-current assets		
18	Intangible assets	**1,609**	3,492
19	Property, plant and equipment	**8,529**	7,930
20	Other financial assets	**490**	500
28	Deferred tax assets	**172**	185
	Total	**10,799**	12,107
	Current assets		
21	Inventories	**9,577**	7,855
22	Accounts receivables and other receivables	**34,722**	27,568
22	Income tax receivable	**123**	684
23	Cash and cash equivalents	**6,538**	4,431
	Total	**50,960**	40,539
	TOTAL ASSETS	**61,760**	52,646
	EQUITY AND LIABILITIES		
	Equity attributable to Equity holders of the Parent company		
24	Share capital	**8,223**	8,031
24	Fair value reserve and other reserves	**6,008**	6,001
24	Exchange differences	**308**	220
	Retained earnings	**8,477**	7,722
	Profit for the financial year	**6,684**	2,361
	Share of shareholders' equity that belongs to the owners of the Parent company	**29,700**	24,334
	Total equity	**29,700**	24,334
	Non-current liabilities		
27	Non-current provisions	**455**	314
28	Deferred tax liability	**241**	238
29	Non-current interest-bearing liabilities	**-**	1,250
31	Pension obligations	**-**	2
	Total	**696**	1,804
	Current liabilities		
27	Current provisions	**1,409**	2,201
30	Current interest-bearing liabilities	**1,535**	1,512
32	Advance payments received	**11,024**	9,072
32	Income tax liability	**11**	67
32	Trade payables and other liabilities	**17,386**	13,656
	Total	**31,364**	26,508
	Total liabilities	**32,059**	28,312
	TOTAL EQUITY AND LIABILITIES	**61,760**	52,646

Consolidated statement of cash flows

EUR 1,000	**1.1.-31.12.2015**	1.1.-31.12.2014
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from customers	**122,089**	89,032
Other operating income	**371**	95
Payments to suppliers and employees	**-114,092**	-90,193
Cash flow before financial items and taxes	**8,368**	-1,066
Interests paid from operating activities	**-115**	-217
Dividends received from operating activities	**97**	100
Interests received from operating activities	**5**	35
Other financing items from operating activities	**105**	260
Income taxes paid from operating activities	**-983**	-969
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**7,477**	-1,858
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	**-2,395**	-1,461
Proceeds from sale of property, plant and equipment and intangible assets	**66**	361
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**-2,329**	-1,101
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	**607**	64
Repayments of current borrowings	**-**	-2,000
Repayments of non-current borrowings	**-1,250**	-1,250
Dividends paid and repayment of equity	**-2,409**	-2,003
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**-3,052**	-5,189
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	**2,096**	-8,148
increase (+) / decrease (-)		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR*	**4,431**	12,658
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,096**	-8,148
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	**11**	-79
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*	**6,538**	4,431
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE FINANCIAL YEAR		
Cash and cash equivalents	**6,538**	4,431
TOTAL	**6,538**	4,431

**Cash and cash equivalents comprise cash and bank receivables, which will be due within the following three months' period.*

Consolidated statement of changes in shareholders' equity

EUR 1,000	Note	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange rate differences	Retained earnings	To the owners of the Parent company	EQUITY TOTAL
EQUITY at Jan. 1, 2014		**8,010**	**6,498**	**563**	**20**	**8,522**	**23,613**	**23,613**
Comprehensive profit for the financial year								
Profit for the financial year		-	-	-	-	2,361	2,361	2,361
Other comprehensive income items:								
Hedging reserve		-	-	-	-	-	-	-
Exchange differences on translating foreign operations		-	-	-	201	-	201	201
Total comprehensive profit for the financial year		**-**	**-**	**-**	**201**	**2,361**	**2,562**	**2,562**
Transactions with owners								
Increase in equity (share options)	26	21	43	-	-	-	64	64
Equity-settled share-based transactions	26	-	-	99	-	-	99	99
Dividends paid and repayments of equity		-	-1,202	-	-	-801	-2,003	-2,003
Total transactions with owners		**21**	**-1,159**	**99**	**-**	**-801**	**-1,841**	**-1,841**
EQUITY at Dec. 31, 2014		**8,031**	**5,339**	**662**	**220**	**10,083**	**24,334**	**24,334**
EQUITY at Jan. 1, 2015		**8,031**	**5,339**	**662**	**220**	**10,083**	**24,334**	**24,334**
Comprehensive profit for the financial year								
Profit for the financial year		-	-	-	-	6,684	6,684	6,684
Other comprehensive income items:								
Hedging reserve		-	-	8	-	-	8	8
Exchange differences on translating foreign operations		-	-	-	88	-	88	88
Total comprehensive profit for the financial year		**-**	**-**	**8**	**88**	**6,684**	**6,780**	**6,780**
Transactions with owners								
Increase in equity (share options)	26	193	414	-	-	-	607	607
Equity-settled share-based transactions	26	-	-	389	-	-	389	389
Dividends paid and repayments of equity		-	-803	-	-	-1,606	-2,409	-2,409
Total transactions with owners		**193**	**-389**	**389**	**-**	**-1,606**	**-1,413**	**-1,413**
EQUITY at Dec. 31, 2015		**8,223**	**4,950**	**1,058**	**308**	**15,161**	**29,700**	**29,700**

Notes to the consolidated financial statements

1. ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

General information
Raute Group ('Group') is a globally operating technology company. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood and LVL. Raute's technology offering covers machinery and equipment for the entire production process. Raute's full-service concept is based on product life-cycle management. In addition to a broad range of machines and equipment, our solutions cover technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in Lahti (previously the municipality of Nastola), Finland. Its other production plants are in the Vancouver area in Canada, in the Shanghai area in China, and in Kajaani, Finland. The company's sales network has a global reach.

Raute Group's Parent company, Raute Corporation, is a Finnish public limited liability company established in accordance with Finnish law (Business ID FI01490726). Its series A shares are quoted on Nasdaq Helsinki Ltd, under Industrials. Raute Corporation is domiciled in Lahti. The address of its registered office is Rautetie 2, FI-15550 Nastola, and its postal address is P.O. Box 69, FI-15551 Nastola.

These consolidated financial statements for the period between January 1 and December 31, 2015 have been authorized for issue by Raute Corporation's Board of Directors at its meeting on February 16, 2016. According to the Finnish Companies Act, shareholders may approve or reject the financial statements at the shareholders' meeting arranged after the statements have been issued. The shareholders' meeting also has the opportunity to make changes to the financial statements.

Raute Corporation's consolidated financial statement information is available online at www.raute.com or at the head office of the Parent company, Rautetie 2, FI-15550 Nastola, Finland.

Basis of preparation
Raute Corporation's consolidated financial statements for January 1–December 31, 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations released accepted for application in the EU. Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on December 31, 2015.

The notes to the consolidated financial statements also comply with Finnish accounting legislation. Raute Corporation's consolidated financial statements have been prepared under the historical cost convention, except for items measured at fair value, which are available-for-sale financial assets, financial assets and liabilities recognized at fair value through profit or loss, cash-settled share-based payment transactions and derivative contracts.

The figures presented in these consolidated financial statements are in thousand euro, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make certain critical accounting estimates and to exercise its judgment in applying the Group's accounting policies. Because the forward-looking estimates and assumptions are based on management's best knowledge at the reporting date, they comprise risks and uncertainties. The actual results may differ from these estimates. Information about the estimates and judgment that the management has used and that are most critical to the figures in the financial statements have been disclosed under "Critical accounting judgments and key sources of estimation uncertainty".

Amendments to accounting principles of consolidated financial statements and information to be presented
The consolidated financial statements have been prepared according to the same accounting principles as in 2014. During the financial year new or revised standards which would have had an impact on the consolidated financial statements, have not become effective.

Preparation of consolidated financial statements
The consolidated financial statements include the Parent company Raute Corporation and its subsidiaries in which the Group has control. The Group controls an entity when the group is exposed to or has rights to variable returns from its involvement with the entity. Furthermore the Group has the ability to affect the variable return through its power over entity. In Raute Group, control is usually based on share ownership that represents more than 50 percent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control in the other company. Subsidiaries have been fully consolidated in the consolidated financial statements from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Raute Corporation's subsidiary Raute (Shanghai) Trading Co., Ltd has terminated the operation, and the company has been desposed during the financial year. Information on the subsidiaries of the Group on December 31, 2015, has been presented in the note number 33 to the financial statements.

Business combinations have been entered using the acquisition method. The consideration paid for the acquisition of a subsidiary has been determined as the fair value of the transferred assets, liabilities incurred and equity interests issued by the Group. The consideration transferred contains the fair value of the asset or liability that results from the contingent consideration arrangement. Expenditure related to the acquisition has been recognized as an expense when it is incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed by the business combination, have been measured at the acquisition-date fair value. Non-controlling interests have not been recognized in business combinations.

Transactions, receivables and liabilities, and unrealized gains between Group companies have been eliminated. Unrealized losses have also been eliminated. Where necessary, the accounting principles of the subsidiaries have been changed to comply with the Group's principles.

The allocation of the profit or loss for the financial year to the equity holders of the Parent company has been presented in connection with the statement of comprehensive income.

Transactions in foreign currency

The consolidated financial statements have been presented in euro, which is the Parent company's functional and presentation currency. The figures concerning the profit or loss and financial position of the companies combined under the consolidated financial statements have been measured in the currency of the country in which that company operates (functional currency).

Foreign currency transactions have been translated into the functional currency using the exchange rates prevailing at the dates of the transactions. In practice the translation is often carried out using rates that approximately correspond to those prevailing at the dates of transactions. Monetary items in foreign currency have been translated into the functional currency using the rates prevailing on the last day of the reporting period. Foreign currency non-monetary items measured at fair value have been translated into the functional currency using the rates prevailing at the date of fair value measurement. Otherwise non-monetary items have been measured using the rate prevailing at the date of transaction.

Gains and losses from foreign currency transactions and translation of monetary items have been recognized in the income statement. Translation differences on monetary items have been recognized in other comprehensive income items as qualifying cash flow hedges. Exchange rate gains and losses from transactions have been presented in the corresponding items above the operating profit or loss. Exchange rate gains and losses related to cash and cash equivalents, loans and other financial assets and liabilities have been presented in the income statement under the item "Financial income and expenses".

The income statements of foreign subsidiaries have been translated into euro using the weighted average exchange rates during the financial year and balance sheets have been translated at the average rate on the balance sheet date. Translation of income and comprehensive income at different exchange rates in the income statement and in the balance sheet results in translation differences which have been recognized in the balance sheet under equity, the difference of which has been recognized in the other comprehensive income items . The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from the translation of equity items accumulated after the acquisition have been recognized in the other items of the comprehensive income. On partial or full disposal of a subsidiary, the accumulated translation differences have been recognized through profit or loss as part of the gains or losses from disposal.

The exchange rates used for the consolidation of subsidiaries have been presented in the notes to the consolidated income statement and balance sheet, note number 38 to the financial statements.

Revenue recognition

Net sales include revenue from the sale of products and services, as well as raw materials and equipment, adjusted net of indirect taxes, discounts, and exchange differences from foreign currency sales. All components pertaining to each contractual entity have been treated as a whole and the same revenue recognition method has been applied to them.

Project deliveries and modernizations in technology services have been treated and recognized based on the percentage of completion except the projects which do not obtain the classification requirements of long term projects.

Revenue and cost from long-term projects has been recognized as an income and expense as soon as the outcome has been reliably estimated. The estimates have been based on the previous experience of the corresponding business transactions and the special feature of each project has been estimated. Percentage of completion has been measured on a cost basis as the relation of actual project costs to the estimated total project costs. When it is probable that the total costs needed to complete the contract will exceed total contract revenue, the expected loss has been recognized as an expense immediately. If the result of a long-term project cannot be reliably estimated, the project costs have been recognized as an expenditure in the period in which they have been incurred, and project revenue has been recognized only to the extent of project costs incurred that are likely to be recovered. Costs related to projects that have not yet been recognized in revenue have been recognized as long-term projects in the item wok in progress under inventories. If the incurred costs and recognized profits are larger than the amount invoiced for the project, the difference has been recognized in the accounts receivables and other receivables balance sheet item. If the incurred costs and recognized profit are smaller than the amount invoiced for the project, the difference has been recognized in the trade and other payables item. During the financial year 2015 and the comparison period, the Group has had no financial costs allocated to the long-term projects entered in the balance sheet.

Changes to the project, requirements concerning additional charges and incentives have been taken into account in the project income to the extent that can be reliably determined and which has been agreed upon with the customer. If a contractual entity (e.g. mill-scale delivery) has included sub-entities (e.g. production lines) with determined contract terms and conditions and with risks, rewards and control of ownership transferred to the buyer separately from the rest of the contractual entity, they have been treated as separate long-term projects.

Revenues from the sale of spare parts and other goods, as well as small and short-term projects, have been recognized in full when the significant risks and rewards have been transferred to the buyer and the Group no longer has right of possession of and control over the product. This generally means the moment at which the goods have been delivered to the customer in accordance with the agreed delivery clause. The delivery conditions used in the Group are based on Incoterms 2010 delivery clauses which have been presented in the official rules published by the International Chamber of Commerce for the interpretation of trade terms.

Revenues from time-based maintenance contracts have been recognized as income for the maintenance contract period and the costs incurred have been recognized as expenses on performance basis. Revenues from other services have been recognized in net sales for the period in which the service has been provided.

Revenue not included in net sales have been included in other operating income items, such as lease income, insurance compensations and gains on the disposal of fixed assets. Lease income has been recognized as income on a straight-line basis for the lease term.

Interest income has been recognized as income in the period in which it has arisen. Dividend income has been recognized when the company paying dividends pays it.

Income taxes

The taxes in the consolidated income statement include the current tax based on the Group companies' taxable income, as well as tax adjustments for previous years and the change in deferred taxes. Current tax based on the taxable income has been calculated on taxable income using the tax rate in force in each country. Taxes have been recognized in the income statement, except when they are related to other comprehensive income items or recognized directly in equity. In such a case, the tax has also correspondingly been recognized in other comprehensive income items or directly in equity.

The Group companies can use special tax deductions related to certain new investments of assets or expenses under certain conditions. These tax credits are treated as a deductible from taxes at the moment when it is highly probable that the tax deduction will be received. The tax credit reduces the tax liability and the tax expense based on the taxable income for the period.

Deferred taxes have been recognized for all temporary differences between the accounting and taxation value. Deferred tax has been determined using tax rates that have been enacted or substantively enacted by the balance sheet date and have been expected to apply when the related deferred tax asset shall be realized or the deferred tax liability shall be settled. The most significant temporary differences have arisen from the amortization of tangible fixed assets, fair value adjustments of derivatives and tax losses carried forward unused.

Deferred tax assets have been recognized to the extent that it is probable that taxable profits will be available against which temporary differences can be utilized. The recognition of deferred tax assets has been estimated at each reporting date. Deferred tax assets and deferred tax liabilities have been deducted from each other, if the Group has a legal right to set off tax assets and liabilities arising from the taxable income of the financial year, and when the deferred tax assets and liabilities have been related to income tax charged by the same tax juridicion from each other.

Financial assets

Financial assets have been classified as financial assets at fair value through profit and loss, loans and other receivables and available-for-sale financial assets. Classification has been made based on the purpose of acquisition in conjunction with the original acquisition. Financial assets are derecognized from the balance sheet when the contractual right to receive cash flows has expired or the Group has substantially transferred risks and income outside the Group.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss have been acquired for trading. All purchases and sales of financial assets have been recognized on the transaction date.

Shares and units as well as other securities have been classified as financial assets at fair value through profit or loss. Financial assets held for trading have mainly been acquired to generate profit from short-term changes in market price. Derivatives which have been used for hedging purposes, but hedge accounting is not applied, are classified as held for trading. Derivatives held for trading, as well as financial assets maturing within 12 months, are included in current assets. The items in this Group have been measured at fair value. Gains and losses from changes in fair value have been recognized in the income statement under item "Financial income and expenses" and in the period in which they have arisen.

Loan and other receivables

Loan and other receivables are assets with fixed or determinable payments that are not quoted in an active market and which the company does not hold for trading. The Group's loan and other receivables also include the balance sheet's accounts receivables and other receivables as well as cash and cash equivalents. Loans and other receivables have been measured at amortized cost using the effective interest method and they have been presented in non-current assets if they mature over 12 months from the balance sheet date. Otherwise they have been presented in current assets. Only substantial transaction costs are counted for when measuring the acquisition cost.

Sales and other revenue have been recognized in accounts receivables at the original receivable amount. Current accounts receivables have been measured at the original receivable amount and their book value is equal with their fair value. Accounts receivables do not include items classified as non-current financial assets. Cash and cash equivalents comprise cash in hand, current bank deposits and other highly liquid short-term investments with original maturities of three months or less. Bank overdrafts are included in current interest-bearing liabilities. Credit accounts related to Group accounts are included in current interest-bearing liabilities and presented net if the Group has a contractual legal right of set-off concerning full or partial payment or elimination of an amount to the lender. Financial assets are derecognized when the contractual right to cash flows expires or the Group has substantially transferred risks and income outside the Group.

Available-for-sale financial assets

Available-for-sale financial assets are assets not included in derivatives that have been expressly assigned to this group or that have not been classified into any other group. They are included in non-current assets unless the intention is to hold them less than 12 months from the balance sheet date, in which case they have been included in current assets. Available-for-sale financial assets may consist of shares and interest-bearing investments. They have been measured at fair value or, where fair value cannot be reliably determined, at cost of acquisition. Changes in fair value of available-for-sale financial assets have been recognized in other items of the comprehensive income and they have been presented in the fair value reserve, including the tax effects. Accumulated changes in fair value have been transferred from equity and recognized through profit or loss when the investment has been sold or when its value has decreased in such a way that an impairment loss must be recognized for the investment. Permanent impairment of assets has always been recognized directly in the income statement.

