Rautaruukki Oyj
Financial statements bulletin 2007
6 February 2008

RAUTARUUKKI CORPORATION'S FINANCIAL STATEMENTS 2007 RELEASE

RAUTARUUKKI'S OPERATING PROFIT CLEARLY IMPROVED ON LAST YEAR'S FIGURE - FUTURE OUTLOOK IS GOOD

Summary results for 2007 (comparable figures for 2006)

- Net sales EUR 3,876 million (3,682, comparable 3,515), up by 10 per cent on comparable figure
- Operating profit EUR 637 million (529, comparable 515), up by 24 per cent on comparable figure
- Return on capital employed 29.6 per cent (31.5, excluding impact of capital gain arising from divestment of Ovako 27.4)
- Earnings per share (diluted) EUR 3.31 (3.65, excluding impact of capital gain arising from the divestment of Ovako 2.92)
- Dividend proposed by Board of Directors EUR 1.70 and an additional dividend of EUR 0.30 per share (EUR 1.50 per share and an additional dividend of EUR 0.50 per share)
- The company's strong growth especially in Russia and in Central Eastern Europe, together with brisk demand in customer industries, creates a good platform for Rautaruukki's growth in 2008. Comparable net sales growth is expected to meet the target and exceed 10 per cent. Operating profit in 2008 is expected to be higher than in 2007.

KEY FIGURES	2007	2006*	2006	2007 Q4	2006 Q4
Net sales, EUR m	3 876	3 515	3 682	982	1 013
Operating profit, EUR m	637	515	529	120	167
Operating profit as % of net sales	16.4	14.7	14.4	12.2	16.5
Profit before taxes, EUR m	621		535**	109	158**
Earnings per share, diluted, EUR	3.31		2.92**	0.57	0.82**
Return on capital employed, %	29.6		27.4**		
Gearing ratio, %	1.4		1.2		
Personnel on average	14 715		13 121		

* Comparable figures exclude the Nordic Reinforcing units, which were part of the Group until 31 July 2006.
** Excluding capital gain arising from divestment of Ovako.

Summary results for the fourth quarter of 2007 (comparable figure for Q4 2006):

- Continued growth in the construction market, especially in Russia and Eastern Europe. Good demand continued
- The engineering market grew and demand was very good especially in the lifting, handling and transportation equipment and energy industries
- Strong demand for special steel products. Steel wholesalers had high stocks of standard products and destocking caused a temporary oversupply, especially in the galvanised products market. Stocks were back to normal at the turn of 2008
- Net sales during the fourth quarter were EUR 982 million (1 013). Strong demand increased net sales in Ruukki Construction and Ruukki Engineering divisions. Ruukki Metals sales were scaled back to meet profitable demand. Selling prices of own steel products were at the same level as during the previous quarter
- Operating profit was EUR 120 million (167). Costs - mainly caused by unutilised capacity, destocking, strikes - and lower margins from stainless steel trading weakened operating profit in the fourth quarter by a total of EUR 43 million
- Integration of acquisitions within Ruukki Engineering division has been slower than expected and a programme has been launched to improve profitability

President & CEO Sakari Tamminen comments on the 2007 results:

”Demand was good in all the company's customer industries during the past year. Net sales grew in line with our targets and consolidated operating profit was very good. We continued strong profitable growth in the construction markets in Russia and Central Eastern Europe. Investments in Poland and Hungary are part of our extensive investment programme to increase delivery capability to construction customers. The company will further strengthen its position as a leading steel constructor when new production lines in Romania, Ukraine and Russia start up in spring 2008. Acquisitions have given us major new customers in the lifting, handling and transportation equipment industry and enabled us to broaden our product range in Ruukki Engineering division. We also enhanced our ability to deliver special steel products by investing in high-strength and quenched steels and special steel products accounted for an increased share of Ruukki Metals' sales.

Profitability was very good during the first half of the year. However, towards the end of the second half of the year, the cost of unutilised capacity, strikes and lower margins from stainless steel trading clearly weakened our profitability compared to the same period a year earlier. Integration of acquisitions is under way in Ruukki Engineering and we have launched a programme to improve efficiency and productivity, which we expect to deliver clear profitability improvement in 2008 compared with the previous year.

Our strong growth especially in Russia and in Central Eastern Europe together with brisk demand in our customer industries creates a good platform for Rautaruukki's growth in 2008. Comparable net sales growth is expected to meet the target and exceed 10 per cent during the current year. Operating profit in 2008 is expected to be higher than in 2007."

Press conference

Rautaruukki will hold a press conference on 6 February 2008 at 10.30 Finnish time at corporate headquarters, Suolakivenkatu 1, 00810 Helsinki.

Webcast and conference call

The web cast and conference call in English for investors and analysts can be viewed live on the company's website at www.ruukki.com/investors, today, 6 February 2008 starting at 14.00 Finnish time.

To attend the conference call, please call +44 (0) 20 7162 0025, password: Rautaruukki, about 5-10 minutes before the conference starts. The replay can be heard until 11 February on +44 (0) 20 7031 4064, access code: 781913.
The financial statements release 2007 may be viewed on the company's
website at www.ruukki.com/investors.

FOR FURTHER INFORMATION, PLEASE CONTACT

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Rautaruukki Corporation

Anne Pirilä
SVP, Corporate Communications and Investor Relations

Rautaruukki supplies metal-based components, systems and integrated systems to the construction and engineering industries. The company has a wide selection of metal products and services. Rautaruukki has operations in 24 countries and employs 14,600 people. Net sales in 2007 totalled EUR 3.9 billion. The company's share is quoted on the OMX Nordic Exchange Helsinki (Rautaruukki Oyj: RTRKS). The Corporation has used the marketing name Ruukki since 2004.

www.ruukki.com

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REPORT OF THE BOARD OF DIRECTORS 2007

Business environment

The good market situation in the Group's core market areas and main customer industries continued throughout 2007. There was continued brisk construction activity in the Nordic countries, Central Eastern Europe and Russia. The order books of engineering customers, especially those in the lifting, handling and transportation equipment industry, as well as in the energy industry, have remained strong and this has had a positive effect also on Rautaruukki's deliveries. While good demand for special steel and plate products has continued, certain product groups, including galvanised products, were in oversupply particularly towards the end of the year.

Net sales and results for 2007 (comparable figure for 2006)

Consolidated net sales in 2007 rose 10 per cent to EUR 3,876 million against the comparable figure (3,515) a year earlier. Rautaruukki reported net sales of EUR 3,682 million in 2006. The comparable figures exclude the Nordic reinforcing units, which were part of the Group until 31 July 2006.