Impairment of financial assets

At the reporting date the Group assesses whether there is objective evidence of impairment of a financial asset or a group of financial assets. If the fair value of the Group's equity investment is significantly less than the acquisition cost and the time period defined by the Group, this is a sign of impairment of the available-for-sale share. If impairment has occurred, the losses accumulated in the fair value reserve have been transferred to the income statement. Impairment losses of equity investments classified as available-for-sale assets have not been reversed through profit or loss. The default risk related to accounts receivables has been estimated on the basis of a comprehensive survey of accounts receivables carried out at the balance sheet date. Factors indicating impairment of accounts receivables include repeated failures or delays to pay, imminent bankruptcy or debt restructuring as a result of major financial difficulties of the debtor. Estimated impairment losses have been recognized in the income statement as the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. If an impairment loss decreases in a subsequent period, and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed through profit or loss.

Financial liabilities

Financial liabilities have been initially recognized at fair value. Transaction costs have been included in the initial carrying amount of the financial assets at amortized cost. Later, financial liabilities, excluding derivative liabilities, have been measured at amortized cost using the effective interest method. The Group has no non-current financial liabilities. Current financial liabilities are debts where the Group has no unconditional right to defer the payment of the debt to at least 12 months from the reporting date.

All of the fair values of financial assets and liabilities in the balance sheet are based on market values at the reporting date. The fair values have been presented in the note number 37 to the financial statements.

Currency derivative contracts

The Group has used currency derivative contracts to hedge against currency risks related to future transactions of commercial transactions and financial items. At the time of the adoption of each derivative contract it has been determined, which risk related to asset or liability recognized in the balance sheet, or a highly probable forecast transaction (cash flow hedge) it protects and if the hedge accounting will be applied.

Derivative financial instruments have been recognized in the balance sheet at their fair value at the contract date and are later remeasured at fair value. The fair values of derivative contracts have been determined using the market values at the balance sheet date. Gains and losses from fair value measurement are treated as determined by the purpose of the derivatives.

The changes in the value of derivatives, to which hedge accounting has not been applied, have been presented in other operating income or expenses in the income statement.

The fair values of the derivatives used in hedging have been presented in note number 35 to the financial statements. Derivatives recognized in the Group's balance sheet mature within 12 months from the balance sheet date, and they have been presented as accrued expenses or receivables under current assets or liabilities in the balance sheet.

Hedge accounting

Hedge accounting has been applied when essential exchange risk exists on the derivative contract which is determined as a hedging of the cash flow of the long-term project. The decision to apply hedge accounting is made separately for each contract at the contract date. Each hedging derivative is set to hedge certain assets and liabilities, binding contracts or future transactions. The hedging relationship between the hedged item and the hedging instrument and risk management objectives and strategies for hedging transactions has been documented when hedging relationship has been created. When starting the hedging, the Group documents an estimate of whether the change in the fair value of the hedging instrument effectively corresponds to the changes in the fair values of the hedged cash flows or other hedged items.

The changes in the fair value in derivative contracts which meet the conditions of hedging has been recognized in the items of comprehensive income and presented in the equity hedge reserves. The gains or losses in equity have been recognized in profit or loss when the predicted sale has been recognized in the comprehensive income statement.

Intangible assets
An intangible asset has been recognized in the balance sheet when it is probable that the expected future financial benefit attributable to the asset will flow to the entity over a period of several years (amortization period) and the cost of the asset can be measured reliably. In other cases the expenditure from intangible assets has been recognized as an expense when incurred. Intangible assets include capitalized development costs and other intangible assets.

Research and development costs
Research costs have been recognized as an expense in the income statement. Development costs incurred in planning new or more advanced products and in manufacturing test machinery for testing them has been recognized as intangible assets in the balance sheet from the moment the product can be produced technologically, utilized commercially, and future financial benefit is expected from it. Capitalized product development costs include the material, work and testing expenditure incurred directly from completing the product for the intended purpose. Development costs previously recognized as an expense is not capitalized at a later date.

Amortization of capitalized product development costs has been started when the product is ready for use. The useful life of development costs is three years, during which time capitalized assets have been recognized as an expense on a straight-line basis. Capitalized costs for product development in progress have been tested annually for impairment or more frequently, if the changes in the circumstances have provided indications of impairment. If the carrying amount of an asset exceeds the estimated recoverable amount, it is immediately reduced to correspond to the recoverable amount. After they have been originally recognized, capitalized product development costs are measured at acquisition cost less accumulated amortization and impairment.

Other intangible assets
Other intangible asset has been recognized in the balance sheet at original cost when it is probable that the expected future financial benefit attributable to the assets will flow to the entity over a period of several years (amortization period) and the cost of the assets can be measured reliably.

Intangible assets with a finite useful life have been recorded in the balance sheet and recognized in the income statement as an expense based on the straight-line depreciation method over their useful life as follows:

Patents	10 years
Computer software	3–5 years
Other intangible assets	3–10 years.

The expected useful lives of the items in the intangible assets in the balance sheet have been reviewed at each reporting date. If they differ considerably from previous estimates, the amortization plan is updated in accordance with the new expected useful lives. The carrying values of intangible assets with limited useful lives have been reviewed at each reporting date. If the value of an asset has decreased significantly the impairment is transferred to the income statement. A previously made impairment can be reversed if the circumstances can be shown to have improved considerably.

Property, plant and equipment
All property, plant and equipment is measured at acquisition cost less accumulated depreciation and impairment. The acquisition cost includes the purchase price, cash and other discounts, import duties and fixed taxes. When a property, plant or equipment is manufactured in-house, it also includes, in addition to the above-mentioned items, a share of the Group's fixed costs. Ordinary property, plant and equipment repair and maintenance costs have been recognized through profit or loss as incurred. Possible costs incurred in restoring to original state have been taken into account in IFRS accounting as part of the acquisition cost. Raute Corporation's consolidated financial statements of December 31, 2015, including the comparison data, do not include property, plant or equipment for which costs capitalized in the future should be taken into account.
Depreciation of tangible assets is calculated using the straight-line method over their estimated useful lives as follows:

Buildings	25–40 years
Machinery and equipment	4–12 years
Other fixed assets	3–10 years
Land	no depreciations are made.

The residual value and useful lives of assets are reviewed at the last day of each reporting period and are changed if necessary. If the carrying amount of an asset exceeds the estimated recoverable amount, it is immediately reduced to correspond to the recoverable amount. Gains and losses on decommissioning and disposal of property, plant and equipment have been recognized through profit or loss.

Public contributions
Public contributions received as compensation for costs incurred have been recognized in the income statement in the period in which the right to receive the contribution arises. Contributions related to acquisitions of intangible and tangible fixed assets have been recognized as a decrease in the carrying amounts when the Group meets the eligibility criteria for the contribution and a decision granting the contribution is received.

Impairment of non-financial assets
Group's intangible assets have been tested annually for impairment. Assets that are subject to the amortization have been reviewed for impairment always when events or changes in circumstances have provided indications that it may be impossible to recover the carrying amount of the assets. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. The value in use is the present value of the expected recoverable cash flows from the asset. For the assessment of impairment, the assets are classified at the lowest levels at which the cash flows can be separately identified.

The amount by which the carrying amount of the asset exceeds the recoverable amount has been recognized in the income statement as an impairment loss. An impairment loss recognized in previous periods for non-financial assets other than goodwill has been reassessed at each balance sheet date. The recognition of an impairment loss has been reversed when a change has taken place in the circumstances or in the estimates used to determine the recoverable amount of the asset. However, reversal of impairment has not exceeded the asset's carrying amount less impairment loss.

Leases

Leases in which a significant portion of the risks and rewards incident to ownership are retained by the lessor have been treated as operating leases. Payments made under other leases have been recognized as an expense based on the lease period.

Inventories

Inventories have been measured at the lower of cost and net realizable value. Raw materials and supplies have been measured using the weighted average cost method. The cost of finished goods and work in progress comprises direct material and production costs and the portion of indirect production costs and depreciation allocated to products at a normal capacity excluding financial expenses. Net realizable value is the estimated selling price in the ordinary course of business, less costs of completion and sale. The value of inventories includes impairment due to obsolescence.

Provisions

Provisions have been recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision related to warranty obligations has been recognized through profit or loss when revenue from a long-term project, service or spare part including a warranty clause has been recognized. The amount of the warranty provision is estimated at the beginning of the project based on past experience from warranty costs. The unused provision has been recognized as income at the end of the warranty period and expiry of the warranty obligations. In long-term projects recognized on the basis of percentage of completion, the warranty provisions are included in the estimated total costs of the project. Provision for unprofitable contract has been recognized when the unavoidable direct costs and estimated indirect production costs and depreciation under the contract have exceeded the benefits from the contract.

Employee benefits

Pension obligations

Pension plans have been classified into defined benefit and defined contribution plans. Under a defined contribution plan the Group pays fixed contributions to a separate insurance company, after which the Group has no other obligations to pay. In addition, the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay retirement benefits. All other plans which do not meet these conditions have been classified as benefit pension plans. Contributions to defined contribution pension plans have been recognized in the income statement as an expense in the period in which they were due. The Finnish statutory employment pension scheme and the pension plans of foreign subsidiaries have been classified as defined contribution plans.

Option-based incentive plan 2010

Raute Corporation has granted stock options to key persons separately determined by the Board of Directors during the years 2010–2013. The granted stock options have been measured at fair value at their grant date. The fair values of the options granted to the personnel are recognized as an expense in the statement of comprehensive income under social security costs on a straight-line basis over the vesting period, which has ended on March 15, 2015. The counterpart entry of the expense entry has been recognized in equity. When stock options have been used, money payments received on the basis of share subscription have been recognized in equity, adjusted for any transaction costs. Information on share-based payments is presented in the note number 26 to the financial statements.

Share-based incentive program 2014–2018

The Group has a valid long-term performance based share based incentive program. The plan includes three individual share plans commending in 2014, 2015 and 2016. The length of each plan is three years. Each share plan consists of a one-year performance period, payment of the potential share reward in series A shares of the Company in the spring following the performance period, and a two-year restriction period during which the development of the value of the reward is based on the development of the value of the company's share. The fair falue of the shares is recognized as an expense during the performance period.

Profit-based bonuses

An expense and a liability for profit-based bonuses are based on formule and management's estimate on bonuses to be paid on the basis of the valid agreements. A provision has been recognized when the Group has a contractual obligation or where there has been a past practice that has been created a constructive obligation.

Share capital

Series K and series A shares held by third parties have been presented in share capital.

Expenditure related to issues or acquisitions of own equity instruments has been presented as allowance for equity. When the Parent company repurchases equity instruments, their acquisition cost has been deducted from equity.

Dividend

The dividend proposed by the Board of Directors to the Annual General Meeting has been recognized as a liability and a deduction from distributable equity for the period in which the dividend has been approved for distribution by the shareholders.

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group uses the following definition: operating profit is the net sum calculated by adding other operating income to net sales; deducting purchase expenses that have been adjusted by changes in inventories of finished goods and work in progress and by expenses from production for own use; and by deducting expenses from employee benefits, depreciation and possible impairment losses, as well as other operating expenses. All other income statement items are presented under operating profit before the profit for the financial year.

Critical accounting judgments and key sources of estimation uncertainty

When preparing the consolidated financial statements in compliance with International Financial Reporting Standards, the company management has made certain estimates and assumptions. In addition, the management has exercised its judgment in selecting and applying the accounting policies. These estimates and assumptions have affected the assets and liabilities in the Group's balance sheet, the disclosure of commitments and possible assets in the consolidated financial statements, and income and expenses for the period. Because the estimates have been based on management's best knowledge at the reporting date, actual results may differ from these estimates. Possible changes in estimates and assumptions have been recognized in the financial year in which the estimate or assumptions has been changed. The management is not, by the time the financial statements were to be published, aware of any major uncertainties concerning the estimates on the reporting date or any key assumptions concerning the future, on the basis of which there would be a considerable risk of a substantial change in the carrying values of assets and liabilities during the next financial year. The key items where the estimates have been used are as follows:

Long-term projects

The percentage of completion method is based on estimates of expected project revenue and expenses, as well as on reliable measurement of project progress. Should the estimates of the project outcome change, the recognized revenue and profit is adjusted in the period in which the change first becomes known and can be estimated.

Warranty provision

The amount of warranty provisions is estimated on the basis of the management's experience from product costs in the warranty period, taking into consideration special product risks.

Receivables

The management has estimated customers' ability to remit the payment of such trade receivables, for which the company has not received any securities. The Group companies' ability to settle the trade receivables and payments related to the loans has been estimated by the management.

Commercialization of new technology

The management has estimated the risk related to the commercialization and first-delivery projects of new technology. At the balance sheet date December 31, 2015, the balance sheet items of the products in the commercialization phase formed a risk of EUR 0.5 million (EUR 2.8 million).

Income taxes

The management has also made estimates pertaining to the period's income taxes and deferred tax assets and liabilities. Criteria for recognition and measurement of deferred tax assets have been estimated at the balance sheet date. The management estimates how likely it is for the Group's companies to have future recoverable taxable income against which unused tax losses can be utilized. The preparatory estimates used for the estimates at the balance sheet date can differ from the actual figures, in which case changes in tax assets have been recognized as expenses in the income statement.

Employee benefits

The management has made estimates when determining the bonus amount to be paid for the financial year.

Estimated impairment

The Group's intangible assets have been tested for impairment. Other balance sheet assets have been assessed for indications of impairment as explained in the accounting principles above. The recoverable amounts of cash-generating entities have been determined based on value-in-use calculations, which require the use of estimates. Where the carrying amount of the asset exceeds the assets estimated recoverable amount or fair value, impairment has been recognized through profit and loss.

IFRS standards that have been published and will be valid in future financial periods

The following are the standards, interpretations or amendments to the existing standards and interpretations that have been published by IASB but not applied by the Group on the financial year starting on January 1, 2015. The Group will apply them beginning on the date that each standard and interpretation comes into effect, or, if the date of entry into force is a date other than the first day of the financial year, beginning at the start of the financial year following the date of entry into force.

- IAS 19 Employee benefits (amendment) (to be applied on the financial period beginning on or after July 1, 2015). The amendment regards employee or third party contributions to defined benefit plans and clarifies the treatment of such contributions in accounting. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognize the benefit of those contributions over employee's working lives. The standard has no essential impact on the consolidated financial statements.

- IFRS 9 Financial instruments (effective for the financial period beginning on or after January 1, 2018). The standard will replace IAS 39 standard. The standard includes the basis of valuation but is simplified by establishing three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income items and fair value through Income Statement. A new expected credit losses model replaces the incurred loss impairment model. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. The Group is assessing the impact of the standard to the consolidated financial statement accounting principles and additional information of the Group.

- IFRS 15 Revenue from contracts with customers. (effective for the financial period beginning on or after January 1, 2018). The standard replaces IAS 11 Construction contracts and IAS 18 Revenue and related interpretations. Revenue is recognized when a customer obtains control of a good or service. The customer has the ability to direct the use and obtain the benefits from the good or service. The basis of the standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized in a five step recording principle. The standard deals with the new disclosure requirements, which resulted in the financial statements users receive comprehensive information on the company's customer contracts in the cash flows from the nature, amount, timing and uncertainty. The Group is assessing the impact of the standard to the consolidated financial statement accounting principles and additional information of the Group.

- IAS 16, Property, plant and equipment and IAS 38, Intangible assets (amendment) (effective for the financial period beginning on or after January 1, 2016). This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects other factors other than the consumption of the economic benefits embodied in the asset. The standard has no essential impact on the consolidated financial statements.

- Annual improvements to IFRS standards 2012-2014 (to be applied on the financial period beginning on or after January 1, 2016) . These improvements include small and minor urgent amendments. The impacts of amendments in different standards vary, but they have no essential impact on the consolidated financial statements.

In the future, the above-mentioned standards, amended standards and interpretations may have an effect on the handling of future business transactions.

2 MANAGEMENT OF FINANCING RISKS

The Group, in its operations, is exposed to financing risks which have been classified into market, counterparty and liquidity risks. The key risk areas of the Group's international business operations have been recognized as default risks of the counterparty risks and currency risks of the market risks.

The Group is also exposed to liquidity and refinancing risks, as well as interest and price risks, which are part of market risks. The aim of the Group's financing risk management is to minimize the negative effects of the changes in the financial markets on the Group's financial performance and ensure sufficient liquidity in all market conditions. The Group implements a financing policy, which is approved by the Parent company's Board of Directors and defines the limiting values that guide operations, the adopted financial and hedging instruments, and the acceptable counterparties. The Parent company's financing unit is responsible for the management of financing risks, with a duty to identify, assess, and hedge financing risks in cooperation with operative units. The Board regularly monitors the extent of the financing risks based on, among others, the net currency position, the age distribution and the hedging of receivables as well as cash flow estimates and financial stress tests.

Market risk
Market risks include currency, interest and price risks. Currency risks are further divided into transaction and translation risks.

Currency risks
The Group operates in international markets and is thus exposed to currency risks resulting from changes in currency exchange rates. The Group's currency risks consist of foreign currency denominated sales and purchases as well as assets and liabilities recognized in the balance sheet (transaction risks) and investments in foreign subsidiaries (translation risks).

The Group's main currency is the euro. The most significant currency risks result from the following currencies:
- Chinese yuan (CNY)
- Russian rouble (RUB)
- Canadian dollar (CAD)
- US dollar (USD).

The distribution of the Group's sales varies annually according to market area. In 2015, a total of 53 percent (48%) of net sales were generated outside the euro zone. The Group primarily uses Group company's functional currency as the primary trading currency, of which the most important is the euro. The proportion of the net sales sold in another currency than the Group companies' home currency was 12 percent (9%) during the year 2015.

The Group's operative units hedge foreign currency denominated sales payments based on binding sales contracts through the Parent company's financing unit when the contracts take effect. Currency forward contracts are used to hedge sales payments operatively.

The most significant individual currency risk related to purchasing in the Group arises from the Parent company's internal purchases from China, where the trading currency is the euro but the Group's costs are determined by the Chinese juan. The Group hedges the internal trading with the forward contracts.

Primarily, cash flows accumulating from unhedged sales payments in the same currency are used in the hedging of currency risks related to binding procurement contracts.

Future cash flows, which are not based on contracts binding both parties, are usually not hedged. Currency clauses are used to hedge against currency risks during the quotation period. Depending on the case, currency risks related to preliminary sales contracts are hedged with currency option contracts. The nominal value of forward contracts used to hedge business operations was EUR 5.7 million (MEUR 2.8) and the fair value EUR -136 thousand (EUR -136 thousand) at the balance sheet date. The internal loans taken out by the Group companies and their deposits are mainly in the functional currency of the subsidiary in question. The currency exchange risks of the Group's internal loans have been hedged with forward contracts, with the exception of equity loans or loans in fact classified as such, and such working capital loans, the repayments of which are paid from the forecasted unhedged currency flows of sales in the same currency.

At the end of the financial year 2015, no forward contracts were related to the hedging of the Group's financing items. The subsidiaries' loans from external financial institutions were in each company's functional currency.

The forward contract receivables and liabilities related to economic hedging of sales currency payments, to which hedge accounting is not applied, increase the currency risk to the Group at the balance sheet date. This currency risk is recognized to the extent that the value of forward contracts exceeds the respective binding sales contracts recorded sales. The measurement of the forward contracts and the percentage of completion receivables had a EUR 89 thousand negative effect on the Group's operating profit (EUR -136 thousand) at the reporting date. The nominal values of derivatives related to financing are presented in the note number 35 of the financial statements.

The Group applies the hedge accounting to the currency derivative contracts when the change in the fair value of a contract may have a significant temporary effect on the Group's operating profit due to the change in exchange rates. The Group's Parent company concludes, with an external counterparty, a derivative contract which is defined as a hedging instrument in hedge accounting. Subsidiaries use internal derivatives to hedge transactions defined as hedged items. The total amounts of the valuation gains and losses for derivatives have been presented in the note number 35 to the financial statements.

Transaction risks

The Group regularly monitors transaction risks in the main currency pairs. Currency flows related to binding contracts, and derivative contracts used for their hedging, are taken into account in the net currency position from the reporting date onwards regardless of which year's profit or loss the currency risk will affect. The aim of managing currency risks is to keep the open net currency positions of each Group currency pair at less than EUR 500 thousand for each currency pair other than for the Russian ruble, for which the aim is to keep the net currency position at less than EUR 1 million. The Group's net currency position and its portion included in the balance sheet at the reporting date (Net balance sheet risk) have been presented in currency pairs in the following table:

	Net currency position		**Net balance sheet risk**	
EUR 1,000	**2015**	**2014**	**2015**	**2014**
CNY/EUR	-79	1 739	224	-500
RUB/EUR	109	-198	109	-198
CAD/EUR	152	71	152	71
USD/EUR	721	687	789	-859

Table: Group transaction risks

Translation risks

The Group is exposed to translation risks. The Group has foreign subsidiaries which have equities in currencies other than the Parent company's functional currency. The currency risks related to the conversion of the foreign subsidiaries' net investments to the Group's home currency, the euro, have not been hedged. The Group's subsidiaries' non-euro-denominated equities equaled altogether EUR -2,543 thousand on December 31, 2015 (EUR -4,962 thousand). Net investments are detailed according to currency in the following table:

EUR 1,000	**2015**	**2014**
CNY	1,394	1,489
RUB	0	0
CAD	84	84
USD	17	17
Other	15	15

Table: Net investments in subsidiaries by currency

Sensitivity analysis

A sensitivity analysis in the main currency pairs on the transaction risk, i.e. the effect of reasonable potential changes in the exchange rates on the Group's profit or loss after tax on December 31, 2015, is presented in the following table:

			Effect on profit after tax			
EUR 1,000				**2015**		**2014**
CNY	+/-	30 %	+/-	36	+/-	13
RUB	+/-	30 %	+/-	125	+/-	154
CAD	+/-	30 %	+/-	99	+/-	413
USD	+/-	30 %	+/-	1	+/-	10

Table: Sensitivity analysis

All foreign currency receivables and liabilities as well as the currency derivative contracts, recognized in the balance sheet on the reporting date, have been taken into account in the sensitivity analysis. In the analysis, the change in exchange rate has been estimated to be +/-30 percent from the reporting date based on the prevailing uncertainty in the financial market development. Other factors are estimated to remain unchanged.

Interest risk

The Group's interest risk results from non-current liabilities. The Group's objective is to hedge against interest risks related to liabilities through fixed-interest rate loans, interest rate derivative instruments and sufficient liquid assets. The Group takes out loans with either fixed interest rates or floating interest rates. The floating interest rate loans expose the Group's cash flow to an interest risk. At the end of the financial year, the Group had no non-current debt.

In the Group, the fluctuating interest level mainly influences the arising return level of liquid assets. In the uncertain financial market situation, the Group is avoiding investment instruments which involve significant interest or price risks. No investments in interest funds were included in the financial statements of December 31, 2015 or the comparison year. On the reporting date, cash and cash equivalents were in bank accounts.

Price risk

The raw materials used by the Group are reprocessed steel products, other raw materials, components, and commodities. It is not possible to actively hedge against their market price risk with derivatives, and their price risk is a part of the business risk. The price risk of steel is managed by regularly analyzing and following the price fluctuation. The price risk of components is reduced by making blanket agreements with suppliers. The price risk of the electric power used in the Group's production processes is followed and managed through fixed-price contracts. At the balance sheet date, there were no derivatives hedging price risk that would affect the profit or loss in the consolidated financial statements.

In a stable financial market situation, the Group may invest its cash and cash equivalents in equity funds as well as fixed-interest funds and is thus exposed to price risks arising from the changes in the market prices of listed funds. On the balance sheet date, there were no fund or other investments held for sale.

Counterparty risk

The Group's most significant counterparty risks are customer credit risks related to contractual counterparties in the project business and counterparty risks related to the Group's investment activities.

Credit risk and other counterparty risks

Credit risks or counterparty risks are realized when the customer or other counterparty is unable to fulfill its commitments to the Group. The maximum amount of credit risk at the balance sheet date is the book value of financial assets. At the end of the financial period on December 31, 2015 the maximum amount of credit risk was EUR 41.3 million (MEUR 32.0).

Credit risks related to contractual counterparties in project deliveries are managed with established suppliers and customers by advance payment terms and by expecting bank guarantees or confirmed letters of credit for customer payments. Credit risks related to technology services are managed by regularly monitoring the customer-specific amounts of receivables and customers' payment behavior. As a result of the general uncertainty related to the development of the global economy, financial markets and the customers' market situation, the risk level for unhedged receivables is expected to be at a higher level than before the recession.

The maximum credit risk relating to customers' solvency is the amount of receivables relating to binding sales contracts that are not covered by bank guarantees, letters of credit or other securities. Received bank guarantees and letters of credit covered 0 percent (46%) of the accounts receivables and the percentage of completion receivables recorded in the balance sheet and 1 percent (37%) of the order book at the end of the financial year. The credit risk was exceptionally high due to the change in trade practices and the share of established suppliers and customers at the end of the financial year. During the financial year, a credit loss amounting to EUR 0.6 million from a single customer (MEUR 0.0) has been recognized as an expense. No significant credit risk clusters were recognized in the accounts receivables at the balance sheet date.

The outstanding advance payments presented in the table "Customer receivables" are invoiced payments connected to binding contracts which are not included in the assets of the balance sheet at the balance sheet date. The combined age analysis of accounts receivables and advance payments of binding sales contracts invoiced according to payment terms has been presented in the following table "Age distribution of customer receivables".

EUR 1,000	2015	2014
Accounts receivables in the balance sheet	4,787	6,049
Invoiced outstanding advance payments	3,457	1,428
TOTAL	**8,244**	**7,477**

Table: Customer receivables

EUR 1,000	2015	2014
Neither past due nor impairment	5,924	4,968
Overdue 0–29 days	1,384	753
Overdue 30–60 days	291	61
Overdue yli 60 days	645	1,695
TOTAL	**8,244**	**7,477**

Table: Age distribution of customer receivables

Counterparty risk for investment activities

The financing instrument contracts that the Group has concluded with banks and financial institutions involve the risk that the counterparty is not able to fulfill its obligations according to the contract. In investment activities and when concluding derivative contracts, only those parties which have a good credit rating and which meet the other terms and conditions defined by the financing policy are accepted as counterparties. When making investments, or derivative and loan agreements, the Group applies counterparty-specific upper limits to avoid risk concentrations. On the balance sheet date, the assets related to the Group's cash management were in Nordic banks. The liquid assets in financial institutions outside the euro zone were EUR 3.4 million (MEUR 1.7) at the balance sheet date.

Liquidity risks

Due to the nature of the Group's project business, required financing and the amount of liquid assets also fluctuate in the short term. Predicting working capital requirements is made especially challenging by new orders which have individual payment terms and involve uncertainties related to delivery schedules.

The minimum amounts of cash and cash equivalents, current investments, and available credit liabilities have been defined in the Group's financing policy to ensure the Group's liquidity. Good liquidity is maintained primarily through efficient working capital and cash management. In the long term, risks related to the availability and pricing of funding are managed by using a variety of sources for financing. Investments are required to exhibit sufficient liquidity. The Group did not have interest-bearing net liabilities in the consolidated financial statements of December 31, 2015 or in the comparison year. The cash and cash equivalents available to the Group are sufficient to cover the Group's short-term financing needs.

The Group's cash and cash equivalents totaled EUR 6.5 million (MEUR 4.4) at the end of the financial year. The Group has made preparations for fluctuating working capital requirements and possible disturbances in the availability of money with non-current credit limit agreements worth EUR 23.0 million with three Nordic banks. At the end of the financial year, EUR 20.0 million was unused of the limit. The current credit limit agreements terminate in the year 2017.

Investments are made mainly in current deposits or in secondary marketable euro-based investments with a good credit rating.

The Group's financial liabilities include trade payables, derivative liabilities and interest-bearing liabilities. Trade payables are due within less than a month on average. Repayment of interest-bearing loans based on the Group's loan contracts and cash flows from financial expenses related to them and cash flows from other financial liabilities are presented in the table below. The items presented in the table are undiscounted cash flows.

Maturities of the financial liability at December 31, 2015

EUR 1,000	2016
Loans from financial institutions	
Repayments	1,535
Financial expenses	45
Total	**1,580**

EUR 1,000	
Trade payables	
Repayments	7,893
Financial expenses	-
Total	**7,893**

EUR 1,000	
Accrued expenses and prepaid income	
Repayments	7,974
Financial expenses	-
Total	**7,974**

EUR 1,000	
Derivatives	
Cash outflow	-5,667
Cash inflow	5,483
Total	**-184**

At he balance sheet date, the consolidated financial statements do not include any items with a maturity of more than 12 months.

Maturities of the financial liability at December 31, 2014

EUR 1,000	2015	2016
Loans from financial institutions		
Repayments	1,512	1,250
Financial expenses	100	36
Total	**1,612**	**1,286**

EUR 1,000		
Trade payables		
Repayments	6,086	-
Financial expenses	-	-
Total	**6,086**	**-**

EUR 1,000		
Accrued expenses and prepaid income		
Repayments	6,236	-
Financial expenses	-	-
Total	**6,236**	**-**

EUR 1,000		
Derivatives		
Cash outflow	-3,133	-
Cash inflow	3,080	-
Total	**-53**	**-**

In addition, bank credit limits and Raute Corporation's EUR 10 million (MEUR 10) domestic commercial paper program, which allows the Group to issue commercial papers maturing in less than one year, secure the Group's liquidity. Nordea Bank Finland Plc is the arranger of the program.

Capital structure management

The objective of the Group's capital structure management is an effective capital structure that secures the Group's operational preconditions on the capital market. The Group's Parent company's credit ranking throughout 2015, as well as in the comparison year 2014, was good.

The Group's capital structure is followed using the equity ratio, which has been set a strategic target value. During the financial year 2015 the target value of the equity ratio was over 40 percent. At the end of the financial year, the equity ratio was 59 percent (56%) and gearing -17 percent (-7%).

The Group has set in its loan and credit contracts, as well as in the security agreements related to them, the following key covenants:

- equity ratio to be not less than 30 percent and
- gearing to be under +100 percent.

The loan covenants are reported to the creditor on a quarterly basis. If the Group breaks the loan covenant conditions, the creditor may require expedited repayment of the loans.

During the financial year 2015 and the comparison year, the Group met the conditions of the covenants and reached the set target value of equity ratio.

EUR 1,000	2015	%	2014	%

3 SEGMENT REPORTING

Operational segment

Operations of Raute Group belong to the wood products technology segment. Raute Corporation's Board of Directors is the chief operating decision maker that is responsible for assigning resources to the operating segment and assessing its result. The Board monitors profitability through the operating profit key figures.

Due to Raute's business model, operational nature and administrative structure, the operational segment to be reported as wood products technology segment is comprised of the whole Group and the information on the segment is consistent with that of the Group.

The division into operating segments is based on the Group's internal decision-making order and is consistent with the financial reports submitted to the chief operating decision maker. Segment reporting follows the principles of presentation of the consolidated financial statements.

Wood products technology

EUR 1,000	2015	%	2014	%
Net sales	**127,278**		94,021	
Operating profit	**8,120**		2,605	
Assets	**61,760**		52,646	
Liabilities	**32,059**		28,312	
Capital expenditure	**2,506**		1,675	

Assets of the wood products technology segment by geographical location

EUR 1,000	2015	%	2014	%
Finland	**52,488**	**85**	41,532	79
China	**4,572**	**7**	4,672	9
North America	**3,655**	**6**	5,222	10
Russia	**732**	**1**	886	2
South America	**202**	**0**	192	0
Others	**112**	**0**	141	0
TOTAL	**61,760**	**100**	52,646	100

Capital expenditure of the wood products technology segment by geographical location

EUR 1,000	2015	%	2014	%
Finland	**2,388**	**95**	1,402	84
China	**57**	**2**	139	8
North America	**61**	**2**	118	7
Russia	**-**	**-**	2	0
South America	**1**	**0**	3	0
Others	**-**	**-**	12	1
TOTAL	**2,506**	**100**	1,675	100

EUR 1,000	2015	%	2014	%

4 NET SALES

The main part of the net sales is comprised of project deliveries and modernizations in technology services, which are treated as long-term projects. The other net sales is comprised of technology services provided to the wood products industry such as spare parts and maintenance services as well services provided to the development of customers' business.

Project deliveries and modernizations related to technology services include both product and service sales. Therefore, the breakdown of the Group's net sales into purely product and service sales cannot be presented reliably.

Large project deliveries can temporarily increase the shares of various customers of the Group's net sales to more than ten percent. At the end of the financial year 2015, the Group had two customers (2), whose customized share of the Group's net sales temporarily exceeded 10 percent. Their total sales share was 35 percent. One customer had a share of 18 percent and the other 17 percent of the Group net sales.

Net sales by market area	2015	%	2014	%
EMEA (Europe and Africa)	**82,632**	**66**	48,737	52
NAM (North America)	**16,962**	**13**	13,167	14
CIS (Russia)	**11,841**	**9**	16,813	18
LAM (South America)	**8,937**	**7**	12,689	13
APAC (Asia-Pacific)	**6,906**	**5**	2,616	3
TOTAL	**127,278**	**100**	94,021	100

Finland accounted for 24 percent (6%) of net sales.

5 LONG-TERM PROJECTS

Net sales	2015	2014
Net sales by percentage of completion	**104,251**	74,413
Other net sales	**23,027**	19,608
TOTAL	**127,278**	94,021
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	**112,329**	71,178
Amount of long-term project revenues not yet entered as income (order book)	**59,210**	42,001

Balance sheet items of uncompleted projects	2015	2014
Projects for which the value of percentage of completion exceeds advance payments invoiced		
- aggregate amount of costs incurred and recognized profits less recognized losses	**72,948**	51,832
- advance payments received	**46,415**	33,709
Gross amount due from customers	**26,533**	18,123
Projects for which advance payments invoiced exceed the value by percentage of completion		
- aggregate amount of costs incurred and recognized profits less recognized losses	**36,823**	19,233
- advance payments received	**46,294**	27,153
Gross amount due to customers	**9,471**	7,920

EUR 1,000		2015	2014
	Advance payments included in the current liabilities in the balance sheet		
	Gross amount due to customers	**9,471**	7,920
	Other advance payments received, not under percentage of completion	**1,553**	1,152
	TOTAL	**11,024**	9,072
	Specification of combined asset and liability items		
	Advance payments paid	**1,367**	891
	Advance payments included in inventories in the balance sheet	**1,367**	891
6	**OTHER OPERATING INCOME**		
	Insurance compensations	**195**	-
	Allowances received	**118**	21
	Capital gain on sale of fixed assets	**35**	36
	Other	**45**	15
	TOTAL	**393**	72
7	**MATERIALS AND SERVICES**		
	Materials and supplies		
	- Purchases during the financial year	**-60,896**	-45,485
	- Change in inventories	**1,583**	281
	External services	**-8,679**	-6,571
	TOTAL	**-67,992**	-51,775
8	**EMPLOYEE BENEFITS EXPENSE**		
	Wages and salaries	**-28,051**	-24,068
	Stock options granted	**-12**	-99
	Share-based payment	**-377**	-
	Pension contributions		
	- Defined contribution plans	**-4,216**	-3,608
	- Defined benefit plans	**2**	2
	Other personnel costs	**-1,656**	-1,531
	TOTAL	**-34,310**	-29,304

Information on management's employee benefits and loans has been presented in the note number 33. Information on the share-based payments has been presented in the note number 26.

		2015	2014
9	**NUMBER OF PERSONNEL**		
	Employed at Dec. 31, persons		
	Workers	**204**	171
	Office staff	**442**	416
	TOTAL	**646**	587
	- of which personnel working abroad	**205**	193
	Effective, on average, persons		
	Workers	**189**	158
	Office staff	**425**	372
	TOTAL	**614**	530
	- of which personnel working abroad	**199**	160
	Average, persons		
	Workers	**193**	162
	Office staff	**431**	383
	TOTAL	**624**	545
	- of which personnel working abroad	**199**	160

EUR 1,000		2015	2014
10	**RESEARCH AND DEVELOPMENT COSTS**		
	Research and development costs for the financial year	**-3,092**	-1,767
	Amortization of previously capitalized development costs	**-104**	-239
	Development costs recognized as an asset in the balance sheet	**220**	292
	Research and development costs entered as expense before impairments for the financial year	**-2 976**	-1,714
	Impairments of previously capitalized development costs	**-1 020**	-
	Research and development costs entered as expense for the financial year	**-3 996**	-1 714
	Total research and development costs	**-3,092**	-1,767
	% of net sales	**2,4**	1.9

Research and development costs have been recognized in operating expenses prior to operating profit.