The solutions businesses - Ruukki Construction and Ruukki Engineering - accounted for 44 per cent (38) of net sales during the reporting period. Ruukki Construction’s net sales grew by 26 per cent to EUR 1,042 million (829) and Ruukki Engineering’s net sales were up by 20 per cent to EUR 667 million (557). Ruukki Metals’ net sales were EUR 2,168 million (2,291, comparable net sales 2,124).

Of consolidated net sales, 82 per cent (79) came from Rautaruukki's core market areas: 31 per cent (31) from Finland, 30 per cent (31) from the other Nordic countries and 21 per cent (17) from Central Eastern Europe, Russia and Ukraine. The rest of Europe accounted for 15 per cent (19) of net sales and other countries for 3 per cent (2).

Operating profit for the year rose to EUR 637 million, which is 16 per cent of net sales. Operating profit was up by EUR 122 million or 24 per cent on the comparable figure (515) a year earlier. The Group’s operating profit in 2006 was EUR 529 million. The solutions businesses accounted for 39 per cent (39) of the Group’s operating profit. Ruukki Construction’s operating profit was EUR 150 million (101), Ruukki Engineering’s EUR 96 million (106) and Ruukki Metals’ EUR 417 million (364, comparable 350).

Net finance expense amounted to EUR 20 million (22). Net interest expense was down from EUR 20 million last year to EUR 8 million due to a decrease in net interest-bearing liabilities. The remaining net finance expense was mainly attributable to the cost of hedging liabilities denominated in Swedish kronor.

The share of associate’s profits was EUR 3 million (129, of which Ovako accounted for EUR 125 million).

Profit before taxes was EUR 621 million (635, of which the capital gain on the divestment of Ovako was around EUR 100 million).

Group taxes were EUR 162 million (134) and the effective tax rate was 26 per cent (26).

Net profit for the period was EUR 459 million (501 of which the capital gain on the divestment of Ovako was around EUR 100 million).

Diluted earnings per share were EUR 3.31 (EUR 3.65, excluding the capital gain on the divestment of Ovako EUR 2.92).

The return on capital employed was 29.6 per cent (31.5) and the return on equity 24.0 per cent (30.1). Excluding the impact of the capital gain arising from the divestment of Ovako, the comparable return on capital employed was 27.4 per cent and the return on equity was 24.9 per cent in 2006.

Balance sheet

The consolidated balance sheet total decreased by EUR 164 million since year-end 2006 to EUR 2,861 million.

Shareholders’ equity was EUR 1,984 million (1,832) or EUR 14.30 per share (13.26) at year-end 2007. Net interest-bearing liabilities were EUR 28 million (22).

The equity ratio was 70.4 per cent (61.6) and the gearing ratio 1.4 per cent (1.2).

Cash flow and financing

Cash flow from operations was EUR 435 million (398) and cash flow after investing activities was EUR 270 million (536, excluding proceeds (296) from the divestment of Ovako).

Working capital rose by EUR 128 million (76), of which EUR 92 million was due to a decrease in trade payables. Stock value was EUR 24 million higher than during the previous year. Destocking by EUR 124 million during the fourth quarter improved stock turnover.

In April, Rautaruukki paid shareholders dividends totalling EUR 207 million and an additional dividend totalling EUR 69 million on the capital gain on the divestment of Ovako.

In September, the company completed early repayment of two high-interest callable subordinated notes issued in 2002. These two notes had an aggregate capital of EUR 104 million.

At the end of the reporting period, the Group had liquid assets of EUR 196 million and undrawn committed revolving credit facilities totalling EUR 300 million.

Personnel

The Group employed an average of 14,715 people (13,121) in 2007 and 14,587 (13,303) at the year-end, an increase of 1,284 people year on year. The headcount increase was mainly due to acquisitions and an expansion of business. The headcount grew by 1,360 persons in Central Eastern Europe, Russia and Ukraine to stand at 5,700 persons at year-end 2007.

Staff salaries and other employee benefits totalled EUR 448 million (448), of which EUR 9 million (22) was expenses relating to share bonuses and EUR 12 million (8) expenses relating to profit sharing. Nearly the whole of Rautaruukki's personnel belong to the profit sharing scheme.

During the 2007 financial year, maximum bonuses were paid for the 2004-2006 earning period under the share bonus scheme 2000. Expenses of EUR 6 million arising from this were booked through profit and loss in the 2007 financial year. Fifty per cent of the maximum bonuses were paid for the 2006 earning period under the Share Ownership Plan 2004. Expenses of EUR 2 million arising from this were booked through profit and loss in the 2007 financial year. Expenses of EUR 1 million were booked through profit and loss in the 2007 financial year for the final earning period, 2007, of the share bonus scheme 2004. A total of 120 senior executives or persons classified as key personnel belong to Share Ownership Plans.

Changes in Group structure

Acquisition of Omeo Mekaniska Verkstad AB was completed in January 2007 and strengthened the company's position as a systems supplier to the lifting, handling and transportation equipment industry. The debt-free share capital was acquired for around EUR 4 million. Omeo's net sales for the financial year ended in April 2007 were EUR 26 million. Omeo had 55 employees at the acquisition date. Omeo has been incorporated into Rautaruukki's accounts since 1 February 2007.

Rautaruukki acquired the entire share capital of Norwegian steel bridge supplier Scanbridge on 2 April 2007. The transaction has made Rautaruukki the leading supplier of steel bridge foundations and superstructures in the Nordic countries. The debt-free share capital was acquired for EUR 6 million. Scanbridge has been incorporated into Rautaruukki's accounts since 1 April 2007. Scanbridge had 75 employees and net sales of EUR 9 million in 2006.

In May 2007, Rautaruukki strengthened its position as a supplier to the lifting, handling and transportation equipment industry through the acquisition of an 80.7 per cent stake in Hungarian company Aprítógépgyár Zrt. (AGJ). The transaction was completed on 29 May 2007. AGJ has been consolidated into Rautaruukki's accounts since 1 June 2007. The acquisition benefits the company in the form of new customers and business potential and complements Rautaruukki's production network in Central Eastern Europe. AGJ had 740 employees and net sales of EUR 43 million in 2006.

The Group continued to simplify its legal structure through the mergers of TOP-Teräs Oy, Rautaruukki International Oy, Kiinteistö OY Pakilantie 61-63 and Teräsportti Oy into the parent company.

In November 2007, Rautaruukki completed its withdrawal, started in 2006, from the reinforcing steel business through the sale of reinforcing steel units - Ruukki Betonstahl GmbH in Germany and Ruukki Welbond BV in the Netherlands - to the Al-Tuwairqi Group of Saudi Arabia. The units had combined net sales of EUR 106 million in 2006 and employed 114 persons at 30 September 2007. The transaction freed up capital of more than EUR 25 million. A loss of EUR 2 million on the transaction was booked in the fourth quarter of 2007.