11	**DEPRECIATION AND AMORTIZATION**		
	Depreciation and amortization by class of assets		
	Intangible assets		
	- Capitalized development costs	**-104**	-239
	- Other intangible assets	**-586**	-386
	Property, plant and equipment		
	- Buildings and structures	**-336**	-332
	- Machinery and equipment	**-1 075**	-1,038
	- Other tangible assets	**-24**	-23
	TOTAL	**-2 125**	-2,018

Development costs included in the item Intangible assets include product development costs of which the impairment loss of EUR 1,020 thousand has been recognized. At the balance sheet date has not been able to estimate reliably if the development project shall be utilized commercially in future. The first-delivery project of new technology did not reach the commercial period as expected, and therefore technology in progress has no commercial value.

12	**OTHER OPERATING EXPENSES**		
	Indirect production expenses	**-4,185**	-2,598
	Renting expenses	**-1,307**	-1,111
	Sales and marketing expenses	**-2,016**	-1,574
	Credit losses	**-579**	-24
	Administration expenses	**-2,342**	-1,917
	Changes in the fair value of currency forward contracts	**70**	-199
	Other expenses	**-3,082**	-2 639
	TOTAL	**-13,441**	-10,062

Auditors' remunerations		
Authorized Public Accounting Company PricewaterhouseCoopers		
Audit expenses, statutory	**-50**	-48
Audit expenses, other assignments according to the Audit Act	**-1**	-
Audit expenses, other services	**-18**	-10
Audit expenses, tax services	**-13**	-32
TOTAL	**-82**	-90

Travel expenses paid to the auditors during the financial year totaled EUR 6 thousand (EUR 8 thousand)

EUR 1,000		2015	2014
13	**FINANCIAL INCOME AND EXPENSES**		
	Financial income		
	Interest income from receivables	**2**	32
	Dividend income from available-for-sale investments	**97**	100
	Exchange rate gains from financial liabilities, net	**-**	126
	Exchange rate gains from other financial items	**163**	344
	Other financial income	**80**	3
	Total financial income	**342**	605
	Financial expenses		
	Interest expenses on financing loans recognized at amortized cost	**-114**	-194
	Exchange rate losses from financing loans	**-3**	-15
	Exchange rate losses from other financial items	**-34**	-86
	Impairment losses on available-for-sale investments	**-10**	-
	Other financial expenses	**-182**	-147
	Total financial expenses	**-343**	-400
	Derivatives, fair value adjustments	**-**	42
	Financial income and expenses, net	**-1**	205
	Other comprehensive income items		
	Remeasurement of defined benefit obligations	**2**	2
	Exchange rate differences	**88**	201
	Cash flow hedges	**8**	-
	TOTAL	**98**	203
14	**EXCHANGE RATE GAINS AND LOSSES (NET)**		
	Included in net sales	**280**	76
	Included in financial income and expenses	**126**	370
	Included in other comprehensive income items	**88**	201
	TOTAL	**494**	647
15	**INCOME TAXES**		
	Consolidated income statement		
	Current tax based on the taxable profit of the financial year	**-1,574**	-544
	Current tax of previous financial years	**85**	16
	Deferred taxes (note number 28)	**54**	79
	TOTAL	**-1,435**	-449
	Reconciliation of the relationship between realized tax expense and theoretical accounting result using the Finnish tax rate of 20.0 percent		
	Profit before taxes	**8,118**	2,810
	Tax effect of the following items:		
	Taxes calculated using the Finnish tax rate, 20.0%	**-1,624**	-562
	Effect of differences in tax rates of foreign subsidiaries	**-157**	-120
	Non-taxable income	**20**	111
	Non-deductible costs in taxation	**-72**	-162
	Taxes from the previous financial years	**75**	12
	Utilization of previously unrecognized tax losses	**687**	265
	Unrecognized tax assets from the losses of foreign subsidiaries	**-8**	-4
	Other items	**-355**	11
	Consolidated tax expense	**-1,435**	-449
	Effective tax rate, %	17,7	16,0

EUR 1,000	2015	2014

16 EARNINGS PER SHARE

Undiluted earnings per share

Undiluted earnings per share have been calculated based on the weighted average of outstanding shares during the financial year. Undiluted earnings per share is calculated by dividing the period's profit attributable to equity holders of the Parent company by the weighted average of outstanding shares in the period.

	2015	2014
Share of profit that belongs to the owners of the Parent company, EUR 1,000	**6,684**	2,361
Weighted average number of shares, 1,000 pcs	**4,051**	4,010
Earnings per share, EUR	**1.65**	0.59

Diluted earnings per share

Diluted earnings per share have been calculated by adjusting the average of outstanding shares by the dilutive effect of the share options. The exercise of options is not taken into account in the calculation of earnings per share if the exercise price of the options exceeds the average market price of shares during the period. Share options have dilutive effect if the exercise price of the share options is lower than the fair value of the share.

For the calculation of diluted earnings per share, share options calculation is done to determine the number of shares that could have been acquired at fair value (the average annual market share price) based on the monetary value of the subscription rights attached to outstanding share options. This number of shares is compared with the number of shares that would have been issued assuming the exercise of the share options.

At the balance sheet date, December 31, 2015, the stock options had a diluted effect of 27,719 pieces (1,282 pcs) on calculating the diluted earnings per share.

	2015	2014
Share of profit that belongs to the owners of the Parent company, EUR 1,000	**6,684**	2,361
Diluted weighted average number of shares, 1,000 pcs	**4,079**	4,011
Diluted earnings per share, EUR	**1.64**	0.59

17 DIVIDEND PER SHARE

The Annual General Meeting held on March 24, 2015 decided to pay a dividend of EUR 0.40 per share for the financial year 2014. The total amount of dividends was EUR 1,606,091.20, with series A shares accounting for EUR 1,209,626.80 (EUR 603,133.40) and series K shares for EUR 396,464.40 (EUR 198,232.20). The dividend payment date was April 2, 2015.

The AGM on March 24, 2015, resolved on the repayment of assets from the invested non-restricted equity reserve in the amount of EUR 0.20 per share, i.e. a total of EUR 803,045.60. The date of repayment of equity was April 2, 2015.

The Board of Directors will propose to Raute Corporation's Annual General Meeting 2016, to be held on March 31, 2016, that a dividend of EUR 0.80 per share be paid for the financial year 2015, and that the remainder of distributable funds be transferred to equity. At the date of the proposal for profit distribution, there was a total of 4,111,708 shares entitled for the dividend., i.e. the total amount of dividends would be EUR 3,289,366.40.

18 INTANGIBLE ASSETS

EUR 1,000	Development costs	Other intangible assets	Development costs in progress	Advance payments	TOTAL
Intangible assets 2015					
Carrying amount at Jan. 1, 2015	**4,077**	**8,387**	**1,363**	**0**	**13,826**
Exchange rate differences	-	60	-	-	60
Additions	-	121	220	5	346
Disposals	-	-350	-	-	-350
Reclassifications between items	563	157	-563	-5	152
Carrying amount at Dec. 31, 2015	**4,640**	**8,375**	**1,020**	**0**	**14,035**
Accumulated depreciation and amortization at Jan. 1, 2015	**-3,961**	**-6,374**	**0**	**0**	**-10,334**
Exchange rate differences	-	-32	-	-	-32
Accumulated depreciation and amortization of disposals and reclassifications	-	-	-	-	-
Depreciation and amortization for the financial year	-104	-586	-	-	-690
Impairments	-	-350	-1,020	-	-1,370
Accumulated depreciation, amortization and impairments at Dec. 31, 2015	**-4,065**	**-7,341**	**-1,020**	**0**	**-12,426**
Book value at Dec. 31, 2015	**575**	**1,034**	**0**	**0**	**1,609**
Intangible assets 2014					
Carrying amount at Jan. 1, 2014	**3,789**	**8,225**	**1,358**	**0**	**13,372**
Exchange rate differences	-	65	-	-	65
Additions	171	205	121	-	497
Reclassifications between items	117	-109	-117	-	-109
Carrying amount at Dec. 31, 2014	**4,077**	**8,387**	**1,363**	**-**	**13,826**
Accumulated depreciation and amortization at Jan. 1, 2014	**-3,722**	**-6,077**	**0**	**0**	**-9,799**
Exchange rate differences	-	-34	-	-	-34
Accumulated depreciation and amortization of disposals and reclassifications	-	129	-	-	129
Depreciation and amortization for the financial year	-239	-392	-	-	-630
Impairments	-	-	-	-	-
Accumulated depreciation and amortization at Dec. 31, 2014	**-3,961**	**-6,374**	**0**	**0**	**-10,334**
Book value at Dec. 31, 2014	**117**	**2,013**	**1,363**	**0**	**3,492**

The carrying amount of a capitalized product development in progress is tested using the value-in-use calculations. The determinations of the value are sensitive to the assumptions related to the future expected profit and discount rates.

The discount rate describes the estimated expected rate in the market including the time-value of money and the specific risks relating to relevant assets. Re-adjustments related to these risks have not been adjusted to the estimated cash flows.

The discount rate has been estimated using the weighted average cost of capital and reflects the total cost of equity and liabilities including the specific risks relating to the relevant assets.

The discount rate used for the calculations is 10 percent. During the financial year 2015, an impairment loss of EUR 1,020 thousand (EUR 171 thousand) has been recognized on the capitalized development costs in progress.

19 PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	Land and water	Buildings and structures	Machinery and equip-ment	Other tangible assets	Advance payments and assets in progress	**TOTAL**
Property, plant and equipment 2015						
Carrying amount at Jan. 1, 2015	**386**	**10,053**	**32,826**	**577**	**102**	**43,944**
Exchange rate differences	-	-	-443	-15	-	-458
Additions	-	4	592	-	1,564	2,160
Disposals	-	-	-30	-	-	-30
Reclassifications between items	-	160	299	-	-612	-152
Carrying amount at Dec. 31, 2015	**386**	**10,218**	**33,244**	**561**	**1,054**	**45,463**
Accumulated depreciation and amortization at Jan. 1, 2015	**-**	**-6,711**	**-28,897**	**-406**	**0**	**-36,014**
Exchange rate differences	-	-	495	7	-	502
Accumulated depreciation and amortiza-tion of disposals and reclassifications	-	-	-	-	-	-
Depreciation and amortization for the financial year	-	-336	-1,062	-24	-	-1,422
Accumulated depreciation and amortization at Dec. 31, 2015	**-**	**-7,047**	**-29,463**	**-423**	**0**	**-36,934**
Book value at Dec. 31, 2015	**386**	**3,170**	**3,781**	**138**	**1,054**	**8,529**
Property, plant and equipment 2014						
Carrying amount at Jan. 1, 2014	**386**	**9,720**	**31,255**	**576**	**732**	**42,670**
Exchange rate differences	-	-	441	10	-	451
Additions	-	-	633	-	545	1,178
Disposals	-	-	-324	-	-	-324
Reclassifications between items	-	333	820	-9	-1,175	-31
Carrying amount at Dec. 31, 2014	**386**	**10,053**	**32,826**	**577**	**102**	**43,944**
Accumulated depreciation and amortization at Jan. 1, 2014	**-**	**-6,379**	**-27,507**	**-388**	**0**	**-34,274**
Exchange rate differences	-	-	-352	-4	-	-356
Accumulated depreciation and amortiza-tion of disposals and reclassifications	-	-	-	9	-	9
Depreciation and amortization for the financial year	-	-332	-1,038	-23	-	-1,394
Accumulated depreciation and amortization at Dec. 31, 2014	**-**	**-6,711**	**-28,897**	**-406**	**0**	**-36,014**
Book value at Dec. 31, 2014	**386**	**3,342**	**3,928**	**171**	**102**	**7,930**

EUR 1,000		2015	2014
20	**OTHER FINANCIAL ASSETS**		
	Available-for-sale investments		
	Unquoted share investments	**500**	500
	Impairment	**-10**	-
	TOTAL	**490**	500

Unquoted shares have been recognized at cost deducted with possible impairments, since their fair value cannot be determined reliably.

Realized sales losses have not been recognized from available-for-sale investments during the financial year 2015 or the comparison period.

21	**INVENTORIES**		
	Materials and supplies	**5,252**	3,789
	Work in progress	**2,627**	2,816
	Other inventories	**331**	359
	Advance payments	**1,367**	891
	TOTAL	**9,577**	7,855

During the financial year, EUR 261 thousand (EUR 142 thousand) were recognized in expenses, reducing the carrying amount of inventories to correspond to the disposal price.

22	**ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES**		
	Current receivables		
	- Accounts receivables	**4,787**	6,049
	- Receivables according to percentage of completion from customers' long-term projects	**26,533**	18,472
	- Accrued income and prepaid expenses	**890**	1,377
	- Derivative contract receivables	**48**	-
	- Other receivables	**2,587**	2,354
	TOTAL	**34,845**	28,253

Balance sheet values correspond the amount of money that is the maximum amount of credit risk without taking into consideration the fair value of collaterals, in such a case where other contract parties are not able to fulfill their obligations related to financial instruments. Accounts receivables of EUR 4,787 thousand (EUR 6,049 thousand) are non-interest-bearing with average terms of payment of 30 days. Age analysis of accounts receivables has been presented in the note number 2 to the financial statements.

Receivables according to percentage of completion from customers' long-term projects with binding sales contracts are an item comparable to accounts receivables. Accounts receivables and receivables according to percentage of completion have been presented as financial asset in the note number 37 to the financial statements.

Impairment of accounts receivables has been recorded, if there is evidence that the Group will not receive payment for overdue receivables. Impairment of accounts receivables of EUR 579 thousand (EUR 24 thousand) have been recognized during the financial year. Impairments have been presented in the item "Other operating expenses" in income statement.

The credit risks related to receivables at the balance sheet date have been presented in the note number 2 to the financial statements. The fair values of receivables have been presented in the note number 37 to the financial statements.

EUR 1,000	2015	2014
Substantial items included in accrued income and prepaid expenses		
- Periodizing of personnel costs	**5**	14
- Income tax receivable	**123**	684
- Other accrued income and prepaid expenses	**761**	679
TOTAL	**890**	1,377

EUR 1,000		**2015**	2014
23	**CASH AND CASH EQUIVALENTS**		
	Cash and bank accounts	**6,538**	4,431
	TOTAL	**6,538**	4,431
	Cash and cash equivalents in cash flow statement		
	Cash and cash equivalents	**6,538**	4,431
	TOTAL	**6,538**	4,431

24 NOTES TO EQUITY

Shares

Raute Corporation has two series of shares, series K and series A. The nominal value of one share is two euros.

Reconciliation of the number of shares, 1,000 pcs	**2015**	2014
Number of shares at Jan. 1	**4,015**	4,005
Exercised stock options	**96**	10
Number of shares at Dec. 31	**4,112**	4,015

Specification by series of shares, 1,000 pcs	**2015**	2014
Series K shares (20 votes/share)	**991**	991
Series A shares (1 vote/share)	**3,121**	3,024

Share capital

The minimum share capital is EUR 5,000,000 and the maximum share capital is EUR 20,000,000. All issued shares are paid in full. As a result of the share subscriptions to be made with the outstanding stock options, Raute Corporation's share capital can increase with a maximum of EUR 256,100.

Changes in share capital	**2015**	2014
Share capital at Jan. 1	**8,031**	8,010
Exercised stock options	**193**	21
Share capital at Dec. 31	**8,223**	8,031

Invested non-restricted equity reserve

Invested non-restricted equity reserve includes other equity investments and the share subscription price unless not recognized to the equity based on an explicit resolution.

	2015	2014
Invested non-restricted equity reserve at Jan. 1	**5,339**	6,498
Subscription with stock options	**414**	43
Repayment of equity	**-803**	-1,202
Invested non-restricted equity reserve at Dec. 31	**4,950**	5,339

Other reserves

Other reserves include granted share-based remuneration settled in shares and the changes in fair value in derivative contracts which meet the conditions of hedging.

	2015	2014
Other reserves at Jan. 1	**662**	563
Hedging reserve	**8**	-
Equity settled share-based payments	**389**	99
Other reserves at Dec. 31	**1,058**	662

EUR 1,000	2015	2014
Exchange rate differences Exchange rate differences include exchange differences arising from translation of foreign subsidiaries financial statements as well as gains and losses arising from hedging of net investments in subsidiaries.		
Exchange rate differences at Jan. 1	**220**	20
Exchange rate differences on translating foreign operations	**88**	200
Exchange rate differences at Dec. 31	**308**	220

25 OWN SHARES

The company did not purchase or repurchase own shares during the financial year and comparison year. The company did not hold own shares at the end of the reporting year.

26 SHARE-BASED PAYMENTS

Option-based incentive plan 2010

Raute Corporation has had a valid stock option plan. According to the plan Raute Corporation's Board of Directors has offered stock options to key personnel of Raute Group during the financial years 2011-2013. The stock options have been issued free of charge according to the stock option plan. Each stock option entitles the subscription for or acquisition of one series A share of Raute Corporation at a price and time determined in the terms and conditions of the option plan. The option rights have been marked with the symbols 2010 A, 2010 B and 2010 C. Each lot has contained 80,000 option rights.

The option right ceases if the employment contract with the Group is terminated due to a reason specified in the terms and conditions of the option plan before the end of the earning period. During the financial year 2015, no options were returned to Raute Corporation.

Raute Corporation's 2010 stock options have been listed on Nasdaq Helsinki Ltd under the trading codes RUTAVEW110, RUTAVEW210 and RUTAVEW310. The subscription period for series A stock options is from March 1, 2013 to March 31, 2016, for series B stock options from March 1, 2014 to March 31, 2017, and for series C stock options from March 1, 2015 to March 31, 2018. The subscription prices at the end of 2015 were EUR 5.44 for series A stock options, EUR 7.93 for series B stock options and EUR 6.80 for series C stock options. The original subscription price has been reduced at the subscription time as to the terms and conditions such as the amount of dividend distribution before the share subscription.

At the balance sheet date, the amount of outstanding stock options was 128,050 pcs. Based on the share subscriptions under the outstanding stock options, the share capital can increase with a maximum of EUR 256,100. Of the stock options, all were exercisable at the balance sheet date. During the financial year, altogether 96,480 stock options were exercised. The considerations paid, total EUR 606,794, from the exercised stock options has been recognized in equity. The weighted average price of the shares acquired with the exercised stock options, was EUR 12.12.

The fair value for the options at the grant date has been determined using the Black-Scholes model. The granted options have been measured at fair value at their grant date. The fair value of an option right has been recognized as an expense in the comprehensive income statement during the earning period. During the financial year 2015 the impact of the options on the comprehensive income statement was EUR 12 thousand (EUR 99 thousand). The weighted average assumptions used in the pricing model have been described in the following table.

Variables used in the pricing model

	2010 A	2010 B	2010 C
- Share price at grant date, EUR	7.90-9.12	7.33-10.50	7.55-9.12
- Price at transfer date, EUR	7.64	9.83	8.40
- Volatility, %	30	30	30
- Employee departure estimate, %	0	0	0
- Period of validity of options at transfer date, years	3 – 6	4 – 6	5 – 6
- Risk-free interest rate, %	2.07	2.07	2.07
- Number of persons	10	24	27

Expected volatility has been determined on the basis of the Parent company's history of stock price changes using daily observations for a period corresponding to the option's six year maturity. The determined volatility has been changed, because, due to modest trading during the period, historic volatility is not considered to be fully reflected in the option's value. Due to modest trading, selling transactions have a negative influence on the share price.

Stock options have been directed to the Group's key personnel. The employee departure estimate used in the pricing model has been based on the average period of employment of the personnel group in question, until the condition is met. A risk-free interest rate has been determined for the term of the option on the basis of the interest at the estimated subscription date.

Share-based incentive program 2014-2018
A long-term performance based share incentive program has been established for Raute Group's top management. The plan includes three share plans, each with the length of three years. The plan has commenced in 2014 and will continue until the end of the year 2016. Each share plan consists of a one-year performance period (years 2014, 2015 and 2016), the payment of the potential share reward in series A shares of the Company in the spring (2015, 2016 and 2017) following the performance period and a two-year restriction period following the performance period during which the development of the value of the reward is based on the development of the value of the Company's share. The participant of the program may not sell or otherwise transfer the shares received as a reward during the restriction period. Share plans are scheduled for the years 2014, 2015 and 2016. The commencement of the share plans is subject to a separate decision by the company's Board of Directors.

The Board of Directors of the Company decides separately on the participants of each commencing share plan and on the performance criteria applicable to the performance period of each share plan, the target setting thereof and the target and maximum levels of the payable reward. The share plan includes 11 members of the Group's top management as participants, including the members of the Executive Board. The performance criteria of the share plans 2014 and 2015 were earnings per share (EPS) and revenue growth.

During the financial year 2015 or the comparison year 2014, no share reward has been paid on the basis of the share-based incentive program 2014–2018.

EUR 1,000		**2015**	2014
27	**PROVISIONS**		
	Warranty provisions		
	Book value at Jan. 1	**1,827**	1,198
	Additions	**1,298**	1,348
	Decrease	**-1,369**	-
	Exchange differences	**-9**	-719
	Book value at Dec. 31	**1,747**	1,827
	Losses from long-term projects in order book		
	Book value at Jan. 1	**687**	36
	Additions	**79**	651
	Decrease	**-651**	-
	Book value at Dec. 31	**116**	687
	TOTAL	**1,863**	2,514
	from which		
	- non-current	**455**	314
	- current	**1,409**	2,200

28 DEFERRED TAX ASSETS AND DEFERRED TAX LIABLITIES

EUR 1,000		Entered through profit or loss	Entered in comprehen-sive income statement	Recognized in share-holders' equity	
Deferred tax assets	**Jan. 1, 2014**				**Dec. 31, 2014**
Intercompany inventory profit	28	-	-	-	28
Provisions	11	339	-	-	350
Employee benefits	10	-8	-	-	1
Tax losses and credits unused	96	88	-	-	185
Other temporary differences	21	200	-	-	221
Deferred tax assets, total	165	619	-	-	784
Offset from deferred tax liabilities	-66	-530	-	-	-596
Deferred tax assets, net	**96**	**89**	**0**	**0**	**185**
Deferred tax assets	**Jan. 1, 2015**				**Dec. 31, 2015**
Intercompany inventory profit	28	-3	-	-	25
Provisions	350	-125	-	-	224
Employee benefits	1	7	-	-	8
Tax losses and credits unused	185	-13	-	-	172
Other temporary differences	221	-172	-	-	49
Deferred tax assets, total	784	-306	-	-	478
Offset from deferred tax liabilities	-596	293	-	-	-303
Deferred tax assets, net	**185**	**-13**	**0**	**0**	**172**

A deferred tax asset of EUR 60 thousand (EUR 5 thousand) has been recognized from losses of foreign subsidiaries from the financial year 2015. A deferred tax asset of EUR 321 thousand (EUR 5 thousand) has been unrecognized from loss carry-forwards of foreign subsidiaries. It is probable that no taxable income, against which the losses can be utilized, shall be available to the Group before the expiry date of the losses.

EUR 1,000		Entered through profit or loss	Entered in comprehen-sive income statement	Recognized in sharehold-ers' equity	
Deferred tax liabilities	**Jan. 1, 2014**				**Dec. 31, 2014**
Effect of Group consolidation	168	132	-	-	300
Other temporary differences	322	212	-	-	534
Deferred tax liabilities, total	490	345	-	-	834
Offset to deferred tax assets	-66	-530	-	-	-596
Deferred tax liabilities, net	**423**	**-185**	**-**	**-**	**238**
Deferred tax liabilities	**Jan. 1, 2015**				**Dec. 31, 2015**
Effect of Group consolidation	300	-174	-	-	126
Other temporary differences	534	-116	-	-	418
Deferred tax liabilities, total	834	-290	-	-	544
Offset to deferred tax assets	-596	293	-	-	-303
Deferred tax liabilities, net	**238**	**3**	**-**	**-**	**241**

Deferred tax liability has not been recognized from undistributed earnings of foreign subsidiaries. The assets have been permanently re-invested.

Deferred tax liabilities and deferred tax assets have been deducted from each other, if there has been a right to set off tax liabilities from the taxable income of the financial year against tax assets from the taxable income of the financial year, if deferred taxes are related to the same tax juridiction.

EUR 1,000		2015	2014
29	**NON-CURRENT INTEREST-BEARING LIABILITIES**		
	Non-current financial liabilities recognized at amortized cost		
	- Loans from financial institutions	**-**	1,250
	TOTAL	**-**	1,250
	Maturities of the interest-bearing financial liabilities at Dec. 31		
	Financial liability		
	- Loans from financial institutions, current	1,535	1,512
	- Loans from financial institutions, non-current	-	1,250
	TOTAL	**1,535**	**2,762**

The Group's financial liabilities include the Parent company's euro-based loan from a financial institution in the amount of EUR 1.3 million.

A foreign subsidiary has a EUR 0.2 million financial loan from a financial institution approved by the Parent Company. The collateral given for the loan is a mortgage agreement given by the Parent company.

Partial payments of loans from financing institutions maturing during the following financial year have been presented in current liabilities, i.e. the Group has no non-current liabilities at the 2015 balance sheet date.

EUR 1,000		2015	2014
30	**CURRENT INTEREST-BEARING LIABILITIES**		
	Partial payments of non-current loans	**1 535**	1 512
	TOTAL	**1 535**	1 512
	Distribution of the Group's current loans by currencies		
	- Euro (EUR)	**81 %**	83 %
	- Chinese yuan (CNY)	**19 %**	17 %
	The weighted averages of effective interest rates of current interest-bearing liabilities		
	Partial payments of non-current loans	**4,15 %**	3,87 %

Fair values of current financial liabilities have been presented in the note number 37 to the financial statements.

31 PENSION OBLIGATIONS

The Parent company Raute Corporation has a defined contribution pension plan, and the obligations of the plan have been determined according to the Employee Pensions Act. The pension plans of foreign subsidiaries have been arranged according to the local legislation and they are defined as contribution plans.

Raute Corporation's voluntary supplement to pension coverage has been treated as a defined benefit plan in accounting. The current employees' voluntary supplementary pension insurances have been arranged through the Mandatum Life Insurance Company. At the end of the financial year, the defined benefit plan has a minor effect on the consolidated financial statements, and no obligations related to the defined benefit plan have been recognized in the balance sheet. At the end of the comparison year, the present value of the obligation was EUR 2 thousand.

EUR 1,000	2015	2014
32 ADVANCE PAYMENTS RECEIVED, TRADE AND OTHER PAYABLES		
Current interest-free liabilities in the balance sheet		
- Advance payments received	**11,024**	9,072
- Trade payables	**7,893**	6,086
- Accrued expenses and prepaid income	**8,030**	6,236
- Derivatives	**31**	101
- Income tax liability	**11**	67
- Other liabilities	**1,432**	1,234
TOTAL	**28,420**	22,795
Substantial items included in accrued expenses and prepaid income		
- Accrued project expenses related to long-term projects	**1,560**	849
- Accrued employee related expenses	**6,104**	4,599
- Financial expenses	**59**	7
- Other accrued expenses and prepaid income	**307**	781
TOTAL	**8,030**	6,236

Advance payments received, EUR 11,024 thousand (EUR 9,072 thousand), include advance payments received from the long-term projects in the amount of EUR 9,471 thousand (EUR 7,920 thousand).

33 RELATED PARTY TRANSACTIONS

Raute Group's management consists of the Board of Directors, President and CEO and Executive Board. The Group's related parties consist of, in addition to Raute Group's management, subsidiaries and Raute Corporation's Sickness Fund.

Group companies	Group's ownership interest and voting power, %	Parent company's ownership interest and voting power, %
Raute Corporation, Lahti, Finland (Parent company)		
Raute Canada Ltd., Delta, B.C., Canada	100	100
Raute Inc., Delaware, USA	100	100
Raute US, Inc., Rossville, Tennessee, USA	100	-
RWS-Engineering Oy, Lahti, Finland	100	100
Raute Group Asia Pte Ltd., Singapore	100	100
Raute WPM Oy, Lahti, Finland	100	100
Raute Chile Ltda., Santiago, Chile	100	50
Raute Service LLC, St. Petersburg, Russia	100	-
Raute (Shanghai) Machinery Co., Ltd, Shanghai, China	100	100

EUR 1,000	2015	2014
Salaries and remunerations of the President and CEO and Board of Directors of the Parent company		
Tapani Kiiski, President and CEO		
Salaries and other short-term employee benefits	**420**	287
Post-employment benefits	**78**	49
Share-based payments	**135**	16
TOTAL	**633**	352

EUR 1,000		2015	2014
Members of the Board of Directors			
Pehu-Lehtonen, Erkki	Chairman of the Board	**40**	40
Mustakallio, Mika	Vice-Chairman of the Board	**20**	20
Hautamäki, Risto	Member of the Board	**20**	20
Helander, Ilpo	Member of the Board until March 31, 2014	**-**	7
Suominen, Pekka	Member of the Board	**20**	20
Bask, Joni	Member of the Board	**20**	20
Leiwo, Päivi	Member of the Board as of March 31, 2014	**20**	13
TOTAL		**140**	140

The President and CEO has a possibility to have a profit-related bonus amounting to a maximum of six months' salary. The President and CEO is covered by the 2010 stock option plan 2014-2018. The President and CEO's term of notice is six months, and the severance pay equals twelve months' salary.

Pension obligations of the President and CEO and the Board Members

The pension obligations of the President and CEO are determined according to the Employees Pensions Act. Other special conditions concerning retirement or the amount of retirement allowance have not been agreed on. The statutory pension cost in the financial year 2015 was EUR 78 thousand (EUR 49 thousand).

The pension obligations of the Board Members are based on Employee Pensions Act and include no special conditions concerning the amount of retirement allowance. The remunerations paid to the Board Members in the financial year 2015 have no statutory pension obligations.

EUR 1,000	2015	2014
Group Executive Board's employee benefits on an accrual basis		
Salaries and other short-term employee benefits	**959**	873
Post-employment benefits	**187**	160
Share-based payments	**172**	24
TOTAL	**1,318**	1,057

Management's share-based payments

An expense of EUR 377 thousand (EUR 49 thousand) has been recognized for the long-term performance based share incentive program 2014-2018, established for the top management. A reward expense of EUR 12 thousand (EUR 99 thousand) has been recognized for the share-based incentive plan 2010. Terms of the plans has been described in the note number 26 to the financial statements.

Management interest

The company's Board of Directors, President and CEO and Executive Board members owned a total of 115,349 series A shares and 122,830 series K shares at December 31, 2015. Management's ownership corresponds to 5.8 percent of the shares in the company and 11.2 percent of associated total voting rights. The figures include the holdings of their own, minor children and control entities.

Loans and guarantees on behalf of the related party

No loans are granted to the company's management. The Parent company Raute Corporation has loan receivables from its subsidiary Raute Canada Ltd. a total of EUR 992 thousand.

Raute Corporation has given a counter guarantee of EUR 285 thousand (EUR 262 thousand) for the loan of the foreign subsidiary. Raute Corporation has given a commercial counter guarantee of EUR 568 thousand (EUR 227 thousand) on behalf of a foreign subsidiary. No pledges or other commitments have been given on behalf of the company's management and shareholders.

Sickness Fund

Raute's Sickness Fund is an insurance fund, which pays its members additional benefits on top of compensations paid according to the Sickness Insurance Act. Raute's Sickness Fund covers the personnel of Raute Corporation and the personnel of Lahti Precision Oy.

EUR 1,000		2015	2014
34	**OTHER LEASE AGREEMENTS**		
	Group as lessee		
	Minimum rents paid on the basis of other non-cancellable leases:		
	- Within one year	**903**	717
	- After the period of more than one year and less than five years	**1,301**	1,674
	- More than five years	**-**	13
	TOTAL	**2,204**	2,404
35	**DERIVATIVES**		
	Nominal values of forward contracts in foreign currency		
	Economic hedging		
	- Related to financing	**-**	348
	- Related to the hedging of net sales	**2,969**	2,785
	Hedge accounting		
	- Related to the hedging of net sales	**2,679**	-
	Fair values of forward contracts in foreign currency		
	Economic hedging		
	- Related to financing	**-**	-7
	- Related to the hedging of net sales	**-89**	-136
	Hedge accounting		
	- Related to the hedging of net sales	**-47**	-
36	**PLEDGED ASSETS AND CONTINGENT LIABILITIES**		
	On behalf of the Parent company		
	Business mortgages	**7,869**	7,011
	Loans from financial institutions	**1,250**	2,500
	- Business mortgages	**1,250**	2,500
	Mortgage agreements on behalf of subsidiaries		
	- Loans from financial institutions	**285**	262
	- Other obligations	**568**	227
	- Business mortgages	**881**	489
	Commercial bank guarantees on behalf of the Parent company and subsidiaries	**11,546**	13,999
	Other own obligations		
	Rental liabilities maturing within one year	**903**	717
	Rental liabilities maturing in one to five years	**1,301**	1,674
	Rental liabilities maturing later	**-**	13
	TOTAL	**2,204**	2,404

37 CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table below shows the fair values and carrying amounts of each financial item as carried in the consolidated balance sheet. The Group's principles of fair value determination related to the financial instruments have been described below.

EUR 1,000	Note	Carrying amount Dec. 31, 2015	Fair value Dec. 31, 2015	Carrying amount Dec. 31, 2014	Fair value Dec. 31, 2014
Financial assets					
Financial assets at fair value through profit or loss					
Available-for-sale financial assets	20	490	490	500	500
Derivative contracts	22	48	48	-	-
Receivables					
Accounts receivables and other receivables*	22	31,320	31,320	27,568	27,568
Cash and cash equivalents	23	6,538	6,538	4,431	4,431
TOTAL		**38,396**	**38,396**	**32,499**	**32,499**
Financial liabilities					
Financial liabilities at fair value through profit or loss					
Derivative contracts	32	31	31	101	101
Financial liabilities recognized at amortized cost					
Financial loans	29, 30	1,535	1,535	2,762	2,762
Trade payables and other liabilities	32	20,348	20,348	16,392	16,392
Accrued expenses and prepaid income	32	8,030	8,030	6,236	6,236
TOTAL		**29,944**	**29,944**	**25,490**	**25,490**
Financial instruments by category					
Receivables		37,858	37,858	32,000	32,000
Financial assets at fair value through profit or loss		538	538	500	500
Financial liabilities at fair value through profit or loss		31	31	101	101
Financial liabilities recognized at amortized cost		29,913	29,913	25,389	25,389

**The balance sheet item Accounts receivables and other receivables includes percentage of completion receivables from customers' long-term projects in the amount of EUR 26,533 thousand (EUR 18,472 thousand).*

Other financial assets
Available-for-sale financial assets consist of investments in unquoted shares. Investments in unquoted shares have been valued at cost less potential impairment because their value cannot be determined reliably. There are no active market for unquoted shares and The Group has so far no intention to abandon these investment.

Accounts receivables and other receivables
The original carrying value of the accounts receivables and other receivables corresponds their fair value. Discounting has no material effect when maturity is taken into account. Accounts receivables in the balance sheet do not include significant concentration of risks at the balance sheet date.

Derivatives
The fair values of derivative instruments have been determined using the market values of the contract determined to the similar period at the balance sheet date. The nominal values of currency derivative contracts have been disclosed in the note number 35 to the financial statements.

Loans from financial institutions and other loans
Fair values of liabilities correspond the carrying value in the balance sheet.

Trade payables and other liabilities
The carrying value of trade payables and other payables corresponds their fair value. Discounting has no material effect when maturity is taken into account.