Capital expenditure

Cash flow from investing activities in 2007 was EUR 165 million negative (+138, excluding the capital gain on the divestment of Ovako -102).

Capital expenditure on tangible and intangible assets in 2007 amounted to EUR 172 million (147). The largest investments related to expanding Ruukki Construction's capacity in Eastern Europe and to strengthening the company's capability to deliver special steel products. During the reporting period, divestments of subsidiaries and plant, property and equipment totalled EUR 18 million. In addition, the company received EUR 9 million as a refund of Ovako's capital and EUR 20 million from the sale of a loan receivable arising in the Ovako transaction. Capital expenditure on tangible and intangible assets in 2008 is expected to exceed EUR 250 million.

EUR 44 million was spent on M&A arrangements during the reporting period. Acquisitions increased the Group's property, plant and equipment by EUR 18 million and goodwill by EUR 3 million. M&A arrangements had no material impact on working capital.

Additionally, there was a positive cash flow of EUR 5 million during the report period. This was mainly due to divestments in the previous year.

A decision was taken in February to increase the manufacture of steel frame structures and profiled products for commercial construction, as well as service centre operations in Poland. The investments total around EUR 19 million and add to Ruukki's capabilities to serve customers and especially to deliver systems for construction and metal products. The investments were implemented during 2007.

A decision was taken in February to expand production at Ylivieska of the frame structures needed for bridges and buildings. The investment was worth around EUR 6 million and completed in November 2007.

A start was made in March on building the frame, wall panel and profile plant in Romania. The total investment is around EUR 35 million and some of the production lines were up and running in late 2007. The plant being built in Ukraine is expected to be completed during 2008. The investment is worth EUR 15 million. Together, these investments will enable the company to significantly increase its deliveries of components and total deliveries for commercial and industrial construction to customers in Ukraine, Romania and Bulgaria.

In summer 2007, Rautaruukki rolled out investments worth approximately EUR 30 million at the Obninsk and Balabanovo plants in Russia to strengthen the range of products for commercial and industrial construction and to further improve delivery capability in Russia and Kazakhstan. As a result of the investments, which will be completed in stages by 2009, the company expects the plants to triple their delivery capacity by the end of 2009.

A new direct quenching unit came on stream at the Raahe Works in Finland in September. The investment is part of an investment programme in high-strength and quenched steel production currently underway at the Raahe Works. The direct quenching unit considerably improves the company's ability to deliver, especially to customers in the lifting, handling and transportation equipment industry.

Annual General Meeting 2007

Rautaruukki Corporation held its Annual General Meeting in Helsinki on 20 March 2007.

The Annual General Meeting reappointed Mr Jukka Viinanen as chairman of the Board of Directors. Mr Reino Hanhinen was appointed as deputy chairman. Ms Maarit Aarni-Sirviö, Mr Christer Granskog, Ms Pirkko Juntti and Mr Kalle J. Korhonen were reappointed to the Board. Mr Jukka Härmälä and Ms Liisa Leino, chairman of the Board of Leinovalu Oy, were appointed as new members of the Board.

Mr Turo Bergman was reappointed as chairman of the Supervisory Board and Jouko Skinnari as deputy chairman. Mr Heikki Allonen, Ms Inkeri Kerola, Ms Miapetra Kumpula-Natri, Mr Petri Neittaanmäki, Mr Markku Tynkkynen, Mr Tapani Tölli and Mr Lasse Virén were all reappointed as members of the Supervisory Board.

KHT audit firm Ernst & Young Oy, with Mr Pekka Luoma KHT as the principal auditor, was reappointed as the company's auditor.

The Annual General Meeting authorised the Board of Directors to resolve to acquire a maximum of 12,000,000 of the company’s own shares (8.56 per cent of the total number of shares). The authorisation is valid for 18 months from the close of the Meeting.

Furthermore, the Annual General Meeting authorised the Board of Directors to resolve to transfer a maximum of 13,785,381 treasury shares held by the company. The authorisation is valid until the close of the 2009 Annual General Meeting.

The Annual General Meeting approved the proposal by the Board of Directors to amend the company’s Articles of Association. The company’s line of business was reviewed to better reflect the company’s current activities. The provisions on the company’s minimum and maximum share capital and the number of shares were removed. The division of the company's shares into Series K and Series A shares was discontinued and the company has only one type of share. The sections on the quorum of the Board of Directors and the Supervisory Board, the Boards' term of office and the procedure related to the minutes of their meetings were removed. The duties of the Board of Directors and the President & CEO were specified in accordance with the provisions of the new Limited Liability Companies Act regarding their general authority. The remit of the Supervisory Board was reviewed. Article 21 concerning the obligation to redeem shares was removed. Furthermore, the Articles of Association were amended due to the fact that certain provisions were also given in the new Limited Liability Companies Act and to bring the wording into line with the terminology used in the new act. The company’s new Articles of Association came into force on 5 April 2007.

The Annual General Meeting decided to establish a Nomination Committee to prepare proposals for the following Annual General Meeting regarding the composition of the Board of Directors and directors' remuneration. The Nomination Committee consists of representatives of the three largest shareholders as at 1 November 2007. The representatives chosen were Mr Markku Tapio, Senior Financial Counsellor, Prime Minister's Office, Mr Jussi Laitinen, Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company and Mr Matti Vuoria, President and CEO, Varma Mutual Pension Insurance Company, together with the Chairman of Rautaruukki's Board of Directors, Mr Jukka Viinanen, who serves as the Committee's expert member.

Convening on 20 March 2007, the Annual General Meeting decided that a dividend of EUR 1.50 per share and an additional dividend of EUR 0.50 per share on the capital gain on the divestment of Ovako be paid for 2006. The dividend, totalling EUR 276 million, was paid on 4 April 2007.

Board of Directors’ committees

The Board of Directors’ committees assist the Board by preparing matters within the Board’s remit. The Board has two permanent committees: the Audit Committee and the Compensation Committee. The Board oversees the work of the committees.

In 2007, Ms Pirkko Juntti was appointed to chair the Audit Committee and Mr Christer Granskog and Ms Liisa Leino were appointed as members. Mr Jukka Viinanen was appointed to chair the Compensation Committee and Mr Reino Hanhinen and Mr Jukka Härmälä were appointed as members.

Changes in corporate management

In December 2007, Mr Tommi Matomäki MSc (Tech) was appointed as President of Ruukki Engineering division and as a member of the Corporate Management Board with effect from 1 January 2008. He joins Rautaruukki from Technip Offshore Finland Oy, where he served as managing director.

Shares and share capital

During 2007, Rautaruukki Oyj shares (RTRKS) were traded for a total of EUR 8,444 million (4,628) on the OMX Nordic Exchange Helsinki. The highest price quoted was EUR 52.50, in July, and the lowest was EUR 27.38, in January. The volume weighted average share price was EUR 38.34. The share closed at EUR 29.65 on the year and Rautaruukki had a market capitalisation of EUR 4,157 million (4,220).

The company’s registered share capital at 31 December 2007 was EUR 238.3 million and there were 140,198,128 shares issued. At year-end 2007, the company held 1,476,937 treasury shares, corresponding to 1.05 per cent of the company’s shares and votes.

Employee warrants 2003 based on the 2003 bond loan with warrants have been publicly traded on the OMX Nordic Exchange Helsinki since 24 May 2006. One warrant entitles the holder to subscribe one share at an issue price of EUR 1.70. Warrants had been exercised to subscribe a total of 1,311,683 shares by 31 December 2007. The remaining warrants entitle holders to subscribe a total of 88,317 shares. The subscription period expires on 23 May 2009.

The Board of Directors is authorised to buy back a maximum of 12,000,000 of the company's own shares (8.56 per cent of the shares). The authorisation is valid for 18 months from the close of the Annual General Meeting held on 20 March 2007. The Board of Directors did not exercise this authorisation during the reporting period.

Similarly, the Board of Directors is authorised to transfer a maximum of 13,785,381 treasury shares held by the company. The authorisation is valid until the close of the 2009 Annual General Meeting. Pursuant to the authorisation granted by the 2007 Annual General Meeting, the company transferred 84,000 treasury shares during 2007 to persons covered by the Group's Share Ownership Plan 2004. Pursuant to the currently valid authorisation, the company transferred 225,194 treasury shares during 2007 to persons covered by the last earning period, 2004-2006, of the Group's share bonus scheme 2000. A total of 750 shares were returned to the company. After the transfers above, the company has 1,476,937 treasury shares, which had a capitalisation value of EUR 43.8 million at year-end 2007.

At the end of the report period, the Board of Directors had no valid authorisations to issue convertible bonds or bonds with warrants or to increase the company's share capital.

In December 2007, the Board of Directors decided on a new Share Ownership Plan 2008-2010 for key personnel. The plan comprises three one-year earning periods, which are the years 2008, 2009 and 2010. Any bonuses will be paid out partly in the form of company shares and partly in cash during the year following the respective earning period. The plan covers 85 persons. Bonuses payable under the three-year plan correspond to a maximum aggregate of 1,200,000 Rautaruukki Oyj shares, including the cash element. The cash element covers the taxes and similar fees arising from the bonus.

Research and development

The company spent EUR 28 million (22) on R&D in 2007. The focus during the reporting period was on developing special products and prefabricated product systems. Expertise was expanded especially into areas of product applicability and customer production processes.

Rautaruukki launched new solutions to shorten construction time. These solutions include pile foundation bases, a rock foundation solution for rock bases that reduces blasting needs, and an edge beam solution that speeds up frame construction and the installation of façade elements.

Cabins, machine frames and boom structures were developed for the engineering sector. Use of high-strength steels and new constructions makes structures lighter and improves their performance. Rautaruukki improved its manufacturability and production efficiency by developing modular structures. This means the same components can be used in different end assemblies.

The high-strength special steel product family was also developed through the addition of even stronger, lasting grades and coatings for new architectural and consumer product solutions. Work continued on actively developing functional coatings that repel dirt, graffiti and microbes.

The company also took part in a pan-European project to study the use of high-strength steels and jointing technology in wind turbines.

Environmental issues

The Group's environmental policy governs the environmental management of all Rautaruukki's operations. The main production sites operate in compliance with ISO 14001 certified systems. In 2007, 95 per cent (95) of production was covered by certified systems. An ISO 9001 quality management system is in place to manage quality aspects.

Of Rautaruukki's operations at year-end 2007, the Raahe Works and steam boilers at the Hämeenlinna Works came within the scope of EU emissions trading. The Mo i Rana rolling mill comes under the Norwegian emissions trading scheme. Emissions allowances totalling EUR 2 million were sold during 2007. These allowances were available for sale as a result of production being adjusted to market conditions at the Raahe Works during the emissions trading period.

The company expects to incur additional costs of around EUR 3-5 million a year to buy the emissions allowances it needs during the 2008-2012 emissions trading period. In addition, costs might also be affected by the cost of electricity the company acquires on the Nordic electricity market.

In 2007, Ruukki spent a total of EUR 7 million (8) on environmental investments.

In September 2007, Rautaruukki was included in the Dow Jones STOXX Sustainability Index. The index includes leading European companies in terms of sustainable development. Companies are included in the index on the basis of annual assessment.

See the annual report and site environmental reports for more information about environmental issues.

Improvement in cost-efficiency

Ruukki United, Rautaruukki's programme to harmonise ways of working and improve efficiency, aims to achieve cost savings, compared with the 2004 cost structure, of around EUR 150 million by year-end 2008. EUR 96 million (43) of this target had been achieved by the end of the report period.

The Ruukki United programme also seeks to permanently free up some EUR 150 million of capital by year-end 2008. EUR 76 million (59) of this target had been achieved by the end of the report period.

Impacts of the programme on the personnel are ascertained on a project-specific basis and any reductions are expected to be made mostly through retirement and relocation.

Capital Markets Day: Net sales targets by division

Rautaruukki held its annual Capital Markets Day for investors and analysts in Moscow and Obninsk, Russia. At the event, the company announced its target to grow Ruukki Construction division's net sales organically to more than EUR 1.5 billion, from a current figure of around EUR 1 billion, by the end of 2010. Ruukki Metals aims to increase its share of special products to 40 per cent of net sales by the end of 2010.

Events taking place after 31 December 2007

In January 2008, Rautaruukki announced it was to build a new sandwich panel plant at Alajärvi in Finland. Starting production in autumn 2009, the new facility will broaden the range of sandwich panels and improve the capability for integrated system deliveries to the commercial and industrial construction market. The EUR 20 million investment will improve the company's ability to serve customers especially in the Nordic countries and Baltics.

In February 2008, Rautaruukki announced it had acquired the German company Wolter Metallverarbeitung GmbH (Wolter), which has customers in the lifting, handling and transportation equipment business. Wolter's main products are telescopic booms for leading globally operating European mobile crane customers and booms for special heavy cranes used in the installation of windmill towers. The company is expected to have net sales of around EUR 10 million in 2008.