Financial assets and liabilities that are measured at fair value

Financial instruments at fair value are categorized according to standard IFRS 7. Instruments included in level 1 are traded in active markets. The fair values of these instruments are based on the quoted market prices at the balance sheet date. The fair value of the instruments included in level 2 is based on the price available from the market data but instruments are not traded in an active market. The fair value of the instruments included in level 3 is not based on the observable market data but is based on the estimates from the management.

EUR 1,000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Available-for-sale financial assets	-	-	490	490
Derivative contract	-	48	-	48
TOTAL	**-**	**48**	**490**	**538**
Financial liabilities at fair value through profit or loss				
Derivative liabilities	-	31	-	31
TOTAL	**-**	**31**	**-**	**31**

38 EXCHANGE RATES USED IN CONSOLIDATION OF SUBSIDIARIES

Income statement	**2015 EUR**	**2014 EUR**
CNY	**6.9733**	8.1883
RUB	**68.0090**	51.0113
CAD	**1.4177**	1.4669
USD	**1.1097**	1.3288
SGD	**1.5251**	1.6831
CLP	**725.3048**	756.9608

Balance sheet	**2015 EUR**	2014 EUR
CNY	**7.0223**	7.6330
RUB	**80.6736**	72.3370
CAD	**1.5116**	1.4063
USD	**1.0887**	1.2141
SGD	**1.5417**	1.6058
CLP	**765.9751**	756.4665

EUR 1,000	**2015**	2014
39 ADJUSTMENTS TO OPERATING CASH FLOW		
Non-cash transactions in operating activities		
Depreciation and amortization	**-3,495**	-2,018
Employee benefits	**-389**	-99
Exchange rate differences	**-6**	-235
Profit or loss from change in fair value of financial assets through profit or loss	**54**	-325
TOTAL	**-3,836**	-2,677

Parent company's income statement, FAS

EUR Note		1.1.-31.12.2015	1.1.-31.12.2014
2,3	**NET SALES**	**112,449,707.73**	80,935,786.65
	Change in inventories of finished goods and work in progress	**-653,052.98**	1,013,956.45
4	**Other operating income**	**1,364,668.89**	408,109.99
5	Materials and supplies	**-66,274,914.40**	-48,646,971.45
6	Personnel expenses	**-25,622,683.00**	-22,451,555.17
8	Depreciation and amortization	**-1,474,492.22**	-1,314,097.24
8	Impairments	**-350,000.00**	-
9	Other operating expenses	**-11,180,776.35**	-8,957,432.00
	Total operating expenses	**-104,902,865.97**	-81,370,055.86
	OPERATING PROFIT	**8,258,457.67**	987,797.23
10	**Financial income and expenses**	**888,137.08**	459,482.54
	PROFIT BEFORE APPROPRIATIONS AND TAXES	**9,146,594.75**	1,447,279.77
	Appropriations	**35,827.09**	-35,827.09
11	**Income taxes**	**-1,457,406.79**	-503,510.33
	PROFIT FOR THE FINANCIAL YEAR	**7,725,015.05**	907,942.35

Parent company's balance sheet, FAS

EUR		31.12.2015	31.12.2014
Note			
	ASSETS		
	Non-current assets		
12	Intangible assets	**794,378.23**	1,691,950.01
13	Tangible assets	**6,271,846.98**	5,411,929.09
14	Investments	**2,211,304.77**	2,316,073.61
	Total non-current assets	**9,277,529.98**	9,419,952.71
	Current assets		
5, 15	Inventories	**7,699,459.25**	6,057,125.19
16	Current receivables	**33,914,312.82**	26,173,860.41
	Cash and cash equivalents	**5,987,976.60**	3,512,088.65
	Total current assets	**47,601,748.67**	35,743,074.25
	TOTAL ASSETS	**56,879,278.65**	45,163,026.96
	SHAREHOLDERS' EQUITY AND LIABILITIES		
	Shareholders' equity		
17	Share capital	**8,223,416.00**	8,030,456.00
17	Fair value reserve and other reserves	**4,950,415.73**	5,339,627.33
17	Retained earnings	**5,806,075.78**	6,504,224.63
17	Profit for the financial year	**7,725,015.05**	907,942.35
	Total shareholders' equity	**26,704,922.56**	20,782,250.31
	Accumulated appropriations	**-**	35,827.09
18	**Obligatory provisions**	**1,787,917.60**	2,434,975.44
	Liabilities		
19	Non-current liabilities	**-**	1,250,000.00
19	Current liabilities	**28,386,438.49**	20,659,974.12
	Total liabilities	**28,386,438.49**	21,909,974.12
	TOTAL LIABILITIES	**56,879,278.65**	45,163,026.96

Parent company's cash flow statement, FAS

EUR	1.1.-31.12.2015	1.1.-31.12.2014
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from sales	**107,554,068.37**	75,637,592.43
Proceeds from other operating income	**1,319,709.54**	377,454.06
Payments of operating expenses	**-102,692,753.91**	-78,597,918.38
Cash flow before financial items and taxes	**6,181,024.00**	-2,582,871.89
Interest paid from operating activities	**-91,249.99**	-197,968.89
Dividends received from operating activities	**444,873.00**	208,171.00
Interests received from operating activities	**3,211.94**	114,879.19
Other operating finance costs	**16,250.77**	-75,278.19
Income tax paid	**-952,048.57**	-966,343.55
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**5,602,061.15**	-3,499,412.33
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure in tangible and intangible assets	**-2,051,922.03**	-1,202,278.08
Proceeds from sale of tangible and intangible assets	**65,783.66**	360,539.60
Return of capital from a subsidiary	**94,768.84**	-
Loans granted to Group companies	**-650,000.00**	-
Repayments of loan receivables from Group companies	**2,472,848.55**	1,558,991.64
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**-68,520.98**	717,253.16
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	**606,794.00**	64,273.80
Repayments of current liabilities	**-**	-2,000,000.00
Repayments of non-current liabilities	**-1,250,000.00**	-1,250,000.00
Dividends paid and repayments of equity	**-2,409,136.80**	-2,003,414.00
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**-3,052,342.80**	-5,189,140.20
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	**2,481,197.37**	-7,971,299.37
increase (+) / decrease (-)		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**3,512,088.65**	11,376,591.90
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,481,197.37**	-7,971,299.37
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**-5,309.42**	106,796.12
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**5,987,976.60**	3,512,088.65

Notes to the Parent company's financial statements

1 ACCOUNTING PRINCIPLES

The accounting principles of the Parent company's financial statements have been presented only for those parts that differ from the IFRS accounting principles of the consolidated financial statements.

Basis of preparation
The Parent company's financial statements have been prepared in accordance with the Finnish Accountancy Act (FAS).

Revenue recognition
The revenue recognition related to net sales and other operating income correspond the accounting principles of the Group consolidated financial statements. Other operating income of the Parent company includes also royalty income, which have been recognized on an accrual basis in accordance with the substance of the relevant agreement.

Foreign currency items
Other than euro-denominated transactions have been recognized at the exchange rate effective on the transaction date. Receivables and liabilities denominated in other than euro-based currencies have been translated into euro at the average rate of the balance sheet date, except for business operations where the associated currency risk has been hedged by a currency derivative contract. These items have been measured at the value hedged through the derivative contract. Advances paid and received have been recognized in the balance sheet at the exchange rate effective on the payment date. Exchange gains and losses related to changes in the exchange rates have been recognized through profit or loss.

Non-current assets
Tangible and intangible assets have been recognized in the balance sheet at original cost less accumulated depreciation, with the exception of tangible assets and shares, which have been subject to impairment. Variable costs arising from the acquisition and production of a product have been included in the carrying amount. Depreciations of tangible assets and amortizations of intangible assets according to a plan have been recorded with the straight-line method over the expected economic lives of the assets as follows:

Other intangible assets	3-10 years
Buildings	25-40 years
Machinery and equipment	4-12 years
Other assets	3–10 years.

Depreciations and amortizations have been recorded from the beginning of the month in which the asset has been taken into use. Residual expenditures on decommissioning and disposal of tangible assets are presented under the item "Depreciation and amortization" in the income statement. Gains and losses on disposal of tangible assets are presented in other operating income or expenses.
The carrying values of intangible assets with limited useful lives have been reviewed at each reporting date. If the value of an asset has decreased significantly the impairment is transferred to the income statement.

Financial assets, financial liabilities and derivatives
Financial assets have been measured at the lower of acquisition cost or likely disposal price.

At the balance sheet date, fnancial liabilities include euro-based loans. The euro-based loan has a fixed interest rate.

The Company's derivatives include currency derivative contracts. Currency derivatives are used for hedging related to changes in cash flows in foreign currency. The fair values of currency derivative contracts have been presented in the note number 23 to the financial statements.

Research and development costs
Research and development costs have been recognized as expenses in the income statement in the year in which they are incurred.

Pensions
Statutory pension coverage of the Parent company has been arranged through an external pension insurance company. Pension expenses have been recognized as expenses according to accrual over time.

Income taxes
Income taxes presented in the income statement include direct taxes for the financial year and tax adjustments for previous years. Current tax based on the taxable income of the financial year is calculated on taxable income using the tax rate in force.

Depreciation difference
Change in the accelerated depreciation in the income statement includes the difference between the depreciations according to plan and recorded depreciations. At the end of the financial year the company had no accelerated depreciation in the balance sheet.

EUR 1,000		2015	%	2014	%
2	**NET SALES BY MARKET AREA**				
	EMEA (Europe and Africa)	**83,107**	**74**	49,202	61
	CIS (Russia)	**10,876**	**10**	15,886	20
	LAM (Latin America)	**8,363**	**7**	12,518	15
	APAC (Asia-Pacific)	**6,635**	**6**	1,458	2
	NAM (North America)	**3,469**	**3**	1,872	2
	TOTAL	**112,450**	**100**	80,936	100
	Finland accounted for 27 percent (7%) of the Parent company's net sales.				
3	**LONG-TERM PROJECTS**				
	Net sales				
	Net sales by percentage of completion	**97,395**		68,471	
	Other net sales	**15,055**		12,465	
	TOTAL	**112,450**		80,936	
	Project revenues entered as income from currently undelivered long-term project recognized by percentage of completion	**105,719**		65,579	
	Amount of long-term project revenues not yet entered as income (order book)	**55,361**		40,394	
	The balace sheet items of the undelivered projects				
	Projects for which the value by percentage of completion exceeds advance payments invoiced				
	- aggregate amount of costs incurred and recognized profits less recognized losses	**70,133**		47,782	
	- advance payments received	**43,669**		29,810	
	Gross amount due from customers	**26,464**		17,972	
	Projects for which advance payments invoiced exceed the value by percentage of completion				
	- aggregate amount of costs incurred and recognized profits less recognized losses	**35,586**		24,857	
	- advance payments received	**44,334**		17,797	
	Gross amount due to customers	**8,749**		7,060	
	Advance payments included in the current liabilities in the balance sheet				
	Gross amount due to customers	**8,749**		7,060	
	Other advance payments received, not under percentage of completion	**1,296**		675	
	TOTAL	**10,045**		7,735	
	Specification of combined asset and liability items				
	Advance payments paid	**2,439**		1,334	
	Advance payments included in inventories	**2,439**		1,334	
4	**OTHER OPERATING INCOME**				
	Gain on previously impaired accounts receivables from Group companies	**754**		-	
	Insurance compensations	**195**		-	
	Allowances received	**118**		21	
	Capital gain on non-current assets	**35**		36	
	Other operating income from Group companies	**219**		265	
	Other operating income	**44**		86	
	TOTAL	**1,365**		408	

EUR 1,000		2015	2014
5	**MATERIALS AND SERVICES**		
	Purchases during the financial year	**-58,648**	-41,656
	Increase or decrease in inventories	**1,191**	32
	External services	**-8,818**	-7,023
	TOTAL	**-66,275**	-48,647
6	**PERSONNEL EXPENSES**		
	Wages and salaries	**-20,792**	-18,208
	Pension costs	**-3,674**	-3,248
	Other personnel expenses	**-1,157**	-996
	TOTAL	**-25,623**	-22,452

The salaries, remunerations, pension obligations and employee benefits of the President and CEO, Board members and the Group Management have been presented in the note number 33 to Raute Group's consolidated financial statements.

Raute Corporation has share-based plans directed to the Raute Group's key personnel. The main information of the share-based plans has been presented in the note number 26 to the Raute Group's consolidated financial statements.

		2015	2014
7	**PERSONNEL**		
	Employed at Dec. 31, persons		
	Workers	**163**	138
	Office staff	**280**	258
	TOTAL	**443**	396
	- of which personnel abroad	**2**	2
	Effective, on average, persons		
	Workers	**155**	132
	Office staff	**272**	254
	TOTAL	**427**	385
	- of which personnel abroad	**2**	1
	Effective, on average, persons		
	Workers	**151**	128
	Office staff	**266**	242
	TOTAL	**417**	370
	- of which personnel abroad	**2**	1
8	**DEPRECIATION, AMORTIZATION AND IMPAIRMENT CHARGES**		
	Depreciation and amortization from intangible assets	**-475**	-297
	Depreciation and amortization from tangible assets	**-999**	-1 017
	Impairments of non-current assets	**-350**	-
	TOTAL	**-1,824**	-1 314
9	**OTHER OPERATING EXPENSES**		
	Indirect production costs	**-3,910**	-2,350
	Sales and marketing costs	**-2,150**	-1,901
	Administration costs	**-2,006**	-1,565
	Credit losses from Group companies	**100**	-1,000
	Credit losses from others	**-579**	-11
	Other costs	**-2,636**	-2,131
	TOTAL	**-11,181**	-8,957

	EUR 1,000	2015	2014
	Auditor's remunerations		
	Authorized Public Accountants PricewaterhouseCoopers		
	Audit expenses, statutory	**-37**	-36
	Audit expenses, other assignments according to the Audit Act	**-1**	-
	Audit expenses, other services	**-18**	-10
	Audit expenses, tax services	**-13**	-32
	TOTAL	**-69**	-78

Travel expenses paid to the auditors during the financial year totaled EUR 6 thousand (EUR 8 thousand).

10	**FINANCIAL INCOME AND EXPENSES**		
	Dividend income		
	From Group companies	**-**	456
	From others	**97**	100
	Total	**97**	556
	Other interest and financial income		
	From Group companies	**47**	163
	Reversed impairment on loan receivables from Group companies	**1,528**	-
	From others	**169**	57
	Total	**1,744**	220
	Total financial income	**1,841**	776
	Interest and other financial expenses		
	To Group companies	**-7**	-28
	Impairment on loan receivables from Group companies	**-650**	-
	To others	**-296**	-330
	Total	**-953**	-358
	Fair value changes of derivatives	**-**	42
	Total financial expenses	**-953**	-316
	Financial income and expenses, net	**888**	460
	Exchange rate gains (+) / losses (-) included in total financial income and expenses	**171**	89
11	**INCOME TAXES**		
	Income taxes from operations	**-1,556**	-525
	Current tax of previous financial years	**99**	22
	TOTAL	**-1,457**	-504

12 INTANGIBLE ASSETS

EUR 1,000	Intangible rights	Intangible assets	TOTAL
Carrying amount at Jan. 1, 2015	**2,407**	**5,280**	**7,687**
Additions	81	40	121
Disposals	-350	-	-350
Reclassifications between items	-	157	157
Carrying amount at Dec. 31, 2015	**2,138**	**5,477**	**7,615**
Accumulated depreciation at Jan. 1, 2015	**-1,206**	**-4,789**	**-5,995**
Depreciation and amortization for the financial year	-253	-223	-475
Impairments for the financial year	-350	-	-350
Accumulated depreciation, amortization and impairments at Dec. 31, 2015	**-1,809**	**-5,012**	**-6,821**
Book value at Dec. 31, 2015	**329**	**466**	**794**
Book value at Dec. 31, 2014	**1,201**	**491**	**1,692**

13 TANGIBLE ASSETS

EUR 1,000	Land and water	Buildings and structures	Machinery and equip-ment	Other tangible assets	Advance payments and assets in prog-ress	TOTAL
Carrying amount at Jan. 1, 2015	**218**	**8,943**	**23,150**	**355**	**102**	**32,769**
Additions	-	4	479	-	1,564	2,047
Disposals	-	-	-31	-	-	-31
Reclassifications between items	-	160	295	-	-612	-157
Carrying amount at Dec. 31, 2015	**218**	**9,108**	**23,893**	**355**	**1,054**	**34,628**
Accumulated depreciation at Jan. 1, 2015	**-**	**-6,301**	**-20,726**	**-330**	**-**	**-27,357**
Depreciation for the financial year	-	-268	-729	-2	-	-999
Accumulated depreciation at Dec. 31, 2015	**-**	**-6,568**	**-21,456**	**-332**	**-**	**-28,356**
Book value at Dec. 31, 2015	**218**	**2,540**	**2,437**	**23**	**1,054**	**6,272**
Book value at Dec. 31, 2014	**218**	**2,643**	**2,424**	**25**	**102**	**5,412**

Book value for production machinery	
Dec. 31, 2015	1,469
Dec. 31, 2014	1,496

14 NON-CURRENT INVESTMENTS

EUR 1,000	Shares, Group companies	Shares, Others	TOTAL
Carrying amount at Jan. 1, 2015	**7,983**	**792**	**8,775**
Disposals	-95	-	-95
Carrying amount at Dec. 31, 2015	**7,888**	**792**	**8,680**
Accumulated impairments at Jan. 1, 2015	**-6,166**	**-293**	**-6,459**
Impairments	-	-10	-10
Accumulated impairments at Dec. 31, 2015	**-6,166**	**-303**	**-6,469**
Book value at Dec. 31, 2015	**1,722**	**490**	**2,212**
Book value at Dec. 31, 2014	**1,817**	**500**	**2,317**

Shares owned by the company have been presented in the note number 23 to the financial statements.