Risks and risk management

The risk management policy approved by Rautaruukki's Board of Directors sets out the operating principles and process of the Group's risk management. Risk management is an integrated part of Ruukki's management system and all core business and support processes and related decision-making incorporate the risk aspect.

The company seeks to reduce its dependency on fluctuations in the market for standard steel products by growing the share of the solutions business, developing the operations of its own service centres, improving customer service and increasing the share of special products. Despite this, movements in wholesale stocks can cause periodical imbalances in the supply and demand in the market for standard steel products. In weaker market conditions, Rautaruukki is prepared to scale back sales and steel production in line with profitable demand. This might give rise to short-term fluctuations in the company's profitability.

The prices and freight charges of iron ore, coal and other main raw materials used in steelmaking are determined on the world market. Raw material prices can be very volatile and their sourcing is changed from time to time. Electricity and zinc derivatives are used to manage price risks for the following five and two years as at 31 December 2007. Availability risks are managed through long-term agreements to source the main raw materials and energy used in steel production.

Rautaruukki's financing and financial and credit risk management is dealt with centrally by the parent company's Finance function. The company is exposed to a considerable foreign currency risk in US dollars, which is the pricing currency of the company's main raw materials. In sales, the Group is exposed to a foreign currency risk mainly in Swedish kronor and Norwegian kroner. These risks are hedged through foreign currency derivatives.

There are currently factors of uncertainty in the global economy that might affect the demand for Rautaruukki's products. However, the company believes the impact of these factors to be minor in its core market areas, the Nordic countries and especially in Eastern Europe.

Increasingly tighter environmental regulations might give rise to additional costs and investments. Since delivery reliability is an increasingly critical factor, disruptions in production and the labour market alike have a bigger financial impact.

Near-term outlook

The good market situation in the Group's core market areas and in key customer industries is expected to continue. Non-residential construction activity is expected to remain brisk across the entire market area, with the construction market in Eastern Europe growing at a faster rate than in other areas. The infrastructure construction market is also expected to remain good in all market areas. Demand from engineering industry customers is likely to remain strong in the lifting, handling and transportation equipment industry, as well as in the energy, marine and offshore sectors. Good demand for steel products, especially special steel and plate products is expected to continue. Steel wholesaler stocks of standard products were high during the fourth quarter of 2007, but had normalised at the turn of 2008.

The company's strong growth especially in Russia and in Central Eastern Europe, together with brisk demand in customer industries, creates a good platform for Rautaruukki's growth in 2008. Comparable net sales growth is expected to meet the target and exceed 10 per cent. Operating profit in 2008 is expected to be higher than in 2007.

Board of Directors' proposal for the disposal of distributable funds

The parent company's distributable equity was EUR 1,049 million.

The Board of Directors has decided to propose to the Annual General Meeting to be held on 2 April 2008 that a dividend of EUR 1.70 per share, and an additional dividend of EUR 0.30 per share arising from funds freed up from the long steel businesses, be paid for 2007 (2006: EUR 1.50 + an additional dividend of EUR 0.50 per share arising from the capital gain arising from the divestment of Ovako). This brings the total dividend proposed to EUR 277 million. The proposed dividend payout date is 16 April 2008.

The report is unaudited.

Helsinki, 6 February 2008

Rautaruukki Corporation

Board of Directors

DIVISIONS

Ruukki Construction

EUR million	Q1 /06	Q2 /06	Q3 /06	Q4 /06	2006	Q1 /07	Q2 /07	Q3 /07	Q4 /07	2007
Net sales	133	181	244	271	829	213	258	278	292	1 042
Operating profit	8	21	33	39	101	33	40	45	32	150
as % of net sales	6	12	14	14	12	15	15	16	11	14

- Net sales up by 26 per cent
- Operating profit up by 49 per cent
- Position strengthened in Eastern European markets; extensive investment programme in Russia and Central Eastern Europe
- Business in Russia doubled
- Solutions to shorten construction time launched in Nordic countries

Ruukki Construction’s net sales in 2007 were EUR 1,042 million (829). Operating profit rose to EUR 150 million (101). The division accounted for 27 per cent (23) of consolidated net sales. Higher net sales and operating profit were attributable to acquisition in 2006 of Russia’s leading steel constructor, Ventall, as well as strong organic growth on the back of good demand and increased deliveries through investments carried out. During the fourth quarter of the year, unutilised production capacity decreased the division’s operating profit by EUR 6 million. Excluding this, the division’s operating profit during the fourth quarter was EUR 39 million.

Extremely strong demand and deliveries within building construction continued especially in the Nordic countries, Central Eastern Europe and Russia. Component and total deliveries for office and commercial construction grew throughout 2007. In residential construction, competition on the component market is intensifying and demand for residential roofing products slowed both in the Nordic countries and in the Baltics.

In May, Ruukki Construction launched a solutions concept featuring several construction technology innovations on the Finnish and Swedish markets. These solutions include pile foundation bases, a rock foundation solution for rock bases that reduces blasting needs and an edge beam solution that speeds up frame construction and the installation of façade elements. These solutions not only speed up the construction of multi-storey office buildings and commercial premises and make it more efficient, but also improve safety on the construction site.

Rautaruukki further strengthened its position as a leading total supplier in steel construction both in Russia and the Nordic countries. In 2007, a start was made on the deliveries and installation of frame and façade structures for the Hyllie Arena in Malmö, Sweden. In October 2007, Rautaruukki signed an agreement with construction company YIT for total deliveries for a logistics and industrial park project in St Petersburg, Russia.

The infrastructure construction market was normal in both foundation and transport infrastructure construction. During the fourth quarter Rautaruukki started steel structure deliveries for a bridge project on the E4 road and deliveries of piling systems and bridge structures for the Mälkiä canal bridge project in Finland. Deliveries for the Älandsfjärden bridge project in Sweden also began in early 2008.

Ruukki Construction’s investments of around EUR 110 million to increase production capacity in Central Eastern Europe, Finland and Russia are progressing as planned. Production on the profile line at the new plant in Romania started in October. The new plant will be fully operative in summer 2008 and will produce steel frames, sandwich panels, roofing and cladding sheets and structural liner trays. The new plant will enable Rautaruukki to meet the rapidly growing demand in office and commercial construction and residential roofing systems in Romania and Bulgaria. A new truss line came on stream in Russia in the autumn. Delivery capability will be further strengthened when the new production lines in Romania, Ukraine and Russia start up in spring 2008. During 2007, Ruukki Construction expanded its sales office network into Bulgaria and Croatia.

Ruukki Engineering

EUR million	Q1 /06	Q2 /06	Q3 /06	Q4 /06	2006	Q1 /07	Q2 /07	Q3 /07	Q4 /07	2007
Net sales	132	142	127	157	557	167	163	157	180	667
Operating profit	25	21	28	33	106	32	27	23	15	96
as % of net sales	19	15	22	21	19	19	16	14	8	14

- Good demand in all customer industries
- Net sales up by 20 per cent
- Integration of acquisitions, restructuring in the lifting, handling and transportation equipment business and raw-materials difficulties in the Norwegian unit weakened operating profit
- Efficiency programme under way to improve profitability

Ruukki Engineering's sales in 2007 were EUR 667 million (557). Higher net sales were attributable to the continued strong market situation, the acquisition of Omeo Mekaniska Verkstad AB in January 2007 and the acquisition of Hungarian company Aprítógépgyár Zrt. (AGJ) in May 2007. The division accounted for 17 per cent (15) of consolidated net sales. Operating profit was EUR 96 million (106).

Operating profit was weaker during the fourth quarter of 2007 than during the third quarter. This was due to raw materials difficulties in the Norwegian unit, the integration of acquisitions and restructuring in the lifting, handling and transportation equipment business. Actions to improve profitability are under way and the performance of units acquired is expected to improve during the course of the current year. In addition, unutilised production capacity reduced the division's operating profit by EUR 3 million and disruptions to customer deliveries due to strikes by a further EUR 2 million. Excluding these costs, the division's operating profit during the fourth quarter was EUR 21 million.

Order books remain strong in all Ruukki Engineering's customer sectors. The existing production capacity limits the division's growth, especially for customers in the wind turbine and lifting, handling and transportation equipment industries.

Acquisition of the Hungarian company AGJ in May 2007 has provided major new customers in the lifting, handling and transportation equipment industry and expanded the boom product range. In addition to materials handling booms, Rautaruukki is now also able to supply booms for earthmoving machinery.

Demand is still growing in the wind turbine industry. Rautaruukki delivers the gear box frames, base frames and crane grids for wind turbines. Good demand in the paper and wood processing industry and in the marine and offshore sectors has continued in Europe.

In August 2007, Ruukki Engineering and Wärtsilä signed an agreement on global deliveries that will double the volume of Rautaruukki's common base frame and oil sump deliveries in Finland and increase deliveries to Italy and China.

In December 2007, Ruukki Engineering signed an agreement with Aker Kværner Stord AS of Norway to supply 16 suction anchors towards the end of 2008 and offshore steel plates over a period of 18 months starting from the fourth quarter of 2007.

Ruukki Metals

EUR million	Q1 /06	Q2 /06	Q3 /06	Q4 /06	2006	Q1 /07	Q2 /07	Q3 /07	Q4 /07	2007
Net sales	591	604	514	583	2 291	570	588	500	509	2 168
Operating profit	77	87	89	111	364	119	117	104	77	417
as % of net sales	13	14	17	19	16	21	20	21	15	19

- Good demand in core market areas
- Stocks at wholesalers and service centres normalised at turn of 2008
- Ruukki Metals' stocks clearly reduced during fourth quarter and normalised at turn of 2008
- Growth as anticipated in special steel products
- Good demand outlook, also demand for galvanised products improving

Ruukki Metals' net sales in 2007 were EUR 2,168 million (2 291), up by 2 per cent against the comparable figure of EUR 2,124 million in 2006. The comparable figures exclude the Nordic reinforcing units, which were part of the Group until 31 July 2006. Operating profit was up by 15 per cent to EUR

417 million (364). Comparable operating profit in 2006 was EUR 350 million. Improved profitability was attributable to increased sales prices and a change in the sales structure. Special products continued to form an increasing share of sales and accounted for 23 per cent (19) the division's sales during 2007 and 25 per cent during the fourth quarter. The division accounted for 56 per cent (62) of consolidated net sales.

Excluding the Central European reinforcing units sold in November, Ruukki Metals' net sales were EUR 2,093 million and the operating profit EUR 420 million.

During the fourth quarter of 2007, unutilised capacity reduced the division's operating profit by EUR 15 million, disruptions to customer deliveries due to strikes by EUR 4 million and the loss on divestment of the Central European reinforcing units by EUR 2 million. Furthermore, the margins on stainless steel trading during the fourth quarter were EUR 10 million lower than a year earlier. Excluding these costs, the division's operating profit during the fourth quarter of 2007 was EUR 109 million.

There was continued good demand from end customers in the division's core market areas and customer industries. High stocks at the distribution level led to oversupply in some product groups, including galvanised products. Consequently, Ruukki Metals' sales were scaled back to meet profitability. In addition, the company's service centres markedly reduced their own stocks during the fourth quarter. There were fewer working days than normal in December. This affected the division's sales volumes for the fourth quarter. The selling prices of Rautaruukki's steel products during the fourth quarter of 2007 were similar to those in the previous quarter.

Work continued during autumn 2007 on improving the business model and service centre network. As part of actions to enhance the business model in Finland, Ruukki Metals decided in August to make the Hyvinkää Service Centre the focus of small batch deliveries. In Poland, the Zyrardow Service Centre was relocated to the panel and steel structure plant in Oborniki. Operations at the Oborniki Service Centre have begun and all machinery will be up and running in the first half of 2008.

In November 2007, the Hyvinkää Service Centre in Finland began using laser cutting technology to cut large tubes and cold-formed sections used in the engineering industry and construction. Laser technology enables a new way of processing heavy structures and further strengthens the company's capability to deliver special products.

In November 2007, Rautaruukki completed its withdrawal, started in 2006, from the reinforcing steel business through the sale of reinforcing steel units - Ruukki Betonstahl GmbH in Germany and Ruukki Welbond BV in the Netherlands - to the Al-Tuwairqi Group of Saudi Arabia. The units had combined net sales of EUR 106 million in 2006. The transaction freed up capital of more than EUR 25 million. A loss of EUR 2 million on the transaction was booked in the fourth quarter of 2007.

Ruukki Production

1000 tonnes	Q1 /06	Q2 /06	Q3 /06	Q4 /06	2006	Q1 /07	Q2 /07	Q3 /07	Q4 /07	2007
Steel production	888	860	725	744	3 217	703	672	610	561	2 546
Steel production in Raahe	709	693	705	744	2 853	703	672	610	561	2 546

- Start up of new investments went as planned
- Production notably scaled back during fourth quarter
- Utilisation rate normalised before turn of 2008

Rautaruukki's steel output was 2 546 000 tonnes. The comparable figure for 2006, excluding the Mo i Rana reinforcing steel production divested, was 2 853 000 tonnes. Production was scaled back, especially during the fourth quarter. This resulted in steel output being 183,000 tonnes or 25 per cent less year on year. Production was scaled back to reduce stocks and to realign steel output to profitable demand. Production was back to normal at the end of December. Production of plates and hot-rolled sheets remained strong throughout the year.