EUR 1,000		2015	2014
15	**INVENTORIES**		
	Materials and supplies	**4,124**	2,933
	Work in progress	**1,137**	1,760
	Other inventories	**-**	30
	Advance payments	**2,439**	1,334
	TOTAL	**7,699**	6,057
16	**SPECIFICATION OF RECEIVABLES**		
	Current receivables		
	Current receivables from Group companies		
	- Loan receivables	**992**	-
	- Accounts receivables	**254**	970
	- Dividend receivables	**-**	348
	- Accrued income and prepaid expenses	**10**	-
	- Other receivables	**66**	18
	Total from Group companies	**1,322**	1,336
	Current receivables from others		
	- Accounts receivables	**3,476**	4,155
	- Accrued income and prepaid expenses	**27,211**	19,064
	- Other receivables, non-interest-bearing	**1,905**	1,619
	Total from others	**32,592**	24,838
	TOTAL	**33,914**	26,174
	Substantial items included in accrued income		
	- Project receivables entered according to percentage of completion	**26,464**	17,972
	- Income tax receivables	**120**	684
	- Other accrued income	**637**	408
	TOTAL	**27,221**	19,064
17	**SHAREHOLDERS' EQUITY**		
	Share capital at Jan. 1	**8,030**	8,010
	Increase in share capital	**193**	21
	Share capital at Dec. 31	**8,223**	8,030
	Invested non-restricted equity reserve at Jan. 1	**5,340**	6,498
	Exercised stock options	**414**	43
	Repayment of non-restricted equity	**-803**	-1,202
	Invested non-restricted equity reserve at Dec. 31	**4,950**	5,340

EUR 1,000	2015	2014
Retained earnings at Jan. 1	**6,504**	5,994
Changes during the financial year		
- Profit from the previous year	**908**	1,312
- Dividends	**-1,606**	-801
Retained earnings at Dec. 31	**5,806**	6,504
Profit for the financial year	**7,725**	908
SHAREHOLDERS' EQUITY AT DEC. 31	**26,705**	20,782
Distributable funds		
Retained earnings at Dec. 31	**5,806**	6,504
Profit for the financial year	**7,725**	908
Invested non-restricted equity reserve	**4,950**	5,340
Distributable funds at Dec. 31	**18,482**	12,752
Shares of the company		
Shares, 1,000 pcs	**4,112**	4,015
Nominal value, EUR	**2,00**	2,00
Total nominal value, 1,000 EUR	**8,223**	8,030
Series K shares (ordinary shares, 20 votes/share), 1,000 pcs	**991**	991
Series A shares (1 vote/shares), 1,000 pcs	**3,121**	3,024

18 OBLIGATORY PROVISIONS

Warranty provisions		
Book value at Jan. 1	**1,748**	1,165
Additions	**1,220**	1,283
Decrease	**-1,295**	-700
Book value at Dec. 31	**1,672**	1,748

Estimated warranty costs include non-current provisions EUR 455 thousand (EUR 314 thousand).

Other obligatory provisions		
Book value at Jan. 1	**687**	36
Amendment during the financial year	**-571**	651
Book value at Dec. 31	**116**	687
TOTAL	**1,788**	2,435

EUR 1,000		2015	2014
19	**LIABILITIES**		
	Non-current liabilities		
	Non-current liabilities to others		
	- Loans from financial institutions	**-**	1,250
	TOTAL	**-**	1,250
	Current liabilities		
	Current liabilities to Group companies		
	- Advance payments received	**485**	805
	- Accounts payable	**577**	586
	- Other current liabilities	**2,787**	849
	Total to Group companies	**3,850**	2,240
	Current liabilities to others		
	- Loans from financial institutions	**1,250**	1,250
	- Advance payments received	**9,560**	6,930
	- Accounts payable	**6,412**	5,174
	- Accrued expenses and prepaid income	**6,702**	4,524
	- Other liabilities	**612**	542
	Total to others	**24,536**	18,420
	TOTAL	**28,386**	20,660
	Interest-bearing liabilities		
	- Non-current	**-**	1,250
	- Current	**4,037**	2,099
	TOTAL	**4,037**	3,349
	Substantial items included in accrued expenses and prepaid income		
	- Accrued personnel expenses	**5,313**	3,915
	- Accrued project expenses	**1,187**	126
	- Income tax liability	**-**	59
	- Other accrued expenses	**203**	423
	TOTAL	**6,702**	4,524
20	**OTHER LEASES**		
	Raute Corporation as lessee		
	Minimum rents paid on the basis of other non-cancellable leases:		
	- Within one year	**161**	144
	- After a period of more than one year and less than five years	**120**	228
	TOTAL	**281**	372

EUR 1,000		2015	2014
21	**PLEDGED ASSETS AND CONTINGENT LIABILITIES**		
	On behalf of Parent company		
	Business mortgages	**7,869**	7,011
	Loans from financial institutions	**1,250**	2,500
	Business mortgages	**1,250**	2,500
	Mortgage agreements on behalf of subsidiaries		
	Loans from financial institutions	**285**	262
	Other obligations	**232**	227
	Business mortgages	**881**	489
	Commercial bank guarantees on behalf of the Parent company and subsidiaries	**11,546**	13,999
	"Letters of Guarantee" engagements have been issued on behalf of certain subsidiaries. No other pledges or other contingent liabilities have been given on behalf of the management or shareholders. No loans have been granted to the management and shareholders.		
22	**DERIVATIVES**		
	Nominal values of forward contracts in foreign currency		
	Economic hedging		
	- Related to internal financing	**-**	348
	- Related to the hedging of net sales	**1,874**	1,857
	Hedge accounting		
	- Related to the hedging of net sales	**2,679**	-
	Fair values of forward contracts in foreign currency		
	Economic hedging		
	- Related to internal financing	**-**	-7
	- Related to the hedging of net sales	**-116**	-140
	Hedge accounting		
	- Related to the hedging of net sales	**-47**	-

23 SHARES OWNED BY THE COMPANY

Subsidiaries	Holding and voting right, %	Book value, EUR 1,000
Raute (Shanghai) Machinery Co., Ltd, Shanghai, China	100	1,394
RWS-Engineering Oy, Lahti, Finland	100	203
Raute Canada Ltd., Delta, B.C., Canada	100	84
Raute Inc., Delaware, USA	100	17
Raute WPM Oy, Lahti, Finland	100	9
Raute Group Asia Pte Ltd., Singapore	100	0
Raute Chile Ltda., Santiago, Chile	50	15
TOTAL		**1,722**

Other shares	Number of shares, pcs	Book value, EUR 1,000
Lahden Seudun Puhelin Oy	**1,717**	326
Ahkera Smart Tech Ltd	**143,914**	0
Esys Oy	**600**	51
FIMECC Oy	**50**	50
PHP Holding Oy	**114**	19
Finnish Wood Research Oy	**10**	0
Other		44
TOTAL		**490**

Key ratios describing the Group's financial development

EUR,1,000	**2015**	2014	2013	2012	2011
Net sales	**127,278**	94,021	83,274	101,273	74,323
Change in net sales,%	**35.4**	12.9	-17.8	36.3	18.2
Exported portion of net sales	**97,113**	88,696	78,436	95,099	65,432
% of net sales	**76.3**	94.3	94.2	93.9	88.0
Operating profit (loss)	**8,120**	2,605	1,828	5,022	-738
% of net sales	**6.4**	2.8	2.2	5.0	-1.0
Profit (loss) before tax	**8,118**	2,810	1,589	4,766	-1,126
% of net sales	**6.4**	3.0	1.9	4.7	-1.5
Profit (loss) for the financial year	**6,684**	2,361	1,196	2,985	-1,095
% of net sales	**5.3**	2.5	1.4	3.0	-1.5
Return on investment (ROI), %	**28.5**	10.9	7.3	15.0	-0.1
Return on equity (ROE), %	**24.7**	9.8	5.0	13.1	-4.7
Balance sheet total	**61,760**	52,646	48,783	63,076	52,666
Interest-bearing net liabilities	**-5,003**	-1,669	-6,677	-8,087	-10,397
% of net sales	**-3.9**	-1.8	-8.0	-8.0	-14.0
Non-interest-bearing liabilities	**28,421**	22,795	18,302	27,235	15,320
Equity ratio, %	**58.5**	55.8	56.6	48.0	46.9
Gearing, %	**-16.8**	-6.9	-28.3	-33.5	-47.1
Gross capital expenditure	**2,506**	1,675	3,189	3,529	1,885
% of net sales	**2.0**	1.8	3.8	3.5	2.5
Research and development costs	**3,092**	1,767	2,523	2,516	2,020
% of net sales	**2.4**	1.9	3.0	2.5	2.7
Order book, EUR million	**60**	44	28	50	36
Order intake, EUR million	**145**	112	63	116	77
Personnel at Dec. 31	**646**	587	534	503	464
Personnel effective, on average	**614**	530	515	480	457
Personnel, average	**624**	545	522	488	475
Dividend	**3,289***	1,606	801	2,002	1,201
Repayment of equity	**-***	803	1,201	-	-

**The Board of Directors' proposal to the Annual General Meeting.*

Share-related data

	2015	2014	2013	2012	2011
Earnings per share (EPS), undiluted, EUR	**1.65**	0.59	0.30	0.75	-0.27
Earnings per share (EPS), diluted, EUR	**1.64**	0.59	0.30	0.75	-0.27
Equity to share, EUR	**7.26**	6.06	5.90	6.03	5.51
Dividend per series A share, EUR	**0.80***	0.40	0.20	0.50	0.30
Dividend per series K share, EUR	**0.80***	0.40	0.20	0.50	0.30
Dividend per profit, %	**48.4***	68.0	66.7	66.4	-109.7
Effective dividend return, %	**5.7***	5.5	2.9	5.6	4.8
Price/earnings ratio (P/E ratio)	**8.55***	12.42	23.28	11.95	-22.67
Repayment of equity from invested non-restricted equity reserve, EUR	**-***	0.20	0.30	-	-
Development in share price (series A share)					
Lowest share price for the financial year, EUR	**7.17**	6.90	6.88	6.18	6.05
Highest share price for the financial year, EUR	**14.25**	8.60	9.33	9.24	11.55
Average share price for the financial year, EUR	**11.95**	7.69	8.49	8.22	8.57
Share price at the end of the financial year, EUR	**14.12**	7.30	6.95	9.00	6.20
Market value of capital stock at Dec. 31, EUR thousand**	**58,057**	29,311	27,833	36,043	24,829
Trading of the company's shares (series A shares)					
Shares traded during the financial year, 1,000 pcs	**1,095**	594	514	302	522
% of the number of series A shares	**35.1**	20.0	17.0	10.0	17.3
Total number of shares (undiluted)					
Issue-adjusted weighted average number of shares	**4,051,034**	4,009,777	4,004,758	4,004,758	4,004,758
Issue-adjusted number of shares at the end of the financial year	**4,111,708**	4,015,228	4,004,758	4,004,758	4,004,758

The deferred tax liabilities have been included in the calculation of the key ratios.

**Board of Directors' proposal to the Annual General Meeting.*

***Series K shares valued at the value of series A shares.*

Calculation of key ratios

Operating profit	Operating profit is the net sum calculated by adding other operating income to net sales; deducting purchase expenses that have been adjusted by changes in inventories of finished goods and work in progress and by expenses from production for own use; and by deducting expenses from employee benefits, depreciation and possible impairment losses, as well as other operating expenses.	
Operating profit, % of net sale	Operating profit / Net sales of the financial year	x 100
Return on investment (ROI), %	Profit before tax + financial expenses / Shareholders' equity + interest-bearing financial liabilities (average of the financial year	x 100
Return on equity (ROE), %	Profit for the financial year / Shareholders' equity (average of the financial year)	x 100
Interest-bearing net liabilities	Interest-bearing liabilities ./. (cash and cash equivalents + financial assets at fair value through profit or loss)	
Equity ratio	Shareholders' equity / Balance sheet total ./. advance payments received	x 100
Gearing, %	Interest-bearing net financial liabilities / Shareholders' equity	x 100
Order book	Binding sales contracts received but not yet delivered as far the orders have not been recognized in net sales according to the standard IAS 11 at the balance sheet date	
Order intake	Binding sales contracts entered into force during the financial year.	
Number of personnel	Number of employed personnel at the end of the financial year.	
Personnel, average	Average of the number of employed personnel at the end of calendar months.	
Personnel, effective	Number of employed personnel at the end of the financial year converted to full-time employees.	
Personnel, effective, average	Average of the effective number of employed personnel at the end of calendar months of the financial year.	

Calculation of share-related data

Number of shares, average	Average number of shares at the end of the calendar months during the financial year.
Number of shares diluted, average	Undiluted (with options) average number of shares at the end of the calendar months during the financial year.
Earnings per share (EPS), undiluted, euros	$\frac{\text{Profit for the financial year}}{\text{Average number of shares during the financial year}}$
Earnings per share (EPS), diluted, euros	$\frac{\text{Diluted profit for the financial year}}{\text{Diluted equity issue-adjusted average number of shares during the financial year}}$
Equity to share, euros	$\frac{\text{Share of shareholders' equity belonging to the owners of the Parent company}}{\text{Undiluted number of shares at the end of the financial year}}$
Dividend per share, euros	$\frac{\text{Distributed dividend for the financial year}}{\text{Undiluted number of shares at the end of the financial year}}$
Dividend per profit, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend return, %	$\frac{\text{Dividend per share}}{\text{Closing share price at the end of the financial year}} \times 100$
Price/earnings ratio (P/E ratio)	$\frac{\text{Closing share price at the end of the financial year}}{\text{Earnings per share}}$
Average share price for the financial year	$\frac{\text{Total EUR value of series A shares traded during the financial year}}{\text{Average number of series A shares traded during the financial year}}$
Market value of capital stock	Number of shares (series A and series K shares) at the end of the financial year x closing price of the share at the end of the financial year
Share turnover (series A shares) during the financial year	$\frac{\text{Total number of series A shares traded during the financial year}}{\text{Average number of series A shares during the financial year}} \times 100$

Shares and shareholders

>> Real-time information on Raute's shares and shareholders can be found on the company's website at www.raute.com.

SHARE CAPITAL AT DEC. 31, 2015

Shares	Voting rights	Nominal value EUR/shares	Number of shares 1,000 pcs	Total nominal value EUR 1,000
Series K shares (ordinary shares)	20 votes/share	2.00	991	1,982
Series A shares	1 vote/share	2.00	3,121	6,241
Total shares at Dec. 31, 2015			**4,112**	**8,223**

Changes in share capital from Jan. 1, 1994 to Dec. 31, 2015	Share capital EUR	Number of series K shares	Number of series A shares
Share capital at Jan. 1, 1994	**5,359,073**	**1,054,600**	**2,124,240**
Issue of share capital Sep. 21, 1994	1,069,285		635,768
Conversion of series K shares into series A shares 1998		-14,000	14,000
Decrease of share capital (premium fund) June 30, 2000	-12,648		
Increase of share capital, capitalization issue June 30, 2000	1,213,506		
Conversion of series K shares into series A shares, 2003		-44,539	44,539
Conversion of series K shares into series A shares, 2004		-4,900	4,900
Registration of shares with options Jan. 1 - Dec. 31, 2006	380,300		190,150
Share subscriptions with series 2010 A stock options Jan. 1 - Dec. 31, 2014	20,940		10,470
Share subscriptions with series 2010 A stock options Jan. 1 - Dec. 31, 2015	192,960		96,480
Share capital at Dec. 31, 2015	**8,223,416**	**991,161**	**3,120,547**

Shares and share capital

Raute Corporation's shares are registered in the book-entry securities system maintained by Euroclear Finland Ltd. As of December 31, 2015, Raute's paid up and registered share capital amounted to EUR 8,223,416.00. The capital stock totaled 4,111,708 shares, of which 991,161 were series K shares (ordinary share, 20 votes/share), and 3,120,547 were series A shares (1 vote/share). The shares have a nominal value of EUR 2.00. Series K shares can be converted to series A shares under the terms described in section 3 of the Articles of Association. If a series K share is transferred to a new owner who does not previously hold series K shares, other shareholders of the K series have the primary right and the company has the secondary right to redeem the share under the terms described in section 4 of the Articles of Association.

Market capitalization and trade

Raute Corporation's series A shares are listed on the Nasdaq Helsinki Ltd in the Industrials sector. The trading code is RUTAV. Raute Corporation has signed a market making agreement with Nordea Bank Finland Plc in compliance with the Liquidity Providing (LP) requirements issued by Nasdaq Helsinki Ltd.

In 2015, a total of 1,094,902 Raute Corporation's series A shares were traded (593,682 pcs). The total value of trading was EUR 13.1 million (MEUR 4.6). The highest share price was EUR 14.25 (EUR 8.60) and the lowest EUR 7.17 (EUR 6.90). At the end of the year 2015, the share price was EUR 14.12 (EUR 7.30). The average price was EUR 11.95 (EUR 7.69). The company's market capitalization at the end of the financial year was EUR 58.1 million (MEUR 29.3), with series K shares valued at the closing price of series A shares on December 31, 2015.

Shareholders

The number of shareholders totaled 1,991 at the beginning of the year 2015 and 2,623 at the end of the financial year. Series K shares were owned by 50 (50) private individuals at the end of the financial year.

Board authorizations

The Annual General Meeting on March 24, 2015 authorized the Board to decide on the repurchase of a maximum of 400,000 Raute Corporation's series A shares using assets from the company's non-restricted equity, which would lead to a decrease in the company's distributable assets.

The authorization entitles the Board to acquire the company's series A shares to be used for the development of the company's capital structure, as consideration for funding or carrying out any acquisitions or other arrangements, or to be otherwise disposed of or cancelled.

The purchase consideration paid for shares purchased by virtue of the authorization shall be based on the price of the series A share in public trading so that the minimum price of acquired shares is the lowest market price quoted in public trading during the term of validity of the authorization and the maximum price, correspondingly, the highest market price quoted in public trading during the term of validity of the authorization.

The authorization includes the right to acquire shares other than in proportion to the holdings of the shareholders. A targeted repurchase of the company's own shares can take place, for example, by acquiring shares in public trading in markets where, according to regulations, the company is permitted to engage in the trade of its own shares. Repurchasing shares in public trading as mentioned above or otherwise in a targeted way, requires that the company has a weighty financial reason to do so.