During the fourth quarter, a strike by the Union of Salaried Employees and a 24-hour strike by employees stopped hot-rolling production and the cutting lines at the Raahe Works in Finland for about a week in all. The strikes decreased Rautaruukki's operating profit by around EUR 6 million during the fourth quarter.

Costs of around EUR 25 million arose during the fourth quarter as a result of unutilised capacity. Non-deliveries as a result of strikes had a negative impact of EUR 6 million on the company's operating profit. These EUR 31 million costs reduced Ruukki Construction’s operating profit by EUR 6 million, Ruukki Engineering’s by EUR 5 million and Ruukki Metals’ operating profit by EUR 19 million.

There was a longer shutdown at the Raahe plate mill than during the corresponding period a year ago to allow for the installation of a direct quenching unit, which came on stream in September 2007. The high-strength and abrasion-resistant steels made by the unit will enable the company to meet the growing needs of the lifting, handling and transportation industry in particular. The unit will also enable the company to considerably expand the range, improve delivery capability and increase the production volumes of high-strength steels. Production of direct quenched plates has started well at the plate mill and the company can increase the output of special steels as planned.

The new special steel finishing capacity will come on stream in stages during 2008. New investments will further add to the company’s ability to deliver special products, expand the range of special steel plates and increase the quenched plate cutting capacity.

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

This financial statements release has been prepared in compliance with IAS 34 and is in conformity with the accounting policies published in the annual financial statements.

Individual figures and totals appearing in the tables have been rounded to the nearest full million of euros. This means that they will not always tally when added together or subtracted. The figures given in tables are unaudited.

SUMMARY CONSOLIDATED INCOME STATEMENT				
EUR million	Q4/07	Q4/06	2007	2006
Net sales	982	1 013	3 876	3 682
Other operating income	10	9	26	32
Operating expenses	-832	-819	-3 111	-3 037
Depreciation, amortisation and impairment losses	-39	-36	-153	-148
Operating profit	120	167	637	529
Finance income and expense	-11	-3	-20	-22
Share of results of associated companies	0	94	3	129
Profit before taxes	109	258*	621	635*
Taxes	-30	-44	-162	-134
Profit for the period	79	213*	459	501*
Attributable to:				
Equity shareholders of the parent	79	213	458	501
Minority interests	0	0	1	0
Diluted earnings per share, EUR	0.57	1.55	3.31	3.65
Basic earnings per share, EUR	0.57	1.55	3.31	3.66
Operating profit as % of net sales	12.2	16.5	16.4	14.4
*) Includes capital gain of around EUR 100 million arising from divestment of Ovako.				

SUMMARY CONSOLIDATED BALANCE SHEET	31 Dec	31 Dec
EUR million	2007	2006
ASSETS		
Non-current assets	1 473	1 454
Current assets		
Inventories	614	586
Trade and other receivables	579	624
Cash and cash equivalents	196	361
	2 861	3 026
EQUITY AND LIABILITIES		
Equity		
Equity attributable to shareholders of the parent	1 984	1 832
Minority interests	3	1
Non-current liabilities		
Interest-bearing	138	218
Other	191	226
Current liabilities		
Interest-bearing	86	164
Trade payables and other liabilities	461	584
	2 861	3 026

SUMMARY CASH FLOW STATEMENT		
EUR million	2007	2006
Profit for the period	458	501
Adjustments	324	168
Cash flow before movement in working capital	782	669
Movement in working capital	-128	-76
Financing items and taxes	-219	-197
Cash flow from operating activities	435	398
Cash flow from investing activities	-165	138
Cash flow before financing activities	270	536
Dividends paid*	-276	-191
Movement in liabilities	-160	-147
Movement in cash and cash equivalents	-166	198
*) Dividends paid in 2007 include an additional dividend totalling EUR 69 million out of the capital gain arising from the divestment of Ovako.		

KEY FIGURES	2007	2006
Net sales, EUR m	3 876	3 682
Operating profit, EUR m	637	529
a % of net sales	16.4	14.4
Profit before taxes, EUR m	621	635*
as % of net sales	16.0	17,3
Profit for the period, EUR m	459	501*
as % of net sales	11.8	13.6
Return on capital employed, %	29.6	31.5
Return on equity, %	24.0	30.1
Equity ratio, %	70.4	61.6
Gearing ratio, %	1.4	1.2
Net interest-bearing liabilities, EUR m	28	22
Equity per share, EUR	14.30	13.26
Personnel on average	14 715	13 121
Number of shares	140 198 128	139 957 418
- excluding treasury shares	138 721 191	138 172 037
- diluted, average	138 566 355	137 144 515
Percentage of treasury shares of total shares issued, %	1.05	1.28
*) Includes capital gain of around EUR 100 million arising from divestment of Ovako.		

MOVEMENT IN EQUITY 2007							
EUR million							
	Attributable to equity shareholders of the parent						
	Share capital	Share prem. act.	Fair value and other reserves	Translation diff.	Retained earnings	Total	Minority int.
EQUITY AT 1 JAN	238	220	44	-3	1 333	1 832	1
Cash flow hedging							
Transferred to equity			-44			-44	
Deferred taxes			12			12	
Share-based payment transactions			0			0	
Disposal of treasury shares			-3		3	0	
Change in translation difference				-3	3	1	
Dividend distribution					-276	-276	
Profit for the period					458	458	1
Acquisition of subsidiaries							1
EQUITY AT 31 DEC	238	220	9	-6	1 521	1 984	3

MOVEMENT IN EQUITY 2006							
EUR million							
	Attributable to equity shareholders of the parent						
	Share capital	Share prem. act.	Fair value and other reserves	Translation diff.	Retained earnings	Total	Minority int.
EQUITY AT 1 JAN	236	220	31	-5	1 016	1 498	1
Increase in share capital	2					2	
Cash flow hedging							
Transferred to equity			21			21	
Deferred taxes			-6			-6	
Equity-settled share-based payment transactions			4			4	
Disposal of treasury shares			-4		5	1	
Share options exercised			-2		2		
Change in translation difference				2		2	
Dividend distribution					-191	-191	
Profit for the period					501	501	
EQUITY AT 31 DEC	238	220	44	-3	1 333	1 832	1