Series K shares can be converted to series A shares in accordance with Article 3 of Raute Corporation's Articles of Association. The Board of Directors will decide on the other conditions related to share repurchases.

By the authority granted to the Board at the Annual General Meeting on March 24, 2015, the Board can to decide on an issue of Raute Corporation's series A shares, as well as on all of the related conditions, including the recipients and the sum of consideration to be paid. The Board of Directors may decide to issue either new shares or company shares held by Raute. The maximum number of shares that can be issued is 400,000 series A shares. As proposed, the authorization can be used to fund or carry out acquisitions or other arrangements or for other purposes decided by the Board of Directors.

The authorizations are valid until the end of the next Annual General Meeting. By the end of the financial year, the Board had not yet used the authorizations granted to it at the 2015 Annual General Meeting.

No decisions on share issues were made during the financial year, nor were any convertible bonds issued. The company did not possess company shares or hold them as security at the end of the financial year.

As of December 31, 2015, the company had no valid share issues.

Raute Corporations stock options 2010 A, 2010 B and 2010 C
The Annual General Meeting held on March 31, 2010 resolved to issue stock options to the key personnel of Raute Group. In deviation from the shareholders' pre-emptive rights, the stock options were offered to key personnel of Raute Group separately determined by the Board of Directors. The total amount of granted stock options was 235,000. Of the stock options, a total of 80,000 are marked with the symbol 2010 A, a total of 80,000 with the symbol 2010 B and a total of 75,000 with the symbol 2010 C. Each stock option entitles the subscription for or acquisition of one (1) series A share. The subscription period for series A stock options is March 1, 2013 to March 31, 2016 and for series B stock options March 1, 2014 to March 31, 2017 and the subscription period for series C stock options is March 1, 2015 to March 31, 2018. Out of the share subscription price the amount equaling the nominal value of the share will be entered into the share capital and the exceeding amount into the invested non-restricted equity fund.

The original share subscription price for the stock options was determined based on the trade volume weighted average quotation of the share of Raute Corporation in continuous trading, rounded off to the nearest cent, on the Nasdaq Helsinki Ltd. From the share subscription price is deducted the amount of the dividend or distribution of funds from the distributable equity fund decided after the beginning of the period for determination of the subscription price but before share subscription.

At the end of the financial year 2015, the subscription price for series A stock options was EUR 5.44, EUR 7.93 for series B stock options,and EUR 6.80 for series C stock options.

Raute Corporation's 2010 stock options have been listed on Nasdaq Helsinki Ltd since April 27, 2015 under the trading codes RUTAVEW110, RUTAVEW210 and RUTAVEW310. The closing prices at the end of 2015 were EUR 8.00 for series A stock options, EUR 5.70 for series B stock options and EUR 6.45 for series C stock options.

During the financial year, altogether 54,175 series A shares have been subscribed for with Raute's series A 2010 stock options, 21,600 with series B stock options and 20,705 with series C stock options.

At the end of the financial year 2015, altogether 15,355 of the company's series A stock options, 58,400 series B stock options and 54,295 series C stock options were unsubscribed.

The terms and conditions of the stock option system have been published on the Company's website at www.raute.com.

Share-based incentive program 2014-2018
On February 12, 2014, the Board of Directors of Raute Corporation decided on the establishment of a new long-term performance based share incentive program (Performance Share Plan) for Raute Group's top management. The aim of the plan is to align the objectives of the Company's owners and the management in order to i.a. develop the company value and to commit the management to the Company through offering them a competitive incentive system based on ownership of the Company's shares.

The plan includes three individual share plans, each with the length of three years. Each share plan consists of a one-year performance period and a two-year restriction period following the performance period during which the development of the value of the reward is based on the development of the value of the Company's share. The participant of the program may not sell or otherwise transfer the shares received as a reward during the restriction period. The individual share plans commence in 2014, 2015 and 2016. The commencement of the share plan 2016 is, however, subject to a separate decision of the Company's Board of Directors.

No share reward was accrued on the basis of the share plan which commenced in 2014.

The share plan which commenced in 2015 includes 11 members of the Group's top management, including the members of the Executive Board. The maximum amount of the reward to be paid in shares will be determined on the basis of 2015 earnings per share (EPS) and net sales growth.

During the year 2015, no shares have been delivered on the basis of the share-based incentive program.

Insider issues
Raute Corporation follows the Guidelines for Insiders issued by Nasdaq Helsinki Ltd, the Central Chamber of Commerce, and the Confederation of Finnish Industries EK. In addition, the company applies separate insider instructions approved by the Board of Directors. The Chief Financial Officer is in charge of insider issues in the company.

Raute Corporation's insiders comprise public insiders, permanent company-specific insiders and project-specific insiders in accordance with the Finnish Securities Markets Act. The company's public insiders include the Board of Directors, the President and CEO, the Executive Board, and auditors. The company's permanent company-specific insiders include those persons employed by the company or persons performing work for the company on the basis of some other contract who, by virtue of their positions or tasks, receive or have access to insider information on a regular basis. A project-specific insider register is set up if the person responsible for the project considers that the publication of the project may have a significant impact on the value of the company's shares.

The information on insiders subject to disclosure requirements is kept available in the NetSire system maintained by Euroclear Finland Ltd. The insider registers of issuers are available for public display at Euroclear Finland Ltd, Urho Kekkosen katu 5 C, FI-00100, Helsinki. In addition, the public information on the insiders is available on Raute Corporation's website at www.raute.com.

DISTRIBUTION OF OWNERSHIP BY SHAREHOLDER CATEGORY AT DEC. 31, 2015

Series A and series K shares by shareholder category	Number of shareholders	%	Number of shares	%	Number of voting rights	%
Households	2,470	94.2	3,490,490	84.9	22,322,549	97.3
Financial and insurance institutions	9	0.3	245,397	6.0	245,397	1.1
Foreign shareholders	7	0.3	3,855	0.1	3,855	0.0
Non-profit institutions	11	0.4	24,181	0.6	24,181	0.1
Public institutions	2	0.1	60,350	1.5	60,350	0.3
Companies	117	4.5	151,185	3.7	151,185	0.7
Nominee-registered	7	0.3	136,250	3.3	136,250	0.6
Total	**2,623**	**100.0**	**4,111,708**	**100.0**	**22,943,767**	**100.0**

DISTRIBUTION OF SERIES A SHARES OWNERSHIP AT DEC. 31, 2015

Series A shares by shareholder category	Number of shareholders	%	Number of shares	%	Number of voting rights	%
Households	2,454	94.1	2,499,329	80.1	2,499,329	80.1
Financial and insurance institutions	9	0.3	245,397	7.9	245,397	7.9
Foreign shareholders	7	0.3	3,855	0.1	3,855	0.1
Non-profit institutions	11	0.4	24,181	0.8	24,181	0.8
Public institutions	2	0.1	60,350	1.9	60,350	1.9
Companies	117	4.5	151,185	4.8	151,185	4.8
Nominee-registered	7	0.3	136,250	4.4	136,250	4.4
Total	**2,607**	**100.0**	**3,120,547**	**100.0**	**3,120,547**	**100.0**

Series A shares by number of shares	Number of shareholders	%	Number of shares	%	Number of voting rights	%
1–1,000	2,344	89.9	613,548	19.7	613,548	19.7
1,001–5,000	205	7.9	415,641	13.3	415,641	13.3
5,001–10,000	24	0.9	164,966	5.3	164,966	5.3
10,001–50,000	23	0.9	518,040	16.6	518,040	16.6
50,001–100,000	8	0.3	482,375	15.5	482,375	15.5
100,001–	3	0.1	925,977	29.7	925,977	29.7
Total	**2,607**	**100.0**	**3,120,547**	**100.0**	**3,120,547**	**100.0**

DISTRIBUTION OF SERIES K SHARES OWNERSHIP AT DEC. 31, 2015

Series K shares by shareholder category	Number of shareholders	%	Number of shares	%	Number of voting rights	%
Households	50	100.0	991,161	100.0	19,823,220	100.0
Total	**50**	**100.0**	**991,161**	**100.0**	**19,823,220**	**100.0**

Series K shares by number of shares	Number of shareholders	%	Number of shares	%	Number of voting rights	%
1–1,000	5	10.0	840	0.1	16,800	0.1
1,001–5,000	8	16.0	21,551	2.2	431,020	2.2
5,001–10,000	6	12.0	32,100	3.2	642,000	3.2
10,001–50,000	25	50.0	598,570	60.4	11,971,400	60.4
50,001–100,000	6	12.0	338,100	34.1	6,762,000	34.1
Total	**50**	**100.0**	**991,161**	**100.0**	**19,823,220**	**100.0**

20 LARGEST SHAREHOLDERS AT DEC. 31, 2015

By number of shares	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
1. Sundholm Göran Wilhelm	-	623,423	623,423	15.2	623,423	2.7
2. Mandatum Life Unit-Linked	-	182,635	182,635	4.4	182,635	0.8
3. Laakkonen Mikko	-	119,919	119,919	2.9	119,919	0.5
4. Suominen Pekka	48,000	62,429	110,429	2.7	1,022,429	4.5
5. Siivonen Osku Pekka	50,640	53,539	104,179	2.5	1,066,339	4.6
6. Kirmo Kaisa Marketta	55,680	48,341	104,021	2.5	1,161,941	5.1
7. Suominen Tiina Sini-Maria	48,000	54,316	102,316	2.5	1,014,316	4.4
8. Relander Harald Bertel	-	85,000	85,000	2.1	85,000	0.4
9. Keskiaho Kaija Leena	33,600	51,116	84,716	2.1	723,116	3.2
10. Mustakallio Mika Tapani	57,580	26,270	83,850	2.0	1,177,870	5.1
11. Särkijärvi Anna Riitta	60,480	22,009	82,489	2.0	1,231,609	5.4
12. Mustakallio Kari Pauli	60,480	500	60,980	1.5	1,210,100	5.3
13. Mustakallio Marja Helena	43,240	16,047	59,287	1.4	880,847	3.8
14. Särkijärvi Timo Juha	12,000	43,256	55,256	1.3	283,256	1.2
15. Särkijärvi-Martinez Anu Riitta	12,000	43,256	55,256	1.3	283,256	1.2
16. Mustakallio Ulla Sinikka	53,240	-	53,240	1.3	1,064,800	4.6
17. Suominen Jukka Matias	24,960	27,964	52,924	1.3	527,164	2.3
18. Keskinäinen työeläkevakuutusyhtiö Varma	-	51,950	51,950	1.3	51,950	0.2
19. Suominen Jussi Matias	48,000	-	48,000	1.2	960,000	4.2
20. Keskiaho Ilta Marjaana	24,780	19,094	43,874	1.1	514,694	2.2
Total	**632,680**	**1,531,064**	**2,163,744**	**52.6**	**14,184,664**	**61.8**

By number of votes	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
1. Särkijärvi Anna Riitta	60,480	22,009	82,489	2.0	1,231,609	5.4
2. Mustakallio Kari Pauli	60,480	500	60,980	1.5	1,210,100	5.3
3. Mustakallio Mika Tapani	57,580	26,270	83,850	2.0	1,177,870	5.1
4. Kirmo Kaisa Marketta	55,680	48,341	104,021	2.5	1,161,941	5.1
5. Siivonen Osku Pekka	50,640	53,539	104,179	2.5	1,066,339	4.6
6. Mustakallio Ulla Sinikka	53,240	-	53,240	1.3	1,064,800	4.6
7. Suominen Pekka	48,000	62,429	110,429	2.7	1,022,429	4.5
8. Suominen Tiina Sini-Maria	48,000	54,316	102,316	2.5	1,014,316	4.4
9. Suominen Jussi Matias	48,000	-	48,000	1.2	960,000	4.2
10. Mustakallio Marja Helena	43,240	16,047	59,287	1.4	880,847	3.8
11. Mustakallio Risto Knut kuolinpesä	42,240	-	42,240	1.0	844,800	3.7
12. Keskiaho Kaija Leena	33,600	51,116	84,716	2.1	723,116	3.2
13. Sundholm Göran Wilhelm	-	623,423	623,423	15.2	623,423	2.7
14. Keskiaho Vesa Heikki	29,680	-	29,680	0.7	593,600	2.6
15. Keskiaho Juha-Pekka	27,880	6,416	34,296	0.8	564,016	2.5
16. Kirmo Lasse Antti	27,645	4,221	31,866	0.8	557,121	2.4
17. Suominen Jukka Matias	24,960	27,964	52,924	1.3	527,164	2.3
18. Keskiaho Ilta Marjaana	24,780	19,094	43,874	1.1	514,694	2.2
19. Kultanen Leea Annikka	22,405	8,031	30,436	0.7	456,131	2.0
20. Molander Sole	20,160	-	20,160	0.5	403,200	1.8
Total	**778,690**	**1,023,716**	**1,802,406**	**43.8**	**16,597,516**	**72.3**

MANAGEMENT'S AND PUBLIC INSIDERS' SHAREHOLDING AND NOMINEE-REGISTERED SHARES

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
Management's and public insiders' share holding at Dec. 31, 2015						
Board of Directors, the Group's President and CEO and Executive Board*	122,830	115,349	238,179	5.8	2,571,949	11.2
Total at Dec. 31, 2015	**122,830**	**115,349**	**238,179**	**5.8**	**2,571,949**	**11.2**
Nominee-registered shares at Dec. 31, 2015	**-**	**136,250**	**136,250**	**3.3**	**136,250**	**0.6**

**The figures include the holdings of their own, minor children and control entities.*

The Board of Directors' proposal for profit distribution, signatures for the report of the Board of Directors and financial statements and the Auditor's note

The Parent company's distributable funds total EUR 18,481,506.56, of which the profit for the financial year is EUR 7,725,015.05 and the balance sheet amounts to EUR 56,879,278.65.

The Board of Directors will propose to the Annual General Meeting 2016 that the distributable funds will be used in the following way based on the total amount of shares entitled for the dividend at the date of the proposal for dividend distribution, i.e. 4,111,708 shares:

- EUR 0.80 per share to be distributed as dividend, i.e. total of	EUR 3 289 366,40
- Retained in equity	EUR 15 192 140.16
Total	EUR 18 481 506.56

No material changes have taken place in the company's financial position after the end of the financial year. The company has good liquidity, and the proposed profit distribution does not pose a risk to solvency.

Lahti, February 16, 2016

Erkki Pehu-Lehtonen
Chairman of the Board

Mika Mustakallio
Joni Bask
Risto Hautamäki

Päivi Leiwo
Pekka Suominen

Tapani Kiiski
President and CEO

Auditor's note

The Auditor's report has been issued today.

Lahti, February 16, 2016

PricewaterhouseCoopers Oy
Authorized Public Accountants

Janne Rajalahti
Authorized Public Accountant

List of the Parent company's common document types, accounting journal types and means of storaging

FINANCIAL STATEMENTS DECEMBER 31, 2015

Common document types used	Documents' means of storaging
Balance sheet book	Separately bound, in paper
General journal and general ledger	In electronic format
Accounts payable and accounts receivable	In electronic format

Description of accounting journals	Accounting journal	Journal's means of storaging
Bank and cash vouchers	10, 11 ja 15	In paper
Purchase invoices	81, 85, 86, 87 and 88	In electronic format
Sales invoices	30, 31, 34 and 35	In paper
Transactions of purchase and sales invoices	70, 71, 72 and 80	In electronic format
Fixed asset register		In paper
Salary entries	65, 66, 67 and 68	In paper
Memo vouchers	6, 20, 21, 22 and 25	In paper
Automatic contra entries of memo vouchers	98	In electronic format
Imputed and entries of cost accounting	28 and 29	In electronic format and in paper (28)

Development of quarterly results

EUR 1,000	Q 1 2015	Q 2 2015	Q 3 2015	Q 4 2015	Total 2015
NET SALES	**24,606**	**31,759**	**31,391**	**39,521**	**127,278**
Change in inventories of finished goods and work in progress	**312**	**-532**	**1,161**	**-1,254**	**-313**
Other operating income	**40**	**314**	**7**	**32**	**393**
Materials and services	-11,856	-16,197	-18,623	-21,316	-67,992
Employee benefits expense	-8,140	-8,878	-8,357	-8,935	-34,310
Depreciation and amortization	-548	-716	-565	-296	-2,125
Impairments	-	-	-	-1,370	-1,370
Other operating expenses	-3,211	-3,529	-3,102	-3,600	-13,441
Total operating expenses	**-23,754**	**-29,320**	**-30,646**	**-35,518**	**-119,238**
OPERATING PROFIT	**1,204**	**2,222**	**1,912**	**2,781**	**8,120**
% of net sales	**5**	**7**	**6**	**7**	**6**
Financial income	266	-10	-42	129	342
Financial expenses	-112	-61	-99	-72	-343
PROFIT BEFORE TAX	**1,359**	**2,151**	**1,772**	**2,837**	**8,118**
% of net sales	**6**	**7**	**6**	**7**	**6**
Income taxes	-276	-400	-300	-459	-1,435
TOTAL PROFIT FOR THE PERIOD	**1,083**	**1,750**	**1,472**	**2,378**	**6,684**
% of net sales	**4**	**6**	**5**	**6**	**5**
Attributable to					
Equity holders of the Parent company	1,083	1,750	1,472	2,378	6,684
Earnings per share EUR					
Undiluted earnings per share	0,27	0,43	0,36	0,58	1,65
Diluted earnings per share	0,27	0,43	0,36	0,58	1,64
Shares 1,000 pcs					
Adjusted average number of shares	4,015	4,025	4,053	4,091	4,051
Adjusted average number of shares diluted	4,043	4,036	4,065	4,139	4,079

Auditor's report (Translation from the Finnish Original)

To the Annual General Meeting of Raute Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Raute Corporation for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, 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 President and CEO
The Board of Directors and the President and CEO 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 President and CEO 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 or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or whether they have 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.

Lahti, 16 February 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant

RAUTE CORPORATION
Rautetie 2
P. O. BOX 69, FI-15551 Nastola, Finland
Tel. +358 3 82911
Fax +358 3 829 3200
ir@raute.com