NET SALES BY DIVISION			
Ruukki Construction	2007	2006	2006 pro forma
Ruukki Engineering	1 042	829	829
Ruukki Metals	667	557	557
Group management and other units	2 168	2 291	2 124
Consolidated net sales	0	4	4
Ruukki Construction	3 876	3 682	3 515
Pro Forma = excluding Nordic Reinforcing units			

OPERATING PROFIT BY DIVISION			
EUR million	2007	2006	2006 pro forma
Ruukki Construction	150	101	101
Ruukki Engineering	96	106	106
Ruukki Metals	417	364	350
Group management and other units	-25	-42	-42
Consolidated operating profit	637	529	515
P Pro Forma = excluding Nordic Reinforcing units			

QUARTERLY NET SALES								
EUR million	Q1 /06	Q2 /06	Q3 /06	Q4 /06	Q1 /07	Q2 /07	Q3 /07	Q4 /07
Ruukki Construction	133	181	244	271	213	258	278	292
Ruukki Engineering	132	142	127	157	167	163	157	180
Ruukki Metals	591	604	514	583	570	588	500	509
Group management and other units	0	1	0	2	0	0	0	0
Consolidated net sales	856	928	885	1 013	950	1 009	935	982

QUARTERLY OPERATING PROFIT								
EUR million	Q1 /06	Q2 /06	Q3 /06	Q4 /06	Q1 /07	Q2 /07	Q3 /07	Q4 /07
Ruukki Construction	8	21	33	39	33	40	45	32
Ruukki Engineering	25	21	28	33	32	27	23	15
Ruukki Metals	77	87	89	111	119	117	104	77
Group management and other units	-15	-2	-9	-16	-6	-5	-10	-5
Consolidated operating profit	95	127	140	167	178	178	162	120

QUARTERLY NET SALES (PRO FORMA) EXCLUDING NORDIC REINFORCING UNITS								
EUR million	Q1 /06	Q2 /06	Q3 /06	Q4 /06	Q1 /07	Q2 /07	Q3 /07	Q4 /07
Ruukki Construction	133	181	244	271	213	258	278	292
Ruukki Engineering	132	142	127	157	167	163	157	180
Ruukki Metals	521	523	497	583	570	588	500	509
Group management and other units	0	1	0	2	0	0	0	0
Consolidated net sales	786	848	868	1 013	950	1 009	935	982

QUARTERLY OPERATING PROFIT (PRO FORMA) EXCLUDING NORDIC REINFORCING UNITS								
EUR million	Q1 /06	Q2 /06	Q3 /06	Q4 /06	Q1 /07	Q2 /07	Q3 /07	Q4 /07
Ruukki Construction	8	21	33	39	33	40	45	32
Ruukki Engineering	25	21	28	33	32	27	23	15
Ruukki Metals	71	79	90	111	119	117	104	77
Group management and other units	-15	-2	-9	-16	-6	-5	-10	-5
Consolidated operating profit	89	119	141	167	178	178	162	120

NET SALES BY REGION		
as % of net sales	2007	2006
Finland	31	31
Other Nordic countries	30	31
Central Eastern Europe, Russia and Ukraine	21	17
Rest of Europe	15	19
Other countries	3	2

CONTINGENT LIABILITIES		
EUR million	Dec 2007	Dec 2006
Mortgaged real estates	24	26
Pledges given	5	5
Other guarantees given	41	42
Collateral		
On behalf of others	6	5
Leasing and rental responsibilities	154	100
Other financial liabilities	0	11

Subsequent to the divestment of the operating companies of Oy Ovako Ab, both Oy Ovako Ab and its subsidiary Ovako Svenska AB were put into voluntary liquidation and most of Oy Ovako Ab's assets were distributed to shareholders as a disbursement. The shareholders (Rautaruukki Corporation, AB SKF and Wärtsilä Corporation) have, as required under the Finnish Limited Liability Companies Act, submitted to the liquidator a directly enforceable guarantee as surety against payment of the disbursements. The liquidation process is expected to be completed early in the current year.

VALUES OF DERIVATIVE CONTRACTS AT 31 DECEMBER 2007, EUR million		
CASH FLOW HEDGES QUALIFYING FOR HEDGE ACCOUNTING		
	Nominal value	Fair value
Zinc derivatives		
Forward contracts *	30 000	-0,7
Electricity derivatives		
Forward contracts **	1 136	12,3
* tonnes		
** Gwh		
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING		
	Nominal value	Fair value
Interest rate derivatives	25	0,2
Interest rate swaps		
Foreign currency derivatives		
Forward contracts	601	-2,5
Options		
Bought	140	-1,3
Sold	140	-3,5
		-4,8

The unrealised result of cash flow hedges is recognised in equity to the extent the hedge is effective. Other movements in fair value are recorded through profit and loss.

MOVEMENTS IN PROPERTY PLANT AND EQUIPMENT		
EUR million	1-12/07	1-12/06
Carrying value at start of period	1 043	1 033
Increase	157	130
Increase through acquisitions	18	71
Decrease	-11	-19
Decrease through divestments	0	-42
Depreciation and value adjustments	-129	-130
Exchange rate differences	-1	-1
Carrying value at end of period	1 076	1 043

TRANSACTIONS WITH RELATED PARTIES (ASSOCIATED COMPANIES)		
EUR million	2007	2006
Sales to associated companies	23	29
Purchases from associated companies	7	27
Trade and other receivables at end of period	6	10
Trade and other creditors at end of period	0	2
Business with Pension Foundation	6	6

INVESTMENT COMMITMENTS*	
EUR million	after 31 Dec 2007
Maintenance investments	123
Development investments and investments in special products	196
Total	320
*Investment commitments include the estimated costs of projects that have received permission to go ahead.	

INFORMATION ABOUT ACQUISITIONS *		
EUR million	Fair value recognised in combination	Carrying value before combination
Acquisition cost	19	
- including conditional purchase price		
Assets and liabilities of acquired companies (carrying value)		
Non-current assets	20	14
Current assets		
Inventories	9	9
Trade and other receivables	12	12
Cash and cash equivalents	2	2
Total assets	43	37
Non-current liabilities		
Interest-bearing	3	4
Other	2	2
Current liabilities		
Interest-bearing	3	3
Other	18	15
Total liabilities	26	24
Net assets	17	13
Acquisition cost	19	
Goodwill	2	
Acquisition cost paid in cash	19	
Cash and cash equivalents of the acquired subsidiary	2	
Impact on cash flow	17	
*) Includes information about the following acquisitions: AB Omeo Mekaniska Verkstad, Scanbridge AS, Aprítógépgyár Zrt. and redemption of the shares of Teräsportti Oy.